

# GREEN ARROW CAPITAL AIFM SARL

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Best Execution Policy

## Document History

VERSION	DATE	DESCRIPTION	AUTHOR	REVIEWER	APPROVAL
01	22/01/2025	Document creation	Compliance Officer	Conducting Officer	Board of Directors

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# I. ABOUT THIS DOCUMENT

## 1. Purpose & Scope of the Policy

Green Arrow Capital AIFM S.a.r.l (the “**AIFM**”), incorporated under the laws of the Grand Duchy of Luxembourg, is a management AIFM which manages some AIFs (hereinafter the “**AIFs**”) which themselves may be managed by investment managers (the “**Investment Managers**” or “**Investment Manager**”) under the provisions contained in, and in respect of, the investment management agreements (the “**IMA**”) signed by the AIFM and each Investment Manager.

In consequence of the fact that the management of the AIFs may be delegated to the Investment Managers, the AIFM has drafted the present policy as in such case the delegated Investment Managers are the ones who generally access the financial markets for buying and selling financial instruments, in the rare case where the relevant AIFs should invest in listed securities.

The AIFM may in extraordinary situation give instructions, by a formal decision of the Conducting persons, to the delegated Investment Managers to buy or sell financial instruments.

With the present policy, the AIFM is intended to ensure that the delegated Investment Managers execute markets orders in compliance with all relevant rules.

At the moment, the AIFM has delegated its investment management function to another entity of the Group, GAC SGR. However, the AIFM will ensure that the delegate is informed of and comply with the terms of the present policy.

The AIFM has to act in accordance with the best interests of the AIFs it manages when it executes decisions in respect to the AIFs’ portfolio management.

The objective of this Policy is to establish and describe the process for the AIFM to select the counterparties that are most likely to deliver the best possible result in the execution of transactions for the AIFs.

## **2. Legal and Regulatory background**

The Policy is established in compliance with the following provisions:

- CSSF Regulation 10-04;
- CSSF Circular 18/698;
- The EU Directive 2011/61, also known as the Alternative Investment Fund Managers Directive ("AIFMD");
- The EU Commission Delegated Regulation 231/2013 of 19 December 2012 supplementing the AIFMD;
- The Luxembourg Law dated 12 July 2013 transposing the AIFMD;
- The EU Directive 2014/65 of 15 May 2014 ("MIFID II");

## **3. Governance**

### **3.1 Person in charge of the Policy**

The Compliance Officer is the owner of the Policy.

The Compliance Officer is responsible for coordination and alignment amongst the Conducting Officers and oversees the fulfilment of the Oversight Duties.

### **3.2 The Conducting Officers**

The Conducting Officer in charge of the oversight of Compliance reviews the Policy.

### **3.3 The Board of Directors**

The Board of Directors is ultimately responsible for the implementation of this Policy and oversees its implementation in accordance with the Applicable rules.

## **4. Enforcement and Review**

This Policy, and any amendments hereto, is effective upon its approval by the Board of Directors.

The present Policy will be reviewed at least on a yearly basis by the Compliance Function in order to ensure the effectiveness and appropriateness of the Policy with any changes related to the structure of the AIFM as well as to reflect particular legislative evolution.

## II. Best Execution Policy

### 1. PRINCIPLES

In general, in order to meet “best execution” obligations, alternative investment fund managers must ensure that the execution of transactions is such that the total costs or proceeds regarding each transaction are the most favourable under the prevailing circumstances. Since the concept of best execution is not limited to solely obtaining the best price and lowest transaction costs, one must consider the full range of a broker’s services, including among others, price, the value of research provided, execution capabilities, speed and likelihood of execution, quality of execution, speed and likelihood of settlement, financial responsibility, administrative resources, size and nature of the order and responsiveness to enhance the overall value of a fund portfolio for both short term and long term.

The AIFM’s best execution policy applies to decisions that the AIFM carries out for the AIFs it manages. The best execution policy applies to buy/sell transactions on the following instruments:

- securities
- money market instruments
- structured financial instruments
- derivatives traded on a stock exchange
- forward rate agreements and all other OTC derivatives in respect of permitted
- investments

A best possible result for the AIFs is not just determined by the relevant price of a financial instrument but through a combination of a number of factors.

The factors that are of particular relevance depend on the type of transaction. The following particular factors play a role in the best execution of a trading transaction:

- the price of the asset to be acquired
- the costs of executing the order
- the speed of execution
- the probability of execution or settlement
- the scope and type of order
- and other aspects relevant to the execution of the order.

The relative importance of these factors is determined by the following criteria:

- the objectives, investment policy and risks specific to the fund, as indicated in the prospectus or as the case may be in the fund rules or articles of association of the fund,
- the characteristics of the order,
- the characteristics of the financial instruments that are the subject of that order (class and type),
- the characteristics of the execution venues to which that order can be directed.

The AIFM will also take into considerations the following factors:

- general prices available and transparency,
- the relative volatility in the market,
- the cost or commissions of execution,
- the instrument's current liquidity or order book depth,
- the size and market impact of the transaction,
- the quality and capability of the security's execution,
- the financial status, responsibility, solvency and creditworthiness of the counterparty, venue or CCP,
- the responsiveness of the broker or venue,
- quality and cost of clearing and settlement facilities,
- any other consideration that may be relevant to the execution of a particular order.

## **2. BEST EXECUTION CRITERIA AND DUE DILIGENCE**

When delegated Investment Managers are appointed, the AIFM follows the below steps:

- Initial due diligence
- On-going due diligence

The initial due diligence is the first step to be followed and consist of checking if the Investment Manager has formally adopted an internal Best Execution policy compliant with the relevant rules and in line with the characteristic of the managed fund.

In summary, with the initial due diligence the AIFM checks if the delegated Investment Manager's Best Execution Policy complies with the following legal requirement:

- The Best Execution Policy is reviewed annually and whenever there are material changes affecting best execution;
- Provides procedures for the prompt, fair and expeditious execution of orders for the fund, ensuring that the orders are executed promptly and are accurately recorded and allocated;
- Comparable orders are executed sequentially and promptly, unless this:
  - ✓ Is impracticable because of the characteristics of the orders or prevailing market conditions; or
  - ✓ Is not in the best interests of the fund/fund's investors

- Only aggregate fund orders with orders for another AIFs (AIFs, UCITs or client) if:
  - ✓ It is reasonably expected that aggregation will not work to the overall disadvantage of any AIF, UCITs or other client whose order is to be aggregated;
  - ✓ It has implemented a policy for the fair allocation of aggregated orders (including how the volume and price of orders determine allocation, and how partial executions are treated) and
  - ✓ Partially executed orders are allocated in accordance with the Investment Manager' order allocation policy;
- Only aggregate orders for AIFs, UCITs or other clients with the Investment Manager own orders if:
  - ✓ The resulting trades are not allocated to the AIF,UCITS or client in priority over those for the Investment Manager own account (unless the Investment Manager can demonstrate that aggregation was necessary for the transactions to be carried out on such advantageous terms, or at all – in which case, they may be proportionally).

In the frame of the checking the delegated activities, with the on-going due diligence the AIFM request the Investment Manager, to demonstrate that approved Best Execution Policy is respected in the day-to-day activity. This will be done requiring the Investment Manager to disclose details about specific orders (i.e. all executed trades of a given period) in order to verify if the trades details complies with the Best Execution rules.

The factors to be taken into consideration for achieving the target are the price, cost, speed and likelihood of execution and settlement, size, nature of the trades or any other consideration relevant to its execution.

The following criteria will be adopted for better identify the factors:

- The characteristic of the market in which the order can be placed;
- Management style, investment policy, as indicated in the Prospectus or in the Board of Managers investment guidelines;
- The characteristic of the orders;
- The characteristic of securities.

In order to verify that the delegated Investment Managers acts in the best way possible and in the best interest of the AIFs/AIFs' investors at all time, the AIFM may, on an annual basis, make a spot control taking a sample at least 10 orders executed in subsequent consecutive days of market opened at the same time interval.



The quality of the execution is verified also based on the following criteria:

- Price;
- Costs and or commissions;
- speed;
- likelihood of execution;
- likelihood of settlement;
- size of the trade;
- nature of the trades;
- Any other consideration relevant to the execution of the orders.

At the end of the monitoring, report will be sent to the Conducting Persons of the AIFs.

### **3. ONGOING MONITORING OF THE BEST EXECUTION OPERATING PROCEDURE**

The AIFM regularly checks its procedures in order to achieve the best possible result for investors of the AIFs. Accordingly, the quality of execution by the selected trading partners (credit risk, costs, speed and probability of execution) is in particular checked.

Any weaknesses identified shall be dealt with as quickly as possible and remedied. In addition, a comprehensive check of the AIFM's best execution policy is conducted each year. Such a check is also conducted if a major change occurs that interferes with the ability of the management company to continue to achieve the best possible results for the funds managed.

### **4. INFORMATION TO INVESTORS**

The most up-to-date version of this Policy shall be available to the investors free of charge on demand. Any material changes to the Policy from time to time shall be communicated to the AIFs.

The AIFM is ultimately responsible for the Best Execution policy also for AIFs managed by delegated managers. The AIFM will ensure that delegates are informed of and comply with the terms of the present policy or that they have in place a Best Execution Policy which is compliant with the AIFM policy.