

GUINNESS ASSET MANAGEMENT LIMITED
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Guinness Asset Management Ltd ("Guinness")

Execution Monitoring Report for the year ending
31 December 2019
(RTS 28 and Article 65(6))

Guinness is required to provide disclosure around the execution venues we use for each relevant class of MiFID II financial instrument and other specific information on the quality of execution in accordance with the requirements of Regulatory Technical Standard 28 (RTS 28) of the MiFID II Regulations and Article 65(5) of the MiFID II Delegated Regulations. This document provides a summary for each relevant class of MiFID II financial instrument, the top five execution venues in terms of trading volumes where Guinness has executed or placed client orders over the course of 2019 and information on the quality of execution obtained.

RTS 28 disclosures – trades executed by Guinness

Guinness did not execute client orders directly on execution venues and therefore has not included any RTS 28 disclosures in this report.

Article 65(6) disclosures – trades placed by Guinness

Guinness places orders with other entities (brokers) for execution and provides here information equivalent to the RTS 28 report in relation to those transactions.

Volumes of trades placed for the year ended 31 December 2019

Table 1 – Professional clients

Class of instrument			Equities – Shares & Depositary Receipts		
Class of client			Professional		
Notification if <1 average trade per business day in the previous year			No		
Top 5 brokers ranked in terms of trading volumes (descending order)	Proportion of volume by value traded as a percentage of total in that class	Proportion of volume by number of trades as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Northern Trust	32.69%	16.93%	n/a	n/a	nil
Morgan Stanley	30.72%	25.06%	n/a	n/a	nil
Credit Suisse	23.54%	52.73%	n/a	n/a	nil
Jefferies	12.94%	5.21%	n/a	n/a	nil
Mirabaud	0.12%	0.06%	n/a	n/a	nil

Table 2 – Retail clients

Class of instrument			Equities – Shares & Depositary Receipts		
Class of client			Retail		
Notification if <1 average trade per business day in the previous year			No		
Top 5 brokers ranked in terms of trading volumes (descending order)	Proportion of volume by value traded as a percentage of total in that class	Proportion of volume by number of trades as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
The Share Centre	100.00%	100.00%	n/a	n/a	nil
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a

For clients in our EIS services where The Share Centre is the Custodian, we will under normal circumstances also place orders with The Share Centre for execution, due to the incremental transaction costs to the client associated with using an external broker.

Qualitative criteria

We provide below a summary of the analysis and conclusions drawn from Guinness’s detailed monitoring of the quality of execution obtained by brokers with whom we have placed client orders for execution in the previous year.

Requirement under Article 3(3) RTS 28	Guinness responses
(a) an explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;	<p>The importance of the various execution factors stipulated by the Rules will vary depending on the circumstances and context of the order. That said, the execution factors that are commonly the most important in the achievement of best execution by Guinness are price and size. Guinness considers these two execution factors as inextricably linked as the price will be affected by the size of any intended bargain. Thus, business is allocated to brokers on the basis of their ability to execute transactions at competitive prices and in acceptable volumes. Brokers who prove unable to achieve these criteria will not be selected to deal on behalf of clients.</p> <p>Guinness does not consider the likelihood of settlement to be a material factor influencing execution due to the fact that Guinness’s investment universe comprises listed securities that normally settle through Central Clearing Houses. Guinness only ever deals through reputable counterparties that are themselves authorised and regulated and through whom settlement problems are rarely experienced. Nevertheless, Guinness monitor closely and pursue vigorously any failing trades with the broker concerned.</p>
(b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;	<p>Guinness does not have any close links, conflicts of interests or common ownerships with respect to any brokers used to execute orders.</p>
(c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;	<p>The Firm does not have any arrangements with any execution venues or brokers regarding payments made or received, discounts, rebates or non-monetary benefits received.</p>

<p>(d) an explanation of the factors that led to a change in the list of approved brokers, if such a change occurred;</p>	<p>There are no changes to note in the list of brokers listed in the firm’s Execution Policy.</p> <p>Brokers on our list of approved brokers are subject to an authorisation and ongoing monitoring process, which includes, regular reviews of the performance of execution services provided by the broker and the broker’s ability to trade effectively on our clients’ behalf, and a review of the broker’s own RTS 28 report.</p>
<p>(e) an explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements;</p>	<p>All Guinness clients are treated the same under its Execution Policy.</p>
<p>(f) 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;</p>	<p>When placing retail client orders the overriding consideration is achieving the best possible result in terms of the total consideration to the client.</p>

<p>(g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575 [RTS 27];</p>	<p>During 2019, Guinness has regularly monitored the quality of execution obtained from the brokers used to place client orders for execution.</p> <p>Guinness is satisfied that it has adhered to the requirements set out in its Execution Policy in seeking to obtain best execution for its clients by reference to all relevant factors.</p> <p>Each trade is monitored by the fund managers when placing the trade instruction to ensure that it is executed on the best terms available. It is a prerequisite of the terms of business of all brokers used by Guinness that they must provide Guinness clients with best execution.</p> <p>Brokers used by Guinness are kept under constant review by the fund managers and new brokers can be added if they demonstrate an ability to access relevant liquidity (subject to satisfying Guinness’s on-boarding requirements).</p> <p>Fund managers have access to analysis published by brokers on a quarterly basis to indicate how well the brokers have performed in achieving best execution in relation to price against others in the market. The fund managers will use this together with other sources of information available to them on a regular basis to consider whether the brokers used have provided the best possible results for clients or whether any changes require to be made to Guinness’s execution arrangements or brokers used. In addition, Guinness monitors the effectiveness of its Order Execution Policy and arrangements at least annually (and whenever any material changes are proposed) to identify, and where appropriate, correct any deficiencies.</p>
<p>(h) where applicable, an explanation of how the investment firm has used output of a consolidated tape provider.</p>	<p>Not applicable</p>