

# Annual Order Execution Report 2020



# Contents

<b>Introduction</b>	<b>3</b>
<b>Trading Data</b>	<b>3</b>
<b>Disclosures</b>	<b>4</b>
<b>Top 5 Execution Reports</b>	<b>4</b>
Equities – shares and depositary receipts (placement) .....	4
Debt instruments – bonds (execution) .....	6
Debt instruments – money markets instruments (execution) .....	7
Interest Rates Derivatives – futures and options admitted to trading on a trading venue (placement) .....	7
Interest Rates Derivatives – swaps, forwards and other interest rates derivatives (execution) .....	8
Credit derivatives – Other credit derivatives (execution) .....	9
Currency derivatives – futures and options admitted to trading on a trading venue (placement) .....	10
Currency derivatives – swaps, forwards and other interest rates derivatives (execution) .....	10
Securities Financing Transactions (execution) .....	11
Equity derivatives – Options and futures admitted to trading on a trading venue (placement) .....	12
Equity derivatives – swaps and other equity derivatives (execution) .....	13
Securitized derivatives – Warrants and certificates derivatives (placement) .....	14
Commodities derivatives and emission allowances Derivatives (execution) .....	14
Exchange traded products (placement) .....	15
Exchange traded products (execution) .....	15
Other instruments – [Equities – Shares & Depositary Receipts No Banding] (placement) .....	16

## Introduction

This document sets out, for each class of financial instruments, information on the top five execution venues where Legal and General Investment Management Ltd ('LGIM') executed or placed client orders in the preceding year, as required by the Markets in Financial Instruments Directive (MIFID) 2014/65/EU.

Regulatory Technical Standard 28 ("RTS 28") of the Commission Delegated Regulation supplementing MIFID requires investment firms that execute client orders and select other firms to provide order execution services to summarise and make public, on an annual basis and for each class of financial instrument, the top five execution venues (in terms of trading volumes) where client orders were executed in the preceding year, as well as information obtained on the quality of execution.

The reports detail the top five venues where, for each class of financial instruments, LGIM has executed orders (under RTS 28) and transmitted or placed orders with a broker for execution (under Delegated Regulation Article 65(6)) and details the assessment of execution quality. We have therefore provided, for each class of financial instruments, a summary of the analysis and conclusions we have drawn from monitoring the quality of execution on the execution venues. RTS 28 specifies the content and format of information on the top five execution venues in terms of trading volumes where client orders were executed in the preceding year and on the quality of execution.

## Trading Data

In its role of providing portfolio management services, LGIM both executes client orders with execution venues and places client orders for execution with brokers.

**'Execution'** is where, as a member or participant in a regulated market, multi-lateral trading facility (MTF) or organised trading facility (OTF), LGIM executes a client order directly on the execution venue. LGIM may also execute orders with a Systematic Internaliser (SI), market maker or another liquidity provider on a request-for-quote basis. Where LGIM matches liquidity internally without utilising an MTF or broker, this also constitutes executing a client order.

**'Placement'** is where LGIM transmits an order to a broker for it to execute. In these circumstances the broker will choose the venue on which the order is ultimately executed or choose to execute it against its own book.

Some of our execution activity is conducted on electronic trading platforms, such as MarketAxess and Tradeweb. These platforms facilitate access to counterparties on a request for quote (RFQ) basis, which allows LGIM either to obtain quotes from several counterparties, or to conduct process trades. For the purposes of this report we have elected to show the end counterparty we have traded against. We believe that provides a more accurate disclosure. Finally, LGIM does not currently use contracts for difference (CFDs).

In addition, RTS 28 requires LGIM to report on whether executions were passive, aggressive or directed. LGIM does not trade on the order books of exchanges directly, therefore this is not applicable to us and we have not included this information in our reports. Whilst our clients do not direct trades to specific execution venues, clients may tie execution to a specific counterparty. For example in foreign exchange, execution can sometimes be tied to the custodian, depending on the currency. The overall impact of this activity is negligible and is not included in our top 5 broker reports.

## Disclosures

We are required to disclose the following information in relation to our trading activities:

- LGIM does not have any close links, conflict of interests, and common ownerships with respect to any execution venues used to execute orders. LGIM has dealing services arrangements in place with affiliated asset management companies in the US and Asia. No commission is charged to clients with the arrangement operating on a cost recovery basis between the firms. For further information on our conflict of interest, see section 16 of our Execution Policy
- LGIM does not have any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received
- Our order execution does not differ according to client categorisation. LGIM provides services to professional clients only
- LGIM uses external and internal data sources to compile TCA and inform the trading process

## Top 5 Execution Reports

The following reports provide a qualitative description of our trading activity relating to our top 5 venues and brokers used during 2020 according to the following instrument type as specified in RTS 28.

### Equities – shares and depositary receipts (placement)

Ranked based of trading volumes	Brokers	LEI	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class
<b>Liquidity Band 1 &amp; 2</b>				
<b>Notification if &lt;1 average trade per business day in previous year</b>		No		
1	Legal & General Investment Management Asia Ltd	213800H1KJLELLYN7P12	47.5%	59%
2	Citigroup Global Markets Ltd	XKZZ2JZF41MRHTR1V493	25%	18.8%
3	Legal & General Investment Management America, INC	549300M32WBVVFDT5111	16.5%	10.1%
4	JP Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	4.7%	2.9%
5	Credit Suisse Securities Europe Ltd	DL6FFRRLF74S01HE2M14	3.1%	2.6%

### Liquidity Band 3 & 4

Notification if <1 average trade per      No

business day in previous year				
1	Legal & General Investment Management Asia Ltd	213800H1KJLELLYN7P12	84%	77%
2	Legal & General Investment Management America, INC	549300M32WBVVFDTS111	15%	15%
3	JP Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	0.6%	2.8%
4	Goldman Sachs International	W22LROWP2IHZNBB6K528	0.1%	1.6%
5	Exane SA	969500UP76J52A9OXU27	0.1%	1%
Liquidity Band 5 & 6				
Notification if <1 average trade per business day in previous year		No		
1	Legal & General Investment Management America, INC	549300M32WBVVFDTS111	54%	44.5%
2	Legal & General Investment Management Asia Ltd	213800H1KJLELLYN7P12	12.8%	18.5%
3	JP Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	6.6%	6.2%
4	Morgan Stanley & Co International PLC	4PQUHN3JPFGFNF3BB653	6.5%	6.2%
5	Citigroup Global Markets Ltd	XKZZ2JZF41MRHTR1V493	5.2%	6.7%

LGIM does not execute equity trades on trading venues.

When trading, the decision process begins by deciding how and where best to execute an order. We do this by taking into consideration a range of factors including price, cost, speed, likelihood of execution and settlement, size & nature - for a further explanation of these factors please see our 2021 Execution Policy. The importance of each factor may change depending on the nature or characteristics of the trade and/or prevailing market conditions, for example speed may be prioritised in a period of heightened market volatility.

In this year's report we have included affiliates, LGIM America and LGIM Asia we placed orders with. We transmit orders to our affiliates, where we believe local trading expertise and market knowledge will lead to a better result for our clients. As a result of this in each band they capture a significant portion of volume and there are a number of counterparties who dropped out of our Top 5., specifically Morgan Stanley & Goldman Sachs in Liquidity Band 1&2, Morgan Stanley & Citigroup in Liquidity Band 3&4 and Credit Suisse & Goldman Sachs in Liquidity Band 5&6. When reviewing the rest of the counterparties that appear in each band there are no standout differences to our 2019 report.

There were no specific changes to the factors which led to our choice of venue to execute versus 2019 and this can be evidenced through the lack of variation in constituents in each band, aside from the departures who made way for our affiliates as detailed above. Our Execution Policy lists the counterparties with whom we execute the majority of our business; this list consists of 23 brokers. There have been no significant changes to this list since 2019. While there are 23 counterparties highlighted in this list, it is worth noting that there are additional

counterparties with whom we can execute and have trading agreements with, for example we have regional specialist brokers to source liquidity from on a less frequent basis should we require.

We have an in house Trading Research & Analysis team whose primary role is to collate all of our trading data in order for us to monitor our equity trading performance. We utilise our own database as well as a third party provider to do this. TCA is conducted on an on-going basis by the team while additionally there is an Execution Oversight Committee that meets on a quarterly basis with the primary objective to evaluate execution quality for the previous quarter. On this committee sits members from trading, compliance and investment oversight.

#### Debt instruments – bonds (execution)

Ranked based of trading volumes	Trading Venues	LEI	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class
Notification if <1 average trade per business day in previous year		No		
1	<b>Morgan Stanley &amp; Co International PLC</b>	4PQUHN3JPFGFNF3BB653	11.4	9.2
2	<b>Merrill Lynch International</b>	GGDZP1UYGU9STUHRDP48	11.1	7.6
3	<b>Natwest Markets PLC</b>	RR3QWICWWIPCS8A4S074	7.9	4.3
4	<b>Deutsche Bank AG</b>	7LTFWZYICNSX8D621K86	7.8	4.8
5	<b>JP Morgan Securities PLC</b>	K6Q0W1PS1L1O4IQL9C32	7.8	8.6

LGIM does not place bonds trades with brokers. All trades are executed directly on a trading venue.

When trading, the decision process begins by deciding how and where best to execute an order. We do this by taking into consideration a range of factors including price, cost, speed, likelihood of execution and settlement, size & nature - for a further explanation of these factors please see our 2021 Execution Policy. The importance of each factor may change depending on the nature or characteristics of the trade and/or prevailing market conditions.

The above statistics map out our activity in bonds, and encompasses government bonds, corporate bonds and sovereign, supranational and agency bonds . There is a skew towards the rankings from government bond activity. The Top 5 account for the same % of activity as last year approximately 46% and the vast majority of which is traded or processed electronically. Three of the top 5 remain the same, with Barclays and Goldman Sachs dropping out to be replaced with Deutsche Bank and JP Morgan who both provided consistently competitive prices again skewed to government bonds. Price and certainty of execution were the most important execution factors. Access to liquidity was also an overriding factor in the past year due to market volatility and restricted balance sheet provision, especially in high touch trading of which Morgan Stanley and Merrill Lynch were particularly strong in providing.

We have an in house Trading Research & Analysis team whose primary role is to collate all of our trading data in order for us to monitor our performance. We utilise our own database as well as a third party provider to do this. TCA is conducted on an on-going basis by the team while additionally there is an Execution Oversight Committee that meets on a quarterly basis with the primary objective to evaluate execution quality for the previous quarter. On this committee sits members from trading, compliance and investment oversight.

## Debt instruments – money markets instruments (execution)

Ranked based of trading volumes	Trading Venues	LEI	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class
Notification if <1 average trade per business day in previous year		No		
1	<b>BNP Paribas SA</b>	ROMUWSFPU8MPRO8K5P83	13.3	2.4
2	<b>BRED Banque Populaire</b>	NICH5Q04ADUV9SN3Q390	9.4	8.7
3	<b>Tradition London Clearing Ltd</b>	549300035Z3DHK2T4A54	8.8	10
4	<b>Cooperatieve Rabobank UA</b>	DG3RU1DBUFHT4ZF9WN62	7.9	8.5
5	<b>BGC Brokers LP</b>	ZWNFQ48RUL8VJZ2AIC12	4.4	5.9

LGIM does not place money market trades with brokers. All trades are executed directly on a trading venue.

The table above covers activity in deposits, certificates of deposit, and commercial paper. Price has been the most important execution factor as these instruments exhibit a high degree of liquidity, however secondary market liquidity for transferable instruments (certificates of deposit and commercial paper) is also an important consideration.

While transferable instruments (certificates of deposit and commercial paper) settle delivery versus payment, deposits are subject to the credit risk of the deposit taker and therefore counterparty limits and internal credit quality assessment restrictions apply. Execution quality is overseen by the Execution Oversight Committee, which meets quarterly. The percentage allocation to the top 5 venues is consistent with the prior reporting period.

## Interest Rates Derivatives – futures and options admitted to trading on a trading venue (placement)

Ranked based of trading volumes	Trading Venues	LEI	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class
Notification if <1 average trade per business day in previous year		No		
1	<b>Legal &amp; General Investment Management America, INC</b>	549300M32WBVVFDTS111	39.5	24.5
2	<b>UBS AG</b>	BFM8T61CT2L1QCEMIK50	22.5	15.5
3	<b>Citigroup Global Markets Ltd</b>	XKZZ2JZF41MRHTR1V493	18	45.5
4	<b>Merrill Lynch International</b>	GGDZP1UYGU9STUHRDP48	11.8	8.1



5	<b>Morgan Stanley &amp; Co International PLC</b>	4PQUHN3JPFGFNF3BB653	3.3	1.3
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When trading, the decision process begins by deciding how and where best to execute an order. We do this by taking into consideration a range of factors including price, cost, speed, likelihood of execution and settlement, size & nature - for a further explanation of these factors please see our 2021 Execution Policy. The importance of each factor may change depending on the nature or characteristics of the trade and/or prevailing market conditions, for example speed may be prioritised in a period of heightened market volatility.

In this year's report we have included affiliates, LGIM America and LGIM Asia we placed orders with. We transmit orders to our affiliates, where we believe local trading expertise and market knowledge will lead to a better result for our clients. We have an in house Trading Research & Analysis team whose primary role is to collate all of our trading data in order for us to monitor our trading performance. We utilise our own database as well as a third party provider to do this. TCA is conducted on an on-going basis by the team while additionally there is an Execution Oversight Committee that meets on a quarterly basis with the primary objective to evaluate execution quality for the previous quarter. On this committee sits members from trading, compliance and investment oversight.

#### Interest Rates Derivatives – swaps, forwards and other interest rates derivatives (execution)

Ranked based of trading volumes	Trading Venues	LEI	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class
Notification if <1 average trade per business day in previous year		No		
1	<b>HSBC Bank PLC</b>	MP6I5ZYZBEU3UXPYFY54	17	9.1
2	<b>Barclays Bank PLC</b>	G5GSEF7VJP5I7OUK5573	17	12.8
3	<b>Goldman Sachs International</b>	W22LROWP2IHZNBB6K528	10.8	8.7
4	<b>Citigroup Global Markets Ltd</b>	XKZZ2JZF41MRHTR1V493	9.9	7.6
5	<b>Merrill Lynch International</b>	GGDZP1UYGU9STUHRDP48	9.6	16.5

LGIM does not place interest rates derivatives trades with brokers. All trades are executed directly on a trading venue.

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Our top 5 venues have remained broadly the same with minor changes to position. Goldman Sachs who received material legacy/structural trading that elevated them to 3rd from 5th was the most notable move within this group with the exception of Natwest who dropped out of the top 5 due to less structural trades and less risk appetite during the pandemic and Barclays where CPI origination in addition to structural trades and consistent risk



appetite significantly improved. The impact of legacy/structural trading contributed to all top 5 places with varying degrees in 2020. All banks in the Top 5 provided consistent balance sheet for the provision of flow trading risk within the broad suite of OTC products we traded. Engagement in volatile markets towards positioning was equally a key factor. Price and certainty of execution in the year of the pandemic were key drivers towards execution.

We have an in house Trading Research & Analysis team whose primary role is to collate all of our trading data in order for us to monitor our performance. We utilise our own database as well as a third party provider to do this. TCA is conducted on an on-going basis by the team while additionally there is an Execution Oversight Committee that meets on a quarterly basis with the primary objective to evaluate execution quality for the previous quarter. On this committee sits members from trading, compliance and investment oversight.

#### Credit derivatives – Other credit derivatives (execution)

Ranked based of trading volumes	Trading Venues	LEI	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class
Notification if <1 average trade per business day in previous year		No		
1	<b>Citigroup Global Markets Ltd</b>	XKZZ2JZF41MRHTR1V493	23.8	21.5
2	<b>JP Morgan Securities PLC</b>	K6Q0W1PS1L1O4IQL9C32	17.3	12.8
3	<b>Deutsche Bank AG</b>	7LTWFZYICNSX8D621K86	16	13.3
4	<b>Merrill Lynch International</b>	GGDZP1UYGU9STUHRDP48	13.8	9.8
5	<b>Goldman Sachs International</b>	W22LROWP2IHZNBB6K528	11.4	19

The information given above covers the activity for LGIM in Credit Default Swaps, both single name and indices.

The top five venues account for circa 82% of turnover, down from 94% last year. Some 25% of activity was executed electronically on a cleared basis via Tradeweb. Barclays and BNP dropped out of the top 5 based on competitiveness of offering and documentation coverage. They were replaced with Deutsche Bank and Merrill Lynch International who showed more aggressive pricing and liquidity and benefitted from an increase in cleared execution. The spread of activity was smoother and the curve less steep from the previous year with all of the top 5 presenting a consistent offering.

We have an in house Trading Research & Analysis team whose primary role is to collate all of our trading data in order for us to monitor our performance. We utilise our own database as well as a third party provider to do this. TCA is conducted on an on-going basis by the team while additionally there is an Execution Oversight Committee that meets on a quarterly basis with the primary objective to evaluate execution quality for the previous quarter. On this committee sits members from trading, compliance and investment oversight.

### Currency derivatives – futures and options admitted to trading on a trading venue (placement)

Ranked based of trading volumes	Trading Venues	LEI	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class
Notification if <1 average trade per business day in previous year		No		
1	UBS AG	BFM8T61CT2L1QCEMIK50	74%	27%
2	Goldman Sachs International	W22LROWP2IHZNBB6K528	6.8%	7.5%
3	Credit Suisse Securities Europe Ltd	DL6FFRRLF74S01HE2M14	4.5%	15.3%
4	Morgan Stanley & Co International PLC	4PQUHN3JPFGFNF3BB653	3.8%	4.5%
5	JP Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	3.4%	10.3%

When trading, the decision process begins by deciding how and where best to execute an order. We do this by taking into consideration a range of factors including price, cost, speed, likelihood of execution and settlement, size & nature - for a further explanation of these factors please see our 2021 Execution Policy. The importance of each factor may change depending on the nature or characteristics of the trade and/or prevailing market conditions, for example speed may be prioritised in a period of heightened market volatility.

There is very little difference in terms of constituents of the Top 5 from last year's report, where we only have Deutsche Bank departing the Top 5 and we see Morgan Stanley move into the Top 5 in their place. The above figures consist of orders that are traded on exchange, typically with an electronic platform where possible. It is also worth noting that the above figures are inclusive of when futures contracts are rolled.

We have an in house Trading Research & Analysis team whose primary role is to collate all of our trading data in order for us to monitor our currency derivatives trading performance. We utilise our own database as well as a third party provider to do this. TCA is conducted on an on-going basis by the team while additionally there is an Execution Oversight Committee that meets on a quarterly basis with the primary objective to evaluate execution quality for the previous quarter. On this committee sits members from trading, compliance and investment oversight.

### Currency derivatives – swaps, forwards and other interest rates derivatives (execution)

Ranked based of trading volumes	Trading Venues	LEI	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class
Notification if <1 average trade per business day in previous year		No		
1	Goldman Sachs International	W22LROWP2IHZNBB6K528	16.5%	12%
2	JP Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	12%	16.5%
3	Morgan Stanley & Co International PLC	4PQUHN3JPFGFNF3BB653	8.8%	7.9%

4	HSBC Bank PLC	MP6I5ZYZBEU3UXPYFY54	7.8%	10.4%
5	UBS AG	BFM8T61CT2L1QCEMIK50	7.5%	6.9%

When trading, the decision process begins by deciding how and where best to execute an order. We do this by taking into consideration a range of factors including price, cost, speed, likelihood of execution and settlement, size & nature - for a further explanation of these factors please see our 2021 Execution Policy. The importance of each factor may change depending on the nature or characteristics of the trade and/or prevailing market conditions, for example Likelihood of Settlement may be prioritised higher on an OTC FX trade.

The above data includes all FX transactions inclusive of forwards, non-deliverable forwards & swaps. The Top 5 accounts for over 50% of the activity, which is in line with 2019 however there is a change in constituents as well as positioning changes. We saw Natwest depart from the Top 5 to make way for Morgan Stanley who moved into 3rd position and most notably we saw JP Morgan move into 1st position from 2nd, HSBC moved from 1st into 4th and UBS entered the Top 5 in 5th place. Typically, price is the most important factor during the execution process however as noted above likelihood of settlement may be considered during an OTC trade while also it is important to note that when trading on an OTC basis, fund documentation becomes an additional factor to consider as it may increase or reduce the number of counterparties with whom the fund can trade with.

There were no specific changes to the factors which led to our choice of venue to execute versus 2019 and this can be evidenced through the general lack of variation in constituents. Our Execution Policy lists the counterparties with whom we execute the majority of our business; this list consists of 18 brokers. There have been no significant changes to this list since 2019.

We have an in house Trading Research & Analysis team whose primary role is to collate all of our trading data in order for us to monitor our FX trading performance. We utilise our own database as well as a third party provider to do this. TCA is conducted on an on-going basis by the team while additionally there is an Execution Oversight Committee that meets on a quarterly basis with the primary objective to evaluate execution quality for the previous quarter. On this committee sits members from trading, compliance and investment oversight.

#### Securities Financing Transactions (execution)

Ranked based of trading volumes	Trading Venues	LEI	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class
Notification if <1 average trade per business day in previous year		No		
1	Barclays Capital Securities Ltd	K9WDOH4D2PYBSLSOB484	14	3.8
2	Banco Santander SA	5493006QMFDDMYWIAM13	13.5	4
3	Scotiabank Europe PLC	5G6NVP4WADOI32VUUB17	11.8	19.3
4	RBC Europe Ltd	TXDSU46SXBWIGJ8G8E98	10.8	6.4
5	HSBC Bank PLC	MP6I5ZYZBEU3UXPYFY54	9.8	3.2

When trading, the decision process begins by deciding how and where best to execute an order. We do this by taking into consideration a range of factors including price, cost, speed, likelihood of execution and settlement,

size & nature - for a further explanation of these factors please see our 2021 Execution Policy. The importance of each factor may change depending on the nature or characteristics of the trade and/or prevailing market conditions

The table above covers activity in repurchase and reverse repurchase agreements ('Repo'). Price has been the most important execution factor and orders are executed on an RFQ basis (where typically multiple counterparties are asked to quote), with the best quote taken subject to counterparty limits. As Repo is traded OTC, the likelihood of settlement is an important factor in determining the counterparties used.

Execution quality is monitored through the recording of quotes received, and overseen by the Execution Oversight Committee. The percentage allocation to the top 5 venues has reduced versus the prior reporting period, and three of the venues were not included in the top 5 for the prior reporting period. This is a reflection primarily of our increased use of reverse repo (for secured cash investments) during the period, but also additional financing appetite (term repo) from some counterparties.

#### Equity derivatives – Options and futures admitted to trading on a trading venue (placement)

Ranked based of trading volumes	Trading Venues	LEI	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class
Notification if <1 average trade per business day in previous year		No		
1	Legal & General Investment Management America, INC	549300M32WBVVFDT5111	37.5%	20.5%
2	Legal & General Investment Management Asia Ltd	213800H1KJLELLYN7P12	9.2%	13.8%
3	Credit Suisse Securities Europe Ltd	DL6FFRRLF74S01HE2M14	9.1%	18.3%
4	Merrill Lynch International	GGDZP1UYGU9STUHRDP48	8.8%	5.6%
5	UBS AG	BFM8T61CT2L1QCEMIK50	8.6%	4.8%

When trading, the decision process begins by deciding how and where best to execute an order. We do this by taking into consideration a range of factors including price, cost, speed, likelihood of execution and settlement, size & nature - for a further explanation of these factors please see our 2021 Execution Policy. The importance of each factor may change depending on the nature or characteristics of the trade and/or prevailing market conditions, for example speed may be prioritised in a period of heightened market volatility.

In this year's report we have included affiliates, LGIM America and LGIM Asia we placed orders with. We transmit orders to our affiliates, where we believe local trading expertise and market knowledge will lead to a better result for our clients. As a result of this they capture a significant portion of volume and this has resulted in Goldman Sachs, Morgan Stanley & JP Morgan falling outside of our Top 5. Deutsche Bank were an additional counterparty who is absent in the 2020 list that were on the 2019 list, this can be attributed to the exit of Deutsche Bank from the Equities & Equity related products business. BAML & UBS are two additions to the Top 5. It is also worth noting that the above figures are inclusive of when futures contracts are rolled.

We have an in house Trading Research & Analysis team whose primary role is to collate all of our trading data in order for us to monitor our equity derivatives trading performance. We utilise our own database as well as a third

party provider to do this. TCA is conducted on an on-going basis by the team while additionally there is an Execution Oversight Committee that meets on a quarterly basis with the primary objective to evaluate execution quality for the previous quarter. On this committee sits members from trading, compliance and investment oversight.

#### Equity derivatives – swaps and other equity derivatives (execution)

Ranked based of trading volumes	Trading Venues	LEI	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class
Notification if <1 average trade per business day in previous year		No		
1	Morgan Stanley & Co International PLC	4PQUHN3JPFGFNF3BB653	24.3%	11%
2	Merrill Lynch International	GGDZP1UYGU9STUHRDP48	21.3%	38%
3	Goldman Sachs International	W22LROWP2IHZNBB6K528	14.3%	11%
4	Citigroup Global Markets Ltd	XKZZ2JZF41MRHTR1V493	13%	5.5%
5	HSBC Bank PLC	MP6I5ZYZBEU3UXPYFY54	13%	4.9%

When trading, the decision process begins by deciding how and where best to execute an order. We do this by taking into consideration a range of factors including price, cost, speed, likelihood of execution and settlement, size & nature - for a further explanation of these factors please see our 2021 Execution Policy. The importance of each factor may change depending on the nature or characteristics of the trade and/or prevailing market conditions, for example likelihood of settlement may be prioritised higher in an OTC derivative trade versus an exchange traded derivative.

There is some variation in the constituents of our Top 5 versus 2019 where we only see BNP & JP Morgan depart to make way for HSBC & Citigroup on competitiveness. Additionally our broker list is more concentrated towards the Top 5 in 2020 where they account for over 85% of turnover while in 2019 this number was sub 75%. Typically, price is the most important factor during the execution process however as noted above likelihood of settlement may be considered during an OTC trade while also it is important to note that when trading on an OTC basis, fund documentation becomes an additional factor to consider as it may increase or reduce the counterparties with whom the fund can trade with.

We monitor execution quality by recording the quotes received in our Request For Quote system and also monitoring counterparty invitation and hit rates. This is completed in conjunction with our Trading Research & Analysis team whose primary role is to collate all of our trading data in order for us to monitor our equity derivatives execution quality. This data is presented at our Execution Oversight Committee that meets on a quarterly basis with the primary objective to evaluate execution quality for the previous quarter. On this committee sits members from trading, compliance and investment oversight.

**Securitized derivatives – Warrants and certificates derivatives (placement)**

Ranked based of trading volumes	Trading Venues	LEI	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class
Notification if <1 average trade per business day in previous year		No		
1	Legal & General Investment Management Asia Ltd	213800H1KJLELLYN7P12	77	45
2	Legal & General Investment Management America, INC	549300M32WBVVFDTS111	23	54
3	Citigroup Global Markets Ltd	XKZZ2JZF41MRHTR1V493	0	0.5

**Commodities derivatives and emission allowances Derivatives (execution)**

Ranked based of trading volumes	Trading Venues	LEI	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class
Notification if <1 average trade per business day in previous year		No		
1	Societe Generale SA	O2RNE8IBXP4R0TD8PU41	58%	71%
2	Goldman Sachs International	W22LROWP2IHZNBB6K528	35%	24%
3	JP Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	6.8%	5.1%
4	N/A	N/A	N/A	N/A
5	N/A	N/A	N/A	N/A

When trading, the decision process begins by deciding how and where best to execute an order. We do this by taking into consideration a range of factors including price, cost, speed, likelihood of execution and settlement, size & nature - for a further explanation of these factors please see our 2021 Execution Policy. The importance of each factor may change depending on the nature or characteristics of the trade and/or prevailing market conditions, for example Likelihood of Settlement may be prioritised higher in an OTC derivative trade versus an exchange traded derivative.

The above data covers trading of Excess Return Swaps with commodity underlying, typically we trade versus various Bloomberg Commodity Indices (BCOM). The list seems more concentrated versus 2019 where we had 5 counterparties to make a Top 5 but for 2020 we saw BAML & Macquarie drop off the list due to zero trades throughout the year, this is due to competitiveness. Even though there are fewer counterparties, the 3 that are on the list for 2020 made up 99.6% of the market share for 2019, so with that in mind it is less significant than it

appears. Typically, price is the most important factor during the execution process however as noted above likelihood of settlement may be considered during an OTC trade while also it is important to note that when trading on an OTC basis, fund documentation becomes an additional factor to consider as it may increase or reduce the counterparties with whom the fund can trade with.

We monitor execution quality by recording the quotes received in our Request For Quote system and also monitoring counterparty invitation and hit rates. This is completed in conjunction with our Trading Research & Analysis team whose primary role is to collate all of our trading data in order for us to monitor our commodity derivatives execution quality. This data is presented at our Execution Oversight Committee that meets on a quarterly basis with the primary objective to evaluate execution quality for the previous quarter. On this committee sits members from trading, compliance and investment oversight.

#### Exchange traded products (placement)

Ranked based of trading volumes	Trading Venues	LEI	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class
Notification if <1 average trade per business day in previous year		No		
1	Legal & General Investment Management America, INC	549300M32WBVVFDTS111	41	23.3

#### Exchange traded products (execution)

Ranked based of trading volumes	Trading Venues	LEI	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class
Notification if <1 average trade per business day in previous year		No		
1	Jane Street Financial Ltd	549300ZHEHX8M31RP142	16.8%	4.5%
2	Credit Suisse Securities Europe Ltd	DL6FFRRLF74S01HE2M14	13.8%	11.3%
3	HSBC Bank PLC	MP6I5ZYZBEU3UXPYFY54	11.9%	15.3%
4	Goldman Sachs International	W22LROWP2IHZNBB6K528	6.7%	6.3%
5	Barclays Capital Securities Ltd	K9WDOH4D2PYBSLSOB484	4.8%	3%

When trading, the decision process begins by deciding how and where best to execute an order. We do this by taking into consideration a range of factors including price, cost, speed, likelihood of execution and settlement, size & nature - for a further explanation of these factors please see our 2021 Execution Policy. The importance of each factor may change depending on the nature or characteristics of the trade and/or prevailing market conditions, for example for example speed may be prioritised in a period of heightened market volatility.



The above data covers Exchange Traded Fund (ETF) trading for 2020. We have a notable difference versus 2019 in the fact that we have included our affiliate LGIM America in our RTS 28 reporting 2020 we saw the introduction of Credit Suisse & Jane Street to the Top 5, we saw Citigroup & BAML depart while there were two GS entities in 2019 which has been addressed for 2020. The bulk of this volume is executed via a Request For Quote (RFQ) either trading versus the NAV of the underlying or on risk. Typically, price is the most important factor, however as noted above other factors may be prioritised.

We monitor execution quality by recording the quotes received in our Request For Quote system and also monitoring counterparty invitation and hit rates. This is completed in conjunction with our Trading Research & Analysis team whose primary role is to collate all of our trading data in order for us to monitor our ETF execution quality. This data is presented at our Execution Oversight Committee that meets on a quarterly basis with the primary objective to evaluate execution quality for the previous quarter. On this committee sits members from trading, compliance and investment oversight.

#### Other instruments – [Equities – Shares & Depositary Receipts No Banding] (placement)

Ranked based of trading volumes	Trading Venues	LEI	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class
Notification if <1 average trade per business day in previous year		No		
1	Legal & General Investment Management Asia Ltd	213800H1KJLELLYN7P12	69%	69%
2	Legal & General Investment Management America, INC	549300M32WBVVFDTS111	17.5%	19.3%
3	Credit Suisse Securities Europe Ltd	DL6FFRRL74S01HE2M14	3.6%	3%
4	JP Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	3.3%	2.7%
5	Citigroup Global Markets Ltd	XKZZ2JZF41MRHTR1V493	2.1%	2%

When trading, the decision process begins by deciding how and where best to execute an order. We do this by taking into consideration a range of factors including price, cost, speed, likelihood of execution and settlement, size & nature - for a further explanation of these factors please see our 2021 Execution Policy. The importance of each factor may change depending on the nature or characteristics of the trade and/or prevailing market conditions, for example speed may be prioritised in a period of heightened market volatility.

In this year's report we have included affiliates, LGIM America and LGIM Asia we placed orders with. We transmit orders to our affiliates, where we believe local trading expertise and market knowledge will lead to a better result for our clients. As a result of this in each band they capture a significant portion of volume. This has meant that Goldman Sachs & Morgan Stanley have dropped outside of our Top 5 for Equities with no band. When reviewing the rest of the counterparties that appear there are no standout differences to our 2019 report where we see Citigroup, JP Morgan & Credit Suisse appear once again.

There were no specific changes to the factors which led to our choice of venue to execute versus 2019 and this can be evidenced through the lack of variation in constituents, aside from the departures who made way for our affiliates as detailed above. Our Execution Policy lists the counterparties with whom we execute the majority of our business; this list consists of 23 brokers. There have been no significant changes to this list since 2019. While

there are 23 counterparties highlighted in this list, it is worth noting that there are additional counterparties with whom we can execute and have trading agreements with, for example we have regional specialist brokers to source liquidity from on a less frequent basis should we require.

We have an in house Trading Research & Analysis team whose primary role is to collate all of our trading data in order for us to monitor our equity trading performance. We utilise our own database as well as a third party provider to do this. TCA is conducted on an on-going basis by the team while additionally there is an Execution Oversight Committee that meets on a quarterly basis with the primary objective to evaluate execution quality for the previous quarter. On this committee sits members from trading, compliance and investment oversight.

## Important Information

The top 5 execution venues and brokers information contained in this document (the “**Information**”) has been prepared by Legal & General Investment Management Limited (“**LGIM**”). It has been prepared based on our understanding of the second Markets in Financial Instruments Directive (“**MiFID II**”), along with the Regulatory Technical Standards (“**RTS**”) drafted by the European Securities and Markets Authority (“**ESMA**”). The basis of the report will be subject to change if the RTS is updated by ESMA, it is important to note that such amendments could take place without pre-notification or consultation with either LGIM or the recipients of this report.

The disclosure is produced in good faith using reasonable endeavours and is based on what we believe is objective data.

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To ensure quality of service and for the protection of all parties, telephone calls may be recorded

**March 2021**