

RTS 28 Quality of Execution Annual Report

Firm: Brevan Howard Asset Management LLP (“BHAM” or the “Firm”)
Calendar Year Disclosure Period: 1 January 2018 to 31 December 2018
Date: 30 April 2019

Summary of classes of instruments included in this report, and class of instruments not included in this report (because the Firm has not executed client orders in that class of instruments):

Classes of instruments included in this report	Classes of instruments not included in this report
<ul style="list-style-type: none"> • Debt instruments <ul style="list-style-type: none"> ○ Bonds • Interest rate derivatives <ul style="list-style-type: none"> ○ Futures and options admitted to trading on a trading venue ○ Swaps, forwards and other interest rates derivatives • Currency derivatives <ul style="list-style-type: none"> ○ Futures and options admitted to trading on a trading venue ○ Swaps, forwards and other interest rates derivatives • Equity derivatives <ul style="list-style-type: none"> ○ Futures and options admitted to trading on a trading venue • Commodity derivatives <ul style="list-style-type: none"> ○ Futures and options admitted to trading on a trading venue 	<ul style="list-style-type: none"> • Equities • Debt Instruments <ul style="list-style-type: none"> ○ Money market instruments • Credit derivatives • Structured finance instruments • Equity Derivatives <ul style="list-style-type: none"> ○ Swaps, forwards and other interest rates derivatives • Commodity derivatives <ul style="list-style-type: none"> ○ Swaps, forwards and other interest rates derivatives • Securitised derivatives • Contracts for differences • Exchange traded products • Emission allowances • Other instruments

General

BHAM 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”). BHAM acts as the AIFM for two non-EU domiciled Alternative Investment Funds (“AIFs”) and as investment manager for a number of non-EU domiciled Alternative Investment Funds (“AIFs”) that are managed by Brevan Howard Capital Management Limited in its capacity as a non-EU based AIFM. The Firm also has certain additional ‘top-up’ regulatory permissions under the Markets in Financial Instruments Directive and Regulation (together “MiFID II”), in order to carry out portfolio management activities on behalf of UCITS funds and the aforementioned AIFs.

MiFID II imposes a regulatory obligation upon BHAM, as an FCA authorised AIFM, to publish, on an annual basis, a report summarising specific information relating to the execution obtained for each relevant financial instrument traded during the previous year. This information includes disclosure relating to trading volumes with the top five counterparties expressed as a percentage of BHAM's total execution volume and a percentage of the number of executed orders in relation to each relevant class of financial instrument, this is quantitative element contained within the report below. In addition to the quantitative element, BHAM is also required to provide a qualitative report summarising the conclusions drawn from its monitoring of the quality of execution.

For the avoidance of doubt, BHAM's quantitative and qualitative disclosure report below only provides data on BHAM's MiFID II ‘top-up’ permission activity, in respect of indirect execution, including using a broker's Direct Electronic Access (“DEA”) system to access a trading venue; they do not include any transaction activity where BHAM traded directly with its counterparties or where it acted as AIFM for its non-EU AIF. As this is a BHAM disclosure report, activity undertaken by any other investment management entities within the wider Brevan Howard group is not included within this report.

Debt instruments - Bonds

	LEI	Venue	Percent Of Volume	Percent Of Order Count	Percent Of Passive Orders	Percent Of Aggressive Orders	Percent Of Directed Orders
1	549300LGG2RLWD21SU97	Amherst Pierpont Securities LLC	53.09	36.78	N/A	N/A	0
2	5493006BWPDUCYG6EQ34	E D & F Man Capital Markets Inc	24.18	30.25	N/A	N/A	0
3	Missing	SEAPORT	16.68	22.89	N/A	N/A	0
4	KX1WK48MPD4Y2NCUIZ63	Natixis S.A.	2.04	1.09	N/A	N/A	0
5	58PU97L1C0WSRCWADL48	Jefferies LLC	1.74	1.09	N/A	N/A	0

Interest rate derivatives - Futures and options admitted to trading on a trading venue

	LEI	Venue	Percent Of Volume	Percent Of Order Count	Percent Of Passive Orders	Percent Of Aggressive Orders	Percent Of Directed Orders
1	2138004RRDC64K7UD291	Sigma Broking Limited	17.01	2.56	N/A	N/A	0
2	XKZZ2JZF41MRHTR1V493	Citigroup Global Markets Limited	16.59	2.01	N/A	N/A	0
3	K6Q0W1PS1L1O4IQL9C32	JP Morgan Securities plc	6.58	33.26	N/A	N/A	0
4	549300BMVW85YF9FGN67	Tullett Prebon (Securities) Limited	6.43	0.7	N/A	N/A	0
5	549300RPQO8JDYY4VC30	Prism Financial Products LLP	6.31	1.11	N/A	N/A	0

Interest rate derivatives - Swaps, forwards, and other interest rates derivatives

	LEI	Venue	Percent Of Volume	Percent Of Order Count	Percent Of Passive Orders	Percent Of Aggressive Orders	Percent Of Directed Orders
1	549300WYFIFDMB6POR04	JB DRAX Honore (UK) Ltd	100	100	N/A	N/A	0
2							
3							
4							
5							

Currency derivatives - Futures and options admitted to trading on a trading venue

	LEI	Venue	Percent Of Volume	Percent Of Order Count	Percent Of Passive Orders	Percent Of Aggressive Orders	Percent Of Directed Orders
1	1V8Y6QCX6YMJ2OELI46	Credit Suisse Securities (USA) LLC	88.34	90.71	N/A	N/A	0
2	DL6FFRRLF74S01HE2M14	Credit Suisse Securities Europe Limited	9.22	5.8	N/A	N/A	0
3	DL6FFRRLF74S01HE2M14	Credit Suisse Securities Europe Limited	1.61	1.82	N/A	N/A	0
4	1V8Y6QCX6YMJ2OELI46	Credit Suisse Securities (USA) LLC	0.83	1.66	N/A	N/A	0
5							

Currency derivatives - Swaps, forwards, and other currency derivatives

	LEI	Venue	Percent Of Volume	Percent Of Order Count	Percent Of Passive Orders	Percent Of Aggressive Orders	Percent Of Directed Orders
1	549300WYFIFDMB6POR04	JB DRAX Honore (UK) Ltd	45.93	20.08	N/A	N/A	0
2	549300BMVW85YF9FGN67	Tullett Prebon (Securities) Limited	18.88	11.5	N/A	N/A	0
3	KX1WK48MPD4Y2NCUIZ63	Natixis S.A.	11.36	12.83	N/A	N/A	0
4	Missing	COEX FXHSBC	8.56	19.63	N/A	N/A	0
5	Missing	SPECTRAFX	5.66	13.41	N/A	N/A	0

Equity Derivatives - Futures and options admitted to trading on a trading venue

	LEI	Venue	Percent Of Volume	Percent Of Order Count	Percent Of Passive Orders	Percent Of Aggressive Orders	Percent Of Directed Orders
1	G5GSEF7VJP5I7OUK5573	Barclays Bank PLC	16.87	2.28	N/A	N/A	0
2	K6Q0W1PS1L1O4IQL9C32	JP Morgan Securities plc	16.45	15.18	N/A	N/A	0
3	549300WYFIFDDB6POR04	JB DRAX Honore (UK) Ltd	13.71	7.69	N/A	N/A	0
4	W22LROWP2IHZNBB6K528	Goldman Sachs Intl	9.13	4.14	N/A	N/A	0
5	DL6FFRRLF74S01HE2M14	Credit Suisse Securities Europe Limited	6.87	24.57	N/A	N/A	0

Commodity derivatives and emission allowance derivatives - Futures and options admitted to trading on a trading venue

	LEI	Venue	Percent Of Volume	Percent Of Order Count	Percent Of Passive Orders	Percent Of Aggressive Orders	Percent Of Directed Orders
1	DL6FFRRLF74S01HE2M14	Credit Suisse Securities Europe Limited	43.55	89.25	N/A	N/A	0
2	R0MUWSFPU8MPRO8K5P83	BNP Paribas - Paris	13.8	1.77	N/A	N/A	0
3	XKZZ2JZF41MRHTR1V493	Citigroup Global Markets Limited	13.15	0.8	N/A	N/A	0
4	K6Q0W1PS1L1O4IQL9C32	JP Morgan Securities plc	9.38	2.57	N/A	N/A	0
5	7LTFWZYICNSX8D621K86	Deutsche Bank AG - London	6.51	0.48	N/A	N/A	0

Class of instrument	Debt Instruments – Bonds Interest rate derivatives – futures and options admitted to trading on a trading venue Interest rate derivatives – swaps, forwards and other interest rate derivatives Currency Derivatives – Futures and options admitted to trading on a trading venue Currency Derivatives – Swaps, forwards and other currency derivatives Equity Derivatives – Futures and options admitted to trading on a trading venue Commodity Derivatives – futures and options admitted to trading on a trading venue	
General observations	When making and executing investment decision, BH 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. BHAM monitors the effectiveness of its order execution arrangements to identify and, where necessary, corrects any deficiencies. There were no deficiencies identified during the reporting period. 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. There were no material changes to BHAM’s execution arrangements during the reporting period.	
	Summary of analysis	Conclusion
Execution factors	A number of execution factors may be considered depending on the transaction and the market in question. These may include: 1) Price; 2) Speed;	During the period under review, BHAM’s overarching execution process was based on these execution factors and criteria as detailed in the Firm’s Order Execution Policy. When effecting transactions on behalf of clients, BHAM will generally

	<p>3) Likelihood of execution and settlement; 4) Costs; 5) Size and nature of the order; and 6) Any other consideration relevant to the order.</p> <p>The relative importance of the execution factors detailed above was determined by the following execution criteria:</p> <ul style="list-style-type: none"> the characteristics of the Client, including the categorisation of the Client as professional; the characteristics of the Client order, including where the order involves a securities financing transaction ("SFT"); the characteristics of the financial instrument that are the subject of that order; and the characteristics of the brokers and/or execution venues to which that order can be directed. 	<p>weight execution factors in an order of priority based on the asset class in question and the prevailing market conditions, all of which may be subject to changes depending on the execution criteria at the time of the transaction.</p> <p>Ordinarily, price will merit a high relative importance in obtaining the best possible result. However, BHAM may, in its absolute discretion, decide that any other factor or factors are or may be more important than price in determining the best possible execution result. This is particularly the case in less liquid or OTC markets.</p> <p>The relative importance given to these execution factors was in line with BHAM's order execution policy and consistent with BHAM's process in respect of these classes of financial instruments.</p>
Close links, conflicts of interest and common ownership with respect to execution venues	<p>Close links The Firm has no close links to report.</p>	Close links N/A
	<p>Conflicts of interest The Firm has no conflicts of interest to report.</p>	Conflicts of interest N/A
	<p>Common ownerships The Firm has no common ownership to report.</p>	Common ownerships N/A
Specific arrangements with execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received	<p>Certain Brevan Howard funds have purchased memberships on certain commodity and derivatives exchanges. Such memberships may entitle the member to reduced commission rates in connection with transactions effected on such exchanges, any reduced commission rates are to the benefit of the relevant fund.</p> <p>Brevan Howard has negotiated volume discounts with certain counterparties, any volume discounts that have been negotiated are to the benefit of the relevant funds and never to the Firm.</p>	<p><i>The Firm followed its inducements procedures in line with its regulatory obligations in relation to these arrangements. In addition, these arrangements did not influence the Firm's selection of those execution venue(s)/broker(s), as the Firm followed its order execution policy and conflicts of interest policy when selecting those execution venues/brokers.</i></p> <p><i>As specified previously, all discounts or reduced commission rates are to the benefit of the relevant funds and never to the Firm.</i></p>
Factors leading to a change in the list of execution venues listed in the order execution policy	There were no significant changes to the list of execution venues in the Firm's Order Execution Policy.	N/A
Differentiation across client categories	N/A - all of the Firm's clients are professional clients	N/A
Use of data / tools relating to quality of execution	The Firm utilises a third party TCA tool following the implementation of MiFID II in January 2018. In addition we receive and review RTS 27 data from trading venues.	N/A
Use of consolidated tape provider output	The Firm has not used output from consolidated tape providers.	N/A