

## ANNUAL BEST EXECUTION DISCLOSURE for the period 1<sup>st</sup> January 2019 to 31<sup>st</sup> December 2019

Lodbrok Capital LLP (“Lodbrok”) is authorised and regulated by the Financial Conduct Authority (“FCA”) as a full-scope UK AIFM with “top-up” permissions to perform certain investment services under the Markets in Financial Instruments Directive (2014/65/EU) (“MiFID”).

Lodbrok executes client orders<sup>1</sup> in the following classes of financial instrument:

1. Equities – Shares and Depositary Receipts: Tick size liquidity band (a) (i);
2. Equities – Shares and Depositary Receipts: Tick size liquidity band (a) (ii);
3. Equities – Shares and Depositary Receipts: Tick size liquidity band (a) (iii);
4. Debt instruments: Bonds;
5. Credit Derivatives: Other Credit Derivatives;
6. Currency derivatives: Futures and options admitted to trading on a trading venue
7. Currency derivatives: Swaps, forwards and other currency Derivatives.

Lodbrok also enters into securities financing transactions in respect of debt instruments: bonds.

In accordance with its obligations under Article 27(10) of MiFID, Article 65(6) of Commission Delegated Regulation (EU) 2017/565, and Commission Delegated Regulation (EU) 2017/576 (“RTS 28”), this document sets out a summary of the analysis and conclusions Lodbrok has reached from its detailed monitoring of the quality of execution obtained on the execution venues<sup>2</sup> where it executed all client orders in 2019 is set out herein. During 2019, Lodbrok did not transmit client orders to any broker for execution as Lodbrok’s order execution activities were conducted exclusively by Lodbrok’s own traders with OTC counterparties, systematic internalisers (“SIs”) and/or swap counterparties.

Quantitative information setting out the top five execution venues in terms of trading volumes for all executed client orders and the top five execution venues in terms of trading volumes for all executed client orders in securities financing transactions in respect of each of the above classes can be downloaded from this website.

Disclosures are not provided for the remaining instrument classes in Annex I of RTS 28 as Lodbrok did not execute trades in those instrument classes during 2019.

This analysis is an aggregation of all the funds and accounts (together “Funds”) managed by Lodbrok and so includes situations where Lodbrok acts as the Alternative Investment Fund Manager, as the delegate of another Alternative Investment Fund Manager and as a discretionary portfolio manager for an account which is not an Alternative Investment Fund.

### Summary of analysis and conclusions regarding quality of execution obtained

- (a) Lodbrok will take all reasonable steps to obtain the best possible result for its Funds, when executing orders with an execution venue, taking into account the "execution factors" specified by MiFID, being price, costs, speed, likelihood of execution and settlement, size, nature, or any other consideration relevant to the order. Lodbrok’s order execution policy provides for a significant degree of flexibility in deciding which execution factors are to be taken into account in respect of a particular order.

Lodbrok generally considers the ranking of the execution factors to be in this order:

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<sup>1</sup> For the purposes of this report, ‘client orders’ includes discretionary portfolio management decisions made by Lodbrok on behalf of its clients.

<sup>2</sup> For the purposes of this report, ‘execution venue’ means trading venue, systematic internaliser, market maker, liquidity provider and/or third country entity performing a similar function.

- Likelihood of execution;
- Market liquidity;
- Price and related execution costs;
- Speed of execution;
- Size of the order; and
- Settlement efficiency.

- (b) Throughout 2019 Lodbrok had no close links or conflict of interests to report with regards execution of transactions.
- (c) No payments, discounts or rebates were received from any of the execution venues or brokers. There were no receipts of any benefits received in relation to execution venues. In compliance with its obligations under MiFID II, Lodbrok has put in place arrangements to pay for research and any non-execution related services received from brokers.
- (d) We maintain a list of execution venues as part of our Best Execution Policy. During 2019, Lodbrok added a number of execution venues to its Best Execution Policy. Lodbrok seeks to add execution venues opportunistically, taking account of a variety of factors but predominantly availability of liquidity in relevant instruments (and therefore likelihood of execution), pricing and transparency of information regarding the relevant instruments.
- (e) Lodbrok classifies each of its clients as a professional client. Accordingly, Lodbrok's order execution does not differ as between different classes of client.
- (f) Lodbrok does not execute orders on behalf of retail clients.
- (g) As part of the review of the execution quality obtained by Lodbrok when executing client orders and in determining the list of execution venues in its Best Execution Policy, Lodbrok may, where it deems appropriate, have regard to publicly available data on the quality of execution obtained by execution venues and brokers; however, Lodbrok will assess a broad range of factors when determining whether to make changes to the list of execution venues and brokers in its Best Execution Policy.
- (h) During 2019, Lodbrok did not contract with any consolidated tape provider (as none is yet available) but is able to access market pricing data from a variety of third-party sources.

**(a) (i) Equities**

Notification if <1 average trade per business day in the previous year

| Top five execution venues ranked in terms of trading volumes (descending order) | CP identifier        | Y  |  |                              |                                 |                               |
|---|----------------------|--|--|------------------------------|---------------------------------|-------------------------------|
|   |                      | Proportion of volume traded as a percentage of total in that class | Proportion of orders executed as percentage of total in that class | Percentage of passive orders | Percentage of aggressive orders | Percentage of directed orders |
| MIRABAUD SECURITIES LIMITED   | 2138008Z5T61L1ZDWV35 | 72.5%  | 36.5%  |                              |                                 |                               |
| OLIVE TREE FINANCIAL LIMITED  | 213800WJG33TNCFVZK61 | 27.5%  | 63.5%  |                              |                                 |                               |

**(a) (ii) Equities**

Notification if <1 average trade per business day in the previous year

| Top five execution venues ranked in terms of trading volumes (descending order) | CP identifier        | Y  |  |                              |                                 |                               |
|---|----------------------|--|--|------------------------------|---------------------------------|-------------------------------|
|   |                      | Proportion of volume traded as a percentage of total in that class | Proportion of orders executed as percentage of total in that class | Percentage of passive orders | Percentage of aggressive orders | Percentage of directed orders |
| OLIVE TREE FINANCIAL LIMITED  | 213800WJG33TNCFVZK61 | 96.9%  | 66.2%  |                              |                                 |                               |
| MIRABAUD SECURITIES LIMITED   | 2138008Z5T61L1ZDWV35 | 3.1%   | 33.8%  |                              |                                 |                               |

**(a) (iii) Equities**

Notification if <1 average trade per business day in the previous year

| Top five execution venues ranked in terms of trading volumes (descending order) | CP identifier        | Y  |  |                              |                                 |                               |
|---|----------------------|--|--|------------------------------|---------------------------------|-------------------------------|
|   |                      | Proportion of volume traded as a percentage of total in that class | Proportion of orders executed as percentage of total in that class | Percentage of passive orders | Percentage of aggressive orders | Percentage of directed orders |
| OLIVE TREE FINANCIAL LIMITED  | 213800WJG33TNCFVZK61 | 100.0%   | 100.0%   |                              |                                 |                               |

**(b) (i) Bonds**

Notification if <1 average trade per business day in the previous year

| Top five execution venues ranked in terms of trading volumes (descending order) | CP identifier        | N  |  |                              |                                 |                               |
|---|----------------------|--|--|------------------------------|---------------------------------|-------------------------------|
|   |                      | Proportion of volume traded as a percentage of total in that class | Proportion of orders executed as percentage of total in that class | Percentage of passive orders | Percentage of aggressive orders | Percentage of directed orders |
| JEFFERIES INTERNATIONAL LIMITED   | S5THZMDUJCTQZBTRVI98 | 13.6%  | 14.1%  |                              |                                 |                               |
| CITIGROUP GLOBAL MARKETS LIMITED  | XKZZ2JZF41MRHTR1V493 | 13.5%  | 9.8%   |                              |                                 |                               |
| J.P. MORGAN SECURITIES PLC  | K6Q0W1PS1L1O4IQL9C32 | 10.4%  | 9.4%   |                              |                                 |                               |
| GOLDMAN SACHS INTERNATIONAL   | W22LROWP2IHZNBB6K528 | 7.7%   | 7.5%   |                              |                                 |                               |
| CREDIT SUISSE SECURITIES (EUROPE) LIMITED                                       | DL6FFRRLF74S01HE2M14 | 6.7%   | 7.2%   |                              |                                 |                               |

**(d) (ii) Other Credit Derivatives**

Notification if <1 average trade per business day in the previous year

| Top five execution venues ranked in terms of trading volumes (descending order) | CP identifier        | Y  |  |                              |                                 |                               |
|---|----------------------|--|--|------------------------------|---------------------------------|-------------------------------|
|   |                      | Proportion of volume traded as a percentage of total in that class | Proportion of orders executed as percentage of total in that class | Percentage of passive orders | Percentage of aggressive orders | Percentage of directed orders |
| J.P. MORGAN SECURITIES PLC  | K6Q0W1PS1L1O4IQL9C32 | 70%  | 70%  |                              |                                 |                               |
| GOLDMAN SACHS INTERNATIONAL   | W22LROWP2IHZNBB6K528 | 20%  | 24%  |                              |                                 |                               |
| BNP PARIBAS   | R0MUWSFPU8MPRO8K5P83 | 10%  | 6%   |                              |                                 |                               |

**(e) (ii) Swaps, Forwards & Other Currency Derivatives**

Notification if <1 average trade per business day in the previous year

| Top five execution venues ranked in terms of trading volumes (descending order) | CP identifier        | Y  |  |                              |                                 |                               |
|---|----------------------|--|--|------------------------------|---------------------------------|-------------------------------|
|   |                      | Proportion of volume traded as a percentage of total in that class | Proportion of orders executed as percentage of total in that class | Percentage of passive orders | Percentage of aggressive orders | Percentage of directed orders |
| BNP PARIBAS   | R0MUWSFPU8MPRO8K5P83 | 40.8%  | 34.0%  |                              |                                 |                               |
| UBS LIMITED   | REYPIEJN7XZHSUI0N355 | 29.3%  | 16.5%  |                              |                                 |                               |
| THE BANK OF NEW YORK MELLON   | MMYX0N4ZEZ13Z4XCG897 | 18.2%  | 30.4%  |                              |                                 |                               |
| STATE STREET GLOBAL MARKETS INTERNATIONAL LIMITED                               | 549300SQM0MRIF4HE647 | 11.5%  | 17.4%  |                              |                                 |                               |
| J.P. MORGAN SECURITIES PLC  | K6Q0W1PS1L1O4IQL9C32 | 0.2%   | 1.8%   |                              |                                 |                               |

**(g) (i) Option & Futures admitted to trading on a venue**

Notification if <1 average trade per business day in the previous year

|  |  | Y                    |   |   |                                     |  |                                      |
|--|--|----------------------|---|---|-------------------------------------|--|--------------------------------------|
| <b>Top five execution venues ranked in terms of trading volumes (descending order)</b> |  | <b>CP identifier</b> | <b>Proportion of volume traded as a percentage of total in that class</b> | <b>Proportion of orders executed as percentage of total in that class</b> | <b>Percentage of passive orders</b> | <b>Percentage of aggressive orders</b> | <b>Percentage of directed orders</b> |
| BNP PARIBAS  |  | R0MUWSFPU8MPRO8K5P83 | 79%   | 53%   |                                     |  |                                      |
| J.P. MORGAN SECURITIES PLC   |  | K6Q0W1PS1L1O4IQL9C32 | 21%   | 47%   |                                     |  |                                      |

**Security Borrowing**

Notification if <1 average trade per business day in the previous year

|  |  | Y                    |  |   |                                     |  |                                      |
|--|--|----------------------|--|---|-------------------------------------|--|--------------------------------------|
| <b>Top five execution venues ranked in terms of trading volumes (descending order)</b> |  | <b>CP identifier</b> | <b>Proportion of volume executued as a percentage of total in that class</b> | <b>Proportion of orders executed as percentage of total in that class</b> | <b>Percentage of passive orders</b> | <b>Percentage of aggressive orders</b> | <b>Percentage of directed orders</b> |
| BNP PARIBAS ARBITRAGE  |  | 6EWKU0FGVX5QQJHFGT48 | 83%  | 74%   |                                     |  |                                      |
| J.P. MORGAN SECURITIES PLC   |  | K6Q0W1PS1L1O4IQL9C32 | 17%  | 26%   |                                     |  |                                      |