

Best Execution - Principles for the execution of decisions on the purchase or sale of assets

The purpose of this policy is to provide a sound, transparent and comprehensive best execution framework for Prime AIFM Lux (hereinafter “Prime”). This framework covers all material aspects of the best execution processes, procedures and controls in respect of each relevant Alternative Investment Fund (AIF) managed by Prime as the Alternative Investment Fund Manager (AIFM).

This policy serves the following purposes:

- act in best interests of AIFs and investors through implementation of effective arrangements for ensuring that all activities of the AIFM are carried out in compliance with the legal requirements;
- act in best interests of Prime’s shareholders by creating new business opportunities by satisfying current and attracting potential clients with our solid best execution framework; and
- act in best interests of the regulator by fulfillment of regulatory requirements.

Scope

The policy only applies to the execution of orders placed by Prime. The following assets of an investment fund are affected by this policy:

- Equities
- Bonds
- Money Market Instruments
- Exchange Traded Derivatives
- OTC (Over the counter) Derivatives
- Forward Foreign Exchange / NDF
- Collective Investment Schemes
- Infrastructure debt
- Acquisition Financing
- Commercial Real Estate Debt
- Aviation Debt

Order execution

When executing orders Prime will act in the best interests of its clients at all times and will take all reasonable steps to obtain the best possible result for the clients taking into account the criteria and factors set out below, subject to any instruction given by the client (see section “Client Instructions”).

Best execution factors

The execution factors to be taken into account when executing client orders are as follows:

- Price
- Costs
- Speed
- Likelihood of execution
- Likelihood of settlement
- Size of the trade

- Nature of the trade
- Any other consideration relevant to the execution of the order

The weighting of each factor depends on the specifics of the individual investment and is determined by the portfolio manager on a case by case basis.

Best execution criteria

When Prime executes an order on behalf of an AIF, Prime will determine the relative importance of the aforementioned best execution factors based on the experience and judgement, per product type, with respect to available market information at the time and taking into account the following best execution criteria:

- The characteristics of the fund (including its categorisation)
- The characteristics of the fund order
- The characteristics of the financial instruments which are the subject of the fund order
- The characteristics of the execution venues to which the fund order can be directed

Execution Venues

The list of execution venues on which Prime may execute a client order is set out below, but it is not exhaustive. It includes those venues on which Prime places significant reliance in its aim to obtain on a consistent basis the best possible result for the execution of client/fund orders.

- Broker execution – placing the order with a third party, including an affiliate, with whom Prime has entered into an agreement for handling client orders. This includes, but is not limited to, agency sales trading, algorithmic trading, capital commitment, and scheme operator.
- Crossing the order with a recognized third party crossing network with whom Prime has entered into an agreement for handling client orders. With client consent, this would include a matching order from another client.
- Liquidity Aggregator – using a recognized third party tool for price discovery and execution with pre-determined list of third parties.
- On Exchange – directly with a Regulated Market (Direct Market Access) or Multilateral Trading Facility (MTF) or using a third party participant with whom Prime has entered into an agreement for handling Orders.

The above list may change from time to time, and for details of the current list of Execution Venues, please refer to the section on the right-hand side column.

Execution Venue Selection

Subject to any specific client instructions (see section “Client Instructions”), the selection of an execution venue for the execution of an order will be based solely upon the execution criteria and execution factors referred to above.

However, the decision to use any of the venues set out in section 2.5 may also be influenced by other additional criteria, although this is always conditional upon obtaining the best possible result for Prime’s AIFs.

These additional criteria include:

- Quality of research
- Financial screening
- Suitability of counterpart
- Liquidity concentration

Notwithstanding the above, Prime reserves the right to execute an order using a method or venue other than the methods or venues that are indicated, where Prime considers this to be in the best interests of its AIFs. In such cases, Prime will endeavour to execute based on the same best execution principles as summarised in this document.

Broker Selection and Continuing Assessment

Prime's policy seeks to achieve the best possible result for the funds and client mandates managed by taking into account the execution policy of the broker. Prime monitors the execution quality of entities used and examine the execution approaches of these entities prior to selection. Therefore, the execution policy provided by the Broker must be consistent with Prime's execution policy. The execution policy of the broker must enable Prime to satisfy its obligations on orders transmitted for execution.

Prime will ensure by requesting a copy of the brokers Best Execution Policy that the selected brokers have appropriate arrangements in place to enable Prime's requirement of best execution to be accomplished. This review is carried out by Compliance.

For new counterparties / brokers through whom Prime wishes to execute security transactions on behalf of Prime funds under management the broker take-on process applies.

Client Instructions

Where a client gives a specific instruction for the execution of a client order then the order will be executed in accordance with those instructions. The client should be aware that providing that instruction may prevent Prime from taking some of the aforementioned steps to obtain the best possible result for the execution of that client order (to the extent of the instructions). Prime will be treated as having satisfied its best execution obligation in respect of the part or aspect of the order to which the instructions relate.

Order Handling

Prime is required to execute orders in an expeditious and fair manner for all AIFs. Orders will be aggregated with other orders, if:

- the characteristics of the order make them suitable for aggregation and
- in Prime's opinion the aggregation of orders will not work to the disadvantage of any AIF and
- it complies with its order allocation procedures.

Bundling of Orders

Prime can bundle buy or sell orders for several investment funds and submit them for execution as a block order if the order volume, type of security, market segment, current market liquidity and price sensitivity of the securities to be traded make this appear advisable in the respective client's interest. Orders will be bundled only if it is improbable that individual clients will be disadvantaged.

All managed portfolios must be treated in a non-preferential manner such that no single portfolio may be systematically favoured over another. The allocation of orders cannot be based upon the client's account size, identity, performance and / or fee structure. In determining the suitability of each investment opportunity to a portfolio, consideration will be given to a number of factors, the most important being the client's investment objectives and strategies, investment guidelines, existing portfolio composition and cash levels. Having considered these factors and prior to executing any transactions, Prime will determine the allocation of an order for each portfolio.

Prime will only undertake transactions between the portfolios it manages only if such transactions fall within the clients' interests.

Monitoring and Review

Prime will review this best execution policy at least annually and whenever a material change occurs that affects its ability to continue to obtain the best results for the AIFs.

Prime will monitor the effectiveness of its best execution policy and execution arrangements to identify and where appropriate correct any deficiencies. This will include an assessment of whether the Execution Venues included in this policy continue to provide the best possible result for Prime's AIFs.