

Annual Publication by Baillie Gifford Overseas Limited of Information on the Identity of Investment Firms and the Quality of Execution (Article 65 (6) Report)



The following reports have been collated in order to enable the public and our clients to evaluate the quality of Baillie Gifford's execution practices and identify the top five investment firms in terms of trading volumes where we have placed client orders for execution.

The data relates to the calendar year 2017.

(a) Equities – Shares and Depository Receipts

Jan 1 2017–Dec 31 2017

| Class of instrument | Equities – shares and depository receipts | |
|---|--|--|
| | N | |
| | 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 (LEI) – BFM8T61CT2L1QCCEMIK50 | 13.57% | 12.46% |
| Merrill Lynch International (LEI) – GGDZP1UYGU9STUHRDP48 | 10.97% | 9.63% |
| HSBC Bank Plc (LEI) – MP6I5ZYZBEU3UXPYFY54 | 9.12% | 7.69% |
| Liquidnet Europe Limited (LEI) – 213800ZIRB79BE5XQM68 | 8.30% | 11.84% |
| Morgan Stanley & Co. International PLC (LEI) – 4PQUHN3JPF GFNF3BB653 | 8.28% | 8.88% |

(d) Credit Derivatives (i) Futures and Options admitted to trading on a trading venue

Jan 1 2017–Dec 31 2017

| Class of instrument | Credit derivatives | |
|---|--|--|
| | N | |
| | 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 (LEI) – BFM8T61CT2L1QCCEMIK50 | 99.11% | 91.57% |
| Barclays Bank Plc (LEI) – G5GSEF7VJP5I7OUK5573 | 0.89% | 8.43% |

(g) Equity Derivatives (i) Options and Futures admitted to trading on a trading venue

Jan 1 2017–Dec 31 2017

| Class of instrument | Equity derivatives | |
|---|--|--|
| | Y | |
| | 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 (LEI) – BFM8T61CT2L1QCCEMIK50 | 100.00% | 100.00% |

SUMMARY OF THE ANALYSIS AND CONCLUSIONS DRAWN FROM OUR DETAILED MONITORING OF THE QUALITY OF EXECUTION

Baillie Gifford is required to publish the following information on the quality of execution obtained on the execution venues where they executed all client orders in the previous year.

An explanation of the relative importance given to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;

The relative importance of each of these factors within our dealing process will vary depending upon a number of criteria, namely:-

- the investment intent of the investment manager who created the order at Baillie Gifford;
- the characteristics of financial instruments that are the subject of that order; and
- the characteristics of the execution venues to which that order can be directed.

Each client order that is transacted by our traders is inherently unique in its characteristics and market conditions are never constant. The relative importance of the execution factors is therefore variable. That said, the particular combination of total consideration (price of the instrument and costs of execution, both implicit and explicit) and size are usually the most considered factors when setting our execution strategy. Where an instrument is less liquid, then likelihood of execution becomes a more important consideration. Another factor relevant to best execution is counterparty risk, particularly in the case of instruments which are not settled by delivery versus payment. Under this scenario, our assessment of credit risk may impact on our selection of who we trade with.

A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;

Baillie Gifford does not trade with any affiliates.

A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;

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

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 conduct an ongoing review of executing brokers. Brokerage firms remain on our list of execution venues subject to an authorisation and ongoing monitoring process, which includes, but is not limited to, the broker's credit worthiness and financial stability, a review of the performance of execution services provided by the broker, and the broker's ability to trade effectively on our clients' behalf.

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 clients are treated the same.

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 the client;

N/A Baillie Gifford does not trade retail client orders.

An explanation of how we have used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575 [RTS27];

We have used independent TCA (transaction cost analysis) providers to help us with our detailed monitoring of the quality of execution obtained on the execution venues where we execute/place for execution client orders.

Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider;

This is not applicable as there are currently no consolidated tape providers in Europe.

NOTES ON THE REPORT

The information has been collated in accordance with the requirements laid down in Art 65(6) of Commission Delegated Regulation 2398 of 25 April 2016, adopted under Articles 24(1) and 24(4) of MiFID II [Markets in Financial Instruments Directive].

One report has been provided for each of class of financial instrument, traded by Baillie Gifford, on behalf of its institutional clients, including a range of pooled investment vehicles, operated by Group entities, in the preceding year.

Baillie Gifford Overseas Limited only trades on behalf of 'professional clients' therefore all reports have been produced in accordance with 'Table 2' requirements under RTS 28.

The distinction between 'passive' and 'aggressive' is not relevant to our trading, and therefore this column has been removed.

There have been no 'directed orders' executed on venues listed in the reports above, and therefore this column has been removed.

Only one investment firm has been recorded for (g) equity derivatives, (i) options and futures admitted to trading on a trading venue. We regularly consider other trading options but feel the use of a single investment firm for exchange traded derivatives continues to provide best execution and is proportionate and cost effective to our clients given our volumes of trading. For further information please refer to the Order Execution and Trade Handling Policy.