

Top Five Venue Reports - Trades executed with brokers

Downing LLP

2017 Report

Under MiFID II, investment firms are required to publish on an annual basis a report outlining their top five execution venues in terms of trading volumes per class of financial instrument. For each asset class investment firms need to report:

1. The names of the top five execution venues and their identifiers;
2. The total volume and number in percentage terms of all client orders executed on each venue;
3. Confirmation of whether an average of less than one trade per business day has been executed in the calendar year within the asset class; and
4. Information on the quality of execution

The top five venue report is published in the standard format. This report provides separate analysis per asset class of financial instrument as defined in the Regulation for client orders transmitted to brokers for execution. Where analysis is not provided in this report for any class of financial instrument, Downing LLP (Downing) has not traded in this class of financial instrument during the year ended 31 December 2017.

This report for the year ended 31 December 2017 has been compiled based on the regulatory obligations that applied at that time which were different to those that apply now. As such, this report has been produced on a best endeavour basis only.

Downing does not guarantee the accuracy or completeness of the information in this report.

Top Five Execution Brokers 2017

Class of Instrument	Equities – Shares & Depository Receipts				
Notification if <1 average trade per business day in the previous year	No				
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 percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Liberum Capital Limited (213800U6KUF87S1KCC03)	23.69%	0.67%	N/A	N/A	N/A
Stockdale Securities Limited (213800BK5V89QKLV1L85)	22.33%	0.93%	N/A	N/A	N/A
W H Ireland Limited (21380036BEFEQ3ZRP871)	8.85%	0.18%	N/A	N/A	N/A
FinnCap LTD (213800DSWHX26RRA1N75)	8.31%	0.34%	N/A	N/A	N/A
Brooks MacDonald Asset Management Limited (213800A6KGK5GO17EZ17)	6.84%	96.73%	N/A	N/A	N/A

The relative importance given to the execution factors of price, costs, speed, likelihood of execution within Downing's dealing process varies depending on a number of factors, including:

- the investment intent of the Fund Manager who created the order;
- the characteristics of the order including the financial instrument and transaction size; and
- the characteristics of the execution venue where the order may be directed

Each order is inherently unique in its characteristics and market conditions fluctuate. As such, the relative importance of the execution factors can vary according to liquidity, urgency and volatility. For 2017 price, cost and size were generally the most considered execution factors. Where an instrument is less liquid then likelihood of execution increases in priority but would be very unlikely to replace price or cost as the most important factors.

Some brokers offer differing fee plans and discounts depending on the volume and nature of trading activity. The Fund Managers decision to direct orders to a particular broker is based on whether it would allow them to satisfy their best execution obligations.

Downing may receive minor non-monetary benefits from its counterparties. These are only accepted after careful consideration and if these are deemed capable of enhancing the quality of service to Downing's clients and do not impair our duty of care to act in the best interests of our clients, in line with the regulations.

There were no close links or conflicts of interests with any execution venues used to place client orders during 2017.

Brokerage firms remain on Downing's list of execution venues subject to our internal process including a review of the execution quality and the broker's ability to trade effectively on our clients' behalf. During 2017, Downing did add new brokers to the list of execution venues.

All client categories are treated in the same way.