

RTS 28 Quality of Execution Annual Report

Firm: *PGGM Vermogensbeheer BV*

Calendar Year Disclosure Period: *1 January 2019 to 31 December 2019*

Date: 20 April 2020

Summary of classes of instruments included in this report, and class of instruments not included in this report (because PGGM has not executed client orders in that class of instruments)¹:

Classes of instruments included in this report
<ul style="list-style-type: none">• <i>Debt Instruments</i>• <i>Equities</i>• <i>Credit derivatives</i>• <i>Futures</i>

RTS 28 reporting requires firms to classify executed orders as “passive”, “aggressive” or “directed”, where these are defined as the following:

- “passive” order means an order entered into the order book that provided liquidity;
- “aggressive” order means an order entered into the order book that took liquidity;
- “directed” order means an order where a specific execution venue was specified by the client prior to the execution of the order.

Only orders executed directly on exchange would be eligible for this “passive” or “aggressive” classification. This not the case with PGGM. Trading volume identified as “passive” or “aggressive” in the following reporting is therefore not applicable.

PGGM does not have any client relationships where the client directs PGGM to use a specific venue. There are therefore no directed orders.

¹ As defined in Annex 1 of [RTS 28](#).

Class of instrument	Debt Instruments
General observations	Debt instruments include both bonds and money market instruments.
Summary of analysis	
Execution factors	<p>PGGM defines the best possible result as a proper balance between cost, service and client added value within the existing risk and regulatory frameworks. PGGM takes into account the following factors:</p> <ul style="list-style-type: none"> • Sustainability factors • Relationship factors • Service consistency • Footprint • Price • Cost of execution • Nature and size of the order • Speed and likelihood of execution • Settlement factors • All other relevant factors <p>Cost is determined as total cost. This includes price, and all other costs of execution, such as venue rebates, clearing cost, settlement cost and/or third party execution cost.</p> <p>Best Execution is a process that cannot always be drilled down to a single execution. Elements such as sustainability factors, relationship factors and service consistency need to be monitored and valued over a longer period of time.</p>
Close links, conflicts of interest and common ownership with respect to execution venues	<p>Close links PGGM has no close links with execution venues/brokers that were used to execute orders</p>
	<p>Conflicts of interest PGGM has no conflicts of interest to report.</p>
	<p>Common ownerships PGGM has no common ownership to report.</p>
Specific arrangements with execution venues regarding payments made or	PGGM has no specific arrangements to report.

received, discounts, rebates or non-monetary benefits received	
Factors leading to a change in the list of execution venues listed in the order execution policy	There were no changes to the list of execution venues/brokers in PGGM's Order Execution Policy.
Differentiation across client categories	N/A - all of PGGM's clients are classified as professional clients
Use of data / tools relating to quality of execution	<p>PGGM has used the data and/or tools relating to quality of execution coming from:</p> <ul style="list-style-type: none"> • Order management System • Trading venues • In house TCA report • In house Broker review
Use of consolidated tape provider output	PGGM has not used output from consolidated tape providers, as no useful consolidated tape data was available in 2019 for this instrument type.
Use of DEA	No direct electronic access to execution venues we used. The list of the top 5 venues:

Class of Instrument	Debt Instruments				
	N				
Notification if <1 average trade per business day in the previous year					
Top 5 Venues in terms of volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed traded as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
XFRA Deutsche Boerse AG	27,92%	8,72%	na	na	na
XPAR Euronext Paris S.A	21,61%	4,10%	na	na	na
XAMS Euronext Amsterdam	17,53%	3,89%	na	na	na
XBRU Euronext Brussels	10,71%	2,52%	na	na	na
XHEL The Helsinki Stock Exchange	3,76%	0,79%	na	na	na
Conclusion	<p>PGGM evaluates both the execution as well as its counterparties along the benchmark of its best execution definition.</p> <p>To evaluate brokers and counterparties a broker review is used. The 2019 broker review indicates that counterparties used acted in line with PGGM's best execution policy.</p> <p>Evaluation of transactions is done via a Transaction Cost Analysis (TCA) report. This report evaluates the cost and footprint on a transaction basis as well as over all transactions. The 2019 TCA report indicates that PGGM acted in line with its best execution policy.</p> <p>An exemption report is set up and is monitored by Compliance. In 2019 no incidents were reported.</p> <p>Electronic trading platforms are selected on basis of functionality, counterparties connected, liquidity offered and user-friendliness. Periodically PGGM evaluates the offerings available in the market to see if the proper platforms are installed and used. The 2019 evaluation indicates that platforms used meet the requirements in line with PGGM's best execution policy.</p> <p>The output of the used tools indicates that PGGM acted in line with its best execution policy during 2019.</p>				

Class of instrument	Equities
General observations	In 2019 Bloomberg has been the preferred execution venue. This venue is used to route 100% of the orders to brokers execution desks or broker algorithms. It supports an electronic order workflow, it facilitates the products PGGM uses and provides access to all our counterparties. The use of this venue aids to our commitment to realise best execution.
Summary of analysis	
Execution factors	<p>PGGM defines the best possible result as a proper balance between cost, service and client added value within the existing risk and regulatory frameworks. PGGM takes into account the following factors:</p> <ul style="list-style-type: none"> • Sustainability factors • Relationship factors • Service consistency • Footprint • Price • Cost of execution • Nature and size of the order • Speed and likelihood of execution • Settlement factors • All other relevant factors <p>Best Execution is a process that cannot always be drilled down to a single execution. Elements such as sustainability factors, relationship factors and service consistency need to be monitored and valued over a longer period of time. Monitoring of transactions is done on a trade by trade base.</p>
Close links, conflicts of interest and common ownership with respect to execution venues	Close links PGGM has no close links with execution venues/brokers that were used to execute orders
	Conflicts of interest PGGM has no conflicts of interest to report.
	Common ownerships PGGM has no common ownership to report.
Specific arrangements with execution venues regarding payments made or received, discounts, rebates or non-monetary	PGGM has no specific arrangements to report.

benefits received	
Factors leading to a change in the list of execution venues listed in the order execution policy	There were no changes to the list of execution venues/brokers in the PGGM's Order Execution Policy.
Differentiation across client categories	N/A - all of the PGGM's clients are classified as professional clients
Use of data / tools relating to quality of execution	<p>PGGM has used the data and/or tools relating to quality of execution coming from:</p> <ul style="list-style-type: none"> • Order management System • Trading venues • In house TCA report • In house Broker review
Use of consolidated tape provider output	The Firm has not used output from consolidated tape providers.
Use of DEA	<p>No direct electronic access to execution venues we used. The list of the top 5 venues:</p> <ul style="list-style-type: none"> • Tick size liquidity band 1 and 2 (from 0 to 79 trades per day) – Less liquid shares • Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day) – Medium liquid shares • Tick size liquidity bands 5 and 6 (from 2000 trades per day) – Highly liquid shares

Class of Instrument	Equities - Shares & Depositary Receipts tick size liquidity bands 1 and 2				
Notification if <1 average trade per business day in the previous year	N				
Top 5 Venues in terms of volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed traded as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
XNGS NASDAQ/NGS (GLOBAL SELECT MARKET)	49,49%	32,73%	na	na	na
XHKG The Stock Exchange of Hong Kong	21,37%	38,18%	na	na	na
XNYS New York Stock Exchange	18,68%	9,09%	na	na	na
XAMS Euronext Amsterdam	10,25%	5,45%	na	na	na
XTKS The Tokyo Stock Exchange	0,21%	14,55%	na	na	na

Class of Instrument	Equities - Shares & Depositary Receipts tick size liquidity bands 3 and 4				
Notification if <1 average trade per business day in the previous year	N				
Top 5 Venues in terms of volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
XMCE MERCATO CONTINUO ESPANOL	43,04%	48,21%	na	na	na
XLON London Stock Exchange	21,03%	14,29%	na	na	na
XWBO Wiener Boerse AG	19,32%	7,14%	na	na	na
XSWX Swiss Exchange	8,53%	8,93%	na	na	na
XOSL Oslo Bors	4,72%	10,71%	na	na	na

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XETR Deutsche Kassenverein AG Deutsche Boerse	41,70%	36,63%	na	na	na
XMCE MERCATO CONTINUO ESPANOL	20,47%	8,42%	na	na	na
XNGS NASDAQ/NGS (GLOBAL SELECT MARKET)	10,42%	8,91%	na	na	na
XNYS New York Stock Exchange	9,55%	17,82%	na	na	na
XPAR Euronext Paris S.A	7,88%	9,41%	na	na	na

Conclusion	<p>PGGM evaluates both the execution as well as its counterparties along the benchmark of its best execution definition.</p> <p>To evaluate brokers and counterparties a broker review is used. The 2019 broker review indicates that counterparties used acted in line with PGGM's best execution policy.</p> <p>Evaluation of transactions is done with Transaction Cost Analysis (TCA). This report evaluates the costs on a transaction basis. For 2019 PGGM acted in line with its best execution policy.</p> <p>An exemption report is set up and is monitored by Compliance. In 2019 no incidents were reported.</p> <p>Electronic trading platforms are selected on basis of functionality, counterparties connected, liquidity offered and user-friendliness. Periodically PGGM evaluates the offerings available in the market to see if the proper platforms are installed and used. The 2019 evaluation indicates that platforms used meet the requirements in line with PGGM's best execution policy.</p> <p>The output of the used tools indicates that PGGM acted in line with its best execution policy during 2019.</p>
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Class of instrument	Credit Derivatives
General observations	In 2019 all CDS trades have been executed with HSBC plc. This counterparty best suited our requirements. Positions have been closed with the same counterparty to avoid novation costs. .
Summary of analysis	
Execution factors	<p>PGGM defines the best possible result as a proper balance between cost, service and client added value within the existing risk and regulatory frameworks. PGGM takes into account the following factors:</p> <ul style="list-style-type: none"> • Sustainability factors • Relationship factors • Service consistency • Footprint • Price • Cost of execution • Nature and size of the order • Speed and likelihood of execution • Settlement factors • All other relevant factors <p>Best Execution is a process that cannot always be drilled down to a single execution. Elements such as sustainability factors, relationship factors and service consistency need to be monitored and valued over a longer period of time. Monitoring of transactions is done on a trade by trade base.</p>
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Class of instrument	Futures
General observations	In 2019 all futures haven traded on the Chicago Board of Trade and Eurex.
Summary of analysis	
Execution factors	<p>PGGM defines the best possible result as a proper balance between cost, service and client added value within the existing risk and regulatory frameworks. PGGM takes into account the following factors:</p> <ul style="list-style-type: none"> • Sustainability factors • Relationship factors • Service consistency • Footprint • Price • Cost of execution • Nature and size of the order • Speed and likelihood of execution • Settlement factors • All other relevant factors <p>Best Execution is a process that cannot always be drilled down to a single execution. Elements such as sustainability factors, relationship factors and service consistency need to be monitored and valued over a longer period of time. Monitoring of transactions is done on a trade by trade base.</p>
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