

Annual Best Execution Disclosure 2020

BROWN ADVISORY LIMITED

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Introduction

The Markets in Financial Instruments Directive 2014/65/EU (“MiFID II”) requires investment firms who execute client orders to summarise and make public on an annual basis, for each class of financial instruments, the top five execution venues in terms of trading volumes where they executed client orders in the preceding year and information on the quality of execution obtained. This report has been published in accordance with technical standards as described in Commission Delegated Regulation EU/2017/576 (“RTS 28”) for all relevant financial instruments traded by Brown Advisory Limited (“the Firm”) during the calendar year 2020.

Dealing Arrangements

The Firm does not directly execute trades in equities, bonds or other debt instruments, or exchange traded products; rather, it transmits orders to other entities for execution.

In respect of the Firm’s retail clients, unless the client has specified a counterparty with whom to execute trades, the Firm will usually communicate orders to the preferred custodian, SEI Investments (Europe) Ltd, who will then transmit the orders in an automated manner to the designated broker, Winterflood Business Services, who will execute the trades in line with their best execution policy. Other changes have arisen in relation to client-specific dealing arrangements which may have either commenced or been discontinued during the relevant period.

For the Firm’s professional clients (which includes institutional strategies managed by the Firm), the Firm will usually place trades with its US affiliate, Brown Advisory LLC. 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.

The Firm does not receive payments, discounts, rebates or non-monetary benefits in its trading arrangements.



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 considerations.

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. However, there will be occasions when other factors may be more important or relevant and, as a discretionary manager, 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 assessment of execution factors for specific asset classes.

Client Categorisation

In arranging execution of orders on behalf of clients, the Firm will typically apply the same execution factors, irrespective of client categorisation. Execution venues will, however, likely differ as retail clients exist only in the Firm's Private Client business with trades directed via the preferred custodian (as described above) and more recently in the past year this includes professional clients from the Private Client Business who have moved custodians. The Firm's Institutional Business is not managed on the preferred custodian's platform and will generally trade via the Firm's US affiliate or a client-selected counterparty.

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 transaction cost analysis generated in respect of orders placed by the Firm. These reports, along with best execution reports provided by Winterflood Business Services, are reviewed by the Firm's Compliance function.

Top Five Venues or Counterparties

RTS 28 requires firms to disclose their top five execution venues or counterparties in respect of each relevant asset class, as is reflected in the information provided below. The Firm did not execute any transactions directly on any trading venues during the period.



Execution Data – Retail Clients

The following information relates to transactions undertaken for retail clients in the following asset classes during the period 1st January 2020 to 31st December 2020:

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

No other asset classes were traded during the period.

Equities (shares and depositary receipts)

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

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 passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
SEI Investments (Europe) Ltd 549300C2C8510ACFWP58	87.12%	98.11%	0%	0%	0%
Lombard Odier (Singapore) Ltd 5493008V7RCLD02Z2B97	9.60%	0.63%	0%	0%	100%
Brown Advisory LLC 549300KMFGGW36I79D06	3.28%	1.26%	0%	0%	0%



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

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 passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
SEI Investments (Europe) Ltd 549300C2C8510ACFWP58	100%	100%	0%	0%	0%

Tick size liquidity bands 5 and 6 (from 2000 trades per day)

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 passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
SEI Investments (Europe) Ltd 549300C2C8510ACFWP58	100%	100%	0%	0%	0%



Debt instruments

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 passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
SEI Investments (Europe) Ltd 549300C2C8510ACFWP58	51.37%	42.77%	0%	0%	0%
Brown Advisory LLC 549300KMFGGW36I79D06	44.31%	55.13%	0%	0%	0%
Lombard Odier (Singapore) Ltd 5493008V7RCLD02Z2B97	4.25%	1.98%	0%	0%	100%
Bank Julius Bär & Co. AG PNWU8O0BLT17BBV61Y18	0.07%	0.12%	0%	0%	100%

Relative importance of execution factors: When placing orders for bonds, the Firm will typically give greater prominence to the execution factors of price, 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, but only where this serves to improve client outcomes.



Exchange traded products

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 passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
SEI Investments (Europe) Ltd 549300C2C8510ACFWP58	87.79%	96.27%	0%	0%	0%
Brown Advisory LLC 549300KMFGGW36I79D06	6.62%	2.03%	0%	0%	0%
Lombard Odier (Singapore) Ltd 5493008V7RCLD02Z2B97	5.10%	1.02%	0%	0%	100%
Bank Julius Bär & Co. AG PNWU800BLT17BBV61Y18	0.49%	0.68%	0%	0%	100%

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



Other instruments

Class of Instrument	Other instruments				
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 passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
SEI Investments (Europe) Ltd 549300C2C8510ACFWP58	92.11%	96.17%	0%	0%	0%
Lombard Odier (Singapore) Ltd 5493008V7RCLD02Z2B97	4.18%	0.66%	0%	0%	100%
Brown Advisory LLC 549300KMFGGW36I79D06	3.49%	2.90%	0%	0%	0%
Bank Julius Bär & Co. AG PNWU8O0BLT17BBV61Y18	0.22%	0.26%	0%	0%	100%

This table covers equities where liquidity tick bands were not available.

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, but only where those factors serve to improve client outcomes.



Execution Data – Professional Clients

The following information relates to transactions undertaken for professional clients in the following asset classes during the period 1st January 2020 to 31st December 2020:

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

No other asset classes were traded during the period.

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

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 passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC 549300KMFGGW36I79D06	99.87%	99.92%	0%	0%	0%
SEI Investments (Europe) Ltd 549300C2C8510ACFWP58	0.13%	0.08%	0%	0%	0%



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

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 passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC 549300KMFGGW36I79D06	100%	100%	0%	0%	0%

Tick size liquidity bands 5 and 6 (from 2000 trades per day)

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 passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC 549300KMFGGW36I79D06	99.97%	99.9%	0%	0%	0%
SEI Investments (Europe) Ltd 549300C2C8510ACFWP58	0.03%	0.01%	0%	0%	0%

Relative importance of execution factors: Where the equity has a high level of liquidity, the most important execution factors will be cost, price, 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.



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 (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 passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
SEI Investments (Europe) Ltd 549300C2C8510ACFWP58	66.67%	58.98%	0%	0%	0%
Brown Advisory LLC 549300KMFGGW36I79D06	33.33%	41.02%	0%	0%	0%

Relative importance of execution factors: When placing orders for bonds, the Firm will typically give greater prominence to the execution factors of price, 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.

Exchange traded products

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 passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC 549300KMFGGW36I79D06	83.33%	98.63%	0%	0%	0%



SEI Investments (Europe) Ltd 549300C2C8510ACFWP58	16.67%	1.37%	0%	0%	0%
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Relative importance of execution factors: The most important execution factors will be price, costs and the size and nature of the order.

Other instruments

Class of Instrument	Other instruments				
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 passive orders	Percentage of aggressive orders	Percentage of directed orders (i.e. client has directed counterparty to be used)
Brown Advisory LLC 549300KMFGGW36I79D06	99.89%	99.56%	0%	0%	0%
SEI Investments (Europe) Ltd 549300C2C8510ACFWP58	0.11%	0.44%	0%	0%	0%

This table covers equities where liquidity tick bands were not available.

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 but only where those factors serve to improve client outcomes.



Consolidated Tape Provider (CTP)

Consolidated tapes were not provided for any asset classes as there were no such CTPs available in Europe during the period to which this disclosure relates.

Definitions

'Passive order' means an order entered into the order book that provided liquidity;

'Aggressive order' means an order entered into the order book that took liquidity.