

BEST EXECUTION POLICY

of:

Pivot Capital Limited

UPDATED JULY, 2020

BEST EXECUTION POLICY OF PIVOT CAPITAL LIMITED

INTRODUCTION

Best Execution addresses the appropriateness of the methods by which securities are acquired or disposed. In line with the Chartered Financial Analysts (CFA) trade management Guideline, the concept of "Best Execution" is similar to that of "prudence" in intent and practice. Although prudence and Best Execution may be difficult to define or quantify, a general determination can be made as to whether they have been met. Prudence addresses the appropriateness of holding certain securities, while Security selection seeks to add value to client portfolios by evaluating future prospects. Best Execution seeks to add value by reducing frictional trading costs. These two activities go hand in hand in achieving better investment performance and in meeting standards of prudent fiduciary behaviour.

The Guidelines defines **Best Execution** as "the trading process firms apply that seeks to maximize the value of a client's portfolio within the client's stated investment objectives and constraints".

In Pivot Capital Limited:

- Best execution is intrinsically tied to portfolio-decision value and cannot be evaluated independently.
- The purpose of trading is to capture the value of investment decisions. Thus, the definition has strong symmetry to the definition of prudent expert that guides fiduciary decisions.
- Best execution is a prospective, statistical, and qualitative concept that cannot be known with certainty ex ante.

- Trading is a negotiation with each side of the trade having equal standing. Both buyer and seller – or their appointed agents – jointly determine what “best execution” is for every trade.
- Best execution has aspects that may be measured and analysed over time on an ex post basis, even though such measurement on a trade-by-trade basis may not be meaningful in isolation.

In Pivot Capital Limited, we believe trading occurs in a volatile environment subject to high statistical variability. Since one would not evaluate a card player on an individual hand; one would need to observe a sequence of hands to determine skill similar for traders. Despite the variability, overall trades contain some information useful in evaluating the process. By compiling trade data, the firm can deduce useful information about the quality of the process.

- Best execution is inter-woven into complicated, repetitive, and continuing practices and relationships.
- Trading is a process, not an outcome. The standards are behavioural.

Our Trade Management in the firm has been divided into three areas: processes, disclosures, and record keeping:

1. **Processes:** The firm has established formal policies and procedures that have the ultimate goal of maximizing the asset value of client portfolios through best execution.

Our firm’s policies and procedures provide guidance to measure and manage effectively the quality of trade decisions.

2. **Disclosures:** The firm shall disclose to clients and prospects the following:

- i) General information regarding our trading techniques, venues, and agents and
- ii) Any actual or potential trading-related conflicts of interest.

Such disclosure provides clients with the necessary information to help them assess the firm's ability to deliver best execution

3. Record Keeping: The firm shall maintain proper documentation that supports:

- i)** Compliance with the firm's policies and procedures and
- ii)** The disclosures provided to clients.

In addition to aiding in the determination of best execution, these records shall support our firm during inspection examined by applicable regulatory organizations.

In the firm, best execution is primarily an exercise in serving the needs of the clients and adherence to standards of documentation and disclosure. As important as these are to ensuring best practices, it is simply a means to achieving this overriding objective of serving the needs of clients.

This policy provides an overview of how Pivot Capital Limited executes orders on behalf of clients, the factors that can affect the timing of execution and the way in which market volatility plays a part in handling orders when buying or selling a financial instrument. When executing orders on behalf of clients in relation to financial instruments, Pivot Capital Limited will take all reasonable steps to achieve what is called "best execution" of clients' orders.

We have in place, policies and procedures which are designed to obtain the best possible execution result, subject to and taking into account the nature of clients' orders, the reliability placed upon Pivot Capital Limited in filling those orders and the market in question and which

provides, in our view, the best balance across a range of sometimes conflicting factors.

Pivot Capital Limited will take into consideration a range of different factors which include not just price, but which may also include such other factors as the need for timely execution, the liquidity of the market (which may make it difficult to even execute an order), the size of the order and the nature of the transaction.

Pivot Capital Limited will also take into account, clients' understanding and experience of the market in question, clients' dealing profile, the nature of the dealing service required of Pivot Capital Limited and the specific and general instructions given to Pivot Capital Limited by clients which may prioritize how Pivot Capital Limited is to fill those orders.

In the absence of express instructions from clients, Pivot Capital Limited will exercise its own discretion in determining the factors that need to be taken into account for the purpose of providing clients with "best execution".

Pivot Capital Limited's commitment to provide clients with "best execution" does not mean that we owe clients any fiduciary responsibilities over and above the specific regulatory obligations placed upon us or as may be otherwise contracted between Pivot Capital Limited and the client.

Upon acceptance of a client order, and when there is no specific client instruction regarding the execution method, Pivot Capital Limited will execute an order at prevailing market price in accordance with this policy.

OVERVIEW OR SUMMARY OF BEST EXECUTION POLICY (BEP)

S/N	KEY ELEMENTS OR COMPONENTS OF BEP	DESCRIPTION OF POLICIES
1	APPROACH TO BEST EXECUTION	<ul style="list-style-type: none">When executing orders, Pivot Capital Limited will take all reasonable steps to obtain the best possible result under the circumstances for the clients, taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the

		<p>execution of the order ("Best Execution").</p> <ul style="list-style-type: none"> • When considering the best executing factors, Pivot Capital Limited takes into account the characteristics of the client order and the characteristics of the financial instruments that are subject to that order. • Whenever there is a specific instruction from or on behalf of a client, Pivot Capital Limited will to the extent possible - execute the order in strict accordance with the specific instruction. A specific instruction from a client may prevent Pivot Capital Limited from taking some steps that it has described in this policy to obtain the best possible result for the execution of orders.
2	<p>ELEMENTS OF BEST EXECUTION</p>	<p>The process of trading and executing clients' mandates involves some criteria. Hence to determine the best way to execute an order for a client Pivot Capital Limited takes into consideration:</p> <ul style="list-style-type: none"> • Speed and Likelihood of the Execution: Due to the levels of volatility affecting both price and volume, Pivot Capital Limited seeks to provide client orders with the fastest execution reasonably possible although delays beyond Pivot Capital Limited control may occur. • Price Improvement and Overall Consideration of Costs: Orders are routed to market makers and/or market centres where opportunities for price improvement exist. The criteria to be used by other market-makers and/or market centres include: automatically matching incoming market and limit orders to pending limit orders; crossing transactions where price improvement can be offered to one or both sides of the trade. • Size Improvement: In routing orders, Pivot Capital Limited seeks market that provide the greatest liquidity and thus potential for execution of large orders. We will seek

		<p>opportunities for client orders to benefit from order size commitments offered by counterparties.</p> <ul style="list-style-type: none"> • Overall Execution Quality: When determining how and where to route or execute an order, Pivot Capital Limited traders draw on extensive day-to-day experience with various markets and market makers, focusing on prompt and reliable execution.
3	PRICE	<ul style="list-style-type: none"> • Prices shown on our trading platform are based on the prevailing market prices at the Nigerian Stock Exchange. • While we undertake to execute at the prevailing market prices at all times, we cannot guarantee that the prices we quote via the automated platform will always be more aggressive than those quoted by other firms, since they may choose to quote inside the market or on a loss-leading basis, in special circumstances. • We consider that, on a like for like comparison, prices generated for automated trading will be equal if not better than those of our competitors.
4	COST OF EXECUTION	<ul style="list-style-type: none"> • Commissions charged at any point in time will be within the range approved by the regulatory authorities • No other hidden charge outside what the regulators have approved (SEC, Stamp Duty & Commission when buying; and NSE, CSCS, Stamp Duty & Commission when selling) will apply to the accounts of Pivot Capital Limited customers for buy and sell mandates executed. • Pivot Capital Limited may have other sub-brokers trading using our platform for which Pivot Capital Limited may have a brokerage sharing agreement with. • Pivot Capital Limited seeks to provide additional services for our charges (market alerts, research analysis, etc) which other firms may not. On the above basis, we

		<p>consider that we can provide Pivot Capital Limited clients with the best possible overall result on a more consistent basis.</p>
5	SPEED	<ul style="list-style-type: none"> • Pivot Capital Limited’s platform provides one of the fastest execution services available in the market. Based on a stable internet connection of suitable speed, automated trading is immediate and cannot be bettered with any competitor. • Under FIX protocol trading, we undertake to provide immediate pricing, subject to the status of the underlying market. • However, due to an unexpected occurrence with the trading machine of the NSE, (though on rare occasions) there may be delays in execution of orders, including orders placed through online trading systems. Some orders placed through online trading systems may therefore be traded manually.
6	LIKELIHOOD OF EXECUTION	<ul style="list-style-type: none"> • We can commit that if the underlying market has sufficient liquidity and there is a price available against which we can cover clients’ trade, Pivot Capital Limited will undertake the best execution. • This policy maximizes the likelihood of execution. In determining the relative importance of the factors affecting the execution process and thereby formulating our best execution policy, we have, using our judgement and longstanding experience in the market, considered that clients’ own execution priorities when using our services and those of similar firms to ours are: speed of execution (namely to see a price, click and trade); transparency of execution (namely that the price quoted is the price at

		<p>which the trade is executed); transparency of dealing costs (namely that the spread and commission rates are known before clients elect to trade and there are no unknown variables that will be revealed only after clients have traded);</p> <ul style="list-style-type: none"> • Where clients wish to execute (for example) an abnormally large order or an order in an illiquid market, which is not to be closed over the trading platform, clients will be advised before the trade is executed of any factors which may affect Pivot Capital Limited’s ability to execute the trade in any manner which deviates from our normal procedures and how those factors may affect the execution of the trade • Pivot Capital Limited’s trading software encompasses the most competitive and sophisticated price-filtering systems available in the market and provides clients with promptly updated prices which can be trusted and relied upon
7	<p>FINANCIAL INSTRUMENTS TO WHICH THIS POLICY APPLIES</p>	<ul style="list-style-type: none"> • This policy applies to financial instruments and products tradable on the Nigerian Stock Exchange, which may include Stocks, Bonds, Exchange Traded Funds ("ETFs"), Futures, Options, Foreign Exchange Forwards, Foreign Exchange Options, Contracts, Warrants and Mutual Funds. • Some of these products may to an extent be traded on NASD-OTC market
8	<p>EXECUTION VENUES CURRENTLY USED</p>	<ul style="list-style-type: none"> • Pivot Capital Limited is a member of the Nigerian Stock Exchange (NSE) as well as a registered and licensed trader on the NASD-OTC Platform – for trading in the shares of other PLCs that are not listed on the NSE. • At the moment Pivot Capital Limited is processing registrations and approvals to have access to some other exchanges outside Nigeria.

9	EFFECTS ON ORDER EXECUTION	<p>Clients should be aware of the following risks associated with volatile markets, especially at or near the open or close of the standard trading session:</p> <ul style="list-style-type: none"> • Possibility of execution at a substantially different price from the quoted bid or offer or the last reported sales/closing price at the time of order entry, as well as partial executions or execution of large orders in several transactions at different prices. • Opening prices that may differ substantially from the previous day's close due to the establishment of new reference prices, activities of market makers e.t.c. • Price volatility is one factor that can affect order execution. When clients place a high volume of orders with brokers, order imbalances and back logs can occur. This implies that more time is needed to execute the pending orders. Such delays are usually caused by the occurrence of different factors: (i) the number and size of orders to be processed, (ii) the speed at which current quotations (or last-sale information) are provided to Pivot Capital Limited; and (iii) the Exchange's system capacity constraints applicable to the given exchange, as well as to Pivot Capital Limited and other firms.
10	TYPES OF ORDERS	<p>Given the risks that arise when trading in volatile markets, the client may want to consider using different types of orders to limit risk and manage investment strategies. The commonest ones are:</p> <ul style="list-style-type: none"> • Market Order: With a market order the client instructs a financial institution or trading counterparty to execute a trade of a certain size as promptly as possible at the prevailing market price. Financial institutions are required

		<p>to execute market orders without regard to price changes. Therefore, if the market price moves significantly during the time it takes to fill a client’s order, the order will most likely be exposed to the risk of execution at a price substantially different from the price when the order was entered.</p> <ul style="list-style-type: none"> • Limit Order: With a limit order, the client sets the maximum purchase price, or minimum sale price, at which the trade is to be executed. As a limit order may be entered away from the current market price, it may not be executed immediately. A client that leaves a limit order must be aware that he/she is giving up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. • Stop Limit Order: A stop limit order is a variation of a stop order with a lower (higher) limit price to suspend trading if the price falls (rises) too far before the order is filled restricting trading to a predefined price range.
11	<p>MONITORING & REVIEW OF PIVOT CAPITAL LIMITED’S BEST EXECUTION POLICY</p>	<p>Before processing an order, the firm assumes that the client has accepted the firm’s Client Order Processing and Execution Policy”.</p> <p>The firm will continue to monitor the effectiveness of its execution arrangements and the Best Execution Policy, and will review this execution policy and its order execution arrangements at least annually, as well as whenever a material change occurs that affects its ability to continue to obtain the best possible result for the execution of orders on a consistent basis.</p>

		<p>If there is a material change in the firm’s execution arrangements, we will notify clients to make them aware of the change.</p>
12	<p>RESPONSIBILITIES & EXECUTION CRITERIA IN PIVOT CAPITAL LIMITED</p>	<p>Responsibility for day- to- day fulfilment of best execution lies with the executor of the trade, whether this is the “chief dealer” directly or any of his dealing subordinates.</p> <p>It is the firm’s policy that all asset classes follow the general firm best execution policy but have tailored order execution procedures based on market characteristics of subject asset class.</p> <p>The execution criteria that are taken into account include execution factors, client, order, instrument type (or asset class) and available execution venues. The firm will monitor compliance of its best execution policy in a manner appropriate to each asset class.</p>
13	<p>EXECUTION OF ORDERS WITH CLIENT’S CONDITIONS ATTACHED</p>	<p>The firm will transact orders or transmit orders for execution in accordance with express instructions from clients. These transactions may not specifically meet the firm’s best execution factor considerations, but will be deemed to achieve the best possible result for clients, and is therefore in compliance with the requirements.</p> <p>Orders with client conditions attached will be executed in compliance with SEC and NSE requirements and, as far as possible, client requirements as long as the overriding</p>

		responsibility to achieve the best possible result for clients is not compromised.
14	CONCLUSION	<ul style="list-style-type: none"> • When executing orders on behalf of clients in relation to financial instruments, Pivot Capital Limited will take all reasonable steps to achieve what is called "best execution" of clients' orders. • Pivot Capital Limited's Best Execution Policy is subject to reviews from time to time – depending on changes in business landscape and new regulations.

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