



PRAUDE ASSET MANAGEMENT LTD

Best Execution Policy

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1. INTRODUCTION

In accordance with MiFID guidelines and the MFSA rules concerning its implementation in the Malta, PAM is required to inform its clients as to the policies for execution of client Trades and Orders. This policy should be read in conjunction with the Client Agreement including our Terms and Conditions and if there is anything that is not understandable this should be discussed with the Compliance Officer. In the event of a disagreement between this policy and the Terms and Conditions, then the Terms and Conditions shall prevail.

2. TRADE EXECUTION POLICY

When the client provides PAM with specific instructions as to how to execute the trade or order, then this will remove the obligation from PAM to take all reasonable steps to obtain the best possible execution result by the consequences of following these instructions. When opening and closing trades for a client, PAM will take all reasonable steps to achieve the best possible result for the client by opening and closing those trades according to the Order Execution Policy and subject to any specific instructions received from the client. In all other circumstances, when PAM execute a trade or order for the client, they will take into consideration a number of factors that allow them to offer the best possible result. Therefore, PAM shall take all reasonable steps to obtain, when executing orders, the best possible result for its clients taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order. Nevertheless, whenever there is a specific instruction from the client, PAM shall execute the order following the specific instruction.

Best execution will mainly be determined by the price or spread, followed by the size and nature of the trade or order, and the speed and likelihood of execution and settlement. The most common factors are highlighted below.

Price - If the trade is accepted by the PAM dealers/Brokers then the trade will be executed at the price requested by the client and at no other price, assuming there is no 'price error'. If the trade is made over the telephone then, assuming there is no 'price error', the trade will be executed at this price.

Transaction Speed - In almost all circumstances, so long as clients have sufficient margin available on their account for the trade and so long as the trade size requested is equal to or under the maximum size permissible, the trade will be executed at the level requested. In certain circumstances due to speed of internet communications, market volatility or in the case of deliberate manipulation of PAM's quoted prices the trade may be rejected by PAM's dealers/brokers if the price at which the client has attempted to trade is not representative of the 'underlying market' price when received by the dealers/brokers.

Trade Size - All trade execution is subject to size considerations. If the requested trade size is larger than what PAM's/ or their broker is able to trade in the 'underlying market' instrument on the relevant exchange at that time, then the entire trade or order may be rejected but PAM may offer greater liquidity than the 'underlying market' at its discretion. PAM will not make a 'partial fill' of any trade except by agreement in the case of a telephone trade. Every market quoted by PAM has an absolute minimum and maximum permitted associated with each market but this maximum trade size may vary due to market conditions and is, at all times, at the discretion of the PAM dealers/brokers.

General - In most cases an order when triggered by market price action will be filled at the same, or very close to the same, price as requested on the clients' order request. If the market opens at the start of the trading day at a price sharply different to the closing price of the previous trading session any order whose activation price is between the closing quote of the previous days trading close and the opening quote of the next days trading session will be filled at the first price reasonably obtainable by PAM/or their brokers with reference to the 'underlying market'.

Gapping (slippage) - If any market gaps from one quoted price to another due to any market sensitive piece of information (such as a profit warning or an economic data release) then any order in place between these prices will be activated. The execution price of any order affected by price sensitive information will be subject to general exchange rules. This means that they will be filled AFTER any trade requests placed at the same time. For this reason, although there may be tick prints on charts provided by PAM that suggest better potential fill levels, an order activated by a major economic data announcement, by a profit warning or other significant market event may be subject to fill levels significantly different to the momentarily available quote levels and will also be filled with consideration to the size of the order in question.

Market Hours - Aside from those markets defined as being quoted 'out of hours' no order will be filled outside of PAM's brokers specified quoting hours. Please note that some markets continue to trade outside of the quoting hours offered by PAM's Brokers and in these cases there is significant potential of some gapping from one trading session to the next trading session. All orders in these markets will be subject to this gap in prices. Orders activated in 'out of hours markets' quoted by PAM's Brokers are treated as though the underlying instrument were open and trading at that level required to activate the order.

Guaranteed Stop Orders - Where instructions are given via the use of a Guaranteed Stop Order, specifying the price at which a position is to be closed if the market moves against them, those instructions take precedence over other aspects of PAM's Order Execution Policy. A transaction which has a Guaranteed Stop Order set against it will be closed at the specified level if it is reached.

UCITS - PAM will execute otherwise comparable UCITS orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the UCITS require otherwise. Financial instruments or sums of money, received in settlement of the executed orders shall be promptly and correctly delivered to the account of the appropriate UCITS.

Aggregation and Allocation of Trading Orders - PAM shall not carry out a UCITS order in aggregate with an order of another UCITS or another client or with an order on its own account, unless the following conditions are met: (a) it is unlikely that the aggregation of orders will work overall to the disadvantage of any UCITS or clients whose order is to be aggregated; and (b) aggregated orders and partial executions are allocated pro rata. PAM shall not aggregate transactions for own account with one or more UCITS or other clients' orders.

2. PAM's Best Execution Policy

- 2.1 With respect to securities listed on the Malta Stock Exchange, the price at which an order is executed shall be determined by the then current price on the Malta Stock Exchange. With respect to all classes of instruments not listed on the Malta Stock Exchange, PAM shall obtain, or ensure that the third party with whom an agreement is in place, obtains to the extent that it is possible to do so, the best price available taking account of all relevant circumstances. For this purpose, the third parties with whom PAM has an agreement in place are also subject to best execution requirements and as such PAM places a degree of reliance on this third party in order to comply with such requirements, unless there are any specific instructions in writing from a client which may prevent PAM from taking the steps that it has designed and implemented in its execution policy to obtain the best possible result for the execution of those orders.
- 2.2 A confirmation letter will be obtained from this third party that they will carry out deals in line with the best execution policy.
- 2.3 Further information about PAM's best execution efforts for each trade will be provided to clients on request.
- 2.4 Due to systems failures or other unavoidable reasons, PAM may execute orders in a method that differs from the method selected pursuant to the Best Execution Policy. Even in such a case, however, PAM endeavors to execute orders on the best terms available at that point.
- 2.5 PAM shall notify clients of any material changes to its policy by posting an updated version of this policy on its website. The policy shall be reviewed annually and special care will be taken to ensure that the entities commissioned by PAM to execute its orders for instruments not listed in Malta are indeed effective in their Best Execution efforts.
- 2.6 By continuing to use PAM's services, Clients shall be deemed to have consented to the contents of the Best Execution Policy, which is in force at the moment the Client's instructions are received by PAM. PAM forwards all orders received from clients for execution through a broker.

- 2.7 PAM will monitor the effectiveness of its order execution arrangements and execution policy in order to identify and, where appropriate correct any deficiencies. In particular, it shall assess, on a regular basis, whether the execution venues included in the order execution policy provide for the best possible result for the client or whether it needs to make changes to its execution arrangements. PAM shall notify clients of any material changes to its order execution arrangements or execution policy. The policy shall be reviewed annually.
- 2.8 PAM shall be able to demonstrate to its clients, at their request, that it has executed their orders in accordance with its execution policy.
- 2.9 When executing client orders, PAM shall take into account the following criteria for determining the relative importance of the factors referred to above (price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order):
- the characteristics of the client including the categorisation of the client as retail or professional;
 - the characteristics of the client order;
 - 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.

3. TRADES AND ORDERS

PAM will execute all orders from clients for Maltese listed securities on the Malta Stock Exchange (in respect of each class of instruments).

When the order cannot be executed on the Malta Stock Exchange since it deals with all classes of securities that are not listed locally, PAM will forward the order to a designated third party with whom PAM has executed an agreement regarding the receipt and transmission of orders.

There are three types of instructions that clients may give to execute or initiate a transaction with PAM.

Trade - This is where clients give an immediate instruction to buy or sell on a currently quoted price.

Order (Standing Order) - This is where the client gives an instruction to execute a trade at a price that is not currently available in the market but may be available at a future date/time.

Market Orders - In certain cases when the trade size is greater than the 'underlying market' size or where the 'underlying market' is illiquid (i.e. in certain AIM or small cap stocks) or where PAM or their brokers may for various reasons attempt to work an order for the client in the market at a certain price then PAM will agree a corresponding single trade price for the whole position after completion of the 'underlying market' trade.

4. Aggregation and Allocation of Trading Orders

4.1 PAM shall not carry out a UCITS order in aggregate with an order of another UCITS or another client or with an order on its own account, unless the following conditions are met:

- a. it is unlikely that the aggregation of orders will work overall to the disadvantage of any UCITS or clients whose order is to be aggregated; and
- b. an order allocation policy has been established and implemented, providing insufficiently precise terms for the fair allocation of aggregated orders, including how the volume and price of orders determines allocations and the treatment of partial executions.

4.2 Where PAM aggregates a UCITS order with one or more orders of other UCITS or clients and the aggregated order is partially executed, it shall be required to allocate the related trades in accordance with its order allocation policy.

4.3 PAM that has aggregated transactions for own account with one or more UCITS or other clients' orders, shall not allocate the related trades in a way that is detrimental to the UCITS or another client.

4.4 Where PAM aggregates an order of a UCITS or another client with a transaction for own account and the aggregated order is partially executed, the PAM shall allocate the related trades to the UCITS or other client in priority over those for own account.

4.5 Where PAM is able to demonstrate to the UCITS or its other client on reasonable grounds that it would not have been able to carry out the order on such advantageous terms without aggregation, or at all, it may allocate the transaction for own account proportionally, in accordance with the policy referred to in SLC 3.45(b).

5. Best Execution - Execution of Decisions to Deal on Behalf of the Managed UCITS

5.1 PAM shall act in the best interests of the UCITS it manages when executing decisions to deal on behalf of the managed UCITS in the context of the management of its portfolios.

5.2 PAM shall take all reasonable steps to obtain the best possible result for the UCITS, taking into account price, costs, speed, likelihood of execution and settlement, order size and nature, or any other consideration relevant to the execution of the order. The relative importance of such factors shall be determined by reference to the following criteria:

- a. the objectives, investment policy and risks specific to the UCITS, as indicated in the prospectus or as the case may be in the rules of the fund or articles of association of the UCITS;
- b. the characteristics of the order;
- c. the characteristics of the financial instruments that are the subject of that order; and

d. the characteristics of the execution venues to which that order can be directed.

5.3 PAM shall obtain the prior consent of the UCITS on the execution policy. PAM shall make available appropriate information to unit-holders on the execution policy and on any material changes to their policy.

5.4 PAM shall monitor on a regular basis the effectiveness of its arrangements and policy for the execution of orders in order to identify and, where appropriate, correct any deficiencies.

5.5 PAM shall review the execution policy on an annual basis, and whenever a material change occurs that affects the PAM's ability to continue to obtain the best possible result for the managed UCITS.

5.6 PAM shall be able to demonstrate that it has executed orders on behalf of the UCITS in accordance with its execution policy.