

# BEST EXECUTION POLICY

## 1. Introduction, regulation and purpose

### 1.1 Introduction

Both the UK's Financial Conduct Authority (FCA) and the Norwegian Finanstilsynet require investment firms when executing orders on behalf of clients to take all sufficient steps to obtain the best possible result taking into account price, liquidity, cost, speed, likelihood of execution and settlement, size, nature of the order or any other relevant consideration (the "Best Execution obligation").

In this Policy, "execution" (or "order execution") refers to the placing of orders with third-party brokers for execution on behalf of clients or funds, in circumstances where the Firm acts as an investment firm or as an AIFM and remains subject to the applicable Best Execution obligation.

For the purposes of this Policy, portfolio management activity is treated as order placement and is subject to the applicable Best execution obligation under MiFID notwithstanding that execution is carried out by third-party brokers.

### 1.2 Regulation

Under the UK best execution requirements outlined in COBS 11 of the FCA's Conduct of Business Sourcebook (COBS), firms are required to take all sufficient steps (for MiFID investment firms) or all reasonable steps (for AIFMs) to obtain the best possible result for their clients when executing orders, considering factors such as price, costs, speed, likelihood of execution, and settlement. Additionally, for Alternative Investment Fund Managers (AIFMs), the FCA's FUND rules under the AIFMD framework mandate that AIFMs establish and implement best execution policies, ensuring that they act in the best interest of the funds they manage, while periodically reviewing the effectiveness of their execution practices.

In Norway, the legal basis of this policy is EU directive 2014/65/EU on Markets in Financial Instruments ("MiFID II") which is incorporated into the EEA Agreement and implemented in the Norwegian Securities Trading Act. Furthermore, the Norwegian Securities Trading Act clause 10-12 states that investment firms are obligated to implement all reasonable measures in order to attain the 'best possible result' for the client when executing client orders.



### 1.3 Purpose

This policy sets out the general principles and requirements that apply to AKJ entities<sup>1</sup> (“AKJ”) to ensure compliance with the best execution obligation.

## 2. Scope of the best execution obligation

This policy applies to all AKJ Entities (“AKJ”, “AKJ Entities”) and all offered investment services and sets out the most important and/or relevant aspects of the arrangements that AKJ has put in place to comply with its Best Execution Obligation.

### 2.1 In scope

AKJ only offers investment services to clients categorised as a “Professional Client” and will therefore be dealing with its clients in accordance with the FCA and Finanstilsynet rules for “Professional Clients”. When dealing with Professional Clients, AKJ owes the client the best execution obligation where the client is legitimately relying on AKJ in relation to the execution of the transaction.

### 2.2 Out of scope

AKJ does not provide asset management or execution services to retail clients.

Best Execution does not apply to non-MiFID financial instruments. This policy applies to certain types of transactions in ‘financial instruments’. Financial instruments is a defined term under MiFID and includes, but is not limited to, shares, bonds, ETFs, derivatives (excluding certain categories of commodity derivatives) and units in collective investment schemes. It does not include, for example, FX spot, crypto spots, deposits, loans and physical commodities.

### 2.3 AKJ obligations

AKJ places orders with selected brokers and therefore has no direct control over ensuring that Best Execution is achieved. As such, AKJ’s obligation is therefore to monitor the executions undertaken by the brokers it uses to ensure execution provided is the best available.

AKJ’s obligations in relation to best execution means that AKJ will take all reasonable steps to ensure that the best possible result is obtained for its clients and monitor this policy at least annually to ensure that Best Execution obligations are being followed.

AKJ monitors its brokers closely to ensure they are providing Best Execution as required.

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<sup>1</sup> “AKJ Entities” consists in this policy of AK Jensen Limited (Investment Firm), AK Jensen Investment Management Limited (AIFM) and AK Jensen Norway AS (Investment Firm and Portfolio Manager).



### 3. Order categories

Order handling. Orders can be routed electronically via FIX, or placed manually via Bloomberg chat (IB), email or over the telephone to our execution team. When orders are routed electronically via FIX to AKJ, AKJ routes electronically to the execution venue using the execution broker's Smart Order Routing ("SOR") when such SOR exists. When orders are sent via IB, email or called in, AKJ's execution team will route the order electronically via FIX to the execution venue using the execution broker's Smart Order Routing ("SOR") when such SOR exists. Such orders may also be called in or placed via IB to the execution broker's desk in the event of problems with electronic execution or when an order is not electronically traded such as Over the Counter ("OTC"). SORs aim to seek liquidity efficiently, and achieve Best Execution, by taking into consideration various factors including price, size, latency, likelihood of execution and costs.

Best Execution shall be deemed to have been met when sending orders on a Direct Market Access ("DMA") basis;

- When orders are sent on a DMA basis through AKJ's Executing Brokers' SOR, the Best Execution factors affecting the choice in venues can be found in each Executing Brokers' Best Execution Policy (see Appendix 1);
- When orders are sent using AKJ's Executing Brokers' algorithms, the Executing Brokers Best Execution Policies will describe how Best Execution is met;
- When orders are requested to be worked on, a combination of the above may be used. Standard Best Execution factors as described below will apply;
- When orders are called in due to the nature of the instrument such as OTC, the Best Execution factors described below in Section 5 will apply.

### 4. How AKJ will treat each financial instrument

The Executing Brokers where AKJ sends its orders, may or may not have a SOR in place when dealing with such orders. In the absence of strict instructions, the SOR will choose the venue(s) on which the order may be executed partly or in whole. The factors affecting the SOR's choice in venue can be found in the Executing Broker's Execution Policy (see Appendix 1).

#### i. **Equities – Shares & Depositary Receipts**

When trading listed securities, AKJ will act on an agency or matched principal basis. The primary factors affecting a choice in execution venue for listed equities are price together with cost. Other considerations such as speed, likelihood of execution and settlement, reduction of market impact, size, nature or other relevant points related to an order, are also taken into account, especially for larger orders.



**ii. Debt Instruments – e.g. bonds, convertible bonds, notes, debentures**

When trading OTC debt instruments, orders are called in to the Executing Broker who will act as Principal in most cases. AKJ will seek to get a fair price on behalf of its clients, looking at multiple factors such as bid/ask price available, liquidity offered by the execution provider, and where possible price of similar products when market data is scarce or not available. Except to the extent that a client gives specific instructions, AKJ will apply discretion when determining the timing and structure of order placement in the market, with the aim of achieving Best Execution given the size of the order, liquidity available and prevailing market conditions.

**iii. Interest rate/credit/currency/securitized and other listed derivatives**

When trading listed derivatives, AKJ will act on an agency or matched principal basis. The primary factors affecting a choice in execution venue for listed derivatives are price together with cost. Other considerations such as speed, likelihood of execution and settlement, size, nature or other relevant points related to an order, are also taken into account.

**iv. Exchange traded products (ETFs, ETNs and ETC)**

When trading Exchange Traded Products, AKJ will act on an agency or matched principal basis. The primary factors affecting a choice in execution venue for exchange traded products are price together with cost. Other considerations such as speed, likelihood of execution and settlement, size, nature or other relevant points related to an order, are also taken into account.

## 5. How orders are executed

In order to achieve Best Execution for clients, AKJ will seek to ensure its brokers execute client orders promptly and sequentially, unless characteristics of the order or prevailing market conditions make this impossible or impractical, or the interests of the client require otherwise.

As such, in addition to taking into consideration various factors including speed of execution, price, size, latency, likelihood of execution and costs. AKJ will also seek to ensure that the executing brokers it uses carry out the following:

- Orders executed on behalf of clients are promptly and accurately recorded and allocated;
- Financial instruments or payments for executed orders are received promptly and correctly delivered to the client;
- Contract notes are promptly issued;
- Clients are treated fairly and that their interests remain paramount; and
- All reasonable steps will be taken to prevent the misuse of information relating to pending client orders.



## 6. Execution Venues

Orders can be executed by AKJ's executing brokers using a variety of different execution venues, whether it being Regulated Markets, Multilateral Trading Facilities ("MTF"), Organised Trading Facilities ("OTF"), Systematic Internalisers ("SI"), market makers or other liquidity providers.

AKJ is not restricted to only using Executing Brokers that are subject to MiFID for carrying out orders. In order to be able to use an entity that is not subject to the MiFID Best Execution regime, in particular a non-EEA service provider, AKJ will employ best efforts to ensure that the execution arrangements of such an entity allow it to comply with the overarching Best Execution requirement.

When selecting a third-party Executing Broker, AKJ will carefully select the entity by undertaking the necessary due diligence – obtaining the Best Execution Policy (from MiFID applicable brokers) whilst considering other relevant factors which may affect the choice of broker such as market knowledge, liquidity provider, fees and other such considerations which may vary from time to time.

In accordance with MiFID II, investment firms who execute client orders are subject to certain obligations that aim to enhance transparency and investor protection in the financial markets. This means that AK Jensen Norway AS is required to annually publish on its website a summary for each class of financial instruments, comprising the top five execution venues and the top five brokers, based on trading volumes for client order executions in the preceding year (RTS 28 report).

In UK, the FCA no longer requires RTS28 reporting, so there is no requirement for AK Jensen Ltd or AK Jensen Investment Management Ltd to publish such reports.

Appendix I details the full list of execution brokers currently available to AKJ and Appendix II details the full list of execution venues available through AKJ's executing brokers.

## 7. Monitoring and reporting

AKJ will monitor the effectiveness of AKJ's order execution arrangements in order to identify and, where appropriate, correct any deficiencies. In particular AKJ will assess on a regular basis, whether the execution venues/brokers included in this Policy provide for the best possible result for the client or whether changes are required to AKJ's execution arrangements.

AKJ will monitor its Executing Brokers in terms of Best Execution on a periodic basis by reviewing sample trades and act as necessary. The factors used to determine whether



AKJ's Executing Brokers do indeed meet their Best Execution Obligation, will be those factors listed in the Executing Brokers' Best Execution Policy.

Any material issues and breaches identified as part of ongoing monitoring will be reported to the board by AKJ Compliance.



## Appendix I – Executing Brokers

### **DNB Markets**

Best Execution Policy:

[Order Execution Policy | DNB Markets](#)

### **Maybank King Eng Securities PTE Limited**

Best Execution Policy:

[Best-Execution-Policy-Disclosure-Statement.pdf \(maybank2u.com.sg\)](#)

### **Morgan Stanley**

Best Execution Policy:

[MSIP\\_MSBIL\\_Order\\_Execution\\_Policy\\_Disclosures\\_Statement.pdf \(morganstanley.com\)](#)

### **Baader Bank**

Best Execution Policy:

[Best Execution Policy – Order Execution Principles for the Area of Asset Management and Services \(baaderbank.de\)](#)

### **Marex Financial Ltd**

Best Execution Policy:

[Marex-Financial-MiFID-II-Order-Execution-Policy-April-2021.1.pdf \(marex-website-media-content.s3.amazonaws.com\)](#)

### **ABNAMRO Global Markets**

Order Execution Policy:

[order-execution-policy.pdf](#)



## Appendix II – Execution Venues

These are AKJ’s execution venues for equities, derivatives and options, but AKJ may also execute at these or other venues.

| <b>Equities Venues</b>            |
|-----------------------------------|
| Australia, Sydney                 |
| Austria, Vienna                   |
| Belgium, Brussels (Euronext)      |
| Brazil, Rio de Janeiro            |
| Romania, Bucharest                |
|                                   |
| Canada, Toronto                   |
| China A shares                    |
|                                   |
| Czech Republic, Prague            |
| Denmark, Copenhagen               |
|                                   |
| Euronext Liffe                    |
| Finland, Helsinki                 |
| France, Paris (Euronext)          |
| Germany, Deutsche Borse/Xetra     |
| Germany, Euwax                    |
| Germany, Regional                 |
| Greece, Athens                    |
| Hong Kong                         |
| Hungary, Budapest                 |
|                                   |
| Ireland, Dublin                   |
|                                   |
| Italy, Milan                      |
| Japan, Tokyo                      |
|                                   |
|                                   |
| Malaysia, Kuala Lumpur            |
|                                   |
| Netherlands, Amsterdam (Euronext) |
| New Zealand, Auckland             |
| Norway, Oslo                      |
|                                   |
| Poland, Warsaw                    |
| Portugal, Lisbon (Euronext)       |



| <b>Equities Venues (continued)</b> |
|------------------------------------|
| Singapore                          |
| South Africa, Johannesburg         |
| South Korea, Seoul                 |
| Spain, Madrid                      |
|                                    |
| Sweden, Stockholm                  |
| Switzerland, SIX Swiss             |
| Turkey, Istanbul                   |
| UK, London LSE                     |
| USA, AMEX                          |
| USA, CBOE                          |
| USA, NYSE                          |
| USA, Nasdaq                        |
| Aquis                              |
| BME Growth                         |
| Cboe Europe                        |
| ITG Posit                          |
| Liquidnet Europe Limited           |
| Sigma X                            |
| Turquoise                          |
| Warsaw New Connect                 |

| <b>Futures Venues</b>      |
|----------------------------|
| CBF                        |
| CBT                        |
| CME                        |
| CMX                        |
| HKFE (HK Futures)          |
| ICE EUROPE                 |
| ICE US                     |
| IDEM (Italian Derivatives) |
| ME (Canada Derivatives)    |
| MEFF (Spanish Futures)     |
| NYMEX                      |
| OMX                        |
| ENXT Amsterdam Derivatives |
| ENXT Paris Derivatives     |
| EUREX Futures              |
| Oslo Børs                  |



|                         |
|-------------------------|
| TSE (Tokyo Futures)     |
| OSE - OSAKA (futures)   |
| SGX (Singapore Futures) |
| SPX - ASX 24            |

| <b>Options Venues</b>                |
|--------------------------------------|
| CBOT US Single Stock & Index Options |
| EUREX German Single Stock Options    |
| LIFFE London Single Stock Options    |
| ENXT Paris Single Stock Options      |
| ENXT Amsterdam Single Stock Options  |
| ENXT Brussels Single Stock Options   |
| LIFFE Index options                  |
| EUREX Index Options                  |