

Trade Execution Reporting re RTS-28

2020

2. SUMMARY OF ANALYSIS OF QUALITY OF EXECUTION

A BEST EXECUTION AT KEMPEN CAPITAL MANAGEMENT N.V.

When executing client orders or decisions to deal, Kempen Capital Management N.V. (KCM) has a duty to ensure that it obtains the best possible result for its clients; the so called “best execution” obligation. In its Order Execution Policy, KCM has described how best execution to her clients is provided on a consistent basis. In this policy, per type of financial instrument the applicable execution factors and their relative importance are stated.

The Order Execution Policy can be found online.

Please note this Summary of Analysis of quality of execution includes the orders from clients of Kempen Capital Management (UK) Ltd. (KCM UK). Orders from clients of KCM UK are always transmitted to KCM acting as the sole executing broker for KCM UK. For further information about KCM UK, please see above mentioned link.

KCM takes into account the following criteria for determining the relative importance of the execution factors:

- the characteristics of the client, whereby KCM executes for clients categorized as professional client;
- the characteristics of the relevant order or decision to deal;
- the characteristics of financial instruments that are the subject of the relevant order or decision to deal; and
- the characteristics of the third-party executing broker to which that relevant order or decision to deal can be directed.

KCM generally gave the highest priority to the Total Consideration Price, then likelihood of execution. The remaining execution factors speed, market impact, nature of the order or decision to deal and any other consideration relevant to the efficient execution of the client’s order or decision to deal were generally given equal ranking.

The Total Consideration Price includes the price of the financial instrument and the costs relating to execution, which shall include all expenses incurred by the client which are directly relating to the execution of the order or decision to deal, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order or decision to deal.

B CONFLICTS OF INTEREST RELATED TO TRANSACTION EXECUTION

KCM does not receive any remuneration, discount or non-monetary benefit for routing client orders or decisions to deal to a counterparty which would impair with its ability to act in accordance with the best interest of its clients. KCM does not receive payments, benefits or rebates from trading venues or executing brokers.

Trading with Kempen & Co Securities (affiliated brokers)

Van Lanschot Kempen Wealth Management N.V. (VLKWM) operates a securities brokerage department (under the brand name Kempen & Co) and is included in our list of approved executing brokers. As an executing broker Kempen & Co is assessed, selected and reviewed by the same metrics as other executing brokers, as described in our Best Execution Policy. In 2020 KCM transmitted orders and decisions to deal in equity instruments to Kempen & Co. Additionally, KCM does pay Kempen & Co a fee for services related to the execution of ETFs.

Organizational and administrative measures have been taken to ensure the separation of businesses, prevent the dissemination of sensitive information and manage potential conflicts of interest between KCM and Kempen & Co.

C SELECTION AND REVIEW OF EXECUTING BROKERS

Decisions to deal are executed only with or through executing brokers that meet the requirements applied by KCM. An approved executing broker list is compiled based on counterparty reviews.

KCM continually considers the quality of execution and services provided by counterparties. This is reflected in a semi-annual review process, based on a quantitative and qualitative aspects.

In this review and selection process, KCM considers aspect like:

- x The outcomes of a post-trade analysis where we monitor execution prices against industry benchmarks where available and evaluate the trading practices
- x The quality and effectiveness of a counterparty's execution policy
- x Trust, by which we mean: is a counterparty able to maintain the confidentiality of an order and do they know where to expose an order and where not
- x The counterparty's ability to provide the best price and to maximize the opportunity for price improvement
- x Ability of our counterparty to commit their capital to our trades and/or obtain natural liquidity to minimize market impact
- x Clearance and settlement capabilities

- x Commission rates and other costs
- x The counterparty's ability to provide favorable access to 'new issues'
- x Access to specific markets (e.g. Taiwan, Korea)
- x Hit ratio's for Fixed Income transactions
- x Quality and quantity of information flow
- x Offering of a program trading platform
- x Any other relevant factor

In 2020, KCM decided to decrease the number of executing brokers. Brokers that have not been able to provide adequate best execution based on our transaction cost analysis have been removed from the list of approved executing brokers. Moreover, executing brokers established in the United Kingdom without presence in the European Union have been removed from the list.

The results of the review and selection process for 2020 have resulted in the following changes to the list of approved counterparties.

- As regards equity instruments the following entities have been removed: Equita, Greenstreet USA, Handelsbanken, Hauck & Aufhauser, KBC, Vontobel, Tradeweb, Peel Hunt, Numis.
- As regards fixed income instruments the following entities have been removed: Mitsubishi, Wells Fargo, Nomura, Rabobank and Swedbank.

D MONITORING AND POLICY REVIEW

One key aspect of best execution is that best execution focusses on the best possible overall results on a consistent basis, and not just on best price for an individual trade. KCM monitors trade prices against industry benchmarks where available, with the assistance of exception reports to determine if best execution has been achieved. We analyze our execution using the independent third-party vendor solution Bloomberg Transaction Cost Analysis (BTCA), across multiple asset classes, to monitor our order execution policy.

We review our execution arrangements and policy at least. Over the past year this review resulted in the removal of a certain executing brokers as set out in section C.

