

Report on the most important trading venues / brokers of Lupus alpha Asset Management AG in 2020

General information

As an owner-managed, independent asset management company, Lupus alpha stands for specialised investment solutions since 20 years. Lupus alpha is a pioneer in European small caps and today also one of the leading providers of liquid alternative investment concepts, as well as specialised fixed income strategies. More than 90 employees, 35 of them specialists in portfolio management, are committed to above-average performance and a service that is completely tailored to the individual requirements of our investors. Our goal: To deliver sustainable added value for institutional investors' intelligent portfolio diversification through active, innovative investment strategies.

Policy statements

In order to meet the requirements of DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 May 2014 (MiFID II) and the Second Financial Market Amendment Act (2nd FiMaNoG) with regard to the disclosure of the most important brokers of Lupus alpha Asset Management AG, as well as with regard to execution quality, we hereby submit the report below.

The disclosure is exclusively for professional clients. Lupus alpha Asset Management AG has no client relationship with retail investors.

Lupus alpha Asset Management AG trades exclusively with brokers and via the DMA platform MS Passport and does not itself trade on a trading venue.

All trading orders were placed with brokers without specific instructions in accordance with RTS 28, so no distinction between aggressive and passive orders is necessary. There were no articulated orders in the past financial year.

Most important brokers of Lupus alpha Asset Management AG in 2020

Period: 1.1.2020 - 31.12.2020

In accordance with Annex I to the DELEGATED COMMISSION REGULATION supplementing Directive 2014/65/EU of the European Parliament and of the Council with regulatory technical standards on the annual publication of information by investment firms on the identity of trading venues and the quality of execution, we report:

a) Equity instruments – shares and share certificates

i) Tick size/liquidity bands 5 and 6 (from 2000 trades per day)

Equity instruments Liquidity bands 5/6				
On average < 1 deal/day:				
Rank	LEI	Name	Share volume	Share of orders
1	2138005N5TO2UJR67I36	Liquidnet Europe Ltd.	18.10%	18.10%
2	5299007QVIQ7IO64NX37	UBS Europe SE	7.60%	7.40%
3	F0HUI1NY1AZMJMD8LP67	HSBC France S.A.	7.40%	9.10%
4	529900JFOPPEDUR61H13	Baader Bank Aktiengesellschaft	6.60%	6.20%
5	851WYGNLUQLFZBSYGB56	Commerzbank AG	5.30%	5.20%

ii) Tick size/liquidity bands 3 and 4 (between 80 and 1999 trades per day)

Equity instruments Liquidity bands 3/4				
On average < 1 deal/day:				
Rank	LEI	Name	Share volume	Share of orders
1	2138005N5TO2UJR67I36	Liquidnet Europe Ltd.	24.90%	23.50%
2	F0HUI1NY1AZMJMD8LP67	HSBC France S.A.	8.90%	9.40%
3	5299007QVIQ7IO64NX37	UBS Europe SE	7.70%	6.10%
4	529900JFOPPEDUR61H13	Baader Bank Aktiengesellschaft	6.90%	7.70%
5	BFXS5XCH7N0Y05NIXW11	ABN AMRO Bank N.V.	4.10%	2.80%

iii) Tick size/liquidity bands 1 and 2 (between 0 and 79 trades per day)

Equity instruments					
Liquidity bands 1/2					
On average < 1 deal/day:				N	
Rank	LEI	Name	Share volume	Share of orders	
1	FOHUI1NY1AZMJMD8LP67	HSBC France S.A.	18.10%	26.00%	
2	2138005N5TO2UJR67I36	Liquidnet Europe Ltd.	15.50%	7.50%	
3	529900JFOPPEDUR61H13	Baader Bank Aktiengesellschaft	10.60%	13.70%	
4	MZI1VDH2BQLFZGLQDO60	M.M. Warburg & CO (AG & Co.) Kommanditgesellschaft auf Aktien	8.50%	5.90%	
5	84S0VF8TSMHOT6D4K848	Investec Bank PLC	5.90%	2.00%	

b) Debt instruments

i) Debt securities

Debt securities					
On average < 1 deal/day:				N	
Rank	LEI	Name	Share volume	Share of orders	
1	549300ZK53CNGEEI6A29	J.P. Morgan AG	18.50%	14.60%	
2	6TJCK1B7E7UTXP528Y04	Citigroup Global Market Europe AG	11.30%	5.60%	
3	529900HNOAA1KXQJUQ27	DZ BANK AG Deutsche Zentral- Genossenschaftsbank, Frankfurt am Main	7.30%	3.70%	
4	2G5BKIC2CB69PRJH1W31	Barclays Bank Ireland PLC	7.20%	6.40%	
5	ROMUWSFPU8MPRO8K5P83	BNP Paribas Bonds	6.30%	5.00%	

ii) Money market instruments

n/a

c) Interest rate derivatives

i) Futures contracts and options contracts admitted to trading on trading venues

Interest rate derivatives (futures and options)					
On average < 1 deal/day:				N	
Rank	LEI	Name	Share volume	Share of orders	
1	54930056FHWP7GIWYY08	Morgan Stanley Europe SE	98.20%	95.20%	
2	529900RTSGHDD7OOSO86	Kreissparkasse Köln	1.80%	4.80%	
3					
4					
5					

ii) Swaps, forward transactions and other interest rate derivatives

n/a

d) Credit derivatives

i) Futures contracts and options contracts admitted to trading on trading venues

n/a

ii) Other credit derivatives

Credit derivatives (swaps over-the-counter)					
On average < 1 deal/day:				N	
Rank	LEI	Name	Share volume	Share of orders	
1	8IBZUGJ7JPLH368JE346	Goldman Sachs Bank Europe SE	52.60%	49.20%	
2	7LTFWZYICNSX8D621K86	Deutsche Bank AG	25.70%	34.80%	
3	549300ZK53CNGEEI6A29	J.P. Morgan AG	18.70%	9.60%	
4	R0MUWSFPU8MPRO8K5P83	BNP Paribas Bonds	2.60%	3.10%	
5	549300FH0WJAPEHTIQ77	Bank of America Securities Europe SA	0.50%	3.30%	

e) Currency derivatives

i) Futures contracts and options contracts admitted to trading on trading venues

Currency derivatives (futures and options)				
On average < 1 deal/day:				J
Rank	LEI	Name	Share volume	Share of orders
1	54930056FHWP7GIWYY08	Morgan Stanley Europe SE	100.00%	100.00%
2				
3				
4				
5				

ii) Swaps, forward transactions and other currency derivatives

Currency derivatives (futures and options over-the-counter)				
On average < 1 deal/day:				J
Rank	LEI	Name	Share volume	Share of orders
1	8IBZUGJ7JPLH368JE346	Goldman Sachs Bank Europe SE	25.80%	33.70%
2	549300FH0WJAPEHTIQ77	Bank of America Securities Europe SA	25.40%	14.00%
3	ZMHGNT7ZPKZ3UFZ8EO46	State Street Bank International GmbH	22.40%	7.90%
4	549300ZK53CNGEEI6A29	J.P. Morgan AG	12.60%	11.80%
5	7H6GLXDRUGQFU57RNE97	JPMorgan Chase Bank, National Association	6.60%	8.40%

f) Structured financial products

Structured financial products				
On average < 1 deal/day:				J
Rank	LEI	Name	Share volume	Share of orders
1	KX1WK48MPD4Y2NCUIZ63	Natixis SA	16.10%	7.70%
2	ROMUWSFPU8MPRO8K5P83	BNP Paribas Bonds	14.80%	6.30%
3	54930056FHWP7GIWYY08	Morgan Stanley Europe SE	14.40%	13.30%
4	529900HNOAA1KXQJUQ27	DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main	8.20%	16.10%
5	7LTWFZYICNSX8D621K86	Deutsche Bank AG	7.90%	3.50%

g) Equity derivatives

i) Options contracts and futures contracts admitted to trading on trading venues

Equity derivatives (futures and options)					
On average < 1 deal/day:				N	
Rank	LEI	Name	Share volume	Share of orders	
1	54930056FHWP7GIWYY08	Morgan Stanley Europe SE	84.70%	94.10%	
2	529900RTSGHDD7OOSO86	Kreissparkasse Köln	8.60%	3.70%	
3	8IBZUGJ7JPLH368JE346	Goldman Sachs Bank Europe SE	5.10%	1.40%	
4	ROMUWSFPU8MPRO8K5P83	BNP Paribas Bonds	0.80%	0.30%	
5	5299007QVIQ7IO64NX37	UBS Europe SE	0.60%	0.20%	

ii) Swaps and other equity derivatives

Equity derivatives (swaps and other over-the-counter)					
On average < 1 deal/day:				J	
Rank	LEI	Name	Share volume	Share of orders	
1	BFM8T61CT2L1QCCEMIK50	UBS AG	100.00%	100.00%	
2					
3					
4					
5					

h) Securitised derivatives

i) Warrants and certificates

Securitised derivatives (certificates)					
On average < 1 deal/day:				J	
Rank	LEI	Name	Share volume	Share of orders	
1	529900RTSGHDD7OOSO86	Kreissparkasse Köln	100.00%	96.40%	
2	815600E3E9BFBC8FAA85	EQUITA SOCIETA' DI INTERMEDIAZIONE MOBILIARE S.P.A.	0.00%	3.60%	
3					
4					
5					

ii) Other securitised derivatives

n/a

i) Commodity derivatives and emission allowance derivatives

n/a

j) Transactions for differences

n/a

k) Exchange-traded products (exchange-traded funds, exchange-traded debt securities and exchange-traded commodity products)

Exchange traded products					
On average < 1 deal/day:				J	
Rank	LEI	Name	Share volume	Share of orders	
1	529900RTSGHDD7OOSO86	Kreissparkasse Köln	53.90%	82.60%	
2	549300FH0WJAPEHTIQ77	Bank of America Securities Europe SA	27.80%	7.80%	
3	FOHUI1NY1AZMJMD8LP67	HSBC France S.A.	7.40%	6.00%	
4	54930056FHWP7GIWYY08	Morgan Stanley Europe SE	5.90%	1.20%	
5	O2RNE8IBXP4R0TD8PU41	Societe Generale S.A.	5.00%	2.40%	

l) Emission allowances and m) other instruments

n/a

Execution quality of the most important brokers of Lupus alpha Asset Management AG in 2020

In principle, Lupus alpha has implemented a broker approval process that only approves brokers with impeccable credit ratings and that guarantee MiFID-compliant trading. Brokers are always selected from the approved broker list. An assessment of the quality provided is made on an annual basis, taking into account the following factors:

1. Price-related best execution

Products: OTC derivatives (equity derivatives: Swaps and other over-the-counter, credit derivatives: Swaps over-the-counter, currency derivatives: Futures and options over-the-counter), convertibles, bonds and debt securities, FX spot transactions, structured financial products (CLOs).

Execution factors in order of importance:

Total fee of the financial instrument taking into account the order size, type of order (size and market depth of the offer), speed (incl. probability) of order execution or settlement, quality of settlement.

2. Broker-related best execution

Products: Shares in the small and mid-cap sector

Execution factors in order of importance:

Type of order (e.g. limited), local market position of the broker in the countries and sectors, speed (incl. probability) of order execution or settlement, order channel available, quality of settlement, total fee of the financial instrument (price plus costs) taking into account the order size.

Due to the lower liquidity of small- & mid-caps compared to large-caps and the smaller number of specialised brokers with corresponding access to the respective countries, the price of small- & mid-cap stocks is only of secondary importance for the selection of the counterparty. In particular, it must be excluded that price changes of the small- & mid-cap shares already occur by requesting prices and disclosing the total number of units to be traded at several brokers. The orders are sometimes placed via several brokers and over a longer period of time and are “processed” bit by bit. Alternatively, block trades are made. The booked rate is determined as the mixed rate of the respective individual executions.

3. Modified price-based best execution

Products: Listed derivatives (equity derivatives: Futures and options, interest rate derivatives: Futures and options)

Execution factors in order of importance:

Total fee of the financial instrument taking into account the order size, type of order (size and market depth of the offer), speed (incl. probability) of order execution or settlement, quality of settlement.

For derivatives trading for which Give Up Agreements have been concluded, trading with the respective Give Up Partner is always permissible as it enables the investor to obtain particularly good conditions.

4. Miscellaneous

Neither Lupus alpha Asset Management AG nor its subsidiaries have a corporate-like or other close relationship with any of the brokers. Nor were there any conflicts of interest or joint ownership of brokers.

Agreements on fees have been reached with all brokers. Furthermore, for selected brokers who also offer research services in addition to execution, there are separate contracts for the receipt and payment of research services. The payment processing in the Small & MidCap segment is carried out via a Research Payment Account. The research services in the Alternative Solutions and Advanced Fixed Income area are paid for by Lupus alpha Asset Management AG itself. There are no further contracts or agreements on monetary or non-monetary benefits.

The execution of trading activities is the same for all funds in the same asset class. There are no differences between special and mutual funds. Exceptions can only be made if explicitly requested by the investor.

Execution quality is assessed using data and analytical tools (BTCA) from Bloomberg. These can be supplemented by transaction cost analysis (TCA) and pre-trade analysis by brokers.

Information from a CTP (consolidated tape provider) was not used.

Publication

The publication of the five most important brokers including an evaluation of the execution quality for the past financial year will be made on the homepage of Lupus alpha by 30.04. www.lupusalpha.de. This ensures that the publication is freely available and that there are no access restrictions. The reports remain queryable for a period of three years.