

# Wells Fargo Asset Management (International) Limited

## ("WFAM(I) Ltd" or the "Firm")

Qualitative report supporting RTS 28 and Article 65(6) annual disclosure reports  
for the period 1 January 2020 – 31 December 2020

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This qualitative report is intended to provide a clear picture of the execution strategies and tools used by WFAM(I) Ltd to assess the quality of execution obtained on venues and from brokers to assist clients in assessing the effectiveness of the best execution monitoring carried out by WFAM(I) Ltd.

**RTS 28** – covers transactions where WFAM(I) Ltd has executed an order directly against an execution venue (for example, a regulated market, Multi-Lateral Trading Facility, Organised Trading Facility, Systematic Internaliser, market maker and liquidity provider). Data contained in RTS 28 tables includes the top five execution venues in terms of trading volumes, as well as a narrative summarising the analysis and conclusions drawn from monitoring of the quality of execution obtained for each class of financial instrument.

**Article 65(6)** – covers transactions where WFAM(I) Ltd has selected another firm to execute an order (for example, execution brokers to provide order execution services). Data contained in Article 65(6) tables includes the top five execution brokers in terms of trading volumes where WFAM(I) Ltd transmitted or placed clients' orders for execution, as well as a narrative summarising the analysis and conclusions drawn from monitoring of the quality of execution obtained for each class of financial instrument.

Note: The following information is applicable for all classes of financial instruments and should be read in conjunction with the qualitative analysis accompanying each RTS 28 and Article 65(6) table:

### **Scope of Reporting**

The Firm has only reported on its top five execution venues and execution brokers in financial instruments that the Firm places orders with (as detailed in the Wells Fargo Asset Management Order Execution Policy) in the course of performing investment business on behalf of its professional clients.

### **Execution Factors**

The Firm takes all sufficient steps to obtain the best possible result for our clients taking into account a range of factors, including but not limited to:

- price
- costs (implicit and explicit), including broker commission rates where applicable
- timing and speed of execution
- likelihood of, and capabilities in, execution, clearance and settlement

- size of the transaction relative to others in the same or similar financial instrument
- ability to retain anonymity in the market or prevent information leakage, in order to minimize possible market impact
- access to liquidity/natural order flow
- a broker/counterparty's willingness to commit capital to our transactions
- characteristics of the Trading Venue(s) to which an order can be directed
- financial status and responsibility of a counterparty or broker
- other appropriate factors, such as client mandate constraints

The relative importance of each of these factors within our order execution process will vary depending on a number of criteria, including:

- the nature of the order and rationale for the transaction (e.g. fund subscription/redemption; change in portfolio manager or analyst view),
- the characteristics of the financial instruments to which the order relates, and
- the characteristics of the available venues and brokers which can be used or to which client orders can be directed.

Another relevant factor is counterparty risk, particularly where financial instruments are not centrally cleared or settled by delivery versus payment. The Firm's credit risk assessment of brokers/counterparties may have an impact on selection of the broker/counterparty for each trade. Ordinarily price and costs together will merit high relative importance in obtaining 'best execution'. This may be tempered, for example, where the size of the trade is large compared to the liquidity of the instrument in question, or where speed of execution becomes important due to market conditions; the execution venue may then play a more important role.

### **Close Links/Conflicts of Interest**

As a general policy, the Firm does not trade with any affiliates and, therefore, does not have any close links, conflicts of interest, or common ownership with respect to any execution venue or broker used to execute orders. The Firm offers only investment services and as such does not provide or receive compensation for any broker-dealer or investment banking services.

### **Non-monetary benefits & Research costs**

The Firm does not have any specific arrangements concerning rebates or non-monetary benefits with any execution venue or broker. All research received from brokers or third party research providers is priced separately from execution and was purchased 100% from the Firm's P&L account.

### **Client Categorisation**

The Firm does not undertake investment business with retail clients. Accordingly, the requirement to provide an explanation as to whether other criteria were given precedence

over immediate price and cost and how such other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client does not apply.

The Firm does not give preference to any client over another with respect to trading practices.

### **Data/Tools Relating to Quality of Execution**

The Firm's investment teams review transaction data and utilize various analytic tools to evaluate best execution, including information provided by venues and brokers and internal transaction cost analyses. The data and tools available vary depending on the particular asset class. Execution data is assessed by the Firm's investment teams, compliance group and specialized committees that govern best execution.

### **Consolidated Tape Provider**

At the time of preparing this report there are no consolidated tape providers in Europe.

### **Calculation of Number of Average Trades**

In calculating the average trade per business day, the Firm has based its calculation on 254 working days in the UK in 2020.