

CQS (UK) LLP (“CQS”) is required on an annual basis to provide additional disclosures around the execution venues utilised for each asset class as well as certain information on the quality of execution, as detailed in the Regulatory Technical Standard 28 of MiFID II. As a Collective Portfolio Management Investment (“CPMI”) firm and in accordance with the FCA Policy Statement 17/14, CQS is required to provide these disclosures in relation to clients for which the service of managing investments is provided. This disclosure does not include trading activity relating to our clients for which CQS is the appointed Alternative Investment Fund Manager (“AIFM”).

When determining the strategy for placing orders for execution in the market, CQS took into account a number of execution factors, including, but not limited to, price, cost, speed and likelihood of execution and settlement, size, nature and any other consideration relevant to the execution of orders and as appropriate for the characteristics of each order and the prevailing market conditions. In determining the relative importance of the execution factors CQS took into account the relevant client’s characteristics and objectives, the characteristic of the financial instrument including its liquidity and the available counterparties. These factors may differ from one order to another. We have however detailed below the relative importance of these factors for each asset class.

CQS approves all counterparties prior to placing orders for execution with them. Counterparty approval takes into account a number of factors including the counterparty’s credit worthiness, regulatory status and execution performance. CQS will ensure that it remains independent and conflict free when appointing counterparties to execute trades on behalf of clients.

CQS has a suite of policies designed to mitigate any potential conflicts of interest which may affect execution quality and are designed to safeguard CQS’ fiduciary obligations to take sufficient steps to achieve best execution. In relation to execution quality all clients are treated fairly. However, in instances where the execution counterparties are dictated by the client this can affect the execution quality.

CQS has reviewed the data provided by its counterparties, as required under the Regulatory Technical Standard 27 of MiFID II. This data has not provided any additional meaningful data for the purpose of CQS’ qualitative assessment.

For the year ending 2018 CQS can confirm that it considers it took sufficient steps to achieve the best result when executing trades for its clients.

Currency Derivatives

Notification if < 1 average trade per business day in the previous year N

Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class	% of Passive orders	% of Aggressive orders	% of Directed orders
State Street	39%	41%	N/A	N/A	N/A
UBS	33%	29%	N/A	N/A	N/A
RBC	11%	11%	N/A	N/A	N/A
Northern Trust	11%	10%	N/A	N/A	N/A
National Australia Bank Limited	5%	7%	N/A	N/A	N/A

In general, these trades are currency hedging trades which are placed with the relevant client's custodian. These trades are monitored and analysed for best execution purposes. Where the price provided by the custodian does not appear to provide the best possible result for the CQS client, these have been challenged.

Debt Instruments

Notification if < 1 average trade per business day in the previous year N

Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class	% of Passive orders	% of Aggressive orders	% of Directed orders
Barclays	21%	13%	N/A	N/A	N/A
J.P. Morgan	12%	11%	N/A	N/A	N/A
BAML	9%	9%	N/A	N/A	N/A
Goldman Sachs & Co	8%	9%	N/A	N/A	N/A
Morgan Stanley	7%	8%	N/A	N/A	N/A

This relates to trades in corporate and sovereign debt as well as corporate bonds and asset-backed securities. Size of order, price and cost were normally the most significant factors. However, execution speed and liquidity of the relevant instrument may mean that the likelihood of execution became the most significant factor.

Where there is a new bond issue there may be a limited selection of counterparties. This, therefore, may limit the ability for CQS to perform price discovery.

Credit derivatives

Notification if < 1 average trade per business day in the previous year Y

Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class	% of Passive orders	% of Aggressive orders	% of Directed orders
Goldman Sachs & Co	32%	34%	N/A	N/A	N/A
J.P. Morgan	25%	29%	N/A	N/A	N/A
Credit Suisse	24%	21%	N/A	N/A	N/A
Barclays	10%	9%	N/A	N/A	N/A
Citibank	5%	5%	N/A	N/A	N/A

This relates to credit derivative swaps and the volume of trades in 2018 was higher than in 2017 due to an increase in in-scope trading. Size of order, price and cost were normally the most significant factors. However, execution speed and liquidity of the relevant instrument may mean that the likelihood of execution became the most significant factor. In some cases the counterparties used for these trades are determined by the client which may limit the ability for CQS to undertake a price discovery exercise.

Equity derivatives

Notification if < 1 average trade per business day in the previous year Y

Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a % of total in that class	Proportion of orders executed as % of total in that class	% of Passive orders	% of Aggressive orders	% of Directed orders
J.P.Morgan	74%	37%	N/A	N/A	N/A
Morgan Stanley	11%	7%	N/A	N/A	N/A
Credit Suisse	9%	11%	N/A	N/A	N/A
Deutsche Bank AG	5%	9%	N/A	N/A	N/A
Barclays	1%	37%	N/A	N/A	N/A

This relates to equity derivatives and the volume of trades in 2018; in 2017 there were no in scope trades in this financial instrument. Size of order, price and cost were normally the most significant factors. However, execution speed and liquidity of the relevant instrument may mean that the likelihood of execution became the most significant factor.

Interest rate derivatives

Notification if < 1 average trade per business day in the previous year Y

Top five execution venues ranked in	Proportion of volume traded as a	Proportion of orders executed as	% of Passive orders	% of Aggressive orders	% of Directed orders
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terms of trading volumes (descending order)	% of total in that class	% of total in that class			
Societe Generale	100%	100%	N/A	N/A	N/A

This relates to interest rate derivative and the volume of trades in 2018 is very low. Size of order, price and cost were normally the most significant factors. However, execution speed and liquidity of the relevant instrument may mean that the likelihood of execution became the most significant factor.