



First State Investments

Annual Order Execution Report Year Ending 2018

April 2019

Introduction

References to “First State Investments” are to “First State Investments International Limited” (“FSII”) and “First State Investment Management (UK) Limited” (“FSIM”), both are authorised and regulated by the UK Financial Conduct Authority and subject to MiFID II. Both firms also provide portfolio management services.

This is the annual report summarising the top 5 execution venues and brokers used by First State Investments during the calendar year ending 31 December 2018 together with information about the quality of execution obtained in line with Regulatory Technical Standard 28/Article 65(6) of Delegated Acts of the MiFID II rules and regulations.

All trade volumes are calculated in line with Investment Association guidance. Non-GBP currencies are re-based to GBP using the WM Reuters London 4pm closing rate on trade date.

The information provided in these tables and the qualitative information relates to FSIM. As well as orders for it’s own clients, FSIM also executes and/or receives and transmits all orders on behalf of FSII.

a) Equities Shares and Depositary Receipts – Broker Report

(i) Tick size liquidity bands 5 and 6 (from 2000 trades per day)

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

Top five brokers ranked in descending order of trading volumes		Proportion of volume traded as a % of total in asset class	Proportion of orders executed as a % of total in asset class	% of Passive Orders	% of Aggressive Orders	% of Directed Orders
549300NUP2MJOCL4Q619	JEFFERIES HONG KONG LTD	11.82%	7.81%	N/A	N/A	0%
S5THZMDUJCTQZBTRVI98	JEFFERIES INTERNATIONAL LTD	9.61%	10.35%	N/A	N/A	0%
TXDSU46SXBWIGJ8G8E98	RBC EUROPE LTD	8.31%	6.49%	N/A	N/A	0%
K6Q0W1PS1L1O4IQL9C32	JP MORGAN SECURITIES PLC	5.35%	2.79%	N/A	N/A	0%
4PQUHN3JPFQFN3BB653	MORGAN STANLEY & CO INTERNATIONAL PLC	5.76%	14.71%	N/A	N/A	0%

(ii) Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)

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

Top five brokers ranked in descending order of trading volumes		Proportion of volume traded as a % of total in asset class	Proportion of orders executed as a % of total in asset class	% of Passive Orders	% of Aggressive Orders	% of Directed Orders
K6Q0W1PS1L1O4IQL9C32	JP MORGAN SECURITIES PLC	17.83%	10.76%	N/A	N/A	0%
TXDSU46SXBWIGJ8G8E98	RBC EUROPE LTD	16.33%	4.50%	N/A	N/A	0%
S5THZMDUJCTQZBTRVI98	JEFFERIES INTERNATIONAL LTD	14.34%	10.07%	N/A	N/A	0%
549300NUP2MJOCL4Q619	JEFFERIES HONG KONG LTD	7.52%	4.73%	N/A	N/A	0%
54930049G8WQ50OUSD19	SANFORD C. BERNSTEIN LIMITED	4.40%	2.67%	N/A	N/A	0%

a) Equities Shares and Depositary Receipts – Broker Report

(iii) Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)

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

Top five brokers ranked in descending order of trading volumes		Proportion of volume traded as a % of total in asset class	Proportion of orders executed as a % of total in asset class	% of Passive Orders	% of Aggressive Orders	% of Directed Orders
549300NUP2MJOCL4Q619	JEFFERIES HONG KONG LTD	8.67%	4.36%	N/A	N/A	0%
549300GX4FPMFF91RJ37	MACQUARIE CAPITAL (EUROPE) LTD	8.11%	3.12%	N/A	N/A	0%
4PQUHN3JPFQFNF3BB653	MORGAN STANLEY & CO INTERNATIONAL PLC	7.88%	15.18%	N/A	N/A	0%
S5THZMDUJCTQZBTRVI98	JEFFERIES INTERNATIONAL LTD	6.91%	7.08%	N/A	N/A	0%
54930049G8WQ5OOUSD19	SANFORD C. BERNSTEIN LIMITED	6.74%	2.25%	N/A	N/A	0%

a) Equities Shares and Depositary Receipts – Venue Report

(i) Tick size liquidity bands 5 and 6 (from 2000 trades per day)

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

Top five venues ranked in descending order of trading volumes		Proportion of volume traded as a % of total in asset class	Proportion of orders executed as a % of total in asset class	% of Passive Orders	% of Aggressive Orders	% of Directed Orders
ITGI	ITG - POSIT	6.51%	3.37%	N/A**	N/A**	0%
LIQU	LIQUIDNET EUROPE	5.66%	3.99%	N/A**	N/A**	0%
BIDS	BIDS TRADING LP*	2.13%	1.56%	N/A**	N/A**	0%

(ii) Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)

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

Top five venues ranked in descending order of trading volumes		Proportion of volume traded as a % of total in asset class	Proportion of orders executed as a % of total in asset class	% of Passive Orders	% of Aggressive Orders	% of Directed Orders
LIQU	LIQUIDNET EUROPE	5.63%	1.60%	N/A**	N/A**	0%
ITGI	ITG - POSIT	4.40%	1.45%	N/A**	N/A**	0%
BIDS	BIDS TRADING LP*	0.55%	0.15%	N/A**	N/A**	0%

(ii) Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)

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

Top five venues ranked in descending order of trading volumes		Proportion of volume traded as a % of total in asset class	Proportion of orders executed as a % of total in asset class	% of Passive Orders	% of Aggressive Orders	% of Directed Orders
LIQU	LIQUIDNET EUROPE	2.71%	1.38%	N/A**	N/A**	0%
LMNX	LUMINEX	1.28%	0.28%	N/A**	N/A**	0%
ITGI	ITG - POSIT	1.19%	0.80%	N/A**	N/A**	0%
BIDS	BIDS TRADING LP*	1.04%	0.52%	N/A**	N/A**	0%

*Includes Trading by CBOE Europe Ltd/BATS Europe

**Refer to Qualitative notes p18 for more detail

b) Debt Instruments – Broker Report

Bonds

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

Top five brokers ranked in descending order of trading volumes		Proportion of volume traded as a % of total in asset class	Proportion of orders executed as a % of total in asset class	% of Passive Orders	% of Aggressive Orders	% of Directed Orders
XKZZ2JZF41MRHTR1V493	CITIGROUP GLOBAL MARKETS LIMITED	9.96%	9.73%	N/A	N/A	0%
K6Q0W1PS1L1O4IQL9C32	JP MORGAN SECURITIES PLC	8.79%	9.64%	N/A	N/A	0%
R0MUWSFPU8MPRO8K5P83	BNP PARIBAS	7.31%	5.08%	N/A	N/A	0%
G5GSEF7VJP5I7OUK5573	BARCLAYS BANK PLC	6.79%	6.99%	N/A	N/A	0%
7LTWFZYICNSX8D621K86	DEUTSCHE BANK AG	6.65%	6.03%	N/A	N/A	0%

Money market instruments

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

Top five brokers ranked in descending order of trading volumes		Proportion of volume traded as a % of total in asset class	Proportion of orders executed as a % of total in asset class	% of Passive Orders	% of Aggressive Orders	% of Directed Orders
XKZZ2JZF41MRHTR1V493	CITIGROUP GLOBAL MARKETS LIMITED	65.22%	30.77%	N/A	N/A	0%
GGDZP1UYGU9STUHRDP48	MERRILL LYNCH INTERNATIONAL LTD	15.30%	5.77%	N/A	N/A	0%
K6Q0W1PS1L1O4IQL9C32	JP MORGAN SECURITIES PLC	6.73%	5.77%	N/A	N/A	0%
PT3QB789TSUIDF371261	THE TORONTO-DOMINION BANK	4.31%	19.23%	N/A	N/A	0%
2HI3YI5320L3RW6NJ957	HONGKONG & SHANGHAI BANKING CORPLTD	3.58%	3.85%	N/A	N/A	0%

c) Interest Rate Derivatives – Broker report

Futures and options - Brokers

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

Top five brokers ranked in descending order of trading volumes		Proportion of volume traded as a % of total in asset class	Proportion of orders executed as a % of total in asset class	% of Passive Orders	% of Aggressive Orders	% of Directed Orders
D5FWQUJWZY07LV3DO749	CITIGROUP GLOBAL MARKETS AUSTRALIA PTY LTD	69.79%	69.60%	N/A	N/A	0%
549300Z0AVQF0QSFQV15	JP MORGAN MARKETS AUSTRALIA PTY LTD	23.45%	22.37%	N/A	N/A	0%
K6Q0W1PS1L1O4IQL9C32	JP MORGAN SECURITIES PLC	3.64%	4.95%	N/A	N/A	0%
XKZZ2JZF41MRHTR1V493	CITIGROUP GLOBAL MARKETS LIMITED	2.54%	2.62%	N/A	N/A	0%
BFM8T61CT2L1QCEMIK50	UBS AG	0.58%	0.46%	N/A	N/A	0%

Swaps, forwards, and other interest rates derivatives - Brokers

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

Top five brokers ranked in descending order of trading volumes		Proportion of volume traded as a % of total in asset class	Proportion of orders executed as a % of total in asset class	% of Passive Orders	% of Aggressive Orders	% of Directed Orders
7H6GLXDRUGQFU57RNE97	JP MORGAN CHASE BANK, NATIONAL ASSOCIATION	42.17%	35.46%	N/A	N/A	0%
ROMUWSFPU8MPRO8K5P83	BNP PARIBAS	21.97%	18.44%	N/A	N/A	0%
E57ODZWZ7FF32TWEFA76	CITIBANK, NATIONAL ASSOCIATION	15.34%	12.06%	N/A	N/A	0%
K6Q0W1PS1L1O4IQL9C32	JP MORGAN SECURITIES PLC	8.36%	14.18%	N/A	N/A	0%
7LTFWZYICNSX8D621K86	DEUTSCHE BANK AG	5.26%	4.96%	N/A	N/A	0%

d) Credit Derivatives – Broker Report

Other credit derivatives

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

Top five brokers ranked in descending order of trading volumes		Proportion of volume traded as a % of total in asset class	Proportion of orders executed as a % of total in asset class	% of Passive Orders	% of Aggressive Orders	% of Directed Orders
E570DZWZ7FF32TWEFA76	CITIBANK, NATIONAL ASSOCIATION	27.05%	20.55%	N/A	N/A	0%
I7331LVCZKQKX5T7XV54	MORGAN STANLEY CAPITAL SERVICES LLC	23.85%	19.86%	N/A	N/A	0%
ROMUWSFPU8MPRO8K5P83	BNP PARIBAS	20.37%	15.07%	N/A	N/A	0%
7H6GLXDRUGQFU57RNE97	JP MORGAN CHASE BANK, NATIONAL ASSOCIATION	15.00%	26.03%	N/A	N/A	0%
7LTFWZYICNSX8D621K86	DEUTSCHE BANK AG	11.04%	12.33%	N/A	N/A	0%

e) Currency Derivatives – Broker & Venue Report

Futures and options - Brokers

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

Top five brokers ranked in descending order of trading volumes		Proportion of volume traded as a % of total in asset class	Proportion of orders executed as a % of total in asset class	% of Passive Orders	% of Aggressive Orders	% of Directed Orders
549300Z0AVQF0QSFQV15	JP MORGAN MARKETS AUSTRALIA PTY LTD	73.16%	68.42%	N/A	N/A	0%
D5FWQUJWZY07LV3DO749	CITIGROUP GLOBAL MARKETS AUSTRALIA PTY LTD	24.63%	28.95%	N/A	N/A	0%
K6Q0W1PS1L1O4IQL9C32	JP MORGAN SECURITIES PLC	2.21%	2.63%	N/A	N/A	0%

Swaps, forwards, and other currency derivatives - Venues

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

Top five execution venues ranked in descending order of trading volumes		Proportion of volume traded as a % of total in asset class	Proportion of orders executed as a % of total in asset class	% of Passive Orders	% of Aggressive Orders	% of Directed Orders
549300SDDJE84DDJNB30	REUTERS TRANSACTION SERVICES LIMITED*	100%	100%	N/A	N/A	0%

*Now Refinitiv Transaction Services Limited and encompasses orders executed with FXall

f) Structured Finance Instruments – Broker Report

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

Top five brokers ranked in descending order of trading volumes		Proportion of volume traded as a % of total in asset class	Proportion of orders executed as a % of total in asset class	% of Passive Orders	% of Aggressive Orders	% of Directed Orders
MP615ZYZBEU3UXPYFY54	HSBC BANK PLC	100%	100%	N/A	N/A	0%

g) Equity Derivatives – Broker Report

Options and Futures

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

Top five brokers ranked in descending order of trading volumes		Proportion of volume traded as a % of total in asset class	Proportion of orders executed as a % of total in asset class	% of Passive Orders	% of Aggressive Orders	% of Directed Orders
K6Q0W1PS1L1O4IQL9C32	JP MORGAN SECURITIES PLC	83.30%	82.64%	N/A	N/A	0%
549300Z0AVQF0QSFQV15	JP MORGAN MARKETS AUSTRALIA PTY LTD	15.16%	15.12%	N/A	N/A	0%
XKZZ2JZF41MRHTR1V493	CITIGROUP GLOBAL MARKETS LIMITED	1.41%	1.90%	N/A	N/A	0%
D5FWQUJWZY07LV3DO749	CITIGROUP GLOBAL MARKETS AUSTRALIA PTY LTD	0.14%	0.34%	N/A	N/A	0%

g) Securitized Derivatives – Broker Report

Warrants and Certificate Derivatives

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

Top five brokers ranked in descending order of trading volumes		Proportion of volume traded as a % of total in asset class	Proportion of orders executed as a % of total in asset class	% of Passive Orders	% of Aggressive Orders	% of Directed Orders
4PQUHN3JPF GFNF3BB653	MORGAN STANLEY & CO INTERNATIONAL PLC	85.22%	89.29%	N/A	N/A	0%
F01VVKN4DRF2NWK GQ283	STANDARD BANK PLC	14.78%	10.71%	N/A	N/A	0%

k) Exchange-Traded Products – Broker Report

Exchange traded funds, exchange traded notes and exchange traded commodities

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

Top five brokers ranked in descending order of trading volumes		Proportion of volume traded as a % of total in asset class	Proportion of orders executed as a % of total in asset class	% of Passive Orders	% of Aggressive Orders	% of Directed Orders
XKZZ2JZF41MRHTR1V493	CITIGROUP GLOBAL MARKETS LIMITED	99.69%	98.04%	N/A	N/A	0%
S5THZMDUJCTQZBTRVI98	JEFFERIES INTERNATIONAL LIMITED	0.31%	1.96%	N/A	N/A	0%

m) Other Instruments – Broker Report

Any instruments not reported previously and non-EU equities

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

Top five brokers ranked in descending order of trading volumes		Proportion of volume traded as a % of total in asset class	Proportion of orders executed as a % of total in asset class	% of Passive Orders	% of Aggressive Orders	% of Directed Orders
549300GX4FPMFF91RJ37	MACQUARIE CAPITAL (EUROPE) LIMITED	8.88%	4.57%	N/A	N/A	0%
4PQUHN3JPFQFNF3BB653	MORGAN STANLEY & CO INTERNATIONAL PLC	5.73%	4.26%	N/A	N/A	0%
2549005ASA9TUACEW325	MOTILAL OSWAL SECURITIES LTD	3.68%	3.48%	N/A	N/A	0%
DL6FFRRLF74S01HE2M14	CREDIT SUISSE SECURITIES EUROPE LTD	3.36%	2.04%	N/A	N/A	0%
5493005BOEQJY4OBZP25	BRADESCO SECURITIES Inc.	3.07%	2.71%	N/A	N/A	0%

m) Other Instruments – Venue Report

Any instruments not reported previously and non-EU equities

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

Top five venues ranked in descending order of trading volumes		Proportion of volume traded as a % of total in asset class	Proportion of orders executed as a % of total in asset class	% of Passive Orders	% of Aggressive Orders	% of Directed Orders
LIQU	Liquidnet Europe	1.28%	1.31%	N/A	N/A	0%
ITGI	ITG - Posit	0.74%	0.45%	N/A	N/A	0%
LMNX	Luminex	0.06%	0.05%	N/A	N/A	0%
BIDS	BIDS Trading LP	0.71%	0.51%	N/A	N/A	0%

Qualitative Notes

Qualitative notes to the report (1)

When executing orders the main factors we took into consideration were price, cost, speed of execution, likelihood of execution and settlement, the size of the order, the nature of the order, prevention of information leakage and any other considerations relevant to the execution of the order.

The relative importance of the execution factors varied depending upon a number of criteria, including:

- the characteristics and nature of the order;
- the characteristics of the financial instruments that are the subject of the order; and
- the characteristics of the execution venues to which the order can be directed.

There were no close links or unmitigated conflicts of interest with any venue or broker listed in this report and we did not receive any form of remuneration, discount or benefit (other than minor non-monetary benefits in the normal course of business, subject at all times to compliance with our Gifts & Benefits Policy)) for directing orders to a particular venue or broker for execution.

In order to minimise the risk of potential conflicts of interest when selecting brokers with whom to place orders for execution, the commission rates we pay are set so as not to discriminate between different brokers. We also did not take part in any form of directed brokerage or commission recapture arrangement.

We continually evaluate venue and broker quality making changes to our approved lists where we feel appropriate. The list of approved counterparties and venues is included in our Order Execution Policy.

Qualitative notes to the report (2)

Our Order Execution Policy applies to professional clients only. We do not provide services to retail investors.

For the period of the report we used various internal tools and third party analysis to assist the evaluation and monitoring of our execution quality.

Our Equity teams used an external transaction cost analysis provider who provided reports on a daily and quarterly basis which were reviewed by Heads of Dealing Teams and internal Best Execution Committees.

Our Fixed Income and Multi Asset Solutions business used our own internal data to provide oversight and challenge by the Head of the Dealing Team and internal Best Execution Committee.

With regards to Passive and Aggressive orders, all venues in this report operate as bi-lateral Reference Price crossing mechanisms, where the majority of transactions are executed at mid spread and both parties simultaneously provide and remove liquidity at the Reference Price.

Where tables show less than 5 brokers or venues, only those mentioned were used for the instruments traded.

Qualitative notes to the report (3)

Financial Asset Class	Notes
<ul style="list-style-type: none">▪ Equities Shares and Depositary Receipts - All Liquidity Bands	Equity related orders were predominantly executed via third party investment firms.
<ul style="list-style-type: none">▪ Securitised Derivatives - Warrants and Certificate Derivatives	Where appropriate, client orders were routed to those multilateral trading facilities' on which we experience high quality, institutional-sized block liquidity.
<ul style="list-style-type: none">▪ Exchange Traded Products (exchange traded funds, exchange traded notes and exchange traded commodities)	While price was generally the most important factor, for less liquid securities (e.g. less developed markets) and those where the overall position represents a high proportion of issued equity (particularly in some Asian and Emerging markets), execution certainty, market impact reduction and speed of execution factored more significantly.
<ul style="list-style-type: none">▪ Equity Derivatives - Options and Futures admitted to trading on a trading venue	When selecting brokers, we first sought those advertising opposing order flow. In the absence of such a natural counterparty, we used market information and our trading experience to select a broker to execute for us on an agency basis.

Qualitative notes to the report (4)

Financial Asset Class	Notes
▪ Debt instruments – Bonds	When the orders were in liquid securities and of a market size and market characteristics were stable, the orders were executed in competition to obtain cover pricing.
▪ Debt instruments – Money Market Instruments	In the case of larger orders these were more likely to be placed directly with third party investment firms who were able to either price the entire order or work into the market at a discretionary level.
▪ Structured Finance Instruments	While price was generally the most important factor, other factors such as market speed and order size may have been prioritised to provide the best outcome for the client.

Qualitative notes to the report (5)

Financial Asset Class	Notes
<ul style="list-style-type: none"><li data-bbox="161 482 820 546">▪ Interest Rate Derivatives - Swaps, Forwards, and other Interest Rate Derivatives<li data-bbox="161 594 820 625">▪ Credit Derivatives - Other Credit Derivatives<li data-bbox="161 672 820 736">▪ Currency Derivatives - Swaps, Forwards, and other Currency Derivatives<li data-bbox="161 783 820 848">▪ Currency Derivatives - Futures and Options admitted to trading on a trading venue	<p data-bbox="855 482 1736 546">Price was the primary consideration in all of our currency derivative execution and was executed on a request-for-quote (“RFQ”) basis.</p>

Qualitative notes to the report (6)

Financial Asset Class	Notes
<ul style="list-style-type: none"><li data-bbox="161 479 779 582">▪ Interest Rate Derivatives - Futures and Options admitted to trading on a trading venue	All of our trading was directed to a broker to execute on exchange, either “at market”, “at best” or at a pre-determined level with the broker (limit or stop).

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