

Investcorp Credit Management EU Limited

RTS 28 Report

Period ending 31 December 2020

Investcorp Credit Management EU Limited (“ICMEU” or “the Firm”):

Annual Best Execution Disclosure (YE 2020)

On an annual basis ICMEU is required to (1) summarise and make public, for each class of financial instrument, the top five entities in terms of trading volumes where the Firm transmitted or placed orders for execution in the preceding year and (2) provide certain information on the quality of execution in line with the requirements of Regulatory Technical Standard 28 of the MiFID II regulation.

Below is a summary of the analysis and conclusions drawn from ICMEU’s monitoring of the quality of execution obtained on the execution venues where it executed all client orders in the previous year. Specifics of what the analysis is to cover include:

- relative importance the Firm gave to the execution factors when assessing quality of execution;
- description of any close links, conflicts, common ownerships with respect to any execution venues used;
- description of any specific arrangements with execution venues regarding payments made/received, discounts, rebates or non-monetary benefits;
- explanation of factors that led to a change in the list of execution venues used by the Firm;
- explanation of how order execution differs according to client categorisation; and
- an explanation of how the Firm has used any data or tools relating to quality of execution published by execution venues.

Please note:

- 1) The Firm did not trade an average of more than one FX forward trade per business day during 2020. In order to ensure that the information it publishes is meaningful and representative, the Firm does not provide information on FX forwards below.
- 2) The Firm does not consider the classification of orders as “passive”, “aggressive” or “directed” to be relevant to its OTC bond trading activity as outlined in Art. 65(6) of the MiFID II Delegated Regulation RTS 28 “If a portfolio manager, or a receiver and transmitter of orders, sends an order to an entity for execution (broker), the distinction between passive and aggressive orders as defined in Article 2 of RTS 28 is likely not relevant and will not need to be disclosed in the report to be published in accordance with Article 65(6) of the Delegated Regulation”.

Top Five Execution Venues for Professional clients

Class of Instrument	Debt instruments - Bonds				
Notification if <1 average trade per business day in the previous year	No				
Top 5 execution venues ranked in terms of volume (descending order)	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
K6Q0W1PS1L1O4QL9C32: J.P. Morgan Securities Plc	17.17%	9.63%	N/A	N/A	N/A
E58DKGMJYYYYJLN8C3868: Credit Suisse Interntational	13.68%	9.31%	N/A	N/A	N/A
XKZZ2JZF41MRHTR1V493: Citigroup Global Markets Limited	13.64%	19.89%	N/A	N/A	N/A
BFM8T61CT2L1QCCEMIK50: UBS AG	12.86%	17.25%	N/A	N/A	N/A
7LWTFZYICNSX8D621K86: Deutsche Bank Aktiengesellschaft	9.19%	5.50%	N/A	N/A	N/A

Execution Factors:

When determining the strategy for executing orders, ICMEU will take into account a number of factors “Execution Factors”, as detailed in its Best Execution Policy, as follows:

- price;
- costs payable as a result of the execution;
- speed of execution and settlement;
- likelihood of execution and settlement;
- size of the transaction; and
- nature of the transaction and any other consideration that is relevant to execution.

However, price and cost achieved were generally regarded as the most important execution factors. In some circumstances (e.g. when dealing in illiquid instruments), we may determine, using our commercial knowledge and experience that other execution factors are more important than price and cost in achieving the best overall result for the client.

In determining the relative importance of the execution factors for each individual order, we also took into account:

- the client we are acting for (including its categorisation);
- the characteristics of the order;
- the financial instruments involved; and
- the execution venues to which that order could be directed.

With respect to ICMEU's trading of bonds, such instruments generally trade in an illiquid market. Selecting the best venue with respect to price may not be possible due to there not being any more than one venue selling such instrument. Therefore, costs and existing broker relationships will typically be important considerations.

Execution Venues

ICMEU will select an Execution Venue most appropriate to comply with its Best Execution Policy. Our execution venues may include:

- stock exchanges and other regulated markets;
- multilateral trading facilities ("MTFs");
- systematic internalisers;
- market makers (including, brokers, banks and investment firms);
- other liquidity providers, such as broker cross networks and electronic trading platforms, and
- internal sources of liquidity.

In selecting an execution venue for the execution of a transaction, ICMEU will take into account in respect of the venue concerned:

- price;
- cost of execution;
- liquidity available for the financial instrument concerned;
- speed of execution;
- reliability of the venue;
- continuity of trading;
- creditworthiness of the venue;
- quality of any related clearing and settlement facilities; and
- such other factors as we consider relevant to the application of the overarching principle.

Close links, conflicts, common ownerships with respect to any execution venues used

ICMEU does not have any close links, conflicts of interest or common ownerships with respect to any execution venues it has used to execute orders.

Specific arrangements with execution venues regarding payments made/received, discounts, rebates or non-monetary benefits

ICMEU does not have any arrangements with any execution venues it has used regarding payments made or received, discounts, rebates or non-monetary benefits received.

Explanation of factors that led to a change in the list of execution venues used by the Firm

There have been no changes in the list of execution venues used by ICMEU.

Explanation of how order execution differs according to client categorisation

All ICMEU clients are treated the same with the exception of instances whereby execution venues are dictated by the client. ICMEU's FCA permissions only allow the handling of orders on behalf of professional clients and eligible counterparties (i.e. non-retail).

Explanation of how ICMEU has used any data or tools relating to quality of execution published by execution venues

ICMEU has reviewed the information provided under RTS 27 in its analysis and oversight of best execution.