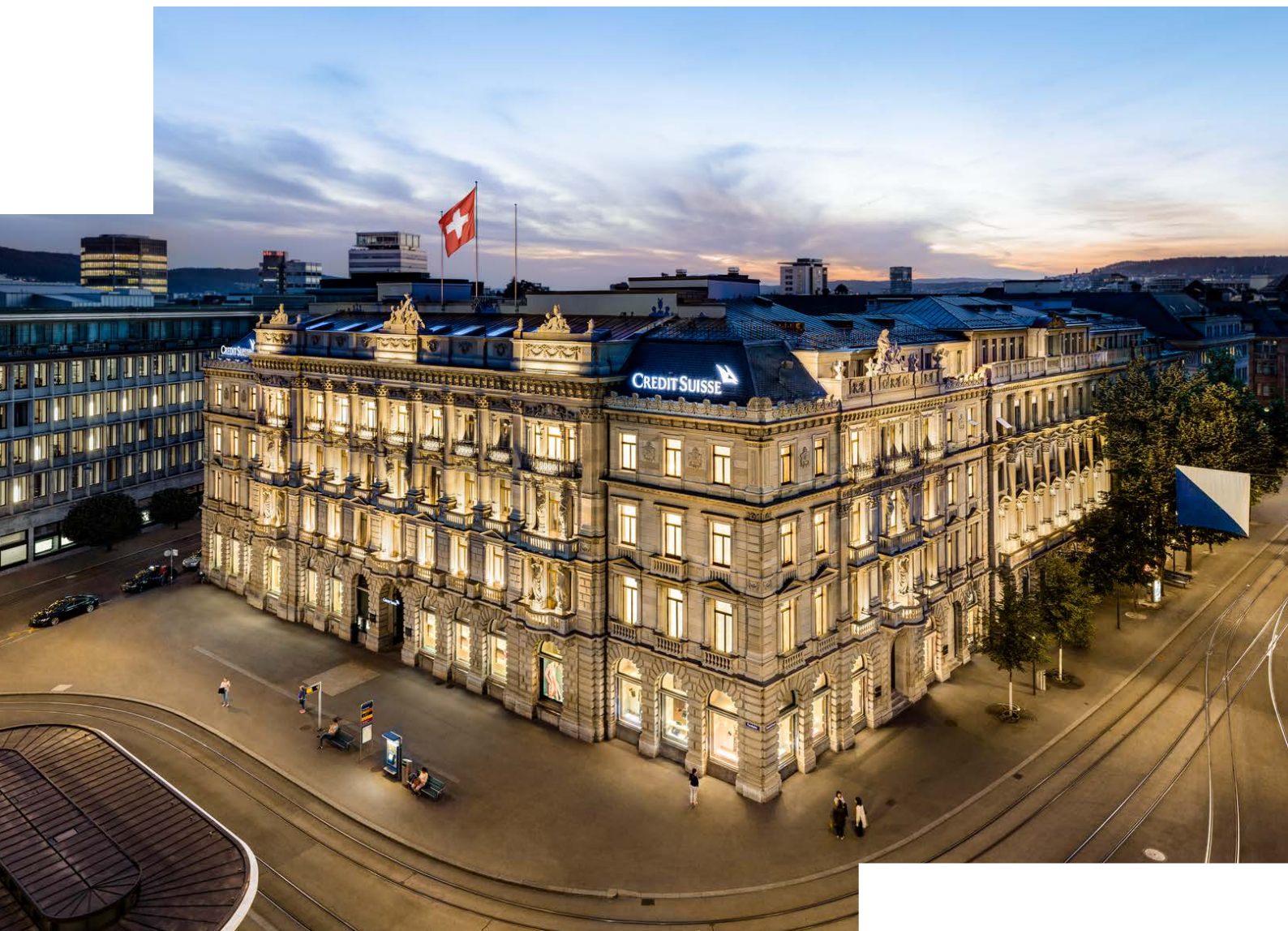


# Report on Best Execution Quality Obtained by Credit Suisse Asset Management (Switzerland) Ltd.



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# 1. Purpose of this Report on Best Execution Quality Obtained

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This Report on Best Execution Quality obtained (hereafter as “Report”) describes the approach of Credit Suisse Asset Management (Switzerland) Ltd. (hereafter as “CSAM”, “we”, or “us”) in identifying and evaluating the Execution Quality obtained based on the arrangements setup to achieve Best Execution of order execution on behalf of client portfolios.

This Report is linked to the Statement on Best Execution Principles of Credit Suisse Asset Management (Switzerland) Ltd. (hereafter “Statement”; available on the CSAM website ). Both, this Report and the Statement, highlight the CSAM approach to validating Best Execution Quality. Both publications follow the recent developments and disclosure requirements of relevant law by applying the standards of the Markets in Financial Instruments Directive 2014/65/EU (hereafter “MiFID II”). More specifically, this (asset class specific) Report on Execution Quality Obtained refers to the obligations set out in art. 27.6 of MiFID II and art. 3 of Commission Delegated Regulation (EU) 2017/576 (“RTS 28”).

This Report is intended to cover the period from 01/01/2020 to 31/12/2020. As outlined in ESMA’s Q&A on MiFID II and MiFIR investor protection topics, certain aspects of the RTS 28 requirements are tied to provisions from MiFID II or MiFIR. Given that CSAM, as a Swiss regulated asset manager, is not a firm directly subject to the European MiFID II provisions, it is not obliged to comply with the Best Execution requirements, but endeavors to do so in order to provide the best service to its clients.

For clients serviced by Credit Suisse legal entities other than CSAM, please note that there may be separate Best Execution Statements and Reports which describe the Best Execution Quality obtained by those legal entities. Please contact your relationship manager for further information.

This Report makes reference to the quality of execution obtained with regards to all asset classes referenced in the Appendix of RTS 28. For simplicity reasons, the asset classes have been bundled into the following groups within this Report:

- **Equity** (shares), **equity-like instruments** (listed preferred shares, participations, rights), **exchange traded funds** (ETFs), **exchange traded notes** (ETNs), **listed structured products and exchange traded derivatives** (ETDs);
- **Fixed Income** (excluding ETNs);
- **OTC Derivatives** (incl. forwards, swaps and options on FX, equity, interest, commodity, and other underlying assets) **including Foreign Exchange (FX), Precious Metals (PM), Contract for Differences (CFDs) and non-listed structured products** (various underlying assets).

Throughout this Report a general remark will be given in light of the Execution Quality obtained across all asset classes. Where a different quality of execution is obtained for a specific asset class, this will be highlighted explicitly to ensure that the quality assessment is applied and disclosed with regard to the relevant asset class.

Please also note that CSAM provides both the service of execution as well as transmission of orders. This Section 1 deals with the quality of execution, whereas Section 2 deals with the quality of transmission of orders.

<sup>1</sup> <https://www.credit-suisse.com/ch/en/asset-management/regulatory/best-execution.html>

## 1.a. Explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when making assessments of the quality of execution

### **General**

To determine the relative importance of these factors for various order types, CSAM will take into account the following criteria:

- The client including the categorization of the client as Retail or Professional;
- The order characteristics (such as the size of the transaction in relation to the market liquidity);
- The financial instruments that are subject to the order;
- The Execution Venues to which the order can be directed.

In carrying out Best Execution, CSAM generally considers the price of a financial instrument and the costs of the transaction as the primary execution factors ("Total Consideration") to generally obtain the best result across all financial instruments and client types covered by the CSAM Best Execution Statement.

CSAM may and has considered further execution factors if they are instrumental in delivering the best result for specific portfolio strategies or under certain market conditions. In such circumstances, CSAM has deviated from the focus on price and costs and gave a higher relative importance to other execution factors such as order size, speed or likelihood of execution and settlement.

Having set price and costs as primary execution factors, CSAM has also established a monitoring framework focusing on Total Consideration of execution to evaluate the Execution Quality obtained.

In case of trading in OTC derivatives, in order to check the fairness of the price proposed by our trading counterparties, CSAM Execution Desk and portfolio managers involved in dealing with OTC financial instruments evaluate the fairness of the price by comparing the offer with quotes from other counterparties and/or benchmarks such as available market data and internal valuation models.

In case of trading in listed instruments, CSAM reviews the Execution Quality of Execution Venues based on established benchmarks and thresholds for orders executed on behalf of client portfolios.

### **Asset Class specific updates**

No additional/asset class specific quality of execution obtained in the period covered by this Report (01/01/2020 to 31/12/2020). Hence, the answer provided in the general section above is valid across all asset classes executed by CSAM.

## 1.b. Description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute

### General

To facilitate meeting the best possible result for all types of asset classes when executing orders on behalf of client portfolios throughout 2020 (01/01/2020 to 31/12/2020), CSAM has established its own CSAM Execution Desk beginning of February 2019. The Execution Desk team has access to the street-side and executed orders on exchange or over-the-counter (“OTC”) or, where beneficial for clients, transmitted the orders to affiliated Brokers and other third party Brokers. As such, the Execution Desk team undertakes all steps to provide Best Execution by applying the CSAM Best Execution framework.

CSAM placed significant reliance on several Execution Venues, Brokers and the counterparties listed below for various asset classes to provide the best possible result on a consistent basis.

	Equities and ETF	Exchange Traded Derivatives	Debt instru- ments	OTC Derivatives	Structured finance instru- ments
<b>Affiliated Brokers and Counterparties:</b>					
Credit Suisse AG		x	x		
Credit Suisse (Switzerland) Ltd.	x	x	x		
Credit Suisse International		x	x	x	
Credit Suisse Securities Europe Ltd.	x		x	x	
<b>Third Party Brokers and Counterparties:</b>					
Barclays Capital Securities Limited	x	x	x	x	
BNP Paribas	x	x	x	x	
The Bank of New York Mellon SA			x		
BTIG Limited	x		x		
Commerzbank Aktiengesellschaft	x		x		
Citigroup Global Markets Limited	x	x	x	x	
Deutsche Bank Aktiengesellschaft			x	x	
Goldman Sachs International	x	x	x	x	
Greensill Capital Securities Limited					x
J.P. Morgan Securities PLC	x	x	x	x	
Jane Street Financial Limited	x		x		
Banque Lombard Odier & Cie SA		x			
Merrill Lynch International	x		x	x	
Macquarie Capital (Europe) Limited	x				
Morgan Stanley & Co. International PLC	x		x	x	
Nomura International PLC	x		x		
NatWest Markets plc			x		
Banque Pictet & Cie S.A.	x	x	x		
Societe Generale Bank and Trust S.A.	x				
UBS AG	x	x	x	x	
Zürcher Kantonalbank	x		x	x	
<b>Trading Venues:</b>					
Bloomberg Multilateral Trading Facility	x	x	x		
Tradeweb Multilateral Trading Facility	x		x	x	

CSAM undertakes periodic, and if required ad-hoc, reviews to determine whether all affiliated or non-affiliated Brokers and Execution Venues provide an appropriate level of execution quality and service. Furthermore, on a periodic basis, and if required ad-hoc, CSAM monitors affiliated and non-affiliated executions in order to ensure that execution delivered was in the best interest of the client.

CSAM is a subsidiary of Credit Suisse Group AG. Credit Suisse Group AG has access to other Execution Venues. CSAM used this network to execute orders or route orders in case of transmission of orders.

**Asset Class specific updates**

No additional/asset class specific quality of execution obtained in the period covered by this Report (01/01/2020 to 31/12/2020). Hence, the answer provided in the general section is valid across all asset classes executed by CSAM.

## 1.c. Description of any specific arrangements with any Execution Venues regarding payments made or received, discounts, rebates or non-monetary benefits received

**General**

CSAM adheres to the rules regarding the type of fees that can be paid to or received from any Execution Venue involved in the execution of a client order. As such, CSAM does not receive any inducements from Execution Venues which are directly linked to the trades allocated to that specific Execution Venue.

CSAM periodically assesses Execution Venues as described in our Best Execution Statement to select them for execution of orders of client portfolios. At-trade, the selection of such Execution Venues is undertaken by personnel who are not incentivized by any payments from Execution Venues made or received, discounts, rebates or non-monetary benefits. Credit Suisse policy governing giving and receiving gifts and entertainment designed to mitigate conflicts of interest risk is strictly applied.

**Asset Class specific updates**

No additional/asset class specific quality of execution obtained in the period covered by this Report (01/01/2020 to 31/12/2020). Hence, the answer provided in the general section is valid across all asset classes executed by CSAM.

## 1.d. Explanation of the factors that led to a change in the list of Execution Venues listed in the firm's execution policy, if such a change occurred

**General**

During the reference period of 2020, the Execution Venues, on which CSAM has placed significant reliance (see also Section 1.b of this Report) have continuously been reviewed and new Execution Venues have been added. This list of significant Execution Venues is available for the period of 2020 on the CSAM website<sup>2</sup>.

Besides the Execution Venues on which CSAM primarily relies (see Section 1.b), additional Execution Venues were added or removed from a broader CSAM Execution Venue and Broker shortlist based on the different factors taking into consideration to provide our clients with overarching Best Execution. See Section 8 of the CSAM Best Execution Statement for further information.

**Asset Class specific updates**

No additional/asset class specific quality of execution obtained in the period covered by this Report (01/01/2020 to 31/12/2020). Hence, the answer provided in the general section is valid across all asset classes executed by CSAM.

<sup>2</sup> <https://www.credit-suisse.com/ch/en/asset-management/regulatory/best-execution.html>

## 1.e. Explanation of how order execution differs according to client categorization, where the firm treats such category of client differently and where it may affect order execution arrangements

### **General**

Clients appoint CSAM as investment manager of their portfolios and rely on CSAM to apply Best Execution. Therefore, Best Execution applies to all types of orders, executed directly by CSAM, on behalf of a client portfolio. As such, CSAM applies the same Best Execution framework and standards for all types of clients (i.e. no separate Best Execution rules are applied for Retail Clients, Professional Clients or Eligible Counterparties).

In addition, CSAM applies Best Execution irrespective of whether the client relationship has been established by CSAM directly, or whether CSAM acts as appointed investment manager for clients of Credit Suisse (Switzerland) Ltd., Credit Suisse AG or any other Credit Suisse legal entity.

Best Execution applies to all order placements for financial instruments as listed in Appendix A.1. More information on the applicability of Best Execution obligations can be found in CSAM's Statement (available on the CSAM website<sup>3</sup>), in particular its section 3 and 4.

### **Asset Class specific updates**

No additional/asset class specific quality of execution obtained in the period covered by this Report (01/01/2020 to 31/12/2020). Hence, the answer provided in the general section is valid across all asset classes executed by CSAM.

## 1.f. Explanation of when other criteria were given precedence over immediate price and cost when executing Retail Client orders and how these other criteria were instrumental in delivering the best possible result in terms of the Total Consideration to the client

### **General**

In carrying out Best Execution, CSAM generally considers the Total Consideration (as defined above) as the primary execution factor to generally obtain the best result across all financial instruments and client types covered by the CSAM Best Execution Statement.

CSAM may and has considered further execution factors if they are instrumental in delivering the best result for specific portfolio strategies or under certain market conditions. In such circumstances, CSAM has deviated from the focus on price and costs and gave a higher relative importance to other execution factors such as order size, speed or likelihood of execution and settlement.

More details available in the Statement.

### **Asset Class specific updates**

No additional/asset class specific quality of execution obtained in the period covered by this Report (01/01/2020 to 31/12/2020). Hence, the answer provided in the general sections is valid across all asset classes executed by CSAM.

<sup>3</sup> <https://www.credit-suisse.com/ch/en/asset-management/regulatory/best-execution.html>

## 1.g. Explanation of how the investment firm has used any data or tools relating to the quality of execution including any data published under 27(10)(a) of Directive 2014/65/EU (Execution Quality reports published by Execution Venues)

CSAM primarily relies on Transaction Costs Analysis (TCA) data to continuously measure the quality of execution provided by Execution Venues and Brokers while executing orders on behalf of client portfolios.

## 1.h. Explanation of how the investment firm has used, if applicable, output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU which will allow for the development of enhanced measures of Execution Quality or any other algorithms used to optimise and assess execution performances

CSAM did not make use of any data potentially available or provided by a consolidated tape provider throughout the period of 2020 (01/01/2020 to 31/12/2020). CSAM made use of third party Transaction Costs Analysis (TCA) data to measure the quality of execution provided by Execution Venues and Brokers while executing orders on behalf of client portfolios.

# 2. Purpose of this Transmission of orders Quality Report

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This section is intended to describe the approach of CSAM in identifying and evaluating the Execution Quality obtained based on the arrangements been setup when seeking to achieve Best Execution of order transmission on behalf of client portfolios.

The findings are in line with the information provided in Section 1 of this Report. Therefore, all information disclosed in Section 1 apply accordingly to the transmission of orders Best Execution Quality assessment and references to the Execution Venues should be read as references to Brokers in the context of this Section 2.



# Appendix

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This Appendix to the overarching CSAM Best Execution Quality Report provides an overview of financial instruments in scope of the CSAM Best Execution Statement and further contains definitions of key terms used throughout the document.

## A.1. Financial instruments in scope of this Report

- Transferable securities;
- Money-market instruments<sup>4</sup>;
- Units in listed / publicly traded collective investment undertakings;
- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event);
- Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled, provided that they are traded on a regulated market and/or a MTF;
- Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned above and not being for commercial purposes, which have the characteristics of other derivative Financial Instruments, having regard to whether, inter alia, they are cleared and settled through recognized clearing houses or are subject to regular margin calls;
- Derivative instruments for the transfer of credit risk;
- Financial contracts for differences;
- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative Financial Instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognized clearing houses or are subject to regular margin calls.

<sup>4</sup> Excluding Money Market instruments that meet the definition of spot contract according to Article 10 (2) of the Commission Delegated Regulation (EU) 2017/565 supplementing Directive 2014/65/EU

## A.2. Definitions

<b>Broker</b>	A Broker is a street-side counterparty or affiliated provider through which CSAM transmits orders on behalf of client portfolios for execution.
<b>Credit Suisse International Trading Solutions ("CS ITS")</b>	CS ITS is a network and joint venture consisting of several Credit Suisse legal entities providing transmission and execution services to various Credit Suisse entities and as such also to CSAM.
<b>Eligible Counterparty</b>	Eligible Counterparties are investment firms; credit institutions; insurance companies; UCITS and their management companies; pension funds and their management companies; other financial institutions authorized or regulated under community legislation or the national law of a Member State; undertakings exempted from the application of this Directive under Article 2(1)(k) and (l); national governments and their corresponding offices including public bodies that deal with public debt; central banks; and supranational organizations (Definition Directive 2004/39/EC, art. 24 (2)).
<b>Execution Quality</b>	The quality of execution or transmission with regard to the criteria applied by CSAM
<b>Execution Quality Report</b>	Under MiFID II Execution Venues are required to report on the Execution Quality achieved, published on a quarterly basis.
<b>Execution Venue</b>	Execution Venue refers to regulated markets, MTFs or OTFs and other liquidity providers or entities that perform a similar function.
<b>Financial instrument</b>	Financial instrument is defined in Appendix A.1.
<b>Investment Firm</b>	Investment Firm means any legal person whose regular occupation or business is the provision of one or more investment services to third parties and/or the performance of one or more investment activities on a professional basis.
<b>Market Operator</b>	Market Operator means a person or persons who manages and/or operates the business of a regulated market and may be the regulated market itself.
<b>MiFID II</b>	Markets in Financial Instruments Directive 2014/65/EU of 15 May 2014 ("MiFID II").
<b>Multilateral Trading Facility ("MTF")</b>	Multilateral Trading Facility ("MTF") means a multilateral system, operated by an investment firm or a Market Operator, which brings together multiple third party buying and selling interests in Financial Instruments.
<b>Organized Trading Facility ("OTF")</b>	Organized Trading Facility ("OTF") means a multilateral system which is not a regulated market or an MTF, and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract in accordance with the Directive.
<b>Orders / transactions on behalf of client portfolios</b>	Orders/transactions on behalf of client portfolios summarizes an investment decision and subsequent order placement undertaken by a CSAM portfolio manager who is the appointed attorney to execute or transmit a transaction on behalf of client portfolios in any of the financial instruments listed in Appendix A.1.
<b>Professional Client</b>	Professional Client means a client who possesses the experience, knowledge and expertise to be able to appropriately assess the risks associated with their own investment decisions (e.g. financial institutions, other authorized or regulated institutions, collective investment schemes and management companies of such schemes, pension funds, and other institutional investors). Retail Clients who fulfill two out of three criteria set up to demonstrate their knowledge and experience might also be considered Professional Clients upon their own request.

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<b>Regulated market</b>	Regulated market means a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third party buying and selling interests in Financial Instruments.
<b>Retail Client</b>	Retail Client means a client who is not a Professional Client.
<b>Total Consideration</b>	Price of the financial instrument and the costs relating to execution, which shall include all expenses incurred by the client that are directly relating to the execution of the order, including Execution Venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.
<b>Trading Venue</b>	Trading Venue means any regulated market, MTF or OTF as defined by MiFID II.
<b>Trading Counterparty</b>	Trading Counterparty can refer to Brokers, investment banks, and other securities dealers that serve as the contracting party when completing “over the counter” securities transactions.

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