

Trade Execution Reporting re RTS-28

2021

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.

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

- the characteristics of the client including the regulatory categorization of the 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 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.

Please note this Summary of Analysis of quality of execution includes the orders from clients and decisions-to-deal from Kempen Capital Management (UK) Ltd. (KCM UK), that are executed by the KCM trading Desk. For further information about KCM UK, please see above mentioned link.

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 particular counterparty which would infringe the requirements to act in the best interests of clients. Standard agreements with third party executing brokers are in place.

KCM does not receive payments, benefits or rebates from trading venues or executing brokers. Moreover, certain services received from counterparties, such as the provision of investment research, are paid by KCM.

Trading with Kempen & Co Securities (affiliated brokers)

Van Lanschot Kempen N.V. (VLK) operates a securities brokerage department (under the brand name Kempen & Co) and is included in our list of approved counterparties. As a third-party executing broker Kempen & Co is assessed, selected and reviewed by the same metrics as other executing brokers, as described in our Order Execution Policy. In 2021 KCM transmitted orders and decisions to deal in equity instruments to Kempen & Co.

KCM and affiliated companies operate independently of one another. 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.

C SELECTION AND REVIEW OF COUNTERPARTIES

Client transactions and decisions to deal are executed only with or through counterparties (i.e. third-party executing brokers) that meet the requirements applied by KCM. An Approved counterparty 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

Newly added products investing in distressed debt instruments led to selecting and performing due diligence on three new specialized brokers, which were approved and added to the broker List.

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 Bloomberg Transaction Cost Analysis (BTCA) solution, across multiple asset classes, to monitor our order execution policy.

We review our execution arrangements and policy at least annually, and additionally where there is a material change to our execution arrangements to deliver to its clients the best possible result in the execution of orders.

Disclaimer

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