

Amber Capital Italia SGR SPA Best Execution Disclosure 2017

Amber Capital Italia SGR SPA (“Amber SGR”) does not directly execute any orders and has adopted a transmission policy (the “Transmission Policy”) setting forth the principles of best execution adopted by Amber SGR pursuant to Directive 2014/65/EU (“MiFID II”) and to the relevant Italian regulations, which implemented MiFID II.

Orders placed by Amber SGR as portfolio manager are executed by Amber Capital UK LLP (“ACUK”) on the base of the agreement between the two entities dated 2/10/2017 according to which ACUK carries out, as an outsourcer, the trading desk activities.

ACUK executes the orders, indirectly through the approved brokers or directly (as authorized by Amber SGR, provided that Amber Capital pursues the best result for the managed portfolio).

Amber SGR is authorised and regulated by the Bank of Italy and CONSOB and ACUK is authorised and regulated by the UK Financial Conduct Authority (“FCA”) and both are subject to the respective Authorities implementation of MiFID II. Amber SGR’s delivery of best execution is a key element in its commitment to act in the best interests of its clients, as well as being a regulatory requirement. Amber SGR is required to take all sufficient steps to obtain the best possible result for its clients when it transmits orders on their behalf.

Pursuant to the requirements of Regulatory Technical Standard 28 of MiFID II, set out below are the top five investment firms (indirect trading via brokers) in terms of trading volumes for all executed client orders per class of financial instruments. This excludes orders in Securities Financing Transactions (“SFTs”).

Portfolio transactions for clients are allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. When selecting approved brokers for inclusion in the Transmission Policy, Amber SGR does not take into account the fees and commissions that it will charge, but focuses on the potential of the brokers to enable it to obtain on a consistent basis the best possible result for the execution of its client orders, consistently with the Transmission Policy.

Amber SGR’s Transmission Policy sets forth specific arrangements with a view to obtaining the best possible result for its clients taking into consideration some relevant ‘execution factors’, including price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order. The primary goal when transmitting trading orders is to get best price for the largest amount of liquidity, reaching a target size at the best average price within a given time period. Price levels and time period are influenced by the volatility/ liquidity limitations of a given investment. The relative importance of the execution factors is judged on an order-by-order basis in line with industry experience and prevailing market conditions. During the period under review, Amber SGR and ACUK regularly reviewed the effectiveness of their respective best execution policy.

While Amber SGR does take the characteristics of its clients into account when judging the relative importance of the execution factors, Amber SGR's clients are exclusively professional clients and so are treated with a consistent approach.

ACUK compares and analyses relevant data to obtain best execution, including execution quality data. When an order is transmitted to other entities and such order relates to products traded over-the-counter, including bespoke products, the fairness of the price proposed to the client is checked, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

Class of instrument	Equities: Shares and Depository Receipts		
Notification if <1 average trade per business day in the previous year	N		
Top five execution venues ranked in terms of trading volumes (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 directed orders
Banca Imi Securities Corp(QV4Q8OGJ70A6PA8SCM14)	13.65%	6.01%	0
Fidentis Equities Sa (95980020140006002537)	11.18%	12.40%	0
Intermonte Sim Spa (YMUU1WGHJKORF9E36I98)	9.38%	18.22%	0
Equita S.I.M. S.p.A (815600E3E9BFBC8FAA85)	8.39%	12.40%	0
Mediobanca Spa (PSNL19R2RXX5U3QWHI44)	7.37%	6.59%	0

Due to the lack of currently available and reliable tick size data this analysis is not split into the separate tick size liquidity bands for the purpose of this report.

Where orders are executed by ACUK for small direct orders over a short period of time, the key factors will generally be price, quantity based on market availability, and likelihood of execution. For larger orders executed across a period of time, ACUK will additionally take into account confidentiality, minimizing the impact on the market, and slippage historically achieved on each venue.

Where transactions are executed indirectly by ACUK, relevant factors are overall costs including broker fee schedules, impact and observed slippage, as well as the reputation, financial strength and stability, reliability, capability of the trading block and block positioning, proactivity of the broker in providing market updates.

The impact of implicit costs must be taken into account when considering the execution strategy of orders to ensure that they are managed and do not result in an undue impact to total costs.

As part of the analysis of best execution in relation to equities, the trades during the relevant period against the trading day's variable weighted average price ("VWAP") are analysed. The monitoring completed confirmed that best execution was obtained consistently with the approved brokers throughout the year.

Class of instrument	Debt Instruments: Bonds		
Notification if <1 average trade per business day in the previous year	N		
Top five execution venues ranked in terms of trading volumes (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 directed orders
Goldman Sachs International(W22LROWP2IHZNBB6K528)	75.69%	33.33%	0
J.P. Morgan Securities PLC (K6Q0W1PS1L1O4IQL9C32)	12.51%	30.56%	0
Morgan Stanley &Co. International PLC (4PQUHN3JPFQFNF3BB653)	10.32%	33.33%	0
J&E Davy (63540061DPCBNMCGRY22)	1.47%	2.78%	0

Where ACUK executes orders directly (i.e. over the counter (“OTC”) transactions), key factors will be price and transaction costs. For indirect orders, costs and existing broker relationship will typically be important considerations, as well as reliability and capacity of executing complex transactions, execution of ISDA Master Agreement, trading anonymity and assistance in the steps preceding each transaction.

When dealing in OTC products, attention is paid to external market data and externally verifiable reference prices (where available), when pricing or checking the price of OTC products (including bespoke instruments). These checks must be recorded in the Bloomberg OMS to assist Amber Capital in monitoring its best execution arrangements.

As part of ACUK and Amber SGR’s analysis of best execution in relation to debt instruments with brokers via indirect trading, reviews of external market data and externally verifiable reference prices (where available) were undertaken when pricing or checking the price of debt instruments (including bespoke instruments). The monitoring completed confirmed that best execution was obtained consistently on the approved execution venues throughout the year. Amber SGR did not invest in any money market instruments.

Class of instrument	Equity Derivatives: Options and Futures admitted to trading on a trading venue		
Notification if <1 average trade per business day in the previous year	Y		
Top five execution venues ranked in terms of trading volumes (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 directed orders
Goldman Sachs International(W22LROWP2IHZNBB6K528)	100.00%	100.00%	0

Where derivatives are executed directly by ACUK, key factors typically considered are price, observed volume on exchange, and overall transaction costs. Prices are compared via a request for quote (“RFQ”), taking into account additional transaction costs that may be applicable. When transactions are time-sensitive, response time to RFQ can be a defining factor. On occasion, preference may be given to counterparties that are operationally easier to work with where time factors are at play.

Where orders are executed by ACUK indirectly, relevant factors are costs and the existing broker relationship, as well as accuracy and promptness in the execution, settlement processes, compensation and resolution of errors and disputes, experience in trading.

For more illiquid derivatives, where execution options are available, historical price and liquidity are the key factors for execution.

As part of the analysis of best execution in relation to equity derivatives, the trades with brokers during the relevant period against the VWAP are analysed. The monitoring completed confirmed that best execution was obtained consistently on the approved execution venues throughout the year. No Swaps or other Equity Derivatives were executed.

Class of instrument	Interest Rate Derivatives: (i) Futures and options admitted to trading on a trading venue; and (ii) Swaps, forwards and other interest rate derivatives		
	Other Credit Derivatives		
Notification if <1 average trade per business day in the previous year	Y		
Top five execution venues ranked in terms of trading volumes (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 directed orders
Goldman Sachs International(W22LROWP2IHZNBB6K528)	100%	100%	0

Where orders are executed by ACUK size of order, price and cost will generally be the most important factors considered when trading in these instruments. However, other execution factors are taken into account such as outstanding ISDA relationships and the ability of each Fund to trade the selected instrument with the relevant counterparty. External market data and externally verifiable reference prices are taken into account (where available including Bloomberg data), when pricing or checking the price of OTC products (including bespoke instruments). Execution speed or the lack of venues or counterparties offering the relevant instrument may mean that the investigation into price is not as varied as it might be in other circumstances.

Class of instrument	Securitised Derivatives: Warrants and Certificate Derivatives		
Notification if <1 average trade per business day in the previous year	Y		
Top five execution venues ranked in terms of trading volumes (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 directed orders
Equita S.I.M. S.p.A (815600E3E9BFBC8FAA85)	100.00%	20.00%	0
Banca Imi Securities Corp (QV4Q8OGJ7OA6PA8SCM14)	0.00%	60.00%	0
Intermonte Sim Spa (YMUU1WGHJKORF9E36I98)	0.00%	20.00%	0

Where orders are executed by ACUK size of order, price and cost are generally the most important factors according to which Securitized Derivatives are traded. However, other execution factors are taken into account such as speed and the outstanding trading arrangements for each portfolio. External market data and externally verifiable reference prices are taken into account (where available including Bloomberg data).

Execution speed or the lack of venues or counterparties offering the relevant instrument may mean that the investigation into price is not as varied as it might be in other circumstances.

For more illiquid derivatives, where few execution options are available, historical price and liquidity are the key factors for execution.

Class of instrument	Securitised Derivatives: Options and Futures admitted to trading on a trading venue		
Notification if <1 average trade per business day in the previous year	Y		
Top five execution venues ranked in terms of trading volumes (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 directed orders
Fidentiis Equities, S.V., S.A. (95980020140006002537)	100%	100%	0

Where orders are executed by ACUK size of order, price and cost will generally be the most important factors according to which trading in these instruments is executed. However, other execution factors are taken into account such as outstanding ISDA relationships and the ability of each portfolio to trade the selected instrument with the relevant counterparty. External market data and externally verifiable reference prices are taken into account (where available including Bloomberg data).

Execution speed or the lack of venues or counterparties offering the relevant instrument may mean that the investigation into price is not as varied as it might be in other circumstances.

For more illiquid derivatives, where few execution options are available, historical price and liquidity are the key factors for execution.

Class of instrument	Contracts for Difference		
Notification if <1 average trade per business day in the previous year	Y		
Top five execution venues ranked in terms of trading volumes (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 directed orders
Goldman Sachs International(W22LROWP2IHZNBB6K528)	84.85%	81.93%	0
UBS AG(BFM8T61CT2L1QCEMIK50)	15.15%	18.07%	0

Where derivatives are executed directly by ACUK, key factors typically considered are price, observed volume on exchange, and overall transaction costs. Prices are compared via a request for quote (“RFQ”) taking into account additional transaction costs that may be applicable. When transactions are time-sensitive, response time to RFQ can be a defining factor. On occasion, preference may be given to counterparties that are operationally easier to work with where time factors are at play.

Where orders are executed indirectly by ACUK, relevant factors are costs and the existing broker relationship.

For more illiquid derivatives, where few execution options are available, historical price and liquidity are the key factors for execution.

As part of the analysis of best execution in relation to the above instruments, the trades with brokers during the relevant period against the VWAP are analysed. The monitoring completed confirmed that best execution was obtained consistently on the approved execution venues throughout the year.

The following Classes of Financial Instruments are not applicable:

Debt Instruments: Money Market Instruments

Credit Derivatives: Futures and options admitted to trading on a trading venue

Structured Finance Instruments

Equity Derivatives: Swaps and other equity derivatives

Securitised Derivatives: Other Securitised Derivatives; Commodities Derivatives; Other commodities derivatives

Currency Derivatives

Exchange traded products

Emission allowances

Amber SGR and ACUK does not have any close links, conflicts of interests or common ownership with respect to the execution venues used to execute orders nor any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.

Brokers and dealers may provide other services that are beneficial to Amber SGR and ACUK and/or certain funds it manages, but not beneficial to all funds. Subject to its best execution obligations, its conflicts of interest obligations and obligations in relation to inducements, in selecting brokers and dealers to execute transactions, hold cash and short balances and provide other services, Amber SGR and ACUK may consider, among other factors that are deemed appropriate under the circumstances, the following: ability to effect the transaction; past performance (promptness of execution, accountability and responsiveness); expertise in certain securities; expertise in effecting difficult transactions in less liquid, smaller capitalized, and more closely held issues; ability to maintain confidentiality; facilities, reliability and financial responsibility; access to markets, offerings, new issues, and secondary market trades; and provision of capital introduction, talent introduction, marketing assistance, consulting with respect to technology, operations and equipment and commitment of capital.

Brokers (including the prime brokers) assist Amber SGR and ACUK raising additional funds from investors. Additionally, brokers provide capital introduction and marketing assistance services, and representatives of the Firm speak at conferences and programs sponsored by the brokers, for investors interested in investing in private investment funds. Through such events, prospective investors may encounter representatives of AMBER SGR and ACUK. Brokers may also provide other services, including, without limitation, consulting services relating to technology and office space. Although Amber SGR and ACUK does not compensate brokers for such assistance, events or services, or for any investments ultimately made by prospective investors attending such events, such activities may influence ACUK in deciding whether to use such broker in connection with brokerage, financing and other activities of the clients provided it is designed to enhance the quality of the relevant service to the client and does not impair compliance with Amber's duty to act honestly, fairly and professionally in the best interests of the client, and is in line with Amber SGR's conflicts of interest policy and transmission policy.