



**LOMBARD ODIER**  
INVESTMENT MANAGERS

# **Lombard Odier Funds (Europe) S.A.**

## **Top Five Execution Venues Report**

<b>Scope and Approval</b>	<b>Details</b>
Reporting Period	January 1 <sup>st</sup> 2022 to December 31 <sup>st</sup> 2022
Approval authority	LOIM Best Execution Committee
Approval date	28 April 2023

## Table of contents

<b>1. Purpose of the report</b>	<b>3</b>
<b>2. Top five execution venues</b>	Error! Bookmark not defined.
<b>3. Analysis &amp; Conclusions</b>	<b>7</b>
3.1. Relative importance of execution factors	7
3.2. Close links, conflicts of interests, and common ownerships with respect to execution venues used	9
3.3. Specific arrangements with any execution venues	9
3.4. Factors that led to a change in the list of execution venues listed in the Firm's execution policy	9
3.5. Order execution according to client categorisation	9
3.6. Executing retail client orders	10
3.7. Data or tools relating to the quality of execution used by the investment firm	10

## Definitions

Term	Definition
<b>Best Execution</b>	Duty of the Firm to take all sufficient steps to execute orders on terms most favourable to the client taking into consideration price, costs, speed, likelihood of execution and settlement, size, nature or any other relevant consideration.
<b>Clients</b>	Discretionary clients for which LOIM is executing orders on an agency basis with external brokers / counterparties.
<b>Firm</b>	Lombard Odier Funds (Europe) S.A.
<b>LOF Europe</b>	Lombard Odier Funds (Europe) S.A.
<b>LOF Europe – Dutch Branch (Rotterdam)</b>	Lombard Odier Funds (Europe) S.A. - Dutch Branch (Rotterdam), a branch office of LOF Europe.
<b>LOC</b>	Bank Lombard Odier & Co Ltd, an affiliated company of the Firm
<b>LOIM</b>	Lombard Odier Asset Management (Europe) Limited, Lombard Odier Asset Management (Switzerland) SA Lombard Odier Funds (Europe) S.A. and Lombard Odier Asset Management (USA) Corp
<b>LOIM Trading Desk</b>	The LOIM Trading Desk consists of traders based in New York, London, Geneva and Hong Kong who shall execute orders received from Portfolio Managers
<b>Portfolio Managers</b>	Investment professionals in charge of the day-to-day portfolio management activities within LOIM

### 1. Purpose of the report

The Firm is a management company authorised by the *Commission de Surveillance du Secteur Financier*, the Luxembourg financial supervisory authority (the "CSSF") as a management company under Chapter 15 of the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended from time to time (the "UCI Law") and as an alternative investment fund manager ("AIFM") under Chapter 2 of the Luxembourg law of 12 July 2013 on alternative investment fund managers ("AIFMs"), as amended from time to time (the "AIFM Law").

The Firm is authorised by the CSSF to manage UCITS and alternative investment funds ("AIFs") and to provide certain discretionary management services under Article 101, (3) of the UCI Law and Article 5 (4) of the AIFM Law. The Firm's permission entitles it to carry on certain portfolio management activities that are regulated under the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and Regulation (EU) No 600/2014 on markets in financial instruments (MiFIR) (together, "MiFID II Regulation"). In relation to such portfolio management activities (known as MiFID II "top-up" permissions), the Firm is subject to the CSSF rules that implement MiFID II as well as certain directly applicable EU secondary regulation like Regulatory Technical Standard 28 ("RTS 28").

In accordance with RTS 28, the Firm shall provide disclosures on the top five execution venues in terms of trading volumes for all executed orders placed with, or transmitted to, brokers for execution per class of financial instruments.

Trading activities have been carried out only by LOF Europe – Dutch Branch as part of the management of portfolios of investments in accordance with mandates given by investors on a discretionary, client-by-client basis. Therefore, the information set out in this report covers only the past trading activities of LOF Europe – Dutch Branch in respect of the management of mandates.

The report includes, for each class of financial instruments, a summary of the analysis and conclusions drawn from the detailed monitoring of the quality of execution obtained on the execution venues where LOF Europe - Dutch Branch executed client orders in the previous year.

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 5 execution venues ranked in terms of trading volumes (descending order)		LEI	Proportion of volume traded in percentage of total in that class	Proportion of orders executed as percentage of total in that asset class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Counterparty	Caceis Bank	6IBE5RUJI08B8EKSZY62	93.92%	94.32%	N/A	N/A	
	The Northern Trust Company	HWIPDOTRM1EKRPKYKH81	4.63%	1.89%	N/A	N/A	
	HSBC Bank PLC	MP6I5ZYZBEU3UXPYFY54	1.45%	3.79%	N/A	N/A	

Class of Instrument		Debt instruments / Bonds					
Notification if <1 average trade per business day in the previous year		YES					
Top 5 execution venues ranked in terms of trading volumes (descending order)		LEI	Proportion of volume traded in percentage of total in that class	Proportion of orders executed as percentage of total in that asset class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Counterparty	Nomura International PLC	DGQCSV2PHVF7I2743539	44.64%	33.33%	N/A	N/A	
	ABN Amro Bank N.V.	BFXS5XCH7N0Y05NIXW11	19.20%	16.67%	N/A	N/A	
	Marketaxess Europe Limited	549300TTHIODYMGND828	15.93%	16.67%	N/A	N/A	
	Commerzbank Aktiengesellschaft	851WYGNLUQLFZBSYGB56	11.53%	16.67%	N/A	N/A	
	Merrill Lynch International	GGDZP1UYGU9STUHRDP48	8.70%	16.67%	N/A	N/A	

The data above is based on execution data in the period from 1st January 2022 to 31st December 2022 inclusive.

Class of Instrument			Equities - Shares & Depositary Receipts / Tick size liquidity band 1 and 2(from 0 to 79 trades per day)				
Notification if <1 average trade per business day in the previous year			NO				
Top 5 execution venues ranked in terms of trading volumes (descending order)			Proportion of volume traded in percentage of total in that class	Proportion of orders executed as percentage of total in that asset class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Counterparty		LEI					
RBC Capital Markets, LLC		549300LCO2FLSSVFFR64	59.27%	63.40%	N/A	N/A	0.30%
Goldman Sachs International		W22LROWP2IHZNBB6K528	25.41%	19.93%	N/A	N/A	0.39%
Credit Suisse International		E58DKGMJYYYJLN8C3868	6.31%	4.58%	N/A	N/A	0.36%
Morgan Stanley & Co. International PLC		4PQUHN3JPFGFNF3BB653	4.58%	7.52%	N/A	N/A	0.52%
Liquidnet Europe Limited		213800ZIRB79BE5XQM68	4.43%	4.58%	N/A	N/A	0.57%

Class of Instrument			Equities - Shares & Depositary Receipts / Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)				
Notification if <1 average trade per business day in the previous year			NO				
Top 5 execution venues ranked in terms of trading volumes (descending order)			Proportion of volume traded in percentage of total in that class	Proportion of orders executed as percentage of total in that asset class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Counterparty		LEI					
RBC Capital Markets, LLC		549300LCO2FLSSVFFR64	69.64%	11.11%	N/A	N/A	1.00%
Goldman Sachs International		W22LROWP2IHZNBB6K528	13.57%	51.11%	N/A	N/A	0.09%
RBC Europe Limited		TXDSU46SXBWIGJ8G8E98	5.94%	2.22%	N/A	N/A	1.00%
Citigroup Global Markets Limited		XKZZ2JZF41MRHTR1V493	5.80%	20.00%	N/A	N/A	0.11%
Morgan Stanley & Co. International Plc		4PQUHN3JPFGFNF3BB653	5.06%	15.56%	N/A	N/A	

The data above is based on execution data in the period from 1st January 2022 to 31st December 2022 inclusive.

Class of Instrument		Equities - Shares & Depositary Receipts / Tick size liquidity bands 5 and 6 (from 2000 trades per day)					
Notification if <1 average trade per business day in the previous year		NO					
Top 5 execution venues ranked in terms of trading volumes (descending order)		LEI	Proportion of volume traded in percentage of total in that class	Proportion of orders executed as percentage of total in that asset class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Counterparty	RBC Capital Markets, LLC	549300LCO2FLSSVFFR64	69.09%	69.05%	N/A	N/A	0.33%
	Goldman Sachs International	W22LROWP2IHZNBB6K528	20.74%	19.40%	N/A	N/A	0.49%
	Citigroup Global Markets Limited	XKZZ2JZF41MRHTR1V493	4.45%	4.85%	N/A	N/A	0.81%
	UBS Europe SE	5299007QVIQ7IO64NX37	3.24%	2.31%	N/A	N/A	0.50%
	Morgan Stanley & Co. International Plc	4PQUHN3JPFGFNF3BB653	2.47%	4.39%	N/A	N/A	0.32%

Class of Instrument		Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)					
Notification if <1 average trade per business day in the previous year		YES					
Top 5 execution venues ranked in terms of trading volumes (descending order)		LEI	Proportion of volume traded in percentage of total in that class	Proportion of orders executed as percentage of total in that asset class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Counterparty	RBC Capital Markets, LLC	549300LCO2FLSSVFFR64	67.13%	66.67%	N/A	N/A	1.00%
	Goldman Sachs International	W22LROWP2IHZNBB6K528	32.87%	33.33%	N/A	N/A	1.00%

The data above is based on execution data in the period from 1st January 2022 to 31st December 2022 inclusive.

### 3. Analysis & Conclusions

The analysis and conclusions set are provided at an LOIM group level as described in the Best Execution Policy. They are applicable to the Firm when the matters set out in this paragraph 3 are relevant to the activities of the Firm.

#### 3.1. Relative importance of execution factors

In selecting its execution venues for the reporting period, LOIM considered price, cost of executing, liquidity available for the instruments being traded, the speed of execution, reliability, likelihood of execution and settlement, continuity of trading, creditworthiness of the venue and quality of any related clearing and settlement facilities.

For the year ending 2022, the Firm can confirm it considers it has met its obligation to achieve the best possible result for its clients on a consistent basis.

##### 3.1.1. Equity

While price was generally the most important factor, for larger orders for example, other factors such as execution certainty, market impact reduction and execution speed may have had greater importance. When LOIM Trading Desk transmitted the order to brokers for execution, it selected brokers which had a track record of achieving the best result for orders of a similar nature.

Asset Class	Liquid Market	Less Liquid Market	Other
<b>Equities and equity-like listed derivatives</b>	<b>1&amp;2. Price &amp; Cost</b> Due to the high availability of liquidity across a number of different venues, LOIM generally placed the highest importance on price. <b>3. Speed</b> Relevance of speed as an execution factor depended on the investment strategy. It was generally of second importance. <b>4. Size</b> <b>5. Likelihood of execution</b> <b>6. Other considerations</b> Other factors were less relevant when trading very liquid, listed instruments	<b>1&amp;2. Size &amp; Likelihood of execution</b> In illiquid markets, size was a key consideration. Capacity to execute large orders was generally prioritised over price. <b>3. Price</b> <b>4. Speed</b> <b>5. Cost</b> <b>6. Other consideration</b> Other factors were less relevant in illiquid markets	Portfolio's strategy and Portfolio Managers' instructions (e.g. price limit orders, end of day order or FX fixing series orders) also had a significant influence on order handling and execution.

##### 3.1.2. Fixed Income (including Convertible Bonds)

Consistent liquidity and price were normally the most important factors in deciding where and how to execute. Next in order of preference were: competitiveness of spreads, promptness of execution, and past history in executing orders.

When trading listed derivatives, particular consideration was given to: costs, speed and likelihood of execution. Where relevant, brokers were selected on their pricing, liquidity capability, clearance and settlement capabilities, quality of service, access to markets, credit worthiness and financial stability.

Asset Class	Liquid Market	Less Liquid Market
<b>Fixed income including convertible bonds</b>	<b>1&amp;2. Price &amp; Cost</b> Price was the key consideration. Cost was important and varied depending on trades. <b>3. Likelihood of execution</b> <b>4. Speed</b> Importance of speed varied according to the instrument (e.g. for volatile products speed was more important) <b>5. Size</b> <b>6. Other considerations</b> Other factors were less relevant when trading very liquid instruments	<b>1. Price</b> In less liquid markets, price remained the main factor taken into consideration <b>2. Size &amp; Likelihood of execution</b> In illiquid markets, the capacity to execute large orders was a key consideration which came second in line after the price. <b>4. Speed</b> <b>5. Cost</b> <b>6. Other considerations</b> Other factors were less relevant when trading less liquid instruments

### 3.1.3. Money Market Instruments

Due to the specific nature of settlement in money markets instruments, particular importance was placed on the effectiveness of settlement and clearing when selecting a venue. However, as with the other assets; price, costs, speed of execution, likelihood of execution, speed of settlement, likelihood of settlement, size of order and nature of order were also factors when considering how and where to execute.

Asset Class	Liquid Market	Less Liquid Market
<b>Money market instruments</b>	<b>1&amp;2. Price &amp; Cost</b> Price was the key consideration. Cost was important and varied depending on trades. <b>3. Likelihood of execution</b> <b>4. Speed</b> Importance of speed varied according to the instrument (e.g. for volatile products speed was more important) <b>5. Size</b> <b>6. Other considerations</b> Other factors were less relevant when trading very liquid instruments	<b>1. Price</b> In less liquid markets, price remained the main factor taken into consideration <b>2. Size &amp; Likelihood of execution</b> In illiquid markets, the capacity to execute large orders was a key consideration which came second in line after the price. <b>4. Speed</b> <b>5. Cost</b> <b>6. Other considerations</b> Other factors were less relevant when trading less liquid instruments

### 3.1.4. Foreign Exchange

Depending on the size of an order, LOIM Trading Desk generally obtained several simultaneous quotations from multiple counterparties, with the predominant factor being best price at the time of execution. For very large orders, a single counterparty may have been approached dependent on the execution strategy at the time of the order. In such a case, venue selection took into consideration factors such as previous execution performance, clearance and settlement capability, credit worthiness and financial stability, timely trading and ability to trade in large volumes. For both spot and forward FX transactions, the predominant factor was best price at the time of execution.

Asset Class	Liquid Market	Less Liquid Market
<b>FX</b>	<b>1&amp;2. Price &amp; Cost</b> Price was the key consideration. Cost was important and varied depending on trades. <b>3. Speed</b> Importance of speed varied according to the instrument (e.g. for volatile products speed was important) <b>4. Size</b> <b>5. Likelihood of execution</b> <b>6. Other considerations</b> Other factors were less relevant when trading very liquid instruments	<b>1. Price</b> In less liquid markets, price remained the main factor taken into consideration <b>2. Likelihood of execution</b> In illiquid markets, the capacity to execute an order was a key consideration which came second after the price <b>3. Cost</b> <b>4. Size</b> <b>5. Speed</b> <b>6. Other considerations</b>



### 3.1.5. OTC Derivatives

Dealing in OTC derivatives was limited to pre-authorised counterparties with whom ISDA agreements are in place and in such cases the perceived operational efficiency of such counterparties was relevant. The selection of execution venues depended on, amongst others, the size of transaction, liquidity, counterparty risk, credit risk and perceived settlement capabilities.

Asset Class	Liquid Market	Less Liquid Market
OTC derivatives	<b>1. Price</b> Price was the key consideration. <b>2. Likelihood of execution</b> For equivalent price, the capacity to execute an order was a key consideration. <b>3. Cost</b> <b>4. Size</b> <b>5. Likelihood of settlement</b> <b>6. Other considerations</b>	<b>1. Likelihood of execution</b> In illiquid markets the capacity to execute the order was generally prioritised over price <b>2. Price</b> In less liquid markets price remained a key consideration <b>3. Cost</b> <b>4. Size</b> <b>5. Likelihood of settlement</b> <b>6. Other considerations</b>

### 3.2. Close links, conflicts of interests, and common ownerships with respect to execution venues used

Bank Lombard Odier & Co Ltd, wholly owned by Compagnie Lombard Odier SCmA ("LOC"), is an affiliate of LOF Europe Dutch Branch. As an authorised broker, LOC can execute orders on behalf of their clients, including funds and mandates managed by LOF Europe Dutch Branch.

LOF Europe Dutch Branch may also utilize the Direct Market Access provided by LOC in order to access the SIX exchange directly.

For information, in 2022 no trading was executed with LOC for LOF Europe – Dutch Branch.

### 3.3. Specific arrangements with any execution venues

There are no specific arrangements concerning rebates or non-monetary benefits with any current execution venues.

### 3.4. Factors that led to a change in the list of execution venues listed in the Firm's execution policy

LOIM continuously assesses and manages its very close relationships with brokers and platforms alike. LOIM is regularly consulted on future developments of multi-asset trading technology and direction of service from brokers, keeping LOIM at the forefront of disruptive technology in this space.

Over recent years, several changes primarily driven by the MiFID II regulations have influenced LOIM's best execution capabilities.

In January 2018, MiFID II formalized the end of Broker Crossing Network activity and put constraints on dark pool trading with double volume caps. As a result, the number of liquidity pools has increased across European markets since 2018 as new venue types and market mechanisms emerged. LOIM, for example, observed the increase of periodic auction in the new liquidity landscape, which have served as a good liquidity source for stocks that have otherwise been suspended from sub-LIS dark activity under the double volume cap mechanism.

Also noticeable has been the proliferation of the Systematic Internaliser (SI) regime since MiFID II, which was otherwise negligible prior to the regulatory change. Systematic Internalisers allow investors to interact with principal liquidity providers that provide price improvement and reduced market impact.

The full list of execution venues and approved counterparty is published on the LOIM website:

<https://am.lombardodier.com/gb/en/home/disclaimers/regulatory-disclosures.html>

### 3.5. Order execution according to client categorisation

Our execution policy does not treat different categories of clients differently. All execution decisions are made by our trading desk according to a single Best Execution policy.

### 3.6. *Executing retail client orders*

LOF Europe – Dutch Branch has not executed trade orders for any retail clients.

### 3.7. *Data or tools relating to the quality of execution used by the investment firm*

Multiple parties including Traders, Portfolio Managers, Risk Managers and Compliance all participate in a process designed to monitor execution quality. A range of data is used to monitor execution quality on an ongoing basis and regular reporting is provided to competent committees including the Trading Oversight Committee and the Best Execution Committee that meet on a quarterly basis.

To measure and analyze its quality of execution, LOIM primarily utilizes Bloomberg Transaction Cost Analysis (TCA) to monitor trade execution versus a number of different benchmarks allowing it to monitor both performance and best execution outliers. Additionally, LOIM leverages the tool to help identify execution and timing trends in order to help with both benchmark and timing optimization in an effort to reduce costs.

MiFID II requires trading venues to provide reports on execution quality, as defined in RTS 27. Reports must be published on a quarterly basis and include data for each trading day. The publication must take place no later than three months after the end of each quarter. LOIM observed that the data published to date has not proven useful for the purpose of its own best execution analysis but it will continue to monitor and review reports published in the coming quarters.

For additional details on LOIM's execution arrangements and policy, please refer to the Best Execution Policy on LOIM's website at <https://am.lombardodier.com/gb/en/home/disclaimers/regulatory-disclosures.html>

## Important Information

For professional investor use only.

This document is issued by Lombard Odier Funds (Europe) S.A. a Luxembourg public limited company (société anonyme - SA), having its registered office at 291, route d'Arlon, 1150 Luxembourg, authorised and regulated by the CSSF as a Management Company within the meaning of EU Directive 2009/65/EC, as amended; and within the meaning of the EU Directive 2011/61/EU on Alternative Investment Fund Managers (AIFMD). The purpose of the Management Company is the creation, promotion, administration, management and the marketing of Luxembourg and foreign UCITS, AIFs and other regulated funds, collective investment vehicles or other investment vehicles, as well as the offering of portfolio management and investment advisory services.

Lombard Odier Investment Managers ("LOIM") is a trade name.

The information set out in this report covers LOF Europe's past trading activities and is not necessarily reflective of LOF Europe's current or future trading activities and should not be relied on as such.

Views and opinions expressed are for informational purposes only and do not constitute a recommendation by LOIM to buy, sell or hold any security. Views and opinions are current as of the date of this publication and may be subject to change. They should not be construed as investment advice.

This document does not contain personalized recommendations or advice and is not intended to substitute any professional advice on investment in financial products. Before entering into any transaction, an investor should consider carefully the suitability of a transaction to his/her particular circumstances and, where necessary, obtain independent professional advice in respect of risks, as well as any legal, regulatory, credit, tax, and accounting consequences.

©2023 Lombard Odier IM. All rights reserved