

AVENUE EUROPE MANAGEMENT, LLP

BEST EXECUTION

ANALYSIS

This report is intended to provide a clear picture of the execution strategies and tools used by the Avenue Europe Management, LLP (the "firm") to assess the quality of execution obtained on venues, such that its client can assess the effectiveness of the monitoring carried out by investment firms in relation to those execution venues and brokers utilised by the firm.

For each class of financial instruments in which the firm deals¹, included below is a summary of the analysis and conclusions drawn from monitoring of the quality of execution obtained on all execution venues and brokers used in the 2017 calendar year (the "review period"). Please be advised that:

- The firm does not have any close links with execution venues or brokers used to execute client orders;
- The firm does not have any specific arrangements with any execution venues or brokers regarding payments made or received, discounts, rebates or non-monetary benefits received in connection with execution of client orders. However, the firm has entered into agreements to acquire research and related non-execution services paying hard dollars that are borne by the funds managed by the firm's client. In addition, entities affiliated with the firm, including without limitation, Avenue Europe International Management, L.P. may acquire non-monetary benefits in connection with executing client orders for which the client may benefit; as such the firm has instituted policies, procedures, training and monitoring of the receipt of non-monetary benefits;
- During the calendar year, there have been no material² changes in the execution venues or brokers listed in the firm's approved broker and venue lists;
- The firm's client is a professional investors; and, as such order execution does not differ according to client categorisation;
- On not less than a quarterly basis, Avenue Capital Group, which includes the firm, convenes a best execution committee meeting to analyse the quality of execution of transactions entered into on behalf of its client;
- The firm currently does not have any agreements with a multi-lateral trading facility ("MTF") whereby the MTF either executes or directs the execution to a broker. Rather, the firm will use trading facilities (e.g., Instinet, FxAll and Markit Access) to conduct price discovery prior to executing an order. Therefore, we do not have direct execution with an MTF; and

¹ The firm is a subadvisor to Avenue Europe International Management, L.P., a United States Securities and Exchange Commission registered investment adviser.

² From time to time brokers may be added or deleted from the firm's approved counter-party list. Any such changes that occurred during the review period related to broker dealers that did not execute a material number of transactions as compared to the firm's total volume from an order, quantity or value amount perspective.

- All execution decisions are made according to a single policy.

Below is a summary of the firm’s analysis and conclusions in relation to each class of financial instruments in which it executed client transactions.

Equity

Included under equities are the following asset classes: (i) listed common stock; (ii) unlisted common stock; (iii) rights; and, (iv) warrants.

Due to the high availability of liquidity across a number of different venues and the availability of in depth price discovery, we place the highest importance on price and then costs associated with execution. As we transact in less liquid stocks, speed, confidentiality³ and likelihood of execution increase in priority, but would be very unlikely to replace price or cost as the most important factors.

1. Price
2. Costs
3. Confidentiality
4. Speed
5. Likelihood of Execution
6. Counterparty Risk

With most venues we will set a commission rate based on the price of the security being traded. For lower priced securities the commission will be greater than for higher priced securities.

There are no specific arrangements concerning rebates or non-monetary benefits with any current execution venues.

Notification if <1 average trade per business day in the previous year

Yes

Top five venues ranked in terms of volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Stifel, Nicolaus and Co., Inc. (LEI: 5WUVMA08EYG4KEUPW589)	39.02%	.6%	n/a	n/a	100%
Goldman Sachs and Co. (LEI: FOR8UP27PHTHYVLBNG30)	19.19%	1.9%	n/a	n/a	100%

³ There are times that it is in the best interest of our client to ensure that an executing broker is acting in a diligent and discrete manner so as not to signal to the market the amount of an instrument the client is seeking to trade. In those situations, if the market were to learn of our client’s intention, other market participants may front run or otherwise take action that negatively effects our client’s execution.

Deutsche Bank Securities Inc. (LEI: 9J6MBOOO7BECTDTUZW19)	14.79%	36.9%	n/a	n/a	100%
Merrill Lynch, Pierce, Fenner and Smith Incorporated (LEI: 8NAV47T0Y26Q87Y0QP81)	6.54%	12.4%	n/a	n/a	100%
BTIG, LLC/ Baypoint/ Bass Trading Institutional Group (LEI: 549300GTG9PL6WO3EC51)	5.31%	5.9%	n/a	n/a	100%

Class of Instrument: Equity

Notification if <1 average trade per business day in the previous year	No	
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume executed as percentage of total in that class	Proportion of orders executed as percentage of total in that class
BTIG, LLC/ Baypoint/ Bass Trading Institutional Group (LEI: 549300GTG9PL6WO3EC51)	24.6%	24.6%
Sanford Bernstein (LEI: 5493007J17N0GL5WBU43)	23.4%	6.2%
Morgan Stanley and Co. (LEI: 4PQUHN3JPF GFNF3BB653)	11.9%	6.2%
Goldman Sachs and Co. (LEI: FOR8UP27PHTHYVLBNG30)	11.6%	12.3%
Guggenheim Capital Markets, LLC (LEI: 549300XWQLVNUK615E79)	11.0%	12.3%

Fixed Income

Included under fixed income are the following asset classes: (i) corporate bonds; (ii) convertible bonds; (iii) private notes and (iv) bank debt.

Although price is generally the primary factor in selecting a counterparty, due to the large variance in liquidity and lack of price discovery across fixed income it is sometimes necessary in the illiquid markets to place the highest priority on likelihood of execution. It would be difficult to suggest that this comes at the expense of price, as price discovery is incomplete which limits choice. Within the fixed income space execution costs are almost entirely standardised and so that is unlikely to be considered high priority.

1. Price
2. Likelihood of Execution
3. Confidentiality
4. Costs
5. Speed

6. Counterparty Risk

7. Settlement Issues

There are no specific arrangements concerning rebates or non-monetary benefits with any current execution venues.

During the calendar year, a number of new venues have entered the fixed income space and a number of traditional brokers have become MTFs. To date we have not entered into any agreements with MTFs, but may choose to do so in the future if we believe that it will provide us with an opportunity to improve execution quality.

Use of the consolidated tape within fixed income has been useful to judge the quality of price that we have been receiving from our various counterparties. It has better allowed us to benchmark certain brokers.

Notification if <1 average trade per business day in the previous year

Yes

Top five venues ranked in terms of volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Credit Suisse Group (LEI: DL6FFRRLF74S01HE2M14)	12.7%	12.48%	n/a	n/a	100%
Deutsche Bank Securities Inc. (LEI: 9J6MBOOO7BECTDTUZW19)	11.9%	10.20%	n/a	n/a	100%
Citigroup Global Markets Inc. (LEI: MBNUM2BPBDO7JBLYG310)	10.2%	11.50%	n/a	n/a	100%
Goldman Sachs and Co. (LEI: FOR8UP27PHTHYVLBNG30)	8.2%	7.03%	n/a	n/a	100%
Morgan Stanley and Co. (LEI: 4PQUHN3JPF GFNF3BB653)	7.9%	8.57%	n/a	n/a	100%

Class of Instrument: Debt Instruments

Notification if <1 average trade per business day in the previous year	No	
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume executed as percentage of total in that class	Proportion of orders executed as percentage of total in that class
Goldman Sachs and Co. (LEI: FOR8UP27PHTHYVLBNG30)	27.4%	21.3%
Morgan Stanley and Co. (LEI: 4PQUHN3JPF GFNF3BB653)	17.1%	21.3%

BTIG, LLC/ Baypoint/ Bass Trading Institutional Group (LEI: 549300GTG9PL6WO3EC51)	13.7%	10.6%
JPMorgan Chase and Co. (LEI: 7H6GLXDRUGQFU57RNE97)	13.7%	10.6%
Banc of America Securities LLC (LEI: B4TYDEB6GKMZO031MB27)	10.3%	10.6%

Credit Derivatives

Included under credit derivatives are the following asset classes: (i) credit default swaps; (ii) credit default loans; (iii) bond swaps; (iv) loan swaps; and, (v) index swaps.

Although price is generally the primary factor in selecting a counterparty, due to the large variance in liquidity and lack of price discovery across credit derivatives it is sometimes necessary in the illiquid markets to place the highest priority on likelihood of execution. It would be difficult to suggest that this comes at the expense of price, as price discovery is incomplete which limits choice. Within the fixed income space execution costs are almost entirely standardised and so that is unlikely to be considered high priority.

1. Price
2. Likelihood of Execution
3. Speed
4. Costs
5. Confidentiality
6. Counterparty Risk

There are no specific arrangements concerning rebates or non-monetary benefits with any current execution venues.

Class of Instrument: Credit Derivatives

Notification if <1 average trade per business day in the previous year	No	
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume executed as percentage of total in that class	Proportion of orders executed as percentage of total in that class
Goldman Sachs and Co. (LEI: FOR8UP27PHTHYVLBN30)	68.71%	39.8%
Deutsche Bank Securities Inc. (LEI: 9J6MBOOO7BECTDTUZW19)	21.39%	38.6%
Citigroup Global Markets Inc. (LEI: MBNUM2BPBDO7JBLYG310)	5.34%	9.6%
Barclays Capital, Inc. (LEI: AC28XWWI3WIBK2824319)	2.07%	6.0%

Barclays Bank PLC (LEI: G5GSEF7VJP5I7OUK5573)	1.72%	1.2%
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Currency Derivatives

Included under currency derivatives are forward currency contracts.

Due to the high availability of liquidity across a number of different venues and the availability of in depth price discovery, we place the highest importance on price and then costs associated with execution.

1. Price
2. Costs
3. Confidentiality
4. Speed
5. Likelihood of Execution
6. Counterparty Risk

Generally, currency derivatives are used as a hedge and the spreads are small. Since there is a high level of price discovery, trades are executed with the firm that holds the position to be hedged, which we believe reduces the overall cost to the client

Class of Instrument: Currency Derivatives

Notification if <1 average trade per business day in the previous year	Yes	
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume executed as percentage of total in that class	Proportion of orders executed as percentage of total in that class
Citigroup Global Markets Inc. (LEI: MBNUM2BPBDO7JBLYG310)	81.1%	65.0%
Goldman Sachs and Co. (LEI: FOR8UP27PHTHYVLBNG30)	18.9%	35%

Equity

Derivatives

Included under equity derivatives are equity swaps and contract for differences.

Due to the high availability of liquidity across a number of different venues and the availability of in depth price discovery, we place the highest importance on price and then costs associated with execution. As we transact in less liquid instruments, speed, confidentiality and likelihood of execution increase in priority, but would be very unlikely to replace price or cost as the most important factors.

1. Price
2. Costs

3. Speed
4. Confidentiality
5. Likelihood of Execution
6. Counterparty Risk

With most venues we will set a commission rate based on the price of the instruments security being traded. For lower priced securities the commission will be greater than for higher priced securities.

Class of Instrument: Equity Derivatives

Notification if <1 average trade per business day in the previous year	No	
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume executed as percentage of total in that class	Proportion of orders executed as percentage of total in that class
Peel Hunt LLP (LEI: 5493007DWN0R4YBM4C84)	33.5%	33.5%
Goldman Sachs and Co. (LEI: FOR8UP27PHTHYVLBNG30)	17.9%	10.47%
Numis Securities Inc. (LEI: 213800GW3YZJDBPALN37)	13.2%	25.17%
Jefferies and Company (LEI: 58PU97L1COWSRCWADL48)	10.3%	5.41%
Davy Securities Limited (LEI: 63540061DPCBNMCGRY22)	8.6%	3.89%

Securitized Derivatives

Included under securitized derivatives are asset backed securities.

Although price is generally the primary factor in selecting a counterparty, due to the large variance in liquidity and lack of price discovery across securitized derivatives it is sometimes necessary in the illiquid markets to place the highest priority on likelihood of execution. It would be difficult to suggest that this comes at the expense of price, as price discovery is incomplete which limits choice. Within the fixed income space execution costs are almost entirely standardised and so that is unlikely to be considered high priority.

1. Price
2. Likelihood of Execution
3. Confidentiality
4. Costs
5. Speed
6. Counterparty Risk

Notification if <1 average trade per business day in the previous year

No

Top five venues ranked in terms of volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Citigroup Global Markets Inc. (LEI: MBNUM2BPBDO7JBLYG310)	51.7%	40%	n/a	n/a	100%
Morgan Stanley and Co. (LEI: 4PQUHN3JPFGFNF3BB653)	35.7%	40%	n/a	n/a	100%
Jefferies and Company (LEI: 58PU97L1C0WSRCWADL48)	12.7%	20%	n/a	n/a	100%

Commodity Derivatives and Emission Allowances

Due to the high availability of liquidity across a number of different venues and the availability of in depth price discovery, we place the highest importance on price and then costs associated with execution. As we transact in less liquid instruments, speed, confidentiality and likelihood of execution increase in priority but would be very unlikely to replace price or cost as the most important factors.

Although price is generally the primary factor in selecting a counterparty, due to the large variance in liquidity and lack of price discovery across commodities derivatives it is sometimes necessary in the illiquid markets to place the highest priority on likelihood of execution. It would be difficult to suggest that this comes at the expense of price, as price discovery is incomplete which limits choice. Within the fixed income space execution costs are almost entirely standardised and so that is unlikely to be considered high priority.

With most venues we will set a commission rate based on the price of the instrument being traded. For lower priced securities the commission will be greater than for higher priced securities.

Class of Instrument:
Commodities Derivatives

Notification if <1 average trade per business day in the previous year	No	
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume executed as percentage of total in that class	Proportion of orders executed as percentage of total in that class
Goldman Sachs and Co. (LEI: FOR8UP27PHTHYVLBNG30)	100%	100%