

Appendix XVIII Best Execution Policy

This policy is intended to describe the process that Zadig follows in executing decisions to deal and placing orders to deal with a broker on behalf of its clients. This best execution policy details Zadig's obligations stemming from the Law, the AIFM Law, the 1993 Law, MiFID II and other relevant regulations.

SCOPE

Zadig applies its best execution policy to all of its Funds and clients. Zadig ensures that the third parties it places execution orders with will comply with the obligation to act in accordance with the best interests of Zadig's clients.

Demonstrating best execution

Zadig is able to:

- demonstrate to its clients, at their request, that it has executed their orders in accordance with its execution policy; and
- demonstrate to the regulator, at its request, its compliance with the related provisions in the regulations that require Zadig to execute orders on terms most favourable to the client.

Zadig will also often place orders to be executed with appropriate counterparties and this policy applies to such orders when they relate to a MiFID financial instrument and whenever Zadig is providing the service of portfolio management or the reception and transmission of orders. This policy will also apply should Zadig itself execute an order in a MiFID financial instrument.

MiFID financial instruments used by Zadig are as follows:

- transferable securities;
- a wide range of options and derivative instruments.

Relevant Criteria and Factors

The below is designed to meet the obligations to provide an account of the relative importance Zadig assigns, in accordance with the best execution criteria to the execution factors, or the process by which Zadig determines the relative importance of those factors.

Execution of decisions and placing orders to deal on behalf of a client must be done in the best interests of the AIF or the client, as applicable. Zadig takes all sufficient steps to obtain the best possible results for the client. The following are considered to determine what constitutes the best execution criteria for best execution practice, in order of importance:

- price
- cost or commissions of execution
- the current liquidity for the relevant instrument
- the size and nature of the order
- market impact of the transaction
- the quality of order execution
- execution capability
- financial status and responsibility of the counterparty
- responsiveness of the broker or venue
- the quality and efficiency of the settlement process post execution
- any other relevant factors (which would be raised by Zadig if the above criteria do not help to form a full view).

Zadig will determine the relative importance of the above execution factors by using its professional experience and judgement and by having regard to the following in order of importance:

- the characteristics of the client, including the categorisation of the client as retail or professional. Zadig only deals with professional clients and, as such, this is a core criteria which will be applied in the same way for all its professional clients;

- the characteristics of financial instruments that are the subject of that order;
- the characteristics of the execution venues to which that order can be directed.

In addition, Zadig will monitor the quality of execution achieved by the entities with which orders are placed or transmitted for execution. It will do so by reviewing every 12 months the quality of the venue as against the best execution criteria and factors above. Zadig will compare and analyse relevant data to obtain best execution for a client, including execution quality data.

Within these factors, price will usually be accorded relatively greater importance, although in the case of less liquid securities or instruments, or in more volatile market conditions, other factors may need to be afforded relatively more weight to achieve the best outcome.

Venues

The venues used by Zadig are set out in an authorised brokers list document, approved the Board and the Funds, and at least include those execution venues that enable Zadig to obtain, on a consistent basis, the best possible result for the execution of client orders.

The list of venues will be reviewed at least on an annual basis and, if it has changed materially, this will be made available to clients.

Zadig chooses venues in accordance with qualitative factors such as:

- clearing schemes, circuit breakers, scheduled actions, or any other relevant consideration; and
- the relative importance of each factor.

Zadig can, in exceptional circumstances, use an execution venue not listed in the policy when executing an order. This might be appropriate on a provisional basis or to accommodate a client request to trade in an unusual instrument. Before proceeding, Zadig must first obtain prior express consent from the client; such consent may be either in the form of a general agreement or in respect of individual transactions.

When selecting execution venues for inclusion in the execution policy, Zadig will not take into account the fees and commission that it will charge its clients. Nevertheless, Zadig should take into account the effect of its own fees and commission when choosing a venue for the execution of a particular client order.

Zadig when executing orders can include a single execution venue in their policy to execute client orders in a given class of financial instruments where they are able to demonstrate that this choice enables them to consistently get the best results for their clients.

Zadig should select a single execution venue only where they can reasonably expect that the selected execution venue will enable them to obtain results for clients that are at least as good as the results that they could reasonably expect from using alternative execution venues. Zadig shall support this reasonable expectation in accordance with published data relating to execution quality (reflecting expectations set out in the regulations and on Zadig's top five execution venues (reflecting the requirement in the regulations) as well as internal analysis conducted by Zadig.

When Zadig only includes a single execution venue in a given class of financial instruments, it will:

- regularly assess the market landscape to determine whether or not there are alternative venues that they could use;
- ensure that the use of a single execution venue does not lead them to be over-reliant on that venue; and
- consider transmitting client orders instead of executing them itself where it would deliver a better result for clients, provided Zadig is authorised for reception and transmission of these orders **(ESMA Q&As on MiFID II and MiFIR investor protection and intermediaries topics (dated 18 December 2017): Chapter 1, question 3).**

If Zadig applies different fees depending on the execution venue, it will explain these differences in sufficient detail for the client to understand the advantages and the disadvantages of the choice of a single execution venue.

If Zadig invites clients to choose an execution venue, it should provide fair, clear and not misleading information to prevent the client from choosing one execution venue rather than another on the sole basis of the price policy applied by Zadig.

Zadig will inform clients about the inducements that it may receive from the execution venues. The information must specify the fees charged by Zadig to all counterparties involved in the transaction, and where the fees vary depending on the client, the information must indicate the maximum fees or range of the fees that may be payable.

Should Zadig charge more than one participant in a transaction, Zadig must inform its client of the value of any monetary or non-monetary benefits received by Zadig.

Client requesting further information

Where Zadig executes orders it must answer any reasonable and proportionate requests from clients for information about its policies or arrangements and how they are reviewed. It will answer these requests clearly and within a reasonable time.

If Zadig executes orders outside a trading venue, it must, at the request of the client, provide additional information about the consequences of this means of execution, for example, additional counterparty risk. Where applicable, Zadig will provide information when it executes orders outside a trading venue on the consequences of doing so, noting for example any counterparty risk.

Orders placed with other entities

Zadig will request and ensure that it receives information on the execution arrangements in place at the entities with which it places orders. It will ensure that any execution arrangements are compatible with Zadig providing best execution for the clients it manages. Zadig has in place an annual broker review which assesses the value of the service Zadig receives from its brokers and on which Zadig bases its choice of brokers. The broker review is carried out as follows:

- Analysis of the quality of execution;
- Analysis of the quality of the settlement and reconciliation process.

Disclosure regarding execution policy

Zadig provides appropriate information in good time to a client about its execution venues. Zadig also follows the general disclosure requirements in the regulations as follows:

Zadig provides “appropriate information” to its clients on its execution policy. This is provided by handing over a copy of this best execution policy and receiving a formal confirmation of receipt and approval. Zadig keeps a record of all such confirmations of receipt.

As required, the information provided clearly explains how Zadig will execute orders for its clients. The information includes details and is written in a way that can be easily understood by clients. Zadig aims to disclose sufficient information to enable clients to make a properly informed decision about whether to use the services offered by Zadig.

Zadig only manages a limited list of financial instruments and as such it reasonably believes that there is no need to customise any information that they provide to clients on the execution policy depending on the class of financial instrument and type of the service provided but will provide such information if necessary.

Zadig deems that the above disclosures cover the obligation that Zadig must inform the client of where the order was executed.

Publication of information on top five execution venues

Zadig must summarise and make public on an annual basis, for each class of financial instruments, the

top five execution venues in terms of trading volumes, where it executed client orders in the preceding year, together with information on the quality of execution obtained.

Zadig must make this disclosure and publish as follows in connection with its obligations under what is known as the “RTS 28 reports”:

- information on the top five execution venues in terms of trading volumes for all executed client orders per class of financial instruments referred to in this policy but not including SFTs;
- information on the top five execution venues in terms of trading volumes for all executed client orders in SFTs for class of financial instruments referred to in this policy; and
- for each class of financial instruments, a summary of the analysis and conclusions they draw from their detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year. Zadig may consolidate some of the information to be disclosed in the summary where such information is common to several or all classes of financial instruments (**ESMA Q&As on MiFID II and MiFIR investor protection and intermediaries topics (dated 18 December 2017): Chapter 1, question 10**).

Zadig must make this information available to their clients.

Monitoring and review

Where Zadig executes orders it will notify clients of any material changes to their execution arrangements or execution policy. Zadig will monitor this at least annually. Further, whenever there is a material change that appears likely to affect Zadig’s ability to continue to obtain the best possible results for its clients and the effectiveness of its execution policy in providing the best possible result for clients, Zadig will amend or enhance the policy, should that appear necessary or desirable.

The CO reports to the Senior Management annually or whenever a material change occurs that might affect Zadig’s ability to apply its policy.