



AHL Partners LLP

Annual Best Execution Disclosure 2017

April 2018

Disclosure objective

Pursuant to its obligations under RTS 28 of MiFID II, AHL Partners LLP (“**AHL**”) is required to provide an annual report summarising our analysis and conclusions drawn from monitoring the correlation between order(s) placed with, or transmitted to, a broker for execution and the execution quality received by that broker during the previous calendar year (the, “**Review Period**”).

Execution Methodology and Research

AHL develops and deploys proprietary electronic execution strategies for order handling and routing to third party executing brokers on behalf of its clients. It is noted that the vast majority of orders are handled electronically with little to no intervention by our traders.

AHL has a dedicated Execution Research team that evaluates new trading methodologies and opportunities, inclusive of available liquidity sources, brokers and execution venues, against those currently utilised to ensure that AHL continues to provide its clients with best execution.

As part of its on-going testing and experimentation the Execution Research team monitors a number of conditions related to market microstructure and execution including but not limited to liquidity, performance of brokers and broker services and fill prices received compared to the forecasted cost of trading.

AHL is in the process of determining the applicability and appropriateness of utilizing information made available by one or more consolidated tape providers, as defined under Article 65 of Directive 2014/65/EU, in its on-going monitoring of best execution. In addition, once it is made available, AHL will incorporate information provided under RTS 27 into its analysis and oversight of its best execution program.

Broker Selection

When on-boarding an executing broker AHL may consider the following factors:

- accurate and timely execution, settlement, clearance and error/dispute resolution processes;
- reputation, financial strength and stability;
- block trading capabilities;
- willingness to execute difficult transactions; and
- willingness and ability to locate and/or commit capital to complete trades.

As a subsidiary of Man Group PLC (“**Man**”), AHL employees are subject to its Global Conflicts of Interest Policy and the requirement to identify and manage conflicts of interest and, where management is not possible, to disclose to its clients. Such conflicts could include any close links or execution arrangements which may impact AHL’s ability to achieve best execution for its client accounts.

From time to time, minor non-monetary benefits may be received in the form of gifts and entertainment by AHL employees from brokers and venues. However, all AHL employees are subject to the Man Global Gifts and Entertainment Policy that imposes strict reporting, monitoring, limits and pre-approval requirements with regard to any such receipt.

Execution Factors

When executing an order on behalf of a client, AHL will take all sufficient steps to execute the order in a manner designed to obtain the best possible results for the client on a consistent basis.

AHL will consider the execution factors that we determine to be applicable and appropriate for a specific asset class when handling an order on behalf of one or more client accounts. The ranking of importance and appropriateness of each of the execution factors may differ on an order-by-order basis.

The execution factors include, but are not limited to:

- The execution price including execution cost as applicable;
- speed and/or likelihood of execution;
- speed and/or likelihood of settlement;
- the impact on prices displayed in the market;
- the availability of price improvement (to the extent applicable);
- an instruments' characteristics including liquidity
- counterparty risk; and
- any other considerations as applicable for specific orders e.g. technology and trading systems.

Importance of Execution Factors

AHL will take into account the following criteria for determining the relevance and importance of each execution factor:

- client including the regulatory categorisation of the client;
- current market and liquidity;
- characteristics of the client order; and
- availability and access to liquidity sources.

Where appropriate, precedence will be given to the execution price as the primary execution factor in determining when, with whom and how to execute a client order. However price may not always be the primary factor. For example, when transparency and liquidity diminish, the importance of other execution factors such as likelihood and timeliness of settlement may increase.

It is noted that during the Review Period AHL did not handle orders on behalf of retail clients, as defined within MiFID.

Best Execution Committee

AHL has established a Best Execution Committee, comprised of senior investment, trading, compliance and risk employees, which is responsible for ensuring that the activities engaged in by both the traders and the Execution Research team meets the obligations of AHL to achieve best execution on behalf of its client accounts.

The Best Execution Committee convenes on a quarterly basis to review a variety of metrics including but not necessarily limited to:

- Broker usage;
- broker performance; and
- execution performance.

Decisions made by the Best Execution Committee will inform changes to, among other processes:

- usage of brokers and execution venues;
- the types of measurements performed to analyse broker performance;
- due diligence performed on brokers and execution venues; and
- consideration of new brokers and execution venues.

Top 5 Broker Usage Tables

The following tables indicate for each class of financial instrument, as specified within MiFID II, the top five (5) third-party executing brokers utilised as classified based upon trading volumes whereby order placement occurs rather than executing directly on a trading venue. Where more than one separate legal entity within the same group structure has been named within the top 5 list, further broker names have been added to provide a more complete picture.

Commodity Derivatives

Fewer than 1 trade per day over the year on average? - No

Top 5 execution brokers ranked in terms of trading volumes	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Merrill Lynch, Pierce, Fenner & Smith Incorporated	8NAV47T0Y26Q87Y0QP81	41.63%	38.28%	n/a	n/a	n/a
Credit Suisse International	E58DKGMJYYYYJLN8C3868	28.02%	33.99%	n/a	n/a	n/a
JPMorgan Chase Bank, National Association	7H6GLXDRUGQFU57RNE97	12.81%	16.77%	n/a	n/a	n/a
Morgan Stanley & Co. International plc	4PQUHN3JPFQFN3BB653	3.98%	1.05%	n/a	n/a	n/a
ICAP Securities Ltd	213800NMEZS3MD2IUP33	2.40%	0.79%	n/a	n/a	n/a

Debt Instruments

Fewer than 1 trade per day over the year on average? - No

Top 5 execution brokers ranked in terms of trading volumes	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Credit Suisse International	E58DKGMJYYYYJLN8C3868	47.80%	51.41%	n/a	n/a	n/a
Merrill Lynch, Pierce, Fenner & Smith Incorporated	8NAV47T0Y26Q87Y0QP81	26.09%	26.92%	n/a	n/a	n/a
JPMorgan Chase Bank, National Association	7H6GLXDRUGQFU57RNE97	13.01%	14.19%	n/a	n/a	n/a
Citigroup Global Markets Limited	XKZZ2JZF41MRHTR1V493	3.86%	0.23%	n/a	n/a	n/a
CCM CHICAGO	254900ZH0PBBT9SDGK80	2.03%	0.03%	n/a	n/a	n/a

Equities		Fewer than 1 trade per day over the year on average? - No				
Top 5 execution brokers ranked in terms of trading volumes	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
J.P. Morgan Securities LLC	ZBUT11V806EZRVTWT807	19.06%	19.73%	n/a	n/a	n/a
Morgan Stanley & Co. LLC	9R7GPTS07KV3UQJZQ078	18.15%	28.72%	n/a	n/a	n/a
Merrill Lynch, Pierce, Fenner & Smith Incorporated	8NAV47T0Y26Q87Y0QP81	17.14%	14.28%	n/a	n/a	n/a
Credit Suisse Securities (Europe) Limited	DL6FFRRLF74S01HE2M14	9.72%	8.22%	n/a	n/a	n/a
JPMorgan Chase Bank, National Association	7H6GLXDRUGQFU57RNE97	6.82%	5.68%	n/a	n/a	n/a
Morgan Stanley & Co. International plc	4PQUHN3JPFGFNF3BB653	6.58%	5.60%	n/a	n/a	n/a
Goldman Sachs International	W22LROWP2IHZNBB6K528	6.01%	6.40%	n/a	n/a	n/a

Equity derivatives		Fewer than 1 trade per day over the year on average? - No				
Top 5 execution brokers ranked in terms of trading volumes	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
JPMorgan Chase Bank, National Association	7H6GLXDRUGQFU57RNE97	42.77%	48.54%	n/a	n/a	n/a
Credit Suisse International	E58DKGMJYYYJLN8C3868	39.24%	48.82%	n/a	n/a	n/a
Societe Generale International Limited	0IKLU6X1B10WK7X42C15	5.46%	0.76%	n/a	n/a	n/a
Mariana UFP LLP	213800YRA1J9QFBMU217	4.28%	0.35%	n/a	n/a	n/a
Merrill Lynch, Pierce, Fenner & Smith Incorporated	8NAV47T0Y26Q87Y0QP81	3.09%	0.45%	n/a	n/a	n/a

Foreign exchange derivatives

Fewer than 1 trade per day over the year on average? - No

Top 5 execution brokers ranked in terms of trading volumes	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
JPMorgan Chase Bank, National Association	7H6GLXDRUGQFU57RNE97	75.78%	81.91%	n/a	n/a	n/a
Merrill Lynch, Pierce, Fenner & Smith Incorporated	8NAV47T0Y26Q87Y0QP81	16.46%	7.97%	n/a	n/a	n/a
Credit Suisse International	E58DKGMJYYYYJLN8C3868	7.76%	10.13%	n/a	n/a	n/a

Interest rate derivatives

Fewer than 1 trade per day over the year on average? - No

Top 5 execution brokers ranked in terms of trading volumes	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
JPMorgan Chase Bank, National Association	7H6GLXDRUGQFU57RNE97	50.15%	85.17%	n/a	n/a	n/a
Marex Financial Ltd	5493003EETVWYSIJ5A20	37.65%	2.81%	n/a	n/a	n/a
Credit Suisse International	E58DKGMJYYYYJLN8C3868	5.95%	4.86%	n/a	n/a	n/a
Merrill Lynch, Pierce, Fenner & Smith Incorporated	8NAV47T0Y26Q87Y0QP81	4.62%	5.31%	n/a	n/a	n/a
Morgan Stanley & Co. International plc	4PQUHN3JPFQFNF3BB653	0.87%	1.81%	n/a	n/a	n/a

Other instruments

Fewer than 1 trade per day over the year on average? - Yes

Top 5 execution brokers ranked in terms of trading volumes	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Credit Suisse International	E58DKGMJYYYYJLN8C3868	100.00%	100.00%	n/a	n/a	n/a

Securities financing transactions

Fewer than 1 trade per day over the year on average? - No

Top 5 execution brokers ranked in terms of trading volumes	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
J.P. Morgan Securities LLC	ZBUT11V806EZRVTWT807	76.07%	66.10%	n/a	n/a	n/a
J.P. Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	17.56%	13.85%	n/a	n/a	n/a
HSBC Bank PLC	MP6I5ZYZBEU3UXPYFY54	4.48%	11.27%	n/a	n/a	n/a
Credit Suisse Securities (Europe) Limited	DL6FFRRLF74S01HE2M14	1.89%	8.78%	n/a	n/a	n/a

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