



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

Best Execution Directive

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1. Introduction and purpose

As part of its fiduciary duty to clients, Partners Group has an obligation to seek the best execution of its clients' transactions. While not defined by statute or regulation, "best execution" does not mean obtaining the best price or lowest commission rate but is a combination of quantitative and qualitative factors which considered together should generally mean the execution of client trades where the outcome of each transaction is the most favourable under the circumstances.

Partners Group is primarily a private markets manager but is also involved in a variety of public markets investment activities; the concept of "best execution" therefore has a varied application depending on the types of investment.

In addition, Partners Group is required to take all sufficient steps to obtain the best possible result for clients by taking into account various execution factors, which include the price, cost, speed, likelihood of execution and settlement, size, nature of the order and any other considerations relevant to the execution of the client order. This requirement applies where Partners Group 'executes' trades directly on an execution venue, or 'places or transmits' client orders with counterparties for execution

In relation to investments in the private market sector, such transactions are executed directly with the operating company, underlying funds, fund managers or other selling counterparties, i.e. typically without the interaction of brokers and the associated transaction costs. For this reason the traditional best execution concept, i.e., relating to the trading of public securities, is not directly applicable. However, within this sector Partners Group still applies a best execution philosophy so that it provides clients with a quality service in line with business and regulatory expectations.

2 Counterparty Selection and assessment

Before Partners Group engages a new counterparty, the Best Execution Committee will review, as applicable, the counterparty's operational compatibility, financial confirmation, and regulatory status in line with certain standard criteria set by the Best Execution Committee (the "Committee", see section 6 below) from time to time. Where such criteria are met, the Execution Desk will put the engagement of a new counterparty forward to the Committee for approval. Partners Group considers the full range and quality of a counterparty's services including, among other considerations, reputation, competitiveness of pricing, execution capability, quality of customer service and responsiveness.

The selection of the counterparty or execution venue with which to place or execute a client order will be at the discretion of the Partners Group execution desk following the guidelines set out in section 4 below.



3 Execution Venues

In order to achieve best execution, Partners Group executes certain orders directly on execution venues, as well as transmitting certain other orders for execution through relevant counterparties who have previously been approved in accordance with Section 2. Considerations in determining the appropriate execution venue for client orders include:

- i) The type of financial instrument;
- ii) Whether the instrument is traded on exchange or over the counter;
- iii) Previous trading outcomes with counterparties;
- iv) Depth of liquidity;
- v) Market volatility;
- vi) Speed of execution;
- vii) Costs of execution;
- viii) Likelihood of clearing and settlement; and
- ix) Any other relevant factor

Partners Group will apply different execution strategies depending on the asset class and market conditions.

The following are types of venues where execution of orders may occur:

- (i) on a regulated market via a market participant with whom we have entered into an agreement for handling orders for that regulated market (a counterparty acting as agent or principal);
- (ii) through multilateral trading facilities (MTFs);
- (iii) through organised trading facilities (OTFs);
- (iv) via a systematic internaliser (SI); or
- (v) via a market maker or other liquidity provider

4. Execution Factors

In achieving best execution for Partners Group's clients, the relative importance of the execution factors will be determined by Partners Group's execution desk in light of all available information and prevailing market conditions at the time of the order. The following execution factors will be taken into account:

- (i) Size and nature of the order;
- (ii) Price;
- (iii) Cost;
- (iv) Speed;
- (v) Likelihood of execution and settlement; and



- (vi) Any other factor relevant to the execution and management of the order

These execution factors will be taken in no particular order, and the factors are typically considered depending on the investment type traded as detailed below.

Due to the nature of execution in certain markets, in addition to the above, counterparty risk (the risk that a counterparty is unable to meet settlement obligations) is also taken into account. Additionally, due to the large variance in liquidity across fixed income it is sometimes necessary in the illiquid markets to place the highest priority on likelihood of execution.

4.1 Equities

For equity transactions, price, costs, liquidity and size of order are typically the primary best execution factors taken into account. However, for large orders, or orders in more illiquid equities, other execution factors, such as speed, likelihood of execution, and implicit cost of market impact, may become more important as to avoid a possible adverse impact on price.

4.2 Fixed Income

For fixed income orders, depending on the liquidity of the particular instrument, typically price and likelihood of execution and settlement (due to trade related size restrictions when trading in the bond markets) will be the primary determining factors. Partners Group will typically operate on a request for quote basis employing an RFQ platform that provides access to a number of underlying liquidity providers and will endeavour to obtain at least two quotes for such a transaction where possible. As such, execution in fixed income is typically on a direct, bilateral basis.

4.3 Foreign Exchange

For foreign exchange transactions, price and the size of the order will typically be the main execution factors taken into account. Likelihood of execution may also be taken into account in certain circumstances where settlement aspects are a concern.

Currency swaps, forwards, and other derivatives are executed directly with counterparties based predominantly on a request for quotes basis using an RFQ platform that provides access to a number of underlying liquidity providers. Price is the primary determining factor. In the event where there is an urgency to trade, response time to request for quote is also taken into account. Additionally, given the manual aspect of over-the-counter markets, at times preference is given to counterparties that offer greater operational convenience and therefore lower overall costs.



4.4 Derivatives

4.4.1 OTC Derivatives

OTC derivative transactions involve the trading of financial instruments which are not admitted to trading on a trading venue. Typically price, liquidity and counterparty risk (the risk that a counterparty is unable to meet settlement obligations) will be the main execution factors taken into account. Partners Group will typically operate on a request for quote basis when trading OTC derivatives (where feasible based on the number of available ISDA counterparties).

Factors affecting choice of execution venue in OTC derivatives include having an available ISDA agreement, historical pricing obtained from the counterparty, counterparty market-share and product coverage by counterparty.

Wherever the firm deals in OTC derivative products, it must take into account external market data and externally verifiable reference prices (where available), when pricing or checking the price of OTC derivative products (including bespoke instruments). These checks must be recorded to assist the firm in monitoring its best execution arrangements.

4.4.2 Listed Derivatives

For listed derivatives, the likelihood of execution and settlement and any other factor relevant to the execution and management of the order will be the main execution factors taken into account along with cost and speed.

4.5 Other assets

For other assets e.g. Loans, FX spot, the Execution Desk executes trades in the client's best interest in line with PG processes and fiduciary duties.

5. Order Handling

Partners Group may place securities or foreign exchange orders with counterparties at the same time to treat clients equally. In case of foreign exchange orders, counterparties may net any instructed sales and buy orders in any two currencies before trading, resulting in the same exchange rate for all of Partners Group's clients. Also, orders for Partners Group's own balance sheet shall not be aggregated by counterparties with client orders.

Partners Group's execution desk ensures the prompt, fair, and expeditious execution and allocation of client orders.

In some circumstances orders in the same financial instrument may be aggregated by the executing counterparty to ensure a more efficient execution of orders, and to ensure one client order is not executed on more favorable terms than another. Although aggregation of orders



is undertaken with a view to achieving the best outcome for all clients, sometimes aggregation may work to the client's disadvantage.

Where aggregated orders are partially filled, orders are typically allocated on a pro-rata basis where possible, and adhering to Partners Group's Allocation Directive.

Where Partners Group is using the same counterparty to execute orders, crossing opportunities may be taken, where permitted by the client and/or regulation. Care is taken to ensure that both sides of a cross trade benefit from the crossing opportunity and that there is no overall disadvantage for any client.

Partners Group manages funds and accounts on a discretionary basis and as such it does not receive specific instructions from clients. It should be noted however that if specific instructions are received, Partners Group will give priority to that instruction over the provision of this policy.

6. Monitoring and Review

6.1 Contemporaneous Review

As part of their daily tasks, members of the Execution Desk will monitor the execution quality of trades. Any unexpected deviations in price, commission rate, market impact, execution speed, or other aspects of execution quality will be escalated to the counterparty, compliance or Best Execution Committee. In addition, compliance also performs routine best execution trade monitoring.

Any trading related breaches are reported to, and reviewed by, senior management as part of the Partners Group Quality Assurance Directive.

Partners Group reviews this Best Execution Directive on an annual basis, or whenever a material change occurs.

6.2 Semi-Annual Best Execution Committee Meetings

The Committee will meet semi-annually to review the execution quality obtained on behalf of clients in line with its standard criteria for broker selections, thereby assuring that the content of this directive is adhered to. The Committee will select counterparties for review based on trade volume, risk exposure, historical issues or random selection. The execution desk reviews counterparty performance over the period, including the use of tools such as transaction cost analysis (TCA) across various asset classes, to assess counterparties against various benchmarks.

The Committee will also evaluate all approved counterparties in accordance with a set of factors set by the Committee from time to time. Such evaluation will be prepared by the Execution Desk in advance of the Committee meeting.

All materials used to form the basis of the Committee's conclusions will be maintained and the conclusions/decisions minuted.



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The composition of Partners Group's Best Execution Committee shall be as follows:

- Head Liquid Private Markets – Chair (voting right)
- Head Execution Desk (voting right)
- Head of Corporate Quantitative and Risk Management (voting right)
- Heads of Compliance (Asia, UK, Switzerland, Luxemburg and US) or their respective delegated compliance representatives (no voting right)

As part of its review, the Committee takes into consideration the published execution data made available by trading venue operators and other investment firms as part of their RTS 27 disclosures.



Appendix A

Partners Group (UK) Management Limited Disclosures

As a MiFID investment firm, on an annual basis, Partners Group (UK) Management Limited must summarise and make public, for each class of financial instrument traded, the top five entities in terms of trading volumes where the firm has transmitted or placed orders for execution in the preceding year. Partners Group (UK) Management Limited passes all orders to the trade execution desk of its affiliate, Partners Group AG in Switzerland, for execution or onward transmission of orders to counterparties for execution.

In addition to the above, Partners Group (UK) Management Limited publishes for each class of financial instrument, a summary of the analysis conducted and conclusions drawn from the monitoring of the execution venues utilised. Specifics of what the analysis covers include:

1. Relative importance the firm gave to the execution factors when assessing quality of execution;
2. Description of any close links, conflicts, common ownerships with respect to any execution venues used;
3. Description of any specific arrangements with execution venues regarding payments made/received, discounts, rebates or non-monetary benefits;
4. Explanation of factors that led to a change in the list of execution venues used by the firm;
5. Explanation of how order execution differs according to client categorisation; and
6. An explanation of how the firm has used any data or tools relating to quality of execution published by execution venues.

Partners Group (UK) Management Limited publishes this information on the Partners Group website in a machine-readable electronic format available for download by the public.

As part of client on-boarding and prior to the placement and execution of customers' orders, Partners Group will provide sufficient information to its customers on its Best Execution policies and any material changes made to its policies thereafter via publication of this Directive on the Partners Group website, and will also be made available upon request.