PETRUSADVISERS

Best Execution Disclosure (RTS 28)

Firm: Petrus Advisers Limited ("Petrus")
Disclosure Period: March 2017 – April 2018

Scope of report	Petrus Advisers is an FCA authorised and regulated Alternative Investment Fund Manager (AIFM). In this capacity, the scope of the reporting requirement extends to orders that Petrus pass to other entities, such as execution brokers, for the execution of its orders ("indirect orders"). From the classes of financial instruments listed in Annex II of RTS 28, Petrus traded the following sub-set classes that are included in this report: Equities – shares and Depositary Receipts: • Tick size liquidity band 1 and 2 (from 0 to 79 trades per day) Equity Derivatives • Options and futures admitted to trading on a trading venue • Swaps and other equity derivatives Debt instruments • Bonds
Quantitative disclosure	Petrus' qualitative report should be read in conjunction with Petrus' quantitative disclosure in which Petrus published the top five execution brokers for each of the relevant instrument classes.

Qualitative disclosure:

Class of Instrument	Equities • Shares and Depositary Receipts (Tick size liquidity bank 1 and 2)	
	Summary	**Conclusion**

Execution factors	Petrus take into account various factors that affect execution of an order and assess the most appropriate way to do so. Since not all the factors are equally weighted, Petrus factored in the relative importance of the execution by
	• the characteristics of the order including:
	  i) Speed of execution, size and skill in order to avoid the order having a detrimental impact on the price of the shares
	  ii) Likelihood of execution or settlement in less-liquid securities
	  iii) where the order involves a securities financing transaction such as a short sale or swap
	• the characteristics of the broker to whom the order can be directed
	• the characteristics of the financial instrument of a particular order
		The relative importance given to the execution factors was in line with Petrus' Order and Best Execution Policy.
		
		Petrus have mostly put precedence on price and likelihood of execution in less-liquid securities as the most important execution factor. Petrus' strategy overall resulted in best execution for the funds.

Class of Instrument	Equity Derivatives • Options and Futures admitted to trading on a trading venue • Swaps and other equity derivatives	
	Summary	**Conclusion**
Execution factors	For trades where underlying equity traded in a "give-up market", Petrus determined the relative importance of the execution factors by the same criteria as for Equities – Shares and Depositary Receipts. For trades where underlying equity traded in a "non-give-up market", Petrus determined the relative importance of the execution factors by the same criteria as for Equities – Shares and Depositary Receipts, albeit subject to a smaller, limited list of approved derivative counterparties. As certain funds under management are subject to regulatory constraints, Petrus look to enter into short trades in cash for some of the funds they manage as well as on swap for others. In such cases, if feasible, Petrus will typically execute both the cash and equity swap trades with the same broker in order to achieve fair treatment for all relevant funds. In a "non-give-up market" situation, Petrus will apply the best execution criteria referred to above with respect to the smaller list of approved derivative counterparties.	The relative importance given to the execution factors was in line with Petrus' Order and Best Execution Policy. In "give-up markets", Petrus have put precedence on price and likelihood of execution in less-liquid markets as the most important execution factor, whereas price and likelihood of execution and settlement were the most important execution factors in "non-give-up markets". Petrus' strategy overall resulted in best execution for the funds.

Class of Instrument	Debt Instruments • Bonds	
	Summary	**Conclusion**
Execution factors	For Fixed Income trades Petrus applies similar criteria as for Equities – Shares and Depositary Receipts, characteristics include: i) Price ii) Likelihood of execution and size • the characteristics of the broker to whom the order can be directed	The relative importance given to the execution factors was in line with Petrus' Order and Best Execution Policy. Petrus has mostly put precedence on price and likelihood of execution.

Close links, conflicts of interest or common ownership with respect to any execution venues	*Close links*	Petrus has no close links to report for the review period.	n.a.
	Conflicts of interest	Petrus has no conflicts of interest to report for the review period.	n.a.
	Common ownerships	Petrus has no common ownerships to report for the review period.	n.a.
Any arrangements with any execution venues regarding payments made or received, discounts or any non-monetary benefits received	During the review period until end of December 2017, Petrus received non-monetary benefits in form of investment research from some of the brokers.		Petrus had policies and procedures in place (for example CSAs) to ensure that execution and research provision did not influence the choice of execution brokers. Petrus acted according to their best execution policy valid for the review period.
	In accordance with MiFID2 requirements effective 3rd January 2018, Petrus implemented a separation of execution price and research by way of an annual Research budget. Petrus pays a standard service commission fee which is split between Execution and Research. Fees accrued fund the Research Payment Account (RPA).		Petrus established a list of brokers together with an annual research budget to ensure greater transparency on costs in line with its Order and Best Execution and RPA policy.
Factors leading to a change in the list of execution venues	There were no changes to the list of execution venues/brokers in Petrus' Order and Best Execution Policy		n.a.
Differentiation according to client categorisation	No differentiation is made. Petrus' clients are all professional clients.		n.a.
Use of data / tools for execution quality analysis	During the review period up to the end of December 2017, Petrus did not use data and/or tools to analyse quality of execution. In accordance with MiFID2 regulations effective 3rd January 2018, Petrus integrated the Multi-Asset Bloomberg Transaction Cost Analytics product (BTCA) for trade and trend outlier identification.		BTCA provides powerful analysis and exception-based workflow processes to help ensure you obtain the best possible result for the end client when executing orders whilst adhering to Petrus' internal order execution policy.