

# EXECUTION REPORT

1 JANUARY 2018 – 31 DECEMBER 2018



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## **Information on the top five execution venues and quality of execution obtained as required under RTS 28, the Regulatory Technical Standards 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 executed client orders per class of financial instrument traded during the period. The top five execution venues in relation to Securities Financing Transactions ('SFTs') are also disclosed. We have chosen to report on all reportable asset classes in all regions. For reports relating to shares and depositary receipts, all data is split by tick-size sub-classes as at the time of the transaction. Where the tick size-sub class is not available as of the time of the transaction, but one does exist at the time of producing this report, we have used this data. Where no tick size-sub class is available at all, the transactions are reported in (m) Other instruments.

## **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 can 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 COO Investments, the Compliance Team and/or the Execution Committee 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 how we have used data or tools relating to the quality of execution, including any RTS 27 reports published by execution venues or brokers:**

Both the Trading and Compliance teams regularly monitor execution quality using a range of quantitative and qualitative data including transaction cost analysis ('TCA') from a third-party provider. Overall during the period, our monitoring has not raised any concerns over our ability to obtain best execution on behalf of our clients. We have also analysed relevant broker RTS 27 reports but to date, have been unable to attain any meaningful conclusions that would alter our execution routing decisions.


**TOP FIVE EXECUTION VENUES ON WHICH CLIENT ORDERS ARE EXECUTED (RTS 28 REPORT)**
**(a) Equities – shares and depository receipts**
**(i) Tick size liquidity bands 5 and 6 (from 2000 trades per day)**

Class of Instrument	Equities – shares and depository receipts – Tick size liquidity bands 5 and 6			
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	Percentage of passive orders	Percentage of aggressive orders
Citigroup Global Markets Limited LEI - XKZZ2JZF41MRHTR1V493	28.21%	13.95%	0%	100.00%
UBS Limited LEI - REYPIEJN7XZHSUI0N355	26.36%	53.49%	0%	100.00%
Instinet Europe Limited LEI - 213800MXAKR2LA1VBM44	16.93%	6.98%	0%	100.00%
Deutsche Bank Aktiengesellschaft LEI - 7LTFWZYICNSX8D621K86	8.43%	6.98%	0%	100.00%
Morgan Stanley & Co International plc LEI - 4PQUHN3JPFQFNF3BB653	8.36%	4.65%	0%	100.00%

**(ii) Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)**

Class of Instrument	Equities – shares and depository receipts – Tick size liquidity bands 3 and 4			
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	Percentage of passive orders	Percentage of aggressive orders
UBS Limited LEI - REYPIEJN7XZHSUI0N355	96.03%	70.00%	0%	100.00%
Goldman Sachs International LEI - W22LROWP2IHZNBB6K528	1.40%	10.00%	0%	100.00%
Deutsche Bank Aktiengesellschaft LEI - 7LTFWZYICNSX8D621K86	1.33%	10.00%	0%	100.00%
Investec Bank plc LEI - 84S0VF8TSMH0T6D4K848	1.25%	10.00%	0%	100.00%

**(iii) Tick size liquidity bands 1 and 2 (from 0 to 79 trades per day)**

Class of Instrument	Equities – shares and depository receipts – Tick size liquidity bands 1 and 2			
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	Percentage of passive orders	Percentage of aggressive orders
Citigroup Global Markets Limited LEI - XKZZ2JZF41MRHTR1V493	32.86%	38.46%	0%	100.00%
Instinet Europe Limited LEI - 213800MXAKR2LA1VBM44	26.19%	7.69%	0%	100.00%
UBS AG LEI - BFM8T61CT2L1QCEMIK50	19.23%	15.38%	0%	100.00%
JP Morgan Securities plc LEI - K6Q0W1PS1L1O4IQL9C32	7.70%	23.08%	0%	100.00%
UBS Limited LEI - REYPIEJN7XZHSUI0N355	7.55%	7.69%	0%	100.00%

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

In determining the appropriate execution venue and method of trading, we will consider the reason for the order, the size of the order relative to liquidity, together with any specific instructions of the portfolio manager (including limit price). While price will normally be the most important factor, market impact and the likely speed of execution may on occasions have greater relevance.

**(b) Debt Instruments**

Class of Instrument	Debt Instruments: bonds			
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	Percentage of passive orders	Percentage of aggressive orders
Citigroup Global Markets Limited LEI - XKZZ2JZF41MRHTR1V493	97.96%	50.00%	0%	100.00%
Peel Hunt LLP LEI - 5493007DWN0R4YBM4C84	2.04%	50.00%	0%	100.00%

**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 two venues have been recorded for debt instruments due to the limited volumes of trading in this asset class during 2018.

**(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	Percentage of passive orders	Percentage of aggressive orders
Deutsche Bank Aktiengesellschaft LEI - 7LTFZYICNSX8D621K86	37.80%	20.65%	0%	100.00%
UBS Limited LEI - REYPIEJN7XZHSUI0N355	30.70%	24.46%	0%	100.00%
Morgan Stanley & Co International plc LEI - 4PQUHN3JPFQFNF3BB653	16.61%	29.35%	0%	100.00%
UBS AG LEI - BFM8T61CT2L1QCCEMIK50	11.68%	17.93%	0%	100.00%
Goldman Sachs International LEI - W22LROWP2IHZNBB6K528	2.47%	5.98%	0%	100.00%

**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. We will look to obtain a minimum of two competitive risk prices from brokers and execute based on the best price.

**(j) Contracts for Difference**

Class of Instrument	Contracts for Difference			
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	Percentage of passive orders	Percentage of aggressive orders
UBS Limited LEI - REYPIEJN7XZHSUI0N355	21.37%	41.89%	n/a	n/a
Merrill Lynch International Limited LEI - GGDZP1UYGU9STUHRDP48	18.17%	8.21%	n/a	n/a
Instinet Europe Limited LEI - 213800MXAKR2LA1VBM44	15.61%	13.92%	n/a	n/a
Credit Suisse Securities (Europe) Limited LEI - DL6FFRRLF74S01HE2M14	10.69%	10.83%	n/a	n/a
Redburn (Europe) Limited LEI - 213800PKEJQZQXQCOJ04	7.07%	2.76%	n/a	n/a

**An explanation of the relative importance given to the execution factors in relation to contracts for difference:**

All contracts for difference positions are given-up and settled with the client's Prime Broker.

In determining the appropriate execution venue and method of trading, we will consider the reason for the order, the size of the order relative to liquidity, together with any specific instructions of the portfolio manager (including limit price). While price will normally be the most important factor, market impact and the likely speed of execution may on occasions have greater relevance.

**(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	Percentage of passive orders	Percentage of aggressive orders
Credit Suisse Securities (Europe) Limited LEI - DL6FFRRLF74S01HE2M14	100.00%	100.00%	0%	100%

**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. Only one venue has been recorded for exchange traded products due to there being only one aggressive trade for this asset class during 2018.

**(m) Other Instruments**

Class of Instrument	Other instruments			
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	Percentage of passive orders	Percentage of aggressive orders
Deutsche Bank Aktiengesellschaft LEI - 7LTFWZYICNSX8D621K86	100.00%	100.00%	0%	100%

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

In determining the appropriate execution venue and method of trading, we will consider the reason for the order, the size of the order relative to liquidity, together with any specific instructions of the portfolio manager (including limit price). While price will normally be the most important factor, market impact and the likely speed of execution may on occasions have greater relevance. Only one venue has been recorded for other instruments due to the limited volumes of aggressive trading in this asset class during 2018.



## Securities Financing Transactions

Class of Instrument	Securities Financing Transactions			
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	Percentage of passive orders	Percentage of aggressive orders
UBS AG LEI - BFM8T61CT2L1QCCEMIK50	87.83%	85.35%	n/a	n/a
Goldman Sachs International LEI - W22LROWP2IHZNBB6K528	11.63%	10.94%	n/a	n/a
Deutsche Bank Aktiengesellschaft LEI - 7LTFZYICNSX8D621K86	0.54%	3.71%	n/a	n/a

### An explanation of the relative importance given to the execution factors in relation to securities financing transactions:

Stock-borrow transactions are executed through a client's Prime Broker ("PB"). The price, size and stability of the stock borrow will be the most important factors. Where an improved execution can be obtained away from the client's PB, we will arrange a put through transaction, whereby the stock borrow is passed through to the client's PB at rates agreed with another broker.