



AHL Partners LLP

Annual Best Execution Disclosure 2018

Disclosure Objective

Pursuant to its obligations under RTS 28 of MiFID II, AHL Partners LLP (“Man 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

Man 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.

Man 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 Man 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.

Man AHL utilises machine learning routing logic, internally called ‘Adaptive Intelligent Routing’, to help us evaluate venue and liquidity choices. This logic is designed to help ensure order flow is allocated to the optimum execution algorithm considering the execution factors specific to that asset class at that time. The deployment of Adaptive Intelligent Routing seeks to allocate eligible flows to brokers and execution algorithms in an automated and data-driven manner, based on performance against an agreed benchmark.

Man AHL is in the process of determining the applicability and appropriateness of utilising 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. Analysis of the information provided in RTS 27 reports is on-going.

Broker Selection

When selecting an executing broker Man AHL may consider the following factors:

- accurate and timely execution, settlement, clearance and error/dispute resolution processes;
- reputation, financial strength and stability;
- venue access and block trading capabilities;
- analytics and Execution Research 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”), 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 the conflict to its clients. Such conflicts could include any close links or execution arrangements which may impact Man 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 Man AHL employees from brokers and venues. However, all Man 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.

Man AHL does not engage in arrangements for payments for order flow with any broker or other third party entity.

Execution Factors

When executing an order on behalf of a client, Man 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.

Man AHL will consider the execution factors that they 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

Man 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 (It should be noted that during the Review Period Man AHL did not handle orders on behalf of retail clients, as defined within MiFID);
- 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.

Best Execution Committee

Man 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 Man 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.

Summary

Man AHL can confirm that throughout the 2018 calendar year, it considers that it has taken all sufficient steps to meet its obligation to achieve best execution for its clients on a consistent basis.

In particular it considers that:

- It has adopted a comprehensive policy and monitoring framework to support the ongoing requirement to deliver best execution for its clients;
- the execution quality and performance received from brokers is in-line with its expectations;
- It has maintained sufficient relationships with execution venues and brokers to service its trading activities, with appropriate consideration given to contingency; and
- the commission paid to brokers for their execution service was reasonable and in-line, or better, than the standard market rates.

Indirect Execution Report

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.

Man AHL has published its indirect execution report based on its execution of financial instruments globally, regardless of the jurisdiction of their listing or execution. We believe that this global view provides a more holistic understanding of the execution venues upon which it relies. However, for the Equities asset class, separate global and European-specific tables have been produced. The global table includes all executions, including in European Issuer ISINs, but does not delineate by liquidity banding. The European table does delineate by liquidity banding as ESMA tick size banding is only applicable to European Issuer ISINs.

Commodity Derivatives		Fewer than 1 trade per day over the year on average? - No				
Top 5 execution venues ranked in terms of trading volumes	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as 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	57.15%	41.25%	N/A	N/A	N/A
Credit Suisse International	E58DKGMJYYYJLN8C3868	24.08%	26.40%	N/A	N/A	N/A
JPMorgan Chase Bank, National Association	7H6GLXDRUGQFU57RNE97	8.66%	19.25%	N/A	N/A	N/A
ICAP Securities Ltd	213800NMEZS3MD2IUP33	1.61%	0.30%	N/A	N/A	N/A
TFS Derivatives Ltd	549300WXUYR1CMLDQF25	1.17%	0.09%	N/A	N/A	N/A

Credit Derivatives		Fewer than 1 trade per day over the year on average? - No				
Top 5 execution venues ranked in terms of trading volumes	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Credit Suisse International	E58DKGMJYYYJLN8C3868	45.50%	57.04%	N/A	N/A	N/A
Merrill Lynch, Pierce, Fenner & Smith Incorporated	8NAV47T0Y26Q87Y0QP81	25.66%	25.53%	N/A	N/A	N/A
JPMorgan Chase Bank, National Association	7H6GLXDRUGQFU57RNE97	15.52%	9.95%	N/A	N/A	N/A
Morgan Stanley & Co. International plc	4PQUHN3JPFQFNF3BB653	3.62%	3.45%	N/A	N/A	N/A
Goldman Sachs International	W22LROWP2IHZNBB6K528	1.99%	0.005%	N/A	N/A	N/A

Equity - Global Issuer		Fewer than 1 trade per day over the year on average? - No				
Top 5 execution venues ranked in terms of trading volumes	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
J.P. Morgan Securities LLC	ZBUT11V806EZRVTWT807	21.39%	21.78%	N/A	N/A	N/A
Morgan Stanley & Co. International plc	4PQUHN3JPFQFNF3BB653	8.74%	7.02%	N/A	N/A	N/A
Instinet LLC	549300MGMN3RKMJ8FT57	7.61%	6.12%	N/A	N/A	N/A
Credit Suisse Securities (Europe) Limited	DL6FFRRL74S01HE2M14	7.39%	6.94%	N/A	N/A	N/A
JPMorgan Chase Bank, National Association	7H6GLXDRUGQFU57RNE97	7.10%	5.04%	N/A	N/A	N/A
Goldman Sachs International	W22LROWP2IHZNBB6K528	5.17%	3.46%	N/A	N/A	N/A

Equity - European Issuer		Fewer than 1 trade per day over the year on average? - No					
Liquidity Banding	Top 5 execution venues ranked in terms of trading volumes	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Credit Suisse Securities (Europe) Limited	DL6FFRRL74S01HE2M14	24.66%	21.02%	N/A	N/A	N/A	
JPMorgan Chase Bank, National Association	7H6GLXDRUGQFU57RNE97	16.13%	15.19%	N/A	N/A	N/A	
Merrill Lynch International	GGDZP1UYGU9STUHRDP48	12.64%	11.74%	N/A	N/A	N/A	
Goldman Sachs International	W22LROWP2IHZNBB6K528	12.25%	9.90%	N/A	N/A	N/A	
Band 3 & 4	Morgan Stanley & Co. LLC	9R7GPTSO7KV3UQJZQ078	44.04%	52.31%	N/A	N/A	N/A
	J.P. Morgan Securities LLC	ZBUT11V806EZRVTWT807	27.36%	27.24%	N/A	N/A	N/A
	Deutsche Bank AG	7LWTFZYICNSX8D621K86	12.04%	8.08%	N/A	N/A	N/A
	Instinet LLC	549300MGMN3RKMJ8FT57	10.30%	6.65%	N/A	N/A	N/A
	Merrill Lynch, Pierce, Fenner & Smith Incorporated	8NAV47T0Y26Q87Y0QP81	5.27%	3.56%	N/A	N/A	N/A
Band 1 & 2	Morgan Stanley & Co. LLC	9R7GPTSO7KV3UQJZQ078	41.84%	50.27%	N/A	N/A	N/A
	J.P. Morgan Securities LLC	ZBUT11V806EZRVTWT807	30.74%	28.56%	N/A	N/A	N/A
	Instinet LLC	549300MGMN3RKMJ8FT57	13.09%	8.89%	N/A	N/A	N/A
	Deutsche Bank AG	7LWTFZYICNSX8D621K86	7.11%	7.34%	N/A	N/A	N/A
	Merrill Lynch, Pierce, Fenner & Smith Incorporated	8NAV47T0Y26Q87Y0QP81	6.79%	3.99%	N/A	N/A	N/A

Equity Derivatives		Fewer than 1 trade per day over the year on average? - No				
Top 5 execution venues ranked in terms of trading volumes	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Credit Suisse International	E58DKGMJYYYJLN8C3868	49.09%	52.40%	N/A	N/A	N/A
JPMorgan Chase Bank, National Association	7H6GLXDRUGQFU57RNE97	40.93%	45.89%	N/A	N/A	N/A
Merrill Lynch, Pierce, Fenner & Smith Incorporated	8NAV47T0Y26Q87Y0QP81	4.07%	0.66%	N/A	N/A	N/A
Societe Generale International Limited	0IKLU6X1B10WK7X42C15	2.19%	0.04%	N/A	N/A	N/A
Deutsche Bank AG	7LTWFZYICNSX8D621K86	1.56%	0.21%	N/A	N/A	N/A

Exchange Traded Products		Fewer than 1 trade per day over the year on average? - No				
Top 5 execution venues ranked in terms of trading volumes	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
J.P. Morgan Securities LLC	ZBUT11V806EZRVTWT807	49.82%	50.97%	N/A	N/A	N/A
Instinet LLC	549300MGMN3RKMJ8FT57	43.32%	25.43%	N/A	N/A	N/A
Goldman Sachs International	W22LROWP2IHZNBB6K528	6.48%	21.92%	N/A	N/A	N/A
Zuercher Kantonalbank	165GRDQ39W63PHVONY02	0.28%	0.91%	N/A	N/A	N/A
Morgan Stanley & Co. International plc	4PQUHN3JPFQFNF3BB653	0.10%	0.53%	N/A	N/A	N/A

Foreign Exchange Derivatives		Fewer than 1 trade per day over the year on average? - No				
Top 5 execution venues ranked in terms of trading volumes	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
JPMorgan Chase Bank, National Association	7H6GLXDRUGQFU57RNE97	79.88%	80.88%	N/A	N/A	N/A
Merrill Lynch, Pierce, Fenner & Smith Incorporated	8NAV47T0Y26Q87Y0QP81	13.38%	7.47%	N/A	N/A	N/A
Credit Suisse International	E58DKGMJYYYJLN8C3868	6.63%	11.17%	N/A	N/A	N/A
Goldman Sachs International	W22LROWP2IHZNB6K528	0.10%	0.47%	N/A	N/A	N/A

Interest Rate Derivatives		Fewer than 1 trade per day over the year on average? - No				
Top 5 execution venues ranked in terms of trading volumes	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
JPMorgan Chase Bank, National Association	7H6GLXDRUGQFU57RNE97	58.26%	91.41%	N/A	N/A	N/A
Marex Financial Ltd	5493003EETVWYSIJ5A20	27.62%	1.25%	N/A	N/A	N/A
Credit Suisse International	E58DKGMJYYYJLN8C3868	5.63%	3.26%	N/A	N/A	N/A
Merrill Lynch, Pierce, Fenner & Smith Incorporated	8NAV47T0Y26Q87Y0QP81	4.28%	2.71%	N/A	N/A	N/A
Morgan Stanley & Co. International plc	4PQUHN3JPFQFN3BB653	4.21%	1.36%	N/A	N/A	N/A

Other Instruments		Fewer than 1 trade per day over the year on average? - Yes				
Top 5 execution venues ranked in terms of trading volumes	LEI	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Credit Suisse International	E58DKGMJYYYJLN8C3868	100.00%	100.00%	N/A	N/A	N/A

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