

RTS 28

QUANTITATIVE AND QUALITATIVE REPORTS

Rayliant Asset Management Limited

Updated: April 2020

1. Introduction

The second Markets in Financial Instruments Directive and associated delegated regulations (“MiFID/R”) requires that investment firms report on the quality of execution and the top five execution venues used by class of financial instrument traded on an annual basis. The contents of this report and the trading data provided are published to meet the requirements prescribed by Article 3(3) of Regulatory Technical Standard 28 (“RTS 28”) of MiFID/R.

This report is provided to Henderson Rowe Limited for them to meet the requirements as above and to fulfill its obligations to Henderson Rowe Limited. Rayliant Asset Management Limited (“Rayliant” or the “Company”) is the delegated investment manager for the FP Henderson Rowe Index Funds.

2. Coverage

For the purposes of this report and in relation to the Fund, Rayliant places orders with counterparties for onward execution on behalf of our clients. While we trade in multiple markets, Rayliant only deals with the counterparties in Hong Kong and they may pass on the trades to their affiliates within their financial group. In the table shown, data is displayed by the counterparty which Rayliant is facing as we do not trade nor communicate directly with the counterparties’ affiliates.

We do not trade directly via an execution venue and hence no data on venue will be shown.

3. Quantitative Reports

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.A.				
Top 5 placement counterparties ranked in terms of trading volume	Proportion of volume traded as a % of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Goldman Sachs (Asia), LLC 549300NIUPNUFRZ8LJ52	100%	100%	N.A.	N.A.	N.A.

- Tick size liquidity bands 5 and 6 (from 2000 trades per day) – Highly liquid shares
- Tick size liquidity banks 3 and 4 (from 80 to 1999 trades per day) – Medium liquid shares
- Tick size liquidity banks 1 and 2 (from 0 to 79 trades per day) – Less liquid shares

The above table publish the top five counterparties with which the Company has placed orders on behalf for the FP Henderson Rowe Index Funds in its role as the delegated investment manager. The tables reflect the trading volume for each class of financial instrument during the year 2019, as per Annex I of the Commission Delegated Regulated of MiFID II (European Union’s Markets in Financial Instruments Directive 2014/65/EU). The reporting of those order placements refers to Article 65 of the delegated regulation.



4. Qualitative Report

An explanation of the relative importance the Company gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution.

As Rayliant only places equity orders with a counterparty, the Company does not determine nor have any visibility regarding how the order is executed by the broker. Due to this lack of access to any order books, the passive/aggressive orders are not applicable and therefore displayed as "N.A.". For equities in particular, Rayliant does not execute via venue and so, only the placement table is presented.

Rayliant considers all execution factors as set out in its internal policies but price remains the factor with the highest importance followed by size, nature of the order and market covered by the counterparty.

Each order is assessed by the portfolio manager/trader (hybrid role) to determine the relative importance of the execution factors and is predominately executed using program trading. Program trades are typically executed when trading a basket order across different markets in different time zones.

A description of any close link, conflicts of interests, and common ownerships with respect to any execution venues used to execute order.

Rayliant does not trade with any affiliates on any asset class.

A description of any specific arrangements with any execution venues regarding payments made or received discounts, rebates or non-monetary benefits received.

Rayliant does not receive payments, discounts, rebates or non-monetary benefits in its trading arrangements.

An explanation of the factors that led to a change in the list of execution venues used in our order execution policy, if such a change occurred.

Not applicable as this is the first RTS-28 report.

An explanation of how order execution differs according to client categorization, where the firm treats categories of clients differently and where it may affect the order execution arrangements.

Rayliant only provides its services to Professional Clients and all Professional Clients are treated the same.

An explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these criteria were instrumental in delivering the best possible result in terms of the total consideration to the client.

Not applicable as Rayliant does not trade on behalf of retail clients.

An explanation of how Rayliant has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575

Rayliant monitor the quality of execution provided by brokers using a periodic monthly best execution check. On a post-trade basis, data on all executed trades and the volume weighted average price of the securities are used to assess the quality of execution.

An explanation of how Rayliant has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU

Not applicable as there are no consolidated tape providers currently.

Summary of the analysis and conclusions drawn from our monitoring of equities.

The analysis and conclusions drawn from our monitoring of the quality of execution confirm that the brokers' execution in equities meet our standards in delivering best execution to our clients on a consistent basis. Rayliant is also looking to expand the list of brokers in 2020 so that there is a backup option and to reduce over-reliance on any single one broker.