

FUNDCRAFT MANAGEMENT S.À R.L.

Best Execution Policy





Contents

1. Glossary	3
2. Applicable regulations	3
3. Purpose of the Policy	4
4. Regulatory requirements.....	4
4.1. Scope of the Policy.....	4
4.2. Scope of the regulatory requirements	4
4.3. Details of the regulatory requirements	5
5. The principle of best execution	6
5.1 Trade venues	7
5.2 Trade execution	7
5.3 Trade execution criteria	7
5.4 Best execution exceptions	8
6. Acknowledgment by the Board.....	8
7. Recordkeeping.....	8
8. Review of the Policy	8



Link to other documents

Reference	Description
I	Portfolio management Procedure
II	Conflict of interest Policy

1. Glossary

Term	Description
Fundcraft	fundcraft Management S.à r.l.
AIF	Alternative Investment Fund for which the AIFM acts as AIFM
AIFM	Alternative Investment Fund Manager/Management Company
ManCo	Management Company
Funds	AIF managed by the AIFM
AIFM	Alternative Investment Fund Manager/fundcraft Management S.à r.l.
AIFM Law	Law of 12 July 2013 on Alternative Investment Fund Managers, as amended
Community Law	Applicable laws and regulations of the EU
CSSF	<i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg supervisory authority for the financial sector
Board	Board of Managers of the AIFM
Investors	The investors of the Funds
Senior Management	The persons responsible for the management of the AIFM, authorized by the CSSF, also known as “authorized management” or “Conducting Officer”
CRR	This Best Execution policy, as amended
FIAAG	Capital Requirements Regulation
SIAG	Self-managed alternative investment fund

2. Applicable regulations

Applicable Law	Description
CSSF Circular	CSSF Circular 18/698 regarding the substance of investment fund managers
AIFM Law	Law of 12 July 2013 on Alternative Investment Fund Managers, as amended
AIFM Delegated Regulation	Commission Delegated Regulation (EU) No 231/2013



3. Purpose of the Policy

This Policy describes the arrangements and processes which the AIFM has put in place to ensure that the requirements on best execution with the client order handling set out in the AIFM Law are complied with and followed. In particular, it is related to Art 11 of the AIFM Law where by example the AIFM must at all times act in the best interests of the AIFs or the investors of the AIFs they manage and the integrity of the market , and to point 260, 342 and 417 of the CSSF 18/698 about the implementation and monitoring of the best execution policy.

4. Regulatory requirements

4.1. Scope of the Policy

The scope of the Policy covers all AIFs where the AIFM executes orders on their behalf.

The aim of this Policy is to ensure that the handling of orders is undertaken in full compliance with the regulations, as amended.

Whenever the AIFM buys or sells financial instruments or other assets for which best execution is relevant, it will ensure it is done in a prompt, fair and immediate manner.

This Policy takes into account the nature, scale and complexity of the activities and transactions.

The AIFM is currently managing funds which have a Private Equity or fund of funds strategy. In that context the transactions are based on the investment advisor recommendations. The details about the organization of the investment committees are available separately.

Transactions are further considered under the Portfolio Management Procedure (available separately). In general, the AIFM will allocate appropriate resources to ensure an expeditious and diligent closing of a transaction.

Within the possibility to delegate the portfolio management function the principles laid down in this Policy apply only to the AIFs where the AIFM directly undertakes the portfolio management function and related activities. There is no delegation of the portfolio management fro the moment.

Full compliance with the aforementioned points is achieved and tested through an initial and ongoing due-diligence on the third party, as the case may be.

4.2 Scope of the regulatory requirements

The regulations require the AIFM to :

1. take all reasonable steps to obtain the best possible result for the AIF and/or its investors when:
2. executing portfolio management decisions for the AIF; and/or
3. placing orders with selected third parties for execution;
4. implement a best execution policy, reviewed on the shorter of, an annual basis or material changes in the process (the process itself or any party involved) affecting best execution;
5. monitor and document the effectiveness of the best execution arrangements on a regular basis and whenever a failure or exception has occurred;
6. demonstrate and document that the AIFM acted in accordance with its best execution policy;



7. make appropriate information on its best execution policy (and relevant changes to it) available to the AIFs investors.

A general principles, in the context of their activities, AIFMs must at all times:

- a. act honestly, with due skill, care and diligence and fairly in conducting their activities;
- b. act in the best interests of the AIFs or the investors of the AIFs they manage and the integrity of the market;
- c. have and employ effectively the resources and procedures that are necessary for the proper performance of their business activities;
- d. take all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, to identify, manage and monitor and, where applicable, disclose those conflicts of interest in order to prevent them from adversely affecting the interests of the AIFs and their investors and to ensure that the AIFs they manage are fairly treated, in accordance with the AIFM Conflict of Interest Policy (available separately);
- e. comply with all regulatory requirements applicable to the conduct of their business activities so as to promote the best interests of the AIFs or the investors of the AIFs they manage and the integrity of the market;
- f. treat all AIF investors fairly.

No investor in an AIF shall obtain preferential treatment, unless such preferential treatment is disclosed in the relevant AIF's management regulations or instruments of incorporation.

4.3. Details of the regulatory requirements

The AIFM ensures it complies at all times with the following requirements:

- implement procedures for the prompt and fair execution of orders for the AIFs, which entails:
 - orders are executed on time, are accurately and timely recorded and fairly allocated;
 - apart from that orders that can be deemed comparable, accompanied with a documentation of the assessment, are executed sequentially and immediately unless one or both of the following exceptions applies :
 - the execution is unfeasible based on the nature and characteristics of the order or prevailing market conditions; or
 - the execution is not ultimately in the best interest of the AIFs or its investors;
- The AIFM must install procedures to ensure at least the following:
 - without delay execution, fair and accurate execution of orders for the AIF ;
 - accurate recording and allocation of all orders ;
 - orders that are, or can be deemed, comparable are executed sequentially, as far as technically feasible ;
 - orders that are, or can be deemed, comparable which cannot be executed sequentially, based on their nature, the current market condition, market practice and/or idiosyncratic details of the trade are executed in the sequence which is possible and in the best interest of the investors ;



- orders that are, or can be deemed, comparable, for an AIF or client are combined and executed sequentially, as long as the aggregation does not cause a conflict with any other direct and/or indirect duty and/or regulation ;
- orders that are fully executed are allocated as per the initial trade details (quantity or price) to the AIF (if applicable) ;
- orders that are not fully executed are allocated based on the AIFMs trade execution policy ;
- for investments where the AIF and AIFM have placed an order both in case of only a partial allocation the AIFs receives a priority allocation, and just any residual is allocated to the AIFM order ;
- for aggregated orders of the AIF and AIFM, where the aggregation was necessary to be able to place the trade initially or finally lead to more beneficial terms, outweighing any potential negative effects on e.g. trading costs or pro-rate allocation, a deviation from the aforementioned principle will be done and the trade split proportional between the AIF and AIFM ;
- orders, where a sequential execution would not be in the best interest of the investors are executed in the sequence being most beneficial to the investors ;
- orders are executed under the aim of the ultimate best execution of the investors, considering fees and the price offered by the trading venue ;
- no front-running of to be received or pending orders and/or no other misuse of confidential and proprietary order information is taking place ;
- orders of the AIFM itself are only placed once AIFs orders have been placed and executed, as far as possible ;
- assets are received duly after the agreed settlement date, in the right quantity, with a correct price note ;
- assets are received either directly by the AIF, if possible, or are received by an agreed third-party, the depository, registered in the name and the ultimate benefit of the AIF ;

The AIFM cannot guarantee and apply the best execution principles for the trades which are executed with a single counterparty as the result of an extended negotiation in an unregulated market. This applies, inter alia, to transactions in private securities (i.e. private equity shares of unlisted companies, start-ups etc.).

This exception is stipulated in the regulation, whereas the AIFM unbinding, and on a case by case basis with a varying degree, aims to apply as much and many principles of the best execution policy as possible in the transaction as a good governance.

5. The principle of best execution

The “best execution” is an assessment and combination of facts and circumstances which depend, inter alia, on the nature of the transaction, the instrument traded, the execution market and associated practices, the execution venue, the price and liquidity of the instrument, the market-depth of the investment instrument, the counterparty and the size of the order.



5.1 Trade venues

The AIFM shall in general ensure best execution for all orders for all AIFs under its management at all times by way of selection of the trading venue offering the most beneficial execution considering the (best) execution factors :

- Orders for listed securities and derivatives trading in regulated (primary) markets are executed through recognized intermediaries like exchanges (if applicable);
- Order for unlisted securities, which by its nature trade in unregulated (secondary) markets, are traded OTC with a selected counterparty, in some cases subject to a due diligence ;
- Orders for derivatives not trading in regulated (primary) markets (OTC) are executed through regulated brokers under standard agreements (commonly ISDA) ;
- Orders for securities where regulated (primary) markets lack market depth and information, and as a result of this don't pose the best execution venue in the sense of the best execution principle and policy, are executed in (unregulated) secondary markets with selected counterparties as long as the price (and through this indirectly the liquidity) is more beneficial for the investors ;
- Orders for securities, excluding those covered by the points above, where no secondary sourcing of a price information is possible for comparative and best execution purposes, are executed through a negotiation with a counterparty. Those markets are usually opaque, lacking liquidity and market depth on the transaction side and are dominated by the selling counterparty/-ies. In order to mitigate the inherent initial information advantage of the seller a comprehensive price negotiation phase is part of this process, accompanied with an extensive due-diligence.
- All orders, as far as possible, should be executed with regulated counterparties, which have best execution policies in place.
- Under the current regulation the underneath mentioned venues are considered as feasible and applicable execution facilities :
- Regulated (primary) markets;
- Market-makers or other liquidity providers (including non EEA providers performing similar functions, which are subject to a comparable supervisory regulation);
- Systematic internaliser;
- Multilateral trading facilities;
- Other networks matching orders.

5.2 Trade execution

Trades might be executed through counterparties via the trading venues described in 5.1. The execution is performed on the basis of the requirements and processes set out in this Policy and the bilateral agreement between the seller and the buyer.

5.3 Trade execution criteria

In order to assess and guarantee the best execution, the AIFM assess inter alia the following criteria (when applicable):

- Tradable instruments
- Trade price per traded unit
- (Direct and indirect) transaction costs per traded unit



- Minimum, maximum trade sizes
- Execution time per trade or (partial) block trade
- Execution success rate
- Any other criteria materially influencing the trade execution

5.4 Best execution exceptions

The aim is a trade execution adhering to all the criteria, which is not always possible due to the nature of the trade. As such there can be a trade-off between or multiple criteria, where the AIFM will select the trade venue and execution that is offering the best result for the AIF, whilst minimizing the risk.

Furthermore, the deviation can be caused as well by temporary market disruptions or the written request to execute a trade with a specific counterparty.

6. Acknowledgment by the Board

The Board is formally acknowledging the Policy and the appointment of new brokers for the permanent execution of trades when applicable.

7. Recordkeeping

The AIFM ensures that a record is kept for all agreements, trade executions, exceptions, updates and monitoring and its outcome in accordance with applicable local record retention requirements.

8. Review of the Policy

The Policy will be reviewed at least once a year by the Senior Management of the AIFM in committee. In fact, the Senior Management of the AIFM conducts a central and independent review of the implementation of the Policy in order to assess if the latter:

- is operating as intended;
- is compliant with national, international regulations, principles and standards applicable to the sector within which the AIFM operates.

Where no update is required, the Policy will be applied consistently over time.