

## **Manulife Asset Management (Europe) Limited**

**Annual Order Execution Report – Year ending December 2017 – “MIFID II RTS 28 Report”**

**April 2018**

## Introduction

References to “We”, “Our” or “Manulife” in this document refer to Manulife Asset Management (Europe) Limited.

This report provides you with the top 5 brokers and execution venues utilised by Manulife for trade execution on behalf of our clients with respect to each of the MiFID II instrument types for the year ending December 2017. This report does not capture any trading activity performed by other affiliates within the Manulife Financial group of affiliated companies.

We have produced this report in line with our understanding of the MiFID II requirements set out in No. 28 of ESMA’s MiFID II regulator technical standards, and corresponding conduct of business rules in the FCA’s Conduct of Business sourcebook. Please note that this report has been produced on a best-efforts basis as a result of limitations in the available data for the year ending December 2017.

For ease of use, you will find a machine-readable version of the data in this report on our website.

## Equities – Shares and Depositary Receipts

Broker	LEI	< 1 trade/buss day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
JP Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	N	25.9162760	10.4000000	0	100	0
Bank of America Merrill Lynch International Ltd	EYKN6V0ZCB8VD9IULB80	N	23.5622770	30.4000000	0	100	0
Itau BBA USA Securities Inc	5493008E85XK12EKYI22	N	17.1120550	12.0000000	0	100	0
Morgan Stanley & Co International PLC	4PQUHN3JPFGFNF3BB653	N	13.8914190	12.8000000	0	100	0
CLSA UK	213800VZMAGVIU2IJA72	N	10.4649090	13.6000000	0	100	0

Venue	MIC	< 1 trade/buss day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
INDONESIA STOCK EXCHANGE	XIDX	N	25.67	5.60	0	100	0
KOREA EXCHANGE (STOCK MARKET)	XKRX	N	3.10	24.80	0	100	0
BOLSA DE VALENCIA	XVAL	N	2.42	1.60	0	100	0
BM&FBOVESPA S.A. - BOLSA DE VALORES, MERCADORIAS E FUTUROS	BVMF	N	2.40	2.40	0	100	0
EURONEXT - EURONEXT BRUSSELS	XBRU	N	0.29	10.40	0	100	0

## Equities - Shares and Depositary Receipts: Tick size liquidity bands 1 and 2

Broker	LEI	< 1 trade/business day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
Citigroup Global Markets Ltd	XKZZ2JZF41MRHTR1V493	N	25.1217010	4.6683047	0	100	0
JP Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	N	23.7407030	12.5307125	0	100	0
CLSA UK	213800VZMAGVIU2IJA72	N	12.4710170	4.4226044	0	100	0
Jefferies LLC	58PU97L1C0WSRCWADL48	N	7.4980100	4.1769042	0	100	0
CHINA INTERNATIONAL CAPITAL CORPORATION (UK) LIMITED	213800STG3UV87MDGA96	N	7.2010580	12.2850123	0	100	0

Venue	LEI	< 1 trade/business day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
HONG KONG EXCHANGES AND CLEARING LTD	XHKG	N	58.61	31.6953317	0	100	0
INDONESIA STOCK EXCHANGE	XIDX	N	22.44	2.211302211	0	100	0
KYOTO STOCK EXCHANGE	XKYO	N	2.01	0.737100737	0	100	0
NEW YORK STOCK EXCHANGE, INC.	XNYS	N	0.33	6.633906634	0	100	0
NASDAQ/NMS (GLOBAL MARKET)	XNMS	N	0.32	5.15970516	0	100	0

### Equities - Shares and Depositary Receipts: Tick size liquidity bands 3 and 4

Broker	LEI	< 1 trade/busin ess day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
GOODBODY STOCKBROKERS	635400IL71G3SXS7OE16	N	48.5330850	10.4046243	0	100	0
Citigroup Global Markets Ltd	XKZZ2JZF41MRHTR1V493	N	13.4154990	2.3121387	0	100	0
Sanford C. Bernstein Limited	54930049G8WQ50OUSD19	N	7.0730590	5.2023121	0	100	0
DEUTSCHE BANK AG-REGISTERED	7LTWFZYICNSX8D621K86	N	6.1348540	25.1445087	0	100	0
JP Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	N	4.3278360	4.6242775	0	100	0

Venue	LEI	< 1 trade/busin ess day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
IRISH STOCK EXCHANGE - ALL MARKET	XDUB	N	48.98	14.73988439	0	100	0
LONDON STOCK EXCHANGE	XLON	N	7.43	15.60693642	0	100	0
HONG KONG EXCHANGES AND CLEARING LTD	XHKG	N	4.36	2.601156069	0	100	0
CBOE EUROPE - CXE ORDER BOOKS	CHIX	N	2.95	54.04624277	0	100	0
MORGAN STANLEY AND CO. INTERNATIONAL PLC	MSIP	N	1.90	1.734104046	0	100	0

## Equities - Shares and Depositary Receipts: Tick size liquidity bands 5 and 6

Broker	LEI	< 1 trade/business day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
Bank of America Merrill Lynch International Ltd	EYKN6V0ZCB8VD9IULB80	N	20.3160910	20.3160910	0	100	0
Citigroup Global Markets Ltd	XKZZ2JZF41MRHTR1V493	N	12.1961110	12.1961110	0	100	0
Instinet LLC	549300MGMN3RKMU8FT57	N	8.7014460	8.7014460	0	100	0
Goldman Sachs International	W22LROWP2IHZNBB6K528	N	7.4709420	7.4709420	0	100	0
Jefferies International Ltd	S5THZMDUJCTQZBTRVI98	N	7.1679530	7.1679530	0	100	0

Venue	LEI	< 1 trade/business day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
LONDON STOCK EXCHANGE	XLON	N	12.75	27.64227642	0	100	0
CBOE EUROPE - CXE ORDER BOOKS	CHIX	N	10.65	63.26681449	0	100	0
TURQUOISE	TRQX	N	6.43	64.00591279	0	100	0
CBOE EUROPE - BXE ORDER BOOKS	BATE	N	3.58	46.93274205	0	100	0
EURONEXT - EURONEXT PARIS	XPAR	N	2.30	14.48632668	0	100	0

### Equity Derivatives: Futures and Options Admitted to Trading on a Trading Venue

Broker	LEI	< 1 trade/business day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
UBS SECURITIES LLC	T6FIZBDPKLYJKFCRVK44	Y	100.0000000	100.0000000	0	100	0

Venue	LEI	< 1 trade/business day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
CHICAGO MERCANTILE EXCHANGE	XCME	N	100.000000	100.000000	0	100	0

## Exchange Traded Products (Exchange Traded Funds, Exchange Traded Notes and Exchange Traded Commodities)

Broker	LEI	< 1 trade/business day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
JP Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	Y	40.0000000	40.0000000	0	100	0
HSBC BANK PLC	MP6I5ZYZBEU3UXPYFY54	Y	30.0000000	30.0000000	0	100	0
Citigroup Global Markets Ltd	XKZZ2JZF41MRHTR1V493	Y	20.0000000	20.0000000	0	100	0
Jefferies LLC	58PU97L1C0WSRCWADL48	Y	10.0000000	10.0000000	0	100	0

Venue	LEI	< 1 trade/business day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
LONDON STOCK EXCHANGE	XLON	Y	25.800000	37.500000	0	100	0
XETRA	XETR	Y	25.350000	37.500000	0	100	0
CBOE EUROPE - BXE ORDER BOOKS	BATE	Y	2.100000	6.250000	0	100	0
CBOE EUROPE - CXE ORDER BOOKS	CHIX	Y	2.100000	6.250000	0	100	0



## Interest Rate Derivatives: Futures and Options Admitted to Trading on a Trading Venue

Broker	LEI	< 1 trade/business day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
Citigroup Global Markets Ltd	XKZZ2JZF41MRHTR1V493	N	58.3041960	61.6822430	0	100	0
Nomura International PLC	DGQCSV2PHVF7I2743539	N	21.8968530	17.7570093	0	100	0
Sucden Financial Ltd	213800W2XOTEIWVRS823	N	16.4335660	14.9532710	0	100	0
Citigroup Global Markets Ltd	XKZZ2JZF41MRHTR1V493	N	2.3601400	2.8037383	0	100	0
Nomura International PLC	DGQCSV2PHVF7I2743539	N	0.7867130	0.9345794	0	100	0

Venue	LEI	< 1 trade/business day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
CHICAGO BOARD OF TRADE	XCBT	N	45.76	33.64485981	0	100	0
ICE FUTURES EUROPE - FINANCIAL PRODUCTS DIVISION	IFLL	N	22.99	28.97196262	0	100	0
EUREX DEUTSCHLAND	XEUR	N	11.45	16.82242991	0	100	0

## Equity Derivatives: Swaps and Other Equity Derivatives

Broker	LEI	< 1 trade/busin ess day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
HSBC BANK PLC	MP6I5ZYZBEU3UXPYFY54	Y	100.00	100.00	0	100	0

Note: No Venue data is available for the period.

## Debt Instruments: Bonds

Broker	LEI	< 1 trade/business day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
The Toronto Dominion Bank	PT3QB789TSUIDF371261	N	65.347807	1.214575	0	100	0
JP Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	N	5.958053	6.477733	0	100	0
DEUTSCHE BANK AG-REGISTERED	7LTWFZYICNSX8D621K86	N	4.691504	8.704453	0	100	0
RBC Capital Markets	549300LCO2FLSSVFFR64	N	4.068817	4.048583	0	100	0
Commonwealth Bank of Australia	MSFSBD3QN1GSN7Q6C537	Y	2.754541	14.777328	0	100	0

Venue	LEI	< 1 trade/business day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
Bloomberg	Bloomberg	N	100.00	100.00	0	100	0

## Currency Derivatives: Swaps, Forwards and Other Currency Derivatives

Broker	LEI	< 1 trade/busin ess day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
Morgan Stanley & Co International PLC	4PQUHN3JPF GFNF3BB653	Y	83.187682	75.000000	0	100	0
HSBC BANK PLC	MP6I5ZYZBEU3UXPYFY54	Y	8.322930	6.250000	0	100	0
Goldman Sachs International	W22LROWP2IHZNBB6K528	Y	4.327923	12.500000	0	100	0
Standard Chartered Bank	RILFO74KP1CM8P6PCT96	Y	4.161465	6.250000	0	100	0

Note: No Venue data is available for the period.

## Interest Rate Derivatives: Swaps, Forwards and other Interest Rate Derivatives

Broker	LEI	< 1 trade/busin ess day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
Morgan Stanley & Co International PLC	4PQUHN3JPFGFNF3BB653	Y	52.170986	27.272727	0	100	0
HSBC BANK PLC	MP6I5ZYZBEU3UXPYFY54	Y	17.165937	18.181818	0	100	0
Morgan Stanley & Co International PLC	4PQUHN3JPFGFNF3BB653	Y	15.516661	45.454545	0	100	0
HSBC BANK PLC	MP6I5ZYZBEU3UXPYFY54	Y	15.146415	9.090909	0	100	0

Note: No Venue data is available for the period.

## Foreign Exchange Forwards

Broker	LEI	< 1 trade/busin ess day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
DEUTSCHE BANK AG- REGISTERED	7LTWFZYICNSX8D621K86	Y	30.376108	2.608696	0	100	0
Australia and New Zealand Bnking Grp Ltd	JHE42UYNWWJTJB8YTTU19	Y	30.053087	14.782609	0	100	0
RBC Capital Markets	549300LCO2FLSSVFFR64	Y	12.160410	20.869565	0	100	0
UBS Financial Services Inc	ETYRV6ORNFB5NONI676	Y	7.045200	0.869565	0	100	0
Canadian Imperial Bank of Commerce	2IGI19DL77OX0HC3ZE78	Y	5.866124	1.739130	0	100	0

Venue	LEI	< 1 trade/busin ess day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
FXConnect	FXConnect	Y	100.00	100.00	0	100	0

## Other Instruments

Broker	LEI	< 1 trade/business day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
UBS Financial Services Inc	ETYRV6ORNFB5NONI676	N	85.809743	20.754717	0	100	0
JP Morgan Securities PLC	K6Q0W1PS1L1O4IQL9C32	N	5.959077	15.094340	0	100	0
Itau BBA USA Securities Inc	5493008E85XK12EKYI22	N	2.801287	16.981132	0	100	0
Morgan Stanley & Co International PLC	4PQUHN3JPFGFNF3BB653	N	2.443746	11.320755	0	100	0
Instinet LLC	549300MGMN3RKMU8FT57	N	1.682051	1.886792	0	100	0

Venue	LEI	< 1 trade/business day. Y/E Dec 2017	Volume of Total (%)	Number of orders (%)	Passive Orders (%)	Aggressive Orders (%)	Directed Orders (%)
BOLSA MEXICANA DE VALORES (MEXICAN STOCK EXCHANGE)	XMEX	N	87.004888	16.981132	0	100	0
BM&FBOVESPA S.A. - BOLSA DE VALORES, MERCADORIAS E FUTUROS	BVMF	N	4.761657	16.981132	0	100	0
TURQUOISE	XMCE	N	1.34	1.886792453	0	100	0
KOREA EXCHANGE (STOCK MARKET)	XKRX	N	0.46	24.52830189	0	100	0
UBS MTF	XUBS	N	0.34	1.886792453	0	100	0

## Qualitative Analysis

### **Relative importance of execution factors of price, cost, speed, and likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution**

When executing orders, Manulife will take all sufficient steps to obtain the best possible result for clients on a consistent basis, and to trade on terms most favourable to clients. The best possible result for each transaction will be determined by the relative importance given to the following factors: price, size, cost, speed, likelihood of execution and settlement, and any other considerations relevant to the particular order.

When determining the importance of the above factors, we will take into the account the characteristics of the order and the instrument (e.g. liquidity), and the characteristics of the broker or execution venue (e.g. reliability, membership, settlement requirements, connectivity and speed of execution). Although price will generally have high importance, its relative importance will depend on the other criteria specified above. Where we deal in less liquid instruments, potential market impact and likelihood of execution and settlement are likely to be major considerations in our choice. Manulife will endeavour to choose the intermediary broker or venue that it believes will achieve best execution taking into account the factors listed above.

### **Close links, conflicts of interest, and common ownerships with respect to any execution venues used to execute orders**

Manulife has no close links, conflicts of interest, or common ownerships with respect to any execution venues used to execute orders.

### **Specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received**

Until the end of 2017, Manulife utilised various Commission Sharing Agreements (CSAs) which generated funds for the purchase of research services. With the introduction of the new EU MiFID II regulations on 3 January 2018, Manulife moved to an execution-only trading approach. The balances in the CSA accounts were wound down and the CSAs were terminated. Manulife now pays for research for all business affected by MiFID II out of its own resources.

### **Changes to the list of brokers and execution venues utilised by Manulife during 2017**

Manulife regularly reviews its list of approved brokers and assesses their performance on an ongoing basis. During 2017 additional broking firms (both global and local) were added to and removed from the approved brokers list. We believe these additions and removals would improve liquidity and price in execution.



**How order execution differs according to client categorisation, where MANULIFE treats categories of clients differently and where it may affect the order execution arrangements**

Manulife provides investment services only to Professional Clients.

**How Manulife has used any data or tools relating to the quality of execution, including any data published by other investment firms and venue operators.**

Manulife uses data from a third-party supplier to assist in post-trade analysis of various metrics, including implementation shortfall and VWAP.

Performance of individual trades is reviewed, along with overall broker performance. Execution data is reviewed by the Dealing Desk, by our Compliance team, and by Senior Management.

### **Important Information**

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