

Level one disclosure policy

Premier Portfolio Managers Ltd, Premier Fund Managers Ltd and Premier Asset Management (Guernsey) Ltd (together “Premier”)

This Level One Disclosure Policy outlines the policies and procedures relating to Premier’s broker relationships and commission arrangements.

The Level One Disclosure Policy is a requirement under the jointly issued Investment Association (IA) and Depositary and Trustee Association (DATA) Collective Investment Schemes (CIS) Disclosure Code, with the aim of providing transparency and accountability on how investment managers’ decisions regarding brokers trading venues, trading volumes, commissions for research and execution are all determined. As part of this policy, we are required to disclose information regarding our policies, processes and procedures in relation to the management of costs incurred on behalf of clients.

Premier has established and implemented effective arrangements (including an Order Execution Policy) for complying with its obligation to take all reasonable steps to obtain the best possible outcome when placing and executing orders.

Execution venues and methods of trading

Premier is obliged to provide best execution to all its clients in a fair manner. The obligation to provide best execution applies to all financial instruments. However, not all financial instruments are the same and so, when applying procedures in order to achieve best execution, the different circumstances associated with particular types of financial instruments are taken into account.

Execution factors

Premier takes all reasonable steps to obtain the best possible result for its clients when orders to buy or sell are transmitted for execution. Most orders are placed by the Premier Dealing Team with a broker chosen from an approved panel. The Dealing Team is responsible for ensuring best execution. They will consider the size and nature of the order as well as the characteristics of the financial instrument to which the order relates as well as venues to which it may be possible to direct the order. In general, we will regard price as the most important factor for obtaining the best result. However, other quantitative and qualitative factors are also considered to deliver the best possible result for our clients in terms of the total consideration, for example:

- The total costs payable by the client
- Characteristics of the financial instruments
- The size and nature of the order
- The liquidity of the market
- The likelihood that the order will be executed and settled
- The speed of execution and settlement of the execution venue to which the order can be directed

Execution venues

An execution venue means a regulated market (such as the London Stock Exchange), a multilateral trading facility (MTF), a market maker or other liquidity provider or an entity that performs a similar function in another country. A MTF is a system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments in a way that results in a contract.

Generally, orders are placed by the Dealing Team with an approved broker who in turn, will execute most orders on either a regulated market or MTF.

In some instances, in order to obtain the best result, transactions may be arranged outside Regulated Markets or Multilateral Trading Facilities.

For certain financial instruments, there may only be one execution venue available in the market. In executing an order in such circumstances, there is a presumption of best execution.

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Specific client instructions

In certain limited circumstances, if there is a specific instruction from the client in relation to the part or aspect of the order, Premier will follow the specific instruction and in doing so will have satisfied our best execution obligation to the client. Where the client's instructions relate to specific aspects of the order, the order will be executed in accordance with Premier's Order Execution Policy in respect of those aspects of the order not covered by a specific client instruction. Any specific client instructions may prevent Premier from taking the steps that have been designed and implemented to obtain the best possible result and this is clearly communicated to clients in their documentation.

Trading methods

All relevant factors (price, costs, speed and likelihood of execution and settlement, size and nature of order) are considered on a transaction-by-transaction basis when choosing both an execution venue and the method of trading that will be most appropriate for the clients' best interests at that time. When trading with the brokers, Premier is categorised as agent, acting on behalf of underlying clients.

Broker selection

Premier has a defined broker selection policy which produces a list of approved brokers for the provision of both research and execution services.

Dealing with brokers may incur greater commission costs but provide a more flexible environment to minimise the total costs of trading.

When instructing brokers, Premier trades in the majority of cases on the primary exchange where a security is listed. Other exchanges or venues may be used, if doing so helps to obtain the best possible result.

Broker Selection Process

Premier's Investment Managers may submit a request to add a new broker to the approved list if it is perceived that the relationship will be advantageous to our clients/funds. This benefit may be in terms of access to research and investment ideas, superior execution in particular instruments or reduced costs. The broker's reputation and quality of research is often a key criterion as is the experience of its analysts and salespeople. This request requires the agreement of the Chief Investment Officer ("CIO") who also chairs a quarterly Broker Review Committee to review, inter alia, commission costs and the approved broker list. The Premier Dealing Team are involved in the decision making process and will have an opinion as to the speed, professionalism and prices achieved by a particular broker.

This process is aligned with Premier's Order Execution Policy which can be found on our website: www.premierfunds.co.uk

Once an Investment Manager has submitted a broker for approval, their terms of business and latest financial statements are reviewed by the Compliance & Legal Team to ensure that Premier will receive the appropriate protections. The review will also include a credit analysis of the company which is completed by an external provider, following which it is subject to further reviews by the Chief Risk Officer (CRO) and Chief Operating Officer (COO) before approval is granted. Every broker is similarly reviewed on, at least, an annual basis.

Broker Reviews & Remuneration

Brokers are assessed and remunerated for execution services and the provision of research. All broker relationships and payments are overseen by the Broker Review Committee, which meets formally four times a year. It is chaired by the CIO and its members include senior Investment Managers, dealers, the Chief Risk Officer, the Head of Investment Services and a Compliance Manager. The Broker Review Committee monitors transactions and broker service across all asset classes, including bonds and foreign exchange, where no commissions are paid. It reviews all brokers overall for their quality of research, execution, service, settlement of transactions and credit worthiness, based on reports from relevant parties within Premier. It also monitors the execution and failed trade reports of each approved broker to evaluate whether their selection remains appropriate.

Execution Commission Payments

Generally, execution is undertaken by Premier's Dealing Team who monitor, assess and measure the quality of execution that is being provided by all brokers. The price achieved is the main criteria used in the assessment, however, speed of

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execution; accessibility and quality of overall service are important factors. The Dealing Team monitors Best Execution within an overall Trade Cost Analysis framework and reports to the Broker Review Committee. Execution is often linked with the research provided by brokers but is measured and accounted for separately. The amount of execution commission that any broker receives over time will be subject to their performance.

Research commission payments

Premier has developed, and continues to expand, its own independent research capability with analysts recruited to the various investment desks. Research, both external and in-house, is considered to be an important tool, adding value to our overall investment process and decision making. Research is used where it is demonstrated to add further information of value to our assessment of companies. Commission payments to external providers of research are the result of a budgeting process. Investment Managers score the brokers for the quality of their research, idea generation and accessibility. This framework provides the basis for budgeting. Investment Managers are allocated an annual budget for each fund that they manage. The budget is agreed with the CIO and then allocated to the brokers by the Investment Manager. The overall budget is aggregated and reviewed by the CIO to ensure that any brokers are not being over or under compensated. The budget is split over four quarters and paid to the broker via commissions associated with trades. The budget is monitored weekly by the Dealing Desk, overseen by the CIO and reviewed by the Broker Review Committee at its quarterly meetings. Investment Managers review their budgets quarterly and make adjustments as necessary to reflect any changes to the quality of the research or service. The Broker Review Committee may amend the budget if necessary. In normal circumstances budgets will not be exceeded in any quarter, unless there is a specific requirement to do so and agreed with the CIO.

Negotiation process

Premier has relationships with a number of counterparties / brokers who provide execution or research services or in most cases, both. The services provided by the brokers vary considerably from specialist and bespoke research to execution only to large banks that provide a wide range of research and execution across the full range of asset classes. Premier therefore looks at each broker on its own merits and the services it provides before agreeing execution commission rates and the level of payments for research.

Types of Research Documentation

When dealing with a broker which provides research services, sources of information will tend to be through:

- Research web site access;
- Emails;
- Hard copy research;
- Telephone calls from brokers and analysts;
- Analyst presentations; or
- Company meetings arranged by the broker
- Bloomberg Messaging Service

Variations in Rates of Commission

Commission payments are reviewed by the CIO, Senior Investment Managers and the Dealing Team on a quarterly basis at the Broker Review Committee.

Variation in execution commission rates

There is a range of execution rates that are paid; these rates vary according to asset class and geography.

- Bond and foreign exchange transactions attract a zero rate of commission
 - The standard rate for equities is 5bps but this may rise to 10bps or 15bps for illiquid, difficult to execute trades or in overseas markets
 - Futures and options executions vary between £2.00 and £3.20 (or Sterling equivalent) per contract
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Trading strategies

Most trades attract the level of execution commissions outlined above. On occasions when different trading strategies are employed the commission rate is negotiated specifically for that trade. As an example, a programme trade would usually attract a commission of 3bps. These may be utilised when a large number of individual trades are being placed at any one time and this allows for negotiated commission rates and prices with a single broker. Such trades will be carried out when it is expected that the strategy will result in enhanced execution as against paying commission on individual trades.

Commission rates and total payments are assessed across a number of key factors including price achieved, service levels and settlement of trades by the CIO, Senior Investment Managers and the Dealing Team on a quarterly basis and are subsequently reported to the Broker Review Committee, who have responsibility for oversight.

Commission recapture

Premier does not participate in any commission recapture programmes.

Commission sharing arrangements (CSA)

Commission Sharing Arrangements (CSA) are agreements between an investment manager and a Broker, which allows part of the execution commission to be put aside to pay for research. When a trade is executed the Broker retains commission for execution but the research commission is pooled in a separate account with the CSA broker. The pooled funds are later allocated by Premier to research providers which have been used by the Investment Managers. Brokers may be chosen to act as a CSA partner where Premier is confident that their execution and administration is of high quality. Any proposals to enter into a CSA arrangement will be subject to extensive due diligence, including consideration of the legal structure of the arrangement and compliance with applicable rules of the FCA. Currently, Premier has two CSA arrangements in place, which are approved by the CIO and COO.

Dealing efficiency monitoring

Premier's Compliance & Legal Team conducts daily checking to monitor adherence to the principles of best execution, against a set of agreed parameters and tolerances, in line with the FCA's Best Execution requirements. Any exceptions are investigated and analysed with audit comments provided to explain the circumstances. These details are reported to the Broker Review Committee. The Compliance monitoring programme also reviews the number of failed trades to determine if there are deficiencies within an approved broker's processes.

Conflicts of interest

Premier is responsible for ensuring that its systems, controls and procedures are robust and adequate to identify and manage any conflicts of interest that may arise.

In general, Premier arranges its business to minimise the potential for such conflicts of interest and where they do arise it manages such conflicts to ensure that its own interests are never put ahead of those of its clients, and that one group of clients is not treated more favourably than another. The Premier Conflicts of Interest Policy available at www.premierfunds.co.uk details the types of conflict that may arise and how they are managed should they occur.

Premier has established procedures which are designed to identify on an on-going basis any conflicts of interest that may arise. Rigorous controls and procedures are implemented to ensure that the interests of the client are never compromised. This process is overseen by the Premier Conduct and Policies Committee. If the arrangements made to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, Premier will clearly disclose the general nature and/or sources of conflicts of interest to the client before undertaking business for that client. A register of potential and actual conflicts of interest with relevant considerations discussed by the Conduct and Policies Committee is maintained and reviewed quarterly. The Conflicts of Interest Policy is reviewed and updated at least annually or as relevant changes to regulations requires.

The Premier Compliance & Legal Team undertakes monitoring to provide assurance to the Boards of Premier Portfolio Managers Ltd and Premier Fund Managers Ltd, Premier Asset Management (Guernsey) Limited, senior management of Premier and external stakeholders (e.g. clients, Financial Conduct Authority) that regulatory risks are being effectively assessed and managed and this is an essential part of the control and governance framework within Premier. This



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monitoring enables us to observe and test the effectiveness of internal controls and measures taken to mitigate risks of non-compliance with regulatory requirements.

Derivatives

Premier's use of derivatives is managed in line with the relevant fund's prospectus, client agreement and relevant regulatory restrictions. Premier's derivatives activity relates to management of risk exposures, Efficient Portfolio Management (EPM) or for investment purposes. The main types of derivative contracts traded by Premier as at the date of this policy are outlined below:

- An option gives the buyer the right but not the obligation to perform a specified transaction with the other party to the contract. The future payoffs relating to an option are determined by the price of the underlying asset, index or security. A "call" option gives the investor the right to buy at the agreed strike price up to and on the expiry date. A "put" option gives the investor the right to sell at the agreed strike price up to and on the expiry date. Examples of options traded by Premier include equity index options and single stock options.
- Futures contracts are standardised contracts traded on an exchange to buy or sell an underlying instrument at a certain date in the future (the delivery date), at a specified price (the future price). Once traded, the parties are obliged to buy / sell in accordance with the terms of the contract. Examples of futures traded by Premier include equity index futures and bond futures.
- Currency forwards are contracts which allow an agreed amount of two currencies to be exchanged at a pre-agreed rate and future date. They are used by Premier to hedge currency exposures arising from positions denominated in currencies other than the main currency of the fund.

Access to and allocation of initial public offerings and underwriting

From time to time, Premier has access to initial public offerings (IPOs), secondary market offerings, new bond issues and underwriting opportunities. Following full research a decision to invest may be taken, if Premier considers the market conditions, the type of investment, the settlement period and the issuing price to be in the client's interests.

Once it has been established that an IPO, new bond issue or underwriting is one Premier would wish to transact, the amount offered is allocated across all appropriate funds in accordance with our Order Allocation Policy. Securing IPO, new bond issue or underwriting opportunities may influence Premier's trading patterns, in that these opportunities may replace market transactions.

Custody services

Selection process

Where Premier appoints or changes a custodian, a process of due diligence is undertaken. This process includes due diligence visits by Senior Management and the Compliance & Legal Team. An assessment of the custodian's financial status, its main custody processes and systems is undertaken. The assessment details such aspects as market coverage, cut-off deadlines and fees. A detailed analysis is conducted to ensure that the level of service that the provider could deliver will meet Premier's requirements. Premier typically uses outsourced custodial services via a wider administration arrangement, which enables them to reduce the costs to a level that would not normally be experienced with a stand-alone custodian agreement.

Monitoring process

Premier's custodian service is monitored closely. Regular contact is maintained with the custodian's client services and relationship management teams including conference calls, as well as on-site visits, with issue logs being maintained for both routine processing issues and strategic matters. In addition to this monitoring, the custodian's financial and credit position is checked annually, to ensure that it continues to meet an acceptable level.

Review process

Premier formally reviews its custodians when the agreement becomes due for renewal. This is currently carried out every 5 years. The review involves a detailed assessment of the standard of delivery of services by the custodian over the review period. The review is mainly based on due diligence visits undertaken throughout the year and regular operational review meetings held on a monthly basis to cover day-to-day issues, service levels and Key Performance Indicators (KPI).

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Custody fees

When appointing a custodian, the custodian's fee schedule is one of the many important facets of the service that is analysed by Premier. Where necessary, Premier will negotiate with the custodian to reduce fees. The fee schedules are formally reviewed every five years with the latest review taking place in 2016.

Placing of deposits

Premier places cash deposits with the main Custodian and their list of approved banks in order to achieve appropriate diversification. Third parties may be selected from time to time in order to diversify counterparty risk. This process is subject to regular review.

Premier does not currently use Money Market Funds for cash management purposes.

In relation to the Premier UK Money Market Fund, where a different Bank is required for the depositing of cash or purchase of certificates of deposit, the bank is assessed and reviewed in conjunction with the Fund Depository's approved list.

Foreign exchange transactions

Premier transacts foreign exchange when required using a panel of authorised banks to facilitate best execution.

MiFID – Premier's Order Execution Policy

Premier has established and implemented a policy to allow the best possible result in accordance with the best execution obligations. The Order Execution Policy and Order Allocation Policy are available on Premier's website, www.premierfunds.co.uk

The effectiveness of our execution arrangements and policy are regularly monitored in order to identify and, where appropriate, correct any deficiencies. The execution quality of the approved brokers is monitored as part of the Broker review process.

In addition, the Order Execution and Order Allocation Policies are reviewed annually or whenever a material change occurs that affects Premier's ability to continue to obtain the best possible result for the execution of orders on a consistent basis. A material change is likely to include, for example, the introduction of a regulated market, which then becomes the dominant source of liquidity in a particular instrument. It is unlikely to include the removal of a single counterparty from the list of approved execution venues.

IMPORTANT INFORMATION Issued by Premier Asset Management. 'Premier Asset Management' and 'Premier' are the marketing names used to describe the group of companies including Premier Fund Managers Limited and Premier Portfolio Managers Limited, which are authorised and regulated by the Financial Conduct Authority of 25 the North Colonnade, Canary Wharf, London E14 5HS and are subsidiaries of Premier Asset Management plc. The registered address of all companies is Eastgate Court, High Street, Guildford, GU1 3DE.

Premier Portfolio Managers Ltd is registered in England No. 01235867. Premier Fund Managers Ltd is registered in England No. 02274227. Premier Asset Management Limited Registered in England No. 03104343, Premier Asset Management (Guernsey) Ltd registered in Guernsey PO Box 255, Trafalgar Court, Les Banques, St Peter Port Guernsey, GY1 3QL. 03111611855
