



Morningstar Investment Management Europe Limited

Annual Best Execution Disclosure 2017

April 2018

Background

Morningstar Investment Management Europe Ltd (“the Firm”) is an investment firm subject to the requirements of the Markets in Financial Instruments Directive (2014/65/EU) (“the Directive”)

The Firm has two business lines which include execution of orders: The Managed Portfolio Service (“MPS”) which is a range of portfolios which are available on Platforms; and the Institutional business which are bespoke discretionary management clients. The asset classes which the Firm deals in are units in collective investment schemes (“CIS”) and on very limited occasions, Exchange Traded Funds (“ETFs”). In relation to the Firm’s MPS business, the Firm’s clients choose the Platform to access the portfolios and the Firm passes trading instructions to those Platforms for execution. In relation to the Institutional business, the Firm passes trading instructions to brokers for execution. The Investment and Operations teams monitor the quality of these executions to ensure they are in line with the Firm’s best execution policy to ensure that the Firm meets its obligations under the Directive to achieve the best possible result for its clients on a consistent basis.

In accordance with the MiFID II Level 2 Delegated Regulation (2017/565), as the Firm does not execute orders itself but instead, passes these order to other entities for execution, the Firm is required to publish details on an annual basis about the top five investment firms in terms of trading volumes used for trading each relevant asset class along with information on the quality of those executions. Trades in CIS’s are outside the scope of this Regulation so the Firm only needs to provide disclosures in relation to the ETF trading activity. In relation to the MPS business, as the Firm has no choice on trading venue (i.e. we are directed to the Platform), it does not need to disclose details of ETF trades for this business line. The Firm therefore only needs to disclose details of ETF trading for its institutional clients.

The table below provides the details for ETF trades in 2017:

Class of Instrument	Exchange Traded Products (Exchange Traded Funds)			
Confirmation of less than 1 trade per business day in this asset class in the previous year	Yes			
Counterparty	Proportion of Volume Traded as a % of total in that asset class	Proportion of Orders Executed as a % of total in that asset class	Directed Trade (%) Volume	Quality of Execution
Morgan Stanley	100%	100%	0%	Price and cost will normally be the most significant determining factors.

				The Investment and Operations teams review reports and escalate any concerns to the Investment Committee.
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

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