

Annual Best Execution Disclosure 2017

BROWN ADVISORY LIMITED

30 APRIL 2018 (REVISED 24 MAY 2018)



Regulated firms subject to the Markets in Financial Instruments Directive (**MiFID**) regulations are required, on an annual basis, to disclose a summary of their review and conclusions in relation to execution quality achieved in respect of relevant classes of financial instruments. This document, providing the information required by Regulatory Technical Standard (**RTS**) 28 of the MiFID II requirements, summarises Brown Advisory Limited's review of execution arrangements for the calendar year 2017.

Dealing Arrangements

Brown Advisory Limited (the **Firm**) does not directly execute trades in equities; rather, it transmits orders to other entities for execution. Unless the client has specified a counterparty with whom to execute trades, the Firm will usually place trades with its US affiliate, Brown Advisory LLC. Where the account structure dictates the counterparty – for example, with Individual Savings Accounts (**ISAs**) – the Firm will place trades with the relevant counterparty accordingly (for example, with the Firm's preferred ISA provider – Reyker Securities Plc). Exchange traded products will be executed in the same manner as equities.

As is the case with equities, the Firm does not trade directly in bonds or other debt instruments. Orders are passed to the Firm's affiliate, Brown Advisory LLC and are executed by a specialist Fixed Income Team. For ISA accounts, orders will be placed with Reyker Securities Plc. The Firm does not execute transactions directly on venues and, consequently this disclosure does not include an analysis relating to whether orders were passive or aggressive.

The decision to use an affiliate as the firm's preferred executing counterparty is based on the potential price advantages that can be obtained by aggregating the Firm's orders with those of other clients of the Brown Advisory Group and the typically lower commission rates than could be achieved by the Firm through counterparties in the UK market.

Brown Advisory LLC and the Firm share a common parent and are under common ownership.

Execution Factors

Subject to any specific instructions given by clients, when placing orders on their behalf the Firm will take all sufficient steps to obtain the best possible result for them by taking into account the following execution factors:

- Price;
- Costs;
- Speed;



- Likelihood of execution;
- Settlement;
- Order size and nature;
- Venue; and
- Any other relevant consideration(s).

In the majority of cases, the Firm would typically expect that the most significant issue to be taken into account will be the total consideration to be paid or received (that is, the combination of price and cost). However, there will be occasions when other factors may be more important or relevant and, as discretionary managers, the Firm may use its judgement and experience to give greater prominence to other execution factors other than price and costs. Please see below for additional information on the consideration of execution factors for specific asset classes.

Client Categorisation

In arranging execution of orders, the Firm will treat all clients the same – whether retail or professional.

Oversight

During the period, the Brown Advisory Best Execution Committee maintained oversight of the trading activities of Brown Advisory LLC. Quality of execution was considered in the context of independent, third party transaction cost analyses generated in respect of orders placed by the Firm.

Top Five Venues or Counterparties

Whilst RTS 28 requires firms to disclose their top five venues or counterparties in respect of each relevant asset class, Brown Advisory Limited has placed relevant trades with no more than three counterparties, as is reflected in the information provided below. As set out above, we believe that this has allowed us to obtain the best possible outcomes for our clients.



Execution Data – Retail Clients

The following information relates to transactions undertaken for retail clients in the following asset classes during the period 1st January 2017 to 31st December 2017:

- Equities (shares and depositary receipts)
- Debt instruments – bonds
- Debt instruments - money market instruments
- Exchange traded products (exchange traded funds, exchange traded notes and exchange traded commodities)

No other asset classes were traded during the period.

Class of Instrument	Equities (shares and depositary receipts)		
Notification if <1 average trade per business day in the previous year	N		
Top five execution venues (counterparties) 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 directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC	92.39%	96.81%	0.00%
Reyker Securities PLC	7.61%	3.19%	0.00%

Relative importance of execution factors: Where the equity has a high level of liquidity, the most important execution factors will be price, costs, and the size and nature of the order. For equities with lower liquidity, speed and likelihood of execution will also be considered to be of higher importance (though price and cost will be the most important factors in such a scenario).



Class of Instrument	Debt instruments – bonds		
Notification if <1 average trade per business day in the previous year	N		
Top five execution venues (counterparties) 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 directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC	92.20%	99.58%	0.00%
Reyker Securities PLC	6.79%	0.35%	0.00%
SG Hambros	1.00%	0.07%	100.00%

Relative importance of execution factors: When placing orders for bonds, the Firm will typically give greater prominence to the execution factors of price, costs, the size and nature of the order and likelihood of execution. Because liquidity in bond markets can be an issue, in some instances, likelihood of execution may be deemed the most important execution factor. In other circumstances, price will be the primary factor.

Class of Instrument	Debt instruments – money market instruments		
Notification if <1 average trade per business day in the previous year	Y		
Top five execution venues (counterparties) 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 directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC	100.00%	100.00%	0.00%

Relative importance of execution factors: When placing orders for money market instruments, the Firm will typically give greater prominence to the execution factors of price, costs, the size and nature of the order and likelihood of execution. Because liquidity in debt markets can be an issue, in some instances, likelihood of execution may be deemed the most important execution factor. In other circumstances, price will be the primary factor.



Class of Instrument	Exchange traded products (exchange traded funds, exchange traded notes and exchange traded commodities)		
Notification if <1 average trade per business day in the previous year	N		
Top five execution venues (counterparties) 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 directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC	92.20%	99.58%	0.00%
Reyker Securities PLC	6.79%	0.35%	0.00%
SG Hambros	1.00%	0.07%	100.00%

Relative importance of execution factors: The most important execution factors will be price, costs and the size and nature of the order.



Execution Data – Professional Clients

The following information relates to transactions undertaken for retail clients in the following asset classes during the period 1st January 2017 to 31st December 2017:

- Equities (shares and depositary receipts)
- Debt instruments – bonds
- Exchange traded products (exchange traded funds, exchange traded notes and exchange traded commodities)

No other asset classes were traded during the period.

Class of Instrument	Equities (shares and depositary receipts)		
Notification if <1 average trade per business day in the previous year	N		
Top five execution venues (counterparties) 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 directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC	100.00%	100.00%	0.00%

Relative importance of execution factors: Where the equity has a high level of liquidity, the most important execution factors will be price, costs and the size and nature of the order. For equities with lower liquidity, speed and likelihood of execution will also be considered to be of higher importance.



Class of Instrument	Debt instruments – bonds		
Notification if <1 average trade per business day in the previous year	Y		
Top five execution venues (counterparties) 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 directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC	100.00%	100.00%	0.00%

Relative importance of execution factors: When placing orders for bonds, the Firm will typically give greater prominence to the execution factors of price, costs, the size and nature of the order and likelihood of execution. Because liquidity in bond markets can be an issue, in some instances, likelihood of execution may be deemed the most important execution factor. In other circumstances, price will be the primary factor.

Class of Instrument	Exchange traded products (exchange traded funds, exchange traded notes and exchange traded commodities)		
Notification if <1 average trade per business day in the previous year	Y		
Top five execution venues (counterparties) 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 directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC	100.00%	100.00%	0.00%

Relative importance of execution factors: The most important execution factors will be price, costs and the size and nature of the order.