

ODEY ASSET MANAGEMENT LLP (“Odey”)

QUALITY OF EXECUTION ANNUAL REPORT

DISCLOSURE PERIOD: 1st JANUARY 2018 to 31st DECEMBER 2018

REPORT DATE: 30th APRIL 2019

Sub-classes of financial instruments included in this report	Sub-classes of financial instruments not included in this report
<ul style="list-style-type: none">• <i>Equities – Shares and Depositary Receipts</i>• <i>Debt Instruments – Bonds</i>• <i>Debt instruments - Money Market Instruments</i>• <i>Interest Rates Derivatives – Futures and Options</i>• <i>Interest Rates Derivatives - Swaps, forwards and other interest rates derivatives</i>• <i>Commodity Derivatives – Futures and options admitted to trading on a trading venue</i>• <i>Currency Derivatives - Swaps, forwards and other currency derivatives</i>• <i>Equity Derivatives – Options and Futures admitted to trading on a trading venue</i>• <i>Equity Derivatives – Swaps and other equity derivatives</i>• <i>Exchange Traded Products</i>• <i>Other Instruments</i>	<ul style="list-style-type: none">• <i>Structured finance instruments</i>• <i>Securitized Derivatives</i>• <i>Warrants and Certificate Derivatives</i>• <i>Contracts for difference</i>• <i>Commodity Derivatives – Other commodities and emission allowances derivatives</i>• <i>Credit Derivatives – Futures and options admitted to trading on a trading venue</i>• <i>Credit Derivatives – Other credit derivatives</i>• <i>Currency Derivatives – Futures and options admitted to trading on a trading venue</i>• <i>Emission allowances</i>

General

Odey 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”). Odey provides discretionary investment management services for a range of clients including EU and non-EU domiciled Alternative Investment Funds (“AIFs”), EU domiciled UCITS collective investment schemes and segregated managed accounts (collectively referred to as “clients”). Although the FCA has decided not to extend the new Markets in Financial Instruments Directive and Regulation (“MiFID II”) best execution requirements to full scope UK AIFMs such as Odey with respect to the investment management of its AIFs, Odey has elected to adopt the higher standard and apply a single approach to best execution by applying the MiFID II reporting standards to all of its clients.

As part of the MiFID II Regulatory Technical Standard 28 (RTS28) best execution requirements, investment firms are required to publish annual reports which provide certain prescribed information on the quality of execution obtained for each financial instrument traded during the preceding year. This includes a Qualitative report which sets out an annual summary of the analysis and observations from its best execution monitoring for the previous calendar year, and Quantitative reports which disclose Odey’s top five execution venues in relation to each sub-class financial instrument. Under MiFID II there are 22 sub-classes of financial instruments and Odey has ascertained that during 2018 it has undertaken execution in 11 of these sub-classes as set out in the table above.

This report fulfils the RTS28 requirements regarding the Qualitative report, and it should be referred to in conjunction with the relevant individual sub-class Quantitative reports which are found on the Odey website. The Qualitative report must also include specific information regarding:

- Execution factor importance – an explanation of the relative importance given to Odey’s order execution factors such as price, costs, speed and likelihood of execution;
- Execution venue conflicts – a description of any conflicts, close links of Odey with any execution venues;
- Execution venue payments - a description of any specific arrangements of Odey with any execution venues regarding payments, discounts or rebates;
- Execution venue changes – an explanation of any factors that resulted in a change of the execution venues in Odey’s Order Execution Policy;
- Client categorisation – where applicable, an explanation of how Odey’s order execution changes, according to client categorisation as a Retail Client, Professional Client (as defined under the FCA rules);
- Retail factors- an explanation – where applicable, an explanation of instances when other criteria other than price and costs were used when executing retail client orders;
- Execution analysis tools -an explanation of how Odey has used any data or tools relating to its quality of execution; and,
- Consolidated Tape Provider (CTP) usage- where applicable, an explanation of how Odey has used a consolidated tape provider to improve execution quality.

The Execution factor importance can vary depending upon the instrument sub-class so this is handled independently below; where there is a commonality in execution factors for a range of sub-classes then these have been aggregated. The other information on close links, conflicts or common ownership as well as information on payments, rebates and benefits of venues has been disclosed on a consolidated basis immediately below as this information is common across all of Odey’s instrument sub-classes.

Please note that as a discretionary investment manager Odey’s “execution” of orders will customarily refer to the placement of orders for execution with a broker which then places the order directly with the relevant execution venue (i.e. we are carrying out indirect execution in most cases). Consequently, the Quantitative reports which disclose top five execution venues for each financial instrument sub-class will typically be the brokers that we have used when making a decision to deal. An exception would be where we are undertaking a transaction in an OTC instrument on a bilateral basis directly with the counterparty, which would in effect constitute the direct execution venue.

The Quantitative reports also display for each instrument sub-class and the top five execution venues:

- The volume of Odey’s client orders that have been executed as a percentage of the total market value executed volume; and,
- The number of Odey’s client orders expressed as a percentage of Odey’s total client orders.

Odey undertakes investment management activities on behalf of its clients on a discretionary basis, and hence it does not receive instructions from its clients on how an order should be executed. Odey has an Order Execution Policy in place which sets out Odey’s process for taking all sufficient steps when carrying out client order executions to obtain the best possible result for its clients.

Odey takes into account a range of execution factors in deciding where and how to execute client orders. In determining the relative importance of these factors Odey considers amongst other things:

- the objectives, investment policy and risks specific to the client;
- the characteristics of the client orders;

- the characteristics of the financial instruments to which the order relates;
- the characteristics of the execution venues to which client orders can be directed; and,
- the reliability of the counterparty.

Odey will generally give the highest priority to price but it may at its discretion prioritise other factors, including the impact on market prices of executing client orders, the speed and likelihood of execution and the availability of price improvement, or other factors, for example where a security is illiquid so that obtaining the best immediately available price may not be the best overall result for its clients. Odey's carries out investment management activities across different markets and financial instruments. The diversity in these markets and instruments means that different execution factors have to be taken into account when delivering the best possible result. For example, in some markets, price volatility may mean the timeliness of execution is a priority whereas, in other markets that have low liquidity, the fact of execution may itself constitute best execution. Further details on the execution factors applied by Odey to each sub-asset class are set out in more detail below.

Systematic monitoring occurs through the daily review of trades by Compliance with the assistance of the Odey dealing desk looking at execution price (against interval VWAP), as well as a monthly review of the worst performing brokers, which takes into account the other execution factors, such as cost (commission levels), and the likelihood of settlement which form part of the monitoring process and are reviewed at the monthly Dealers meeting. Further analysis will be conducted in the event that a particular execution venue consistently appears on the monthly analysis of the interval VWAP exceptions report or has high commission levels or a high number of failed trades. The execution venue may be suspended where performance has deteriorated or there are general concerns, and in extremis the broker will be removed from Odey's Approved Broker list.

Quantitative factors (excluding execution factors) which apply to each sub-class:

Execution venue conflicts	Odey has no close links or common ownership with any execution venues/brokers to report.
Execution venue payments	Odey has no conflicts of interest to report, or specific arrangements in place with its execution venues relating to any payments made or received, discounts, rebates or non-monetary benefits received.
Execution venue changes	Odey may add or remove an execution venue from its list of Approved Counterparties following a best execution review and in accordance with Odey's Order Execution Policy. The factors that may be taken into consideration typically include credit quality of the execution venue, execution capability, regulatory status, liquidity, settlement issues, and any other factors that could potentially impact on the service that the execution venue will provide to Odey.
Client categorisation	Not applicable. Odey only undertakes investment management activities on behalf of its clients, which are all classified as Professional Clients. Odey is not authorised to provide its services to Retail Clients.
Retail factors	Odey only undertakes investment management activities on behalf of its clients, which are all classified as Professional Clients. Odey is not authorised to provide its services to Retail Clients.
Execution analysis tools	Odey uses Bloomberg ESMX, IHS Markit Ltd. for Transaction Cost Analysis (TCA) and best execution monitoring, TCA provided by specific execution venues, and

	FXall which is a foreign exchange aggregator providing electronic trading for currency derivatives.
Consolidated Tape Provider	Odey has not used any Consolidated Tape Providers

Quantitative execution factors which apply to each sub-class:

Sub-class of financial instrument	<ul style="list-style-type: none"> • <i>Equities – Shares and Depositary Receipts</i> • <i>Equity Derivatives – Swaps and other equity derivatives</i> 	
Observations	<p>The method of execution is for the Odey dealing desk to speak to market makers or to communicate with brokers electronically. Where the third party accepts an order they will be working in an agency capacity and will owe best execution to Odey under its categorisation as a Professional Client. Where the order is done on a Request for Quote basis the broker may be able to dis-apply its duty to provide Best Execution where it can assess that legitimate reliance is not being placed on the broker by Odey. Prices in most actively traded equities are available on exchanges and information providers such as Bloomberg. The availability of this data means that prices can be negotiated with brokers with reference to these electronically displayed prices, especially for larger blocks of stock.</p>	
	Summary of analysis	Conclusion
Execution factors	<p>Odey takes into account the following Execution Factors (“Factors”) whilst taking all sufficient steps to obtain the best possible results for its clients on a consistent basis. These may include:</p> <ol style="list-style-type: none"> 1. Price (including price improvement); 2. Error rate; 3. Speed (i.e. timeliness) and accuracy of fulfilling execution and responsiveness of the broker; 4. Likelihood of settlement (e.g. quality and efficiency of post execution service); 5. Size and nature of the order and likelihood of execution (e.g. current liquidity for the relevant instrument including minimising market impact); 6. Anonymity; 7. Reputation of Broker (e.g. including credit rating); 8. Cost of execution (i.e. fees charged for executing an order on a particular venue); and, 9. General reliability and any other consideration relevant to the execution of the order. <p>Ordinarily price will merit a high relative importance, but circumstances may dictate that other Factors from those listed may be more important than price in determining the best possible result in a specific situation or for a certain instrument. Different asset classes and the client’s investment objectives may require other Factors listed to rank more highly. For example, a Fund Manager</p>	<p>Odey’s best execution process was based on these execution factors and criteria, as detailed in the Firm’s Order Execution Policy.</p> <p>Ordinarily, price will merit a high relative importance in obtaining the best possible result. However, the Firm 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.</p> <p>The relative importance given to these execution factors was in line with Odey’s Order Execution Policy.</p>

	<p>may be prepared to accept a price disadvantage in exchange for a more rapid execution. To this end, Odey takes account of both quantitative and qualitative factors as part of its order execution process. 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; • The characteristics of the transaction; • The characteristics of the financial instruments that are the subject of the transaction; and • The characteristics of the Brokers or Execution Venues to which that transaction can be placed or transmitted. 	
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<p>Sub-class of financial instrument</p>	<ul style="list-style-type: none"> • <i>Debt Instruments – Bonds</i> • <i>Debt Instruments – Money Market Instruments</i> • <i>Interest Rate Derivatives – Futures and Options</i> • <i>Interest Rate Derivatives – Swaps, forwards and other interest rates derivatives</i> • <i>Commodity Derivatives – Futures and Options admitted to trading on a trading venue</i> • <i>Equity Derivatives – Options and Futures admitted to trading on a trading venue</i> 	
<p>Observations</p>	<p>The primary method of execution is for the dealing desk to speak to third party dealers who will be trading for their own account (proprietary traders) to obtain quotes as these instruments are not traded on exchange. The Odey dealing desk will also communicate with third party dealers electronically. As the third party dealer is trading from their own book they are the Execution Venue and Odey owes the duty of best execution to its clients. Prices in most actively traded bonds are available on information providers such as Bloomberg and prices can be negotiated with third party dealers with reference to these electronically displayed prices. Where possible the Odey dealing desk will obtain an alternative quote for bond trading.</p> <p>For Equity Derivatives – Options and Futures admitted to trading on a trading venue – as these are listed and reportable on exchanges such as LIFFE and the trades can be executed directly with an executing exchange member firm transaction prices are displayed electronically via the exchange with the information available on information providers such as Bloomberg.</p>	
	<p>Summary of analysis</p>	<p>Conclusion</p>
<p>Execution factors</p>	<p>When seeking to place/transmit an order on behalf clients, Odey takes into account such factors as we consider relevant to the transaction in question. These may include:</p> <ol style="list-style-type: none"> 1. Size and nature of the order and likelihood of execution (e.g. current liquidity for the relevant instrument including minimising market impact); 2. Error rate; 3. Price (including price movement); 	<p>Odey’s best execution process was based on these execution factors and criteria, as detailed in the Firm’s Order Execution Policy.</p> <p>Ordinarily, price will merit a high relative importance in obtaining the best possible result. However, the Firm may, in its absolute discretion, decide that any other factor or factors are or may be more important</p>

	<p>4. Speed (i.e. timeliness) and accuracy of fulfilling execution and responsiveness of the broker;</p> <p>5. Likelihood of settlement (e.g. quality and efficiency of post execution service);</p> <p>6. Anonymity;</p> <p>7. Cost of execution;</p> <p>8. Reputation of Broker (e.g. including credit rating); and</p> <p>9. General reliability and any other consideration relevant to the execution of 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; • The characteristics of the transaction; • The characteristics of the financial instruments that are the subject of the transaction; and • The characteristics of the Brokers or Execution Venues to which that transaction can be placed or transmitted. 	<p>than price in determining the best possible execution result.</p> <p>The relative importance given to these execution factors was in line with the Firm's order execution policy and consistent with the Firm's process in respect of these sub-classes of financial instruments.</p>
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Sub-class of financial instrument	<ul style="list-style-type: none"> • <i>Currency Derivatives – Swaps, Forwards and Other Currency Derivatives</i> 	
Observations	<p>OTC transactions are by definition not carried out on-market. They are generally limited to one liquidity provider and prices are not displayed publicly. For the more liquid OTC derivatives third party dealers will be requested to provide all-in indicative prices at which they are prepared to deal. In this situation, an alternative quote should be obtained where available and recorded. For less liquid products using a single liquidity provider may be the only way to execute an order and hence trading at that provider's price will equate to Best Execution. Quoted prices for similar instruments, sometimes using pricing models, can be used to confirm pricing.</p>	
	Summary of analysis	Conclusion
Execution factors	<p>When seeking to place/transmit an order on behalf clients, Odey takes into account such factors as we consider relevant to the transaction in question. These may include:</p> <ol style="list-style-type: none"> 1. Price (including price movement); 2. Error rate 3. Likelihood of settlement (e.g. quality and efficiency of post execution service); 4. Size and nature of the order and likelihood of execution (e.g. current liquidity for the relevant instrument including minimising market impact); 5. Reputation of Broker (e.g. including credit rating); 	<p>Odey's best execution process was based on these execution factors and criteria, as detailed in the Firm's Order Execution Policy.</p> <p>Ordinarily, price will merit a high relative importance in obtaining the best possible result. However, the Firm 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.</p>

	<p>6. Anonymity; 7. Speed (i.e. timeliness) and accuracy of fulfilling execution and responsiveness of the broker; 8. Cost of execution; and 9. General reliability and any other consideration relevant to the execution of 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; • The characteristics of the transaction; • The characteristics of the financial instruments that are the subject of the transaction; and • The characteristics of the Brokers or Execution Venues to which that transaction can be placed or transmitted. 	<p>The relative importance given to these execution factors was in line with the Firm's order execution policy and consistent with the Firm's process in respect of these sub-classes of financial instruments.</p>
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Sub-class of financial instrument	<ul style="list-style-type: none"> • Exchange Traded Products 	
Observations	<p>Both regulated and unregulated funds are likely to have only one execution venue, which is either the operator for regulated funds, or the administrator for unregulated funds. In the absence of any other execution factor which could impact the obtaining of the best result for the client, for example, unnecessary delay in passing the client order to the execution venue, the best execution obligation is deemed to have been fulfilled where execution is directly with the operator or administrator, as relevant, and Odey invests in the cheapest available share class of the Fund that is being purchased. This would typically involve purchasing the institutional share class or investing at a reduced fee (e.g. no front end charge). In doing so Odey is fulfilling its fiduciary duty to its clients. In the event that there is a secondary market in a particular fund, Odey will take into consideration that pricing source as part of the best execution obligation.</p>	
	Summary of analysis	Conclusion
Execution factors	<p>When seeking to place/transmit an order on behalf clients, Odey takes into account such factors as we consider relevant to the transaction in question. These may include:</p> <ol style="list-style-type: none"> 1. Price (including price improvement); 2. Error rate; 3. Speed (i.e. timeliness) and accuracy of fulfilling execution and responsiveness of the broker; 4. Likelihood of settlement (e.g. quality and efficiency of post execution service); 5. Size and nature of the order and likelihood of execution (e.g. current liquidity for the relevant instrument including minimising market impact); 6. Anonymity; 	<p>Odey's best execution process was based on these execution factors and criteria, as detailed in the Firm's Order Execution Policy.</p> <p>Ordinarily, price will merit a high relative importance in obtaining the best possible result. However, the Firm 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.</p> <p>The relative importance given to these execution factors was in line with the Firm's order execution</p>

	<p>7. Reputation of Broker (e.g. including credit rating);</p> <p>8. Cost of execution (i.e. fees charged for executing an order on a particular venue); and,</p> <p>9. General reliability and any other consideration relevant to the execution of 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; • The characteristics of the transaction; • The characteristics of the financial instruments that are the subject of the transaction; and • The characteristics of the Brokers or Execution Venues to which that transaction can be placed or transmitted. 	<p>policy and consistent with the Firm's process in respect of these sub-classes of financial instruments.</p>
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<p>Sub-class of financial instrument</p>	<ul style="list-style-type: none"> • Other Instruments 	
<p>Observations</p>	<p>On rare occasions Odey may trade an instrument not covered by the categories above (e.g. private placements, IPOs, rights issues, secondary offerings). These trades will often be restricted to a limited number of liquidity providers and consequently the availability of alternative prices will be limited. Where there is only one liquidity provider Odey will assume that Best Execution was achieved through the execution of the trade. The Firm only executed a small number of trades not covered by the categories above and as such, the top five execution venue data has not been provided, as it is not considered meaningful or representative of the Firm's execution arrangements.</p>	
	<p>Summary of analysis</p>	<p>Conclusion</p>
<p>Execution factors</p>	<p>When seeking to place/transmit an order on behalf clients, Odey takes into account such factors as we consider relevant to the transaction in question. These may include:</p> <ol style="list-style-type: none"> 1. Price (including price improvement); 2. Error rate; 3. Likelihood of settlement (e.g. quality and efficiency of post execution service); 4. Size and nature of the order and likelihood of execution (e.g. current liquidity for the relevant instrument including minimising market impact); 5. Reputation of Broker (e.g. including credit rating); 6. Anonymity; 7. Speed (i.e. timeliness) and accuracy of fulfilling execution and responsiveness of the broker; 	<p>Odey's best execution process was based on these execution factors and criteria, as detailed in the Firm's Order Execution Policy.</p> <p>Ordinarily, price will merit a high relative importance in obtaining the best possible result. However, the Firm 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.</p> <p>The relative importance given to these execution factors was in line with the Firm's order execution policy and consistent with the Firm's process in respect of these sub-classes of financial instruments.</p>

	<p>8. Cost of execution (i.e. fees charged for executing an order on a particular venue); and,</p> <p>9. General reliability and any other consideration relevant to the execution of 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; • The characteristics of the transaction; • The characteristics of the financial instruments that are the subject of the transaction; and • The characteristics of the Brokers or Execution Venues to which that transaction can be placed or transmitted. 	
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