

CREDERE CAPITAL LLP
(“Crederere” or the “Firm”)

Best Execution Policy
(Full-Scope UK AIFMs)

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1. Introduction

The Credere Capital LLP (“Credere”, the “Firm”) Best Execution Policy outlines the arrangements Credere has put in place to demonstrate and achieve ‘best execution’ that is obtaining the best possible results for the accounts and funds it manages or the investors in those accounts/funds. The objective of this Policy is to continuously target and obtain the best possible results for client orders.

2. Applicability and Scope of the Policy

As an Alternative Investment Fund Manager (AIFM), when Credere either executes orders for funds or places orders to deal with other entities for execution Credere is required to do so on the most favourable terms in accordance with COBS 11.2 and Articles 27 & 28 of AIFMD. Credere takes the same approach, and operates to the same standards, in instances where it executes trades or places orders on behalf of a non-AIF client, fund or account.

Credere will take all sufficient steps to obtain the best possible result for the funds and accounts it manages and when doing so takes into account the execution factors set out below.

Credere will act in the best interests of its clients by following the approach set out in this policy, unless it can be demonstrated that a better outcome can be achieved by employing an alternative approach. If an alternative approach is employed, the individual taking this decision must document the reasons for taking this approach and report this to the Firm’s Compliance Officer who will consider whether it was appropriate and also consider if there are any changes required to this policy.

3. Execution Factors

The execution factors are any considerations relevant to the execution of the order and we will determine the relative importance of each of the factors in relation to each trade. These factors are:

- price,
- costs,
- speed of execution,
- likelihood of execution and settlement,
- size of order,
- nature of order, and
- other considerations relevant to the order.

Price will usually merit a high relative importance in obtaining the best possible result for professional clients.

4. Execution Criteria

When executing a client order, the Firm will take into account the following criteria to determine the relative importance of the execution factors:

- the objectives, investment policy and risks specific to the AIF, as indicated in the AIF’s rules or articles of association, prospectus or offering documents of the AIF;

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

These criteria should be carefully applied to each instance to determine the priority of each execution factor.

An execution venue for the purposes of this policy includes a regulated market, a Multilateral Trading Facility (MTF), an Organised Trading Facility (OTF), a Systematic Internaliser or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the function provided by any other firm caught by this definition.

5. Use of Broker/Counterparty or Direct Market Access

We will consider which option provides the best possible result for a client when deciding whether to use a broker or counterparty to execute the transaction (i.e. transmitting the order) or whether we use Direct Market Access (“DMA”) and execute the order directly ourselves.

The decision made will be unique depending on the financial instrument and the relative importance of the execution factors and execution criteria.

Typically Credere’s trades involve an equity/bond pair trade traded OTC via voice broker, where the equity trade is the hedge to the bond. Subsequently there may be an adjustment to the hedge element of the trade which will usually be executed via EMSX.

Credere will ordinarily treat price, followed by cost as the highest priority execution factor to differentiate between execution venues and brokers/counterparties. However, if Credere believes there is reduced likelihood of successful execution or settlement through a particular venue or broker/counterparty Credere will avoid trading through that venue/counterparty. In addition, if there is rapid price movement in a particular financial instrument and delay would be likely to disadvantage the client, Credere will treat speed as the priority factor.

Factors that Credere considers in selecting the entities with which client orders are placed or to which Credere transmits client orders for execution in respect of a particular financial instrument include:

- general prices available,
- depth of liquidity,
- relative volatility in the market,
- speed of execution,
- cost of execution,
- creditworthiness of the counterparties on the venue or the counterparty, and
- quality and cost of clearing and settlement.

6. Selecting a Venue and Broker/Counterparty

Credere trades exclusively via third party brokers using Bloomberg messenger. It does not deal through automated venues such as DMA, MTFs or OTFs or directly onto exchange.

The paired trades will typically be executed with one broker for each complete pair, the choice of broker being made on the terms of trade and prices offered.

Credere will regularly assess the execution venues available for different types of financial instruments and may add or delete brokers to ensure Credere provides the client with the best possible result on a consistent basis.

A list of the brokers and counterparties Credere may use is set out in Appendix I.

When Credere is placing orders with other entities for execution or where the firm is providing the service of receipt and transmission of orders, Credere will ensure that the broker or counterparty to whom the firm is transmitting the order will enable Credere to obtain the best possible result for its clients. Credere will therefore obtain and review copies of the Best Execution Policy (BEP) for all brokers and counterparties and monitor the trades that have been executed by these brokers/counterparties to ensure they have obtained the best possible result for Credere's clients. The principal brokers used, which include the top five venues, are themselves Systematic Internalisers whose Best Execution analytics are made available to Credere and which the firm uses to help it assess its own achievement of Best Execution on behalf of its clients.

Where there is no choice of different execution venues Credere will not have to comply with the majority of the best execution requirements, but Credere must be able to demonstrate that there is no choice.

7. Dealing Arrangements

The below sub-sections are indicative areas, in which not all may be relevant to Credere's business:

8.1 Commission Rates

Credere will not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular trading venue or execution venue which would infringe on the conflicts of interest or inducements requirements which the firm is subject to.

Credere shall not structure or charge commissions which would discriminate unfairly between execution venues. The firm's policy is to select the broker or counterparty that charges the lowest commission rates, however this may not be the highest priority execution factor. Where there is a direct choice of broker or counterparty and all other factors are equal, Credere will choose the broker with the lowest commission rate.

8.2 Geographical Location

Credere will place trades in stocks which are not in geographical locations where well-developed markets exist with an external broker with known expertise in relation to that stock and its geographical location. This is preferred to ensure successful execution and the best price, however, that broker may not necessarily be competitive on cost.

In other circumstances, transactions will generally be arranged through a UK-based broker where Credere is able to procure competitive commission rates and it believes the broker can execute the transaction successfully. The priorities will therefore be satisfactory execution, price and then cost.

8.3 Collective Investment Schemes

When Credere deals for clients in the shares/units of collective investment schemes it would place orders either directly with the fund manager or with a broker for execution on their secondary market. Credere will aim to purchase shares/units with the lowest possible annual management charge to ensure clients invest in the best value shares/units.

8.4 Illiquid Stocks

For illiquid stocks, Credere will engage with a broker who has expertise in relation to the stock in question. This is to enable the firm to achieve the best overall execution in terms of successful completion of the order and price. Credere will also consider the broker's commission when assessing which broker to use.

When Credere is executing orders, or taking a decision to deal in OTC products (including bespoke products) it will check the fairness of the price proposed by gathering market data used in the estimation of the price of such product and, where possible, comparing it with similar or comparable products.

8.5 Large Transactions

If a trade is large in comparison to the normal market size for that particular stock Credere will use a broker/counterparty to manage the execution of the transaction who has the appropriate expertise. In these cases, the priority factor will either be the broker's ability to complete the transaction successfully or the price.

8.6 Speed of Transactions

If the price of a stock is moving rapidly, speed of execution will be the priority factor. Credere will achieve speed of execution either through an appropriate DMA or the use of a large broker or counterparty which is capable of achieving rapid and effective execution of the particular stock. Secondary to speed will be successful execution, followed by cost. The price factor in these circumstances is therefore de-prioritised.

8.7 Inducements

Credere will only receive third party payments that comply with the FCA & AIFMD inducements rules and its Research Policy, and will inform clients about the inducements that it receives from execution venues. Credere will specify the fees it charges to all counterparties involved in the transaction and where fees may vary depending on the client it will indicate the maximum fees or the range of fees that may be payable.

8. Monitoring and Review of Execution Arrangements and Policy

To ensure that policy and execution arrangements remain appropriate for the Firm and its clients this policy will be reviewed by the Governing Body of the Firm on an at least annual basis. If there is any material change to the Firm's ability to continue to obtain best execution then this policy will be reviewed and, if required, updated.

Credere will notify clients if there are material changes to this policy. A material change will be a significant event which could impact the parameters of best execution such as cost, price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

The Firm must monitor the effectiveness of its order execution arrangements and BEP in order to identify, and where appropriate, correct any deficiencies.

Credere will undertake compliance monitoring of best execution on a periodic basis to determine whether transactions have been conducted in accordance with this policy.

9. Client Consent

Credeere must obtain prior consent to its Best Execution Policy where the AIF has a governing body that can provide prior consent; including specifically that it may execute orders outside of a trading venue, which may have certain consequences including counterparty risk.

Annex I – Broker or Counterparty Details (as at October 2020)

Class of Financial Instrument	Name of Broker or Counterparty	
Equities	GS EMSX	Top 5 venues
FX Derivatives	Barclays	
Bonds	Nomura	
	Goldman Sachs	
	JP Morgan	
	BNP	
	UniCredito	
	Credit Suisse	
	SMBC Nikko	
	Stifel	
	Morgan Stanley	
	Citigroup	
	SocGen	
	Jefferies	
	Wells Fargo	
	BAML	