Best Execution, Order Allocation, Order Transmission Policy

Of

Alpha Value Management LTD

Dated January 2019

Contents

Updates and amendments to the Policy

Date of change	*Brief description of change*	*Changed by*	*Sign off*
February 2018	*Mifiid II update*	*Trade Desk*	
January 2019	*Inclusion of trade error policy and review*	*Trade Desk*	

Definitions

AIF	collective investment undertakings, including investment compartments thereof, which: (i) raise capital from a number of investors, with a view to investing it in accordance with a defined investment policy for the benefit of those investors; and (ii) do not require authorisation pursuant to Article 5 of Directive 2009/65/EC
CIS	collective investment schemes
SLCs	standard licence conditions applicable to investment services licence holders which qualify as AIFM (Part BIII) and UCITS Management companies (Part BII)
The Company	means Alpha Value Management Limited
The Board	the board of directors of the Company being the body with ultimate decision-making authority in the Company, comprising the supervisory and managerial functions.
Total Consideration	the price of a financial instrument and the cost related to execution including all expenses incurred by the client which are directly related to the execution of the order such as execution venue fees, clearing and settlement fees, and any other fees paid to third parties involved in the execution of the order.
UCITS	an undertaking for collective investment in transferable securities pursuant to the UCITS Regulations
UCITS V Directive	directive 2014/91/eu of the european parliament and of the council of 23 July 2014 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as amended and as may be further amended, consolidated or substituted from time to time
UCITS Regulations	the European Communities Undertakings for Collective Investment in Transferable Securities Regulations, 2011 as amended and as may be further amended, consolidated or substituted from time to time and any regulations or notices issued by the Authority for the time being in force
MiFID II Directive	directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU Text with EEA relevance

1. General Background

This Policy has as an objective the illustration of the procedure for executing, allocating and transmitting the orders Alpha Value Management Limited (hereinafter referred to as "the company") makes on behalf of the wealth Management Portfolios and CIS's it manages.

The contents of the policy might change in light of eventual future changes in the following:

- In the operational procedures and organisational structure of the company;
- Each time, it is ascertained that a modification is essential for the better long-term management of the portfolios.

The Policy is designed within the regulatory guidelines of the SLC's whereby the company has a strict policy for its managed UCITS and general principles for its professional and retail clients as required by the Markets in Financial Instruments Directive 2014/65/EC (MiFID II).

2. Adoption, Review and Monitoring

The Policy has been reviewed and approved by the Board of Directors (the "Board").

The Company will assess, monitor and periodically review:

- The adequacy and effectiveness of the policy and of the arrangements, processes and techniques
- The level of compliance by the company with the policy and with arrangements, processes and techniques
- The adequacy and effectiveness of measures taken to address any deficiencies in the performance of the process

The board will review the Policy and the implementation of procedures by the earlier of any changes to regulations, ad hoc changes or on an annual basis. The review of the Policy is intended to ensure the effectiveness of the Policy and the effectiveness of any policy and arrangements in place with any of the Company's delegates.

Any material changes to this policy shall be made available to the CIS's manged by the company.

The company periodically reviews its Policy, in order to assess its effectiveness. The said review is carried out at least once a year, and each time significant changes are made that may affect the capability to obtain the best possible result for the execution orders on a consistent basis.

In case of significant changes made to the Policy and in compliance with the regulatory provisions, the company will promptly update its Policy.

Each time a client so requests, the company undertakes to provide proof that the order has been executed in compliance with this Policy.

This Policy supersedes the previous one. Its effectiveness depends on the schedule of the technical activities to be arranged by the company.

3. Best Execution

The company acts in the best interest of the clients it manages when executing decisions to deal on their behalf within the context of managing their portfolios. For this purpose the company shall take all the reasonable steps to obtain the best possible result for its clients taking into account:

- Price
- Cost
- Speed
- Likelihood of execution and settlement
- Order size and nature
- Any other consideration relevant to the execution of the order

The above generally applies to professional clients since for retail clients the company applies the ***total consideration*** criteria (see definition above).

These factors shall be determined by referring to the following four criteria:

- The objectives, investment policy/mandate agreement and risks specific to the type of client as indicated in the respective documents
- The characteristics of the order
- The characteristics of the financial instruments subject to that order
- The characteristics of the execution venues to which that order is sent

The company implements effective arrangements for complying with the obligations referred to above.

Models

Orders received from Portfolio Managers can be sent for execution via the platforms managed by the trading desk on a regulated market, a multilateral trading facility or to another channel for the execution of orders on clients account by the company, or they can be executed with other market makers or liquidity providers through the channel defined as "Bloomberg".

In this regard, the company has defined a set of "execution venues", to which it has direct access or indirect access through other broker/dealers that it considers able to ensure on a continual and consistent basis the best possible result for its clients for the various financial instruments being traded.

For the purposes of defining its Order Transmission and Execution Policy, the company may also determine some "Prime broker/dealers" within the set of execution venues to which it has access, comprising all the execution venues to which it has direct access for the execution of management activity orders and the venues to which it has indirect access through broker/dealers, provided these have a high trading volume of orders transmitted by the company.

The company also adopts the concept of a "reference market" which identifies the most important market in terms of liquidity, for each of the financial instruments that may potentially be handled by the Company. If there are several markets with high liquidity and execution and/or settlement fees that are significantly different for a particular financial instrument, the Company, through its trading desk may identify the reference market by taking the fees into account as well as the market's liquidity, so as to allow its clients to achieve the best possible result.

It should be noted that, for bonds traded on markets the reference market is always selected from one of the Bloomberg platform's: the selection is based on liquidity analysis showing that domestic or OTC market execution venues are more significant in terms of volumes handled. In the event of orders for listed derivatives instruments, the best execution is not applied since such instruments are normally traded through a single execution venue.

Market comparison mechanism

Whenever the conditions are suitable for the Execution Policy to be implemented, upon reception of the order the trading desk assesses the execution quality offered by each potential alternative venue. The assessment is based on key factors:

- Total consideration;
- Likelihood of execution;
- Speed of execution.

Once the execution venue has been determined, the company can execute the orders directly on the markets through a broker/dealer (refer to Appendix 1).

When choosing the broker/dealers, the company:

- selects those that can guarantee the best execution quality;
- check the fairness of the price proposed to the client by gathering market data used in the estimation of the price of such product and comparing with similar or comparable products.
- checks the compatibility of the broker/dealer's order Execution Policy with its own policy;
- Periodically checks the execution quality provided by the broker/dealers and identifies corrective actions if necessary.

Elements affecting the market comparison mechanism

Where several strategic markets cannot be compared (such as for securities traded on a single venue or momentarily suspended from trading on one or more venues, or a settlement system to which a single execution venue is associated, etc.), the order is sent to the reference market; in the absence of a quote on the reference market or if this market is not included in the specific set of venues the order is routed to the venue identified as "second best".

4. Orders

Placing orders

The company acts in the best interest of all its clients when placing orders to deal on their behalf with other entities for the respective execution of those orders. The company takes all reasonable steps to obtain the best possible result for its clients taking into account:

- Price
- Cost
- Speed
- Likelihood of execution and settlement
- Order size and nature
- Any other consideration relevant to the execution of the order

The relative importance of each of these factors might vary depending on the type of client the company would be dealing for at the time.

Handling orders

The company ensures the implementation of procedures and arrangements which allow for the prompt fair and expeditious execution of portfolio transactions on behalf of its clients. These procedures and arrangements should satisfy the following conditions:

- Ensure orders executed on behalf of its clients are promptly and accurately recorded and allocated
- Execute comparable orders sequentially and promptly *unless* either the characteristics of the order or the prevailing market conditions make this not practicable. The same will apply to protect the interests of the clients

Financial Instruments or sums of money, received in settlement of the executed orders shall be promptly and correctly delivered to the respective clients account based upon the pre-trade allocation.

Trading Errors

The company ensures the prevention and correction of trade errors through the implementation of procedures which allow for the record-keeping and the internal review of such errors if and when they occur.

The company considers a trade error to be one of the following:

- A clerical entry error
- Duplicating a transaction
- Failing to execute a transaction
- Trading outside the scope of the mandate given by the client
- Misallocating a trade to an incorrect client

In the event such an error occurs, the error is reported to the Portfolio Manager and recorded on a Trading-Error log. It is the policy of the company to not benefit or profit from any such trading errors and to correct trade errors in a manner that is in the best interest of the client.

Aggregation and Allocation of Trading Orders

The company trades on a discretionary basis and therefore aggregates orders for clients who have the same investment strategy line.

In the event of partially executed aggregated orders, the trades shall be allocated as per the order allocation policy below.

To date the company does not carry out any own account transactions and it is not its policy to do so. However should this change in the future the company will ensure that:

- If the company aggregates an order of a client with a transaction for own account and the aggregated order is partially executed, the company shall allocate the related trades to the client in priority over those for own account
- If the company has aggregated transactions for own account with one or more client orders, shall not allocate the related trades in a way that is detrimental to the client

5. Order Allocation Policy

The company operates a fair allocation policy. This policy therefore encompasses all financial instruments that the company transacts including equities, closed end funds, futures, foreign exchange, options, forward rate agreements, money market and fixed income instruments. The company has no clients under administration but under discretionary management and therefore does not receive any orders from clients.

Therefore under a discretionary point of view this policy states that purchases and sales should be allocated fairly across all clients having the same strategy unless there are reasons for acting differently. When allocating orders for these said clients the company applies a pro-rata principal in the case that an order is partially executed.

Subject to the regulations, the company may aggregate transactions for client portfolios and for CIS's and will allocate such transactions on a fair and reasonable basis and in accordance with the Rules using pro-rata principal.

Alternative criteria might, for example, include the following:

- Unprofitable Holding / De Minimus

Stock would not be allocated to a client if it would be uneconomic or prohibitive, from a dealing cost point of view, for the client. An allocation would be regarded as uneconomic or prohibitive if the administrative cost of the transaction was disproportionate to the value of the stock allocated.

6. Transmission Policy

The company uses broker/dealers for its Transmission Policy, sending the order with specific instructions for execution on the reference market.

Execution on the referred market naturally takes place on the condition that this is included in the execution venues of the company and if the referred market is not available, the order is routed to the "second best" market.

Limited to bonds traded only on overseas markets, the order is routed to the relevant execution venue subject to its inclusion in the set of specific venues for the company defined based on the agreements negotiated with the broker/dealers

7. Detailed procedure for the management of the orders

In the following paragraphs the procedure for the company's management of the orders for each client portfolio segmented according to the type of Financial Instrument will be treated in greater detail.

Using the management policies found in the individual mandates/investment strategies, the following Financial Instruments have been identified:

- Shares and Exchange Traded Funds (ETF's) listed on Italian regulated markets
- Shares and ETF's listed on regulated community and non-community markets
- Bonds, Eurobonds, and Government bonds listed on regulated markets
- Bonds listed on regulated community and non-community markets but also those listed on non-regulated markets
- Derivatives listed on Italian and other EU regulated markets
- Derivatives not listed on regulated markets

For each category of financial Instruments the following is prescribed:

- Important factors and criteria considered necessary to attain best execution
- Trading places associated with each category of Financial Instruments: Regulated Markets, Multilateral Trading facilities (MTF'S), operations involving direct counterparty and with qualified market makers.

All orders having the above-mentioned Financial Instruments are communicated/transmitted by the company via electronic means and/or telephony to the Trading Intermediaries which will carry out the respective orders mainly and mostly on regulated markets on behalf of the company itself. The company's orders can also be transmitted in the same way to intermediaries who will, in turn, transmit the orders to other Trading Intermediaries who would have their own best execution and Transmission policies.

In the circumstances, there is the possibility that Trading Intermediaries would carry out trading outside regulated markets or directly with the company.

8. Elements affecting the operation of the best execution model

The Order Transmission and Execution Policy envisages other elements that may affect the operation of the dynamic Best Execution model and, consequently, the procedures for determining the execution venue.

The model ensures that the dynamic Best Execution takes into consideration only those execution venues that have the same settlement circuit as the reference market for the instrument. This choice implies a limit to the option of comparing the markets on which to execute the order, due to the current inequality among settlement circuits. In any case, it is recognised that, when placing the order, the company has the right to indicate the circuit on which to effect the trade; this instruction takes precedence over the foregoing and the dynamic Best Execution

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Appendix 1

Broker/Dealers	Bonds	Equity & Equity like	Futures & Options	Fx trades
ALLX	X			
ARNER BANK	X	X	X	
ASHENDEN	X			
B.CA IMI LONDON/MILAN	X	X		
BANCA PROMOS	X			
BERKELEY		X	X	
CREDIT SUISSE	X			
ICBPI	X	X		
INTERMONTE	X			
IW BANK	X	X	X	
JP MORGAN	X			
NOMURA	X			
OCTOFINANCE	X			
SPARKASSE	X	X	X	
STX	X			
UBS	X	X		
WALLICH	X			