

MiFID II RTS 28 Reporting

Butler Investment Management Limited

Disclosure period: 01/01/2019 to 31/12/2019

Date: 17/01/2020

Introduction and Regulatory Background

Butler Investment Management Limited (“BIML”) is authorised and regulated in the United Kingdom by the Financial Conduct Authority (“FCA”) as an Alternative Investment Fund Manager (“AIFM”) under the EU Alternative Investment Fund Managers Directive (“AIFMD”) under which authorisation BIML manages Alternative Investment Funds (“AIFs”). BIML also has certain ‘top up’ regulatory permission under the AIFMD to carry out portfolio management and advisory activities under the EU Markets in Financial Instruments Directive (“MiFID II”) in respect of UCITs and segregated managed accounts.

As part of the best execution requirements under MiFID II, investment firms are required to publish a disclosure report on the execution venues of transactions undertaken on behalf of clients to whom we have provided MiFID services (“Quantitative Disclosures”), together with certain information on the quality of execution obtained in respect of such transactions (“Qualitative Disclosures”), the disclosures are required to be made in respect of 22 sub-classes of financial instruments specified in the MiFID reporting requirements.

This report constitutes the Quantitative and Qualitative Disclosures in respect of the transactions undertaken by BIML during 2019 on behalf of clients to who it provides both MiFID services and the AIFs’ it manages. The Quantitative Disclosures for 2019 detail the top five execution venues (or trading counterparty) by trading volume and proportion of orders executed, with whom client orders were placed for execution during the period. BIML’s Quantitative and Qualitative Disclosures have been prepared in accordance with the reporting template and other requirements specified under the relevant MiFID regulatory technical standards, and in respect of the relevant sub-classes of financial instruments detailed below.

BMIL - Further information on the content of quantitative and qualitative reports

The data outlined in the quantitative reports reflects the firm’s dealing activity undertaken in 2019 and has been obtained from internal systems that were used for dealing.

BIML trades as a Professional Client and in an Institutional capacity on behalf of its clients (and does not deal as principal), so no information relating to retail activities or retail venues is provided as it is not applicable.

Quantitative reports do not contain information on passive / aggressive orders because we believe that passive / aggressive applies only where a firm directly executes on execution venues that operates transparent order books and this does not apply to BIML.

Quantitative Disclosures

BIML traded in the following instruments during 2019:

1. Equities – Shares & Depository Receipts – Tick size liquidity bank 5 and 6 (from 2000 trades per day)
2. Debt instruments - Bonds
3. Interest rate derivatives - Futures and options admitted to trading on a trading venue
4. Credit derivatives – Other credit derivatives
5. Currency derivatives – Swaps, forwards and other currency derivatives
6. Equity derivatives - Options and Futures admitted to trading on a trading venue
7. Exchange traded products – Exchange traded funds
8. Securities Financing Transactions (SFT) – Total Return Swaps

Class of Instrument	Equities – Shares & Depository Receipts – Tick size liquidity bank 5 and 6 (from 2000 trades per day)		
Notification if < 1 average trade per business day in the previous year	Yes		
Top five execution venues ranked in terms of trading volumes	LEI / MIC	Proportion of volume executed	Proportion of orders executed

Class of Instrument	Debt instruments - Bonds		
Notification if < 1 average trade per business day in the previous year	No		
Top five execution venues ranked in terms of trading volumes	LEI / MIC	Proportion of volume executed	Proportion of orders executed
CITIGROUP	XKZZ2JZF41MRHTR1V493	11%	18%
GSIL	W22LROWP2IHZNBB6K528	10%	15%
ODDO	9695002I9DJHZ3449O66	9%	2%
HSBC	MP6I5ZYZBEU3UXPYFY54	9%	9%
UBS	BFM8T61CT2L1QCCEMIK50	8%	6%
BNP PARIBAS	R0MUWSFPU8MPRO8K5P83	6%	6%

Class of Instrument	Interest rate derivatives - Futures and options admitted to trading on a trading venue		
Notification if < 1 average trade per business day in the previous year	Yes		
Top five execution venues ranked in terms or trading volumes	LEI / MIC	Proportion of volume executed	Proportion of orders executed
CBT	XCBT	52%	79%
EUREX	XEUR	48%	21%

Class of Instrument	Credit derivatives – Other credit derivatives		
Notification if < 1 average trade per business day in the previous year	No		
Top five execution venues ranked in terms of trading volumes	LEI / MIC	Proportion of volume executed	Proportion of orders executed
BNP PARIBAS	R0MUWSFPU8MPRO8K5P83	29%	38%
CITIGROUP	XKZZ2JZF41MRHTR1V493	24%	28%
CREDIT SUISSE FIRST BOSTON LONDON	E58DKGMJYYYYJLN8C3868	19%	15%
GOLDMAN SACHS	W22LROWP2IHZNBB6K528	14%	10%
JP MORGAN	K6Q0W1PS1L1O4IQL9C32	9%	5%

Class of Instrument	Currency derivatives – Swaps, forwards and other currency derivatives		
Notification if < 1 average trade per business day in the previous year	No		
Top five execution venues ranked in terms of trading volumes	LEI / MIC	Proportion of volume executed	Proportion of orders executed
CACEIS		16%	7%
NT	6PTKHDJ8HDUF78PFWH30	84%	93%

Class of Instrument	Equity derivatives - Futures and options admitted to trading on a trading venue		
Notification if < 1 average trade per business day in the previous year	Yes		
Top five execution venues ranked in terms or trading volumes	LEI / MIC	Proportion of volume executed	Proportion of orders executed
EUREX	XEUR	86%	69%
CME	XCME	10%	26%
CHICAGO BOARD OPTIONS EXCHANGE	XCBO	4%	5%

Class of Instrument	Exchange traded products – Exchange traded funds		
Notification if < 1 average trade per business day in the previous year	No		
Top five execution venues ranked in terms of trading volumes	LEI / MIC	Proportion of volume executed	Proportion of orders executed
LSE	XLON	67%	69%
PARIS STOCK EXCHANGE	XPAR	33%	31%

Class of Instrument	Securities Financing Transactions (SFT)		
Notification if < 1 average trade per business day in the previous year	No		
Top five execution venues ranked in terms of trading volumes	LEI / MIC	Proportion of volume executed	Proportion of orders executed
BNP PARIBAS	R0MUWSFPU8MPRO8K5P83	93%	60%
JPM	K6Q0W1PS1L1O4IQL9C32	2%	18%
CITIGROUP	XKZZ2JZF41MRHTR1V493	0%	15%
GSIL	W22LROWP2IHZNBB6K528	1%	3%
CREDIT SUISSE FIRST BOSTON LONDON	E58DKGMJYYYYJLN8C3868	3%	2%

Qualitative Disclosures

Classes of instrument	<p>The classes of instruments in which BIML traded and which are covered by the Qualitative Disclosure below are as follows:</p> <ol style="list-style-type: none"> 1. Equities – Shares & Depositary Receipts – Tick size liquidity bank 5 and 6 (from 2000 trades per day) 2. Debt instruments - Bonds 3. Interest rate derivatives - Futures and options admitted to trading on a trading venue 4. Credit derivatives – Other credit derivatives 5. Currency derivatives – Swaps, forwards and other currency derivatives 6. Equity derivatives - Options and Futures admitted to trading on a trading venue 7. Exchange traded products – Exchange traded funds 8. Securities Financing Transactions (SFT) – Total Return Swaps
General Observations	<p>When making and executing investment decision, BIML traders are required to act in good faith and in the best interests of their clients, the funds. With respect to execution, this is achieved by taking all sufficient steps, as required under the FCA rules, to obtain the best possible result for the clients, taking into account the relative important of the execution factors outlined below.</p> <p>No single counterparty is favoured compared to others, unless it can be demonstrated that such a counterparty consistently provides a superior service, which would include, for example, providing better pricing, liquidity or speed of execution than its competitors.</p> <p>There were no material changes to BIML’s execution arrangements during the reporting period.</p> <p>The investment advisor monitors the effectiveness of the order execution arrangements to identify and, where necessary, corrects any deficiencies. There were no deficiencies identified during the reporting period.</p>

RTS 28 Requirement	Details and conclusion (NOTE: This information applies to all of the instrument classes unless otherwise specified)
<p>Execution factors</p> <p><i>Explanation of the relative importance the firm gave to the execution factors of price, cost, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution</i></p>	<p>The following execution factors will be taken into account in deciding where and how to place orders on behalf of its clients:</p> <ul style="list-style-type: none"> • Price; • Costs; • Speed; • Likelihood of execution; • Settlement; • Order size; • Nature; • Venue; and • Any other relevant consideration(s)

RTS 28 Requirement	Details and conclusion (NOTE: This information applies to all of the instrument classes unless otherwise specified)
	<p>Generally BIML would expect the price to be the most important execution factor for all the asset classes that it trades. However, there may be other factors that are as or more important for certain asset classes as follows:</p> <p>Debt instruments – Bond. The transactions are typically in low grade European corporate debt and the size and likelihood of execution are as important execution factors as the price.</p> <p>Currency derivatives – Swaps, forwards and other currency derivatives. The Firm trades in FX forwards which are all OTC and off exchange and so, it will generally execute with a primary FX counterparty as this enables the Firm to consistently achieve best results for its clients. Therefore the nature of the instrument and trade is as important an executing factor, as the price.</p>
<p>Close links, conflicts of interest and common ownership with respect to any execution venues used to execute orders</p>	<p>Close links N/A. The Firm has no close links to report.</p> <p>Conflicts of interest N/A. The Firm has no conflicts of interest to report.</p> <p>Common ownerships N/A. The Firm has no common ownership to report.</p>
<p>Specific arrangements with execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received</p>	<p>There are no specific arrangements concerning payments made or received, discounts, rebates or non-monetary benefits with any current execution venues or counterparties.</p>
<p>Factors that led to a change in the list of execution venues listed in the firm's order execution policy, if such change occurred</p>	<p>There were no material changes to execution venues / counterparties in Firms Best Execution Policy in 2019.</p>
<p>If 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>The Firm only deals with Professional Clients and does not deal directly with retail clients. All BIML clients are treated the same under its Best Execution Policy.</p>
<p>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>See above.</p>

RTS 28 Requirement	Details and conclusion (NOTE: This information applies to all of the instrument classes unless otherwise specified)
Use of any data or tools relating to quality of execution, including any data published under Delegated Regulation (EU) 2017/575 [RTS 27]	BIML compare the competitiveness of all execution venues and counterparties as and when they are used.
Use of output of a consolidated tape provider established under Article 65 of Directive 2014 / 65 / EU	N/A. There are currently no Consolidated Tape Providers in operation.