

# EXECUTION REPORT



**MARTIN CURRIE**

A Legg Mason Company

1 JANUARY 2017 – 31 DECEMBER 2017

**Information on the top five execution venues and quality of execution obtained as required under Article 65(6) of the Commission Delegated Regulation of MiFID II (Markets in Financial Instruments Directive).**

The following report sets out our top five execution venues in terms of trading volumes for all client orders placed for execution per class of financial instrument traded during the period. We have chosen to report on all reportable asset classes in all regions.

**An explanation of the relative importance given to the execution factors of price, cost, speed, likelihood of execution or any other consideration including quantitative factors when assessing the quality of execution:**

When executing an investment decision, we consider various execution factors to provide the best possible result for our clients on a consistent basis. The relative importance of the execution factors listed above will vary depending upon the following criteria:

- the characteristics of the financial instruments to which the order relates
- the portfolio manager's objectives
- the characteristics of the client, including categorisation
- the characteristics of the execution venues to which the order can be directed.

The most appropriate broker and/or venue are considered on an order-by-order basis.

**A description of any close links, conflicts of interest, and common ownership with respect to execution venues used; or any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received:**

No approved broker or venue is an affiliate of Martin Currie and we do not receive any form of rebate, allowance, discount or refund from commission paid to a broker or execution venue.

**An 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:**

We continuously monitor the effectiveness of our execution arrangements and review our execution factors and venues to ensure they remain adequate to deliver the best possible result for our clients. The most appropriate broker and/or venue are considered on an order-by-order basis. All permanent additions to the approved broker list adhere to a strict take-on process, with parameters set by the Counterparty Risk Group. A full risk

analysis is conducted before we add a new broker to our approved list. The analysis can include an assessment of the broker's execution quality and reputation, a review of their financial strength, any regulatory breaches and their terms of business and execution policy.

Monitoring is conducted 'real time' by the trading team to ensure the best execution process has been followed to attain the best possible outcome. Portfolio managers will normally be consulted to ensure the outcome meets their expectations.

Where monitoring identifies deficiencies or suboptimal outcomes, appropriate steps will be taken to correct these. Any deficiencies with brokers will be dealt with immediately and could result with them being removed, or temporarily suspended, from the approved broker list. Any changes to the execution process could take the form of new technology, changes to trading procedures or access to new execution venues. All of this is overseen by the Head of Trading and escalated to the Head of Investment Risk, Trading and Infrastructure, the Compliance Team, Execution Committee and/or the Head of Investment as appropriate.

**An explanation of how order execution differs according to client categorisation, where categories of clients are treated differently and where it may affect the order execution arrangements:**

All our clients are categorised as professional clients.

**An explanation of whether 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 clients:**

Not applicable. All our clients are categorised as professional clients.

**An explanation of how we have used data or tools relating to the quality of execution, including data published under MiFID execution reporting:**

Both the Trading team and Compliance will regularly monitor execution quality, using a range of quantitative and qualitative data including TCA from a third-party provider. During the period, our monitoring has not raised any concerns over our ability to obtain best execution on behalf of our clients.

**Where applicable, an explanation of how we have used output of a consolidated tape provider:**

Not applicable. We do not use output of a consolidated tape provider.

## TOP FIVE EXECUTION VENUES WHEN PLACING AN ORDER FOR EXECUTION (ARTICLE 65(6) REPORT)

### (a) Equities – shares and depository receipts

An explanation of the relative importance given to the execution factors in relation to equities

Class of Instrument	Equities – shares and depository receipts	
Notification if <1 average trade per business day in the previous year	N	
Top five execution venues ranked in terms of trading volumes (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
UBS AG, London Branch	24.90%	28.36%
Bank of America Merrill Lynch International Limited	21.08%	15.20%
Morgan Stanley & Co International plc	10.36%	10.50%
Instinet Europe Limited	8.88%	13.17%
Macquarie Capital (Europe) Limited	7.06%	9.43%

In determining the appropriate execution venue and method of trading, price will normally be the most important factor. On occasions, market impact and the likely speed of execution may have greater relevance.

### (b) Debt Instruments

Class of Instrument	Debt Instruments	
Notification if <1 average trade per business day in the previous year	N	
Top five execution venues ranked in terms of trading volumes (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
Citigroup Global Markets Limited	100%	100%

**An explanation of the relative importance given to the execution factors in relation to debt instruments:**

In determining the appropriate execution venue and method of trading, price and/or yield followed by liquidity will be the most important factors we take into consideration. Additional factors are considered where there is no live price freely available, or where our data vendor's price is considered indicative rather than firm and executable. Only one venue has been recorded for debt instruments due to the limited volumes of trading in this asset class during 2017.

## (g) Equity Derivatives

Class of Instrument	Equity derivatives	
Notification if <1 average trade per business day in the previous year	Y	
Top five execution venues ranked in terms of trading volumes (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
UBS AG, London Limited	69.90%	87.95%
Goldman Sachs International	30.03%	9.64%
Morgan Stanley & Co International plc	0.07%	2.41%

### An explanation of the relative importance given to the execution factors in relation to equity derivatives:

In determining the appropriate execution venue and method of trading, price and the likelihood of execution will normally be the most important factors.

## (k) Exchange Traded Products

Class of Instrument	Exchange Traded Products	
Notification if <1 average trade per business day in the previous year	Y	
Top five execution venues ranked in terms of trading volumes (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
UBS AG, London Branch	42.78%	22.43%
JP Morgan Europe Limited	20.28%	24.30%
Société Générale	16.59%	20.56%
Bank of America Merrill Lynch International Limited	8.34%	14.95%
Morgan Stanley & Co International plc	3.74%	3.74%

### An explanation of the relative importance given to the execution factors in relation to exchange traded products:

In determining the appropriate execution venue and method of trading, price will normally be the most important factor. On occasions, market impact and the likely speed of execution may have greater relevance. For certain trades, we may use equity like instruments (e.g. low-exercise-price warrants) where we only have access to one execution venue or broker. In these instances, we would validate the price at which we are trading at with an independent pricing source.

