

Bain Capital Credit, Ltd. – Annual Best Execution Disclosure

April 30, 2018

Class of Instrument	(b) Debt instruments (i) Bonds				
Notification if <1 average trade per business day in the previous year	N				
Top 5 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 Limited XKZZ2JZF41MRHTR1V493	23.79%	17.95%			
Goldman Sachs International W22LROWP2IHZNBB6K528	23.25%	19.23%			
DEUTSCHE BANK AKTIENGESELLSCHAFT 7LTWFZYICNSX8D621K86	10.68%	14.10%			
Credit Suisse Securities (Europe) Limited DL6FFRRLF74S01HE2M14	10.04%	8.12%			
Morgan Stanley International Limited LSMWH68Y2RHEDP8W5261	5.92%	8.12%			

Class of Instrument	(d) credit derivatives (ii) Other credit derivatives				
Notification if <1 average trade per business day in the previous year	N				
Top 5 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 Limited XKZZ2JZF41MRHTR1V493	36.35%	44.71%			
J.P. Morgan Securities PLC K6Q0W1PS1L1O4IQL9C32	33.59%	17.65%			
DEUTSCHE BANK AKTIENGESELLSCHAFT 7LTFWZYICNSX8D621K86	9.09%	5.88%			
Credit Suisse Securities (Europe) Limited DL6FFRRLF74S01HE2M14	8.90%	3.53%			
BARCLAYS BANK PLC G5GSEF7VJP5I7OUK5573	5.87%	9.41%			

Class of Instrument	(e) Currency derivatives (ii) (Swaps, forwards and other currency derivatives)				
Notification if <1 average trade per business day in the previous year	N				
Top 5 venues ranked in terms of volume (descending order) ¹	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
Goldman Sachs International W22LROWP2IHZNBB6K528	37.28%	18.93%			
J.P. Morgan Securities PLC K6Q0W1PS1L1O4IQL9C32	29.33%	18.34%			
Bank of America Merrill Lynch International Limited EYKN6V0ZCB8VD9IULB80	14.14%	15.98%			
Citigroup Global Markets Limited XKZZ2JZF41MRHTR1V493	9.62%	14.20%			
Morgan Stanley International Limited LSMWH68Y2RHEDP8W5261	6.08%	10.65%			

¹ The names and LEIs provided are, in each case, for one of the entities within their respective Group of companies. Bain Capital Credit, Ltd. may, under the terms of the relevant ISDA agreement, face multiple entities in each Group as counterparty to its trading in this class of financial instruments and will have done so during the period to which this disclosure relates.

A summary of the analysis and conclusions the firm draws from its detailed monitoring of the quality of execution obtained on the execution venues where it executed all client orders in the previous year

Bain Capital Credit (the “Firm”) monitors global counterparty usage across asset classes as well as gifts and entertainment from third-parties. Compliance periodically reviews this information with the trading desk.

Equities (Shares)

Bain Capital Credit, Ltd. traded very few equities over the period to which this disclosure relates. The monitoring completed supported that best execution was obtained consistently on the approved execution venues throughout the year.

Debt Instruments (Bonds)

As part of the Firm’s best execution analysis in relation to debt instruments, the Firm reviews, among other things, external market data and externally verifiable reference prices (where available) for a sample of trades in debt instruments. This retrospective sample testing process may also use the following input from the front office:

- Number of quotes received;
- Documentation of Quotes Received or other pricing information (for example Bloomberg pricing runs) at time of trade;
- Reason for counterparty selection; and
- Any other applicable details.

The monitoring completed for the period supported that the Firm achieved best execution consistently and that its internal protocols had been consistently applied.

Credit Derivatives (Other Credit Derivatives)

Similarly to the process noted above in respect of debt instruments, as part of the Firm’s analysis of best execution in relation to credit derivatives, the Firm may review, among other things, competitive quotes and externally available market data (where available). This retrospective sample testing process examines may use the following input from the front office:

- Number of quotes received;
- Documentation of Quotes Received or other pricing information (for example Bloomberg pricing runs) at time of trade;
- Reason for counterparty selection; and

	<ul style="list-style-type: none"> - Any other applicable details. <p>The monitoring completed for the period supported that the Firm achieved best execution consistently and that its internal protocols had been consistently applied.</p> <p>Currency Derivatives (Swaps, Forwards, and other Currency Derivatives)</p> <p>As part of the Firm’s analysis of best execution in relation to currency derivatives, reviews were undertaken of the established request for quote (RFQ) process facilitated by a vendor’s electronic platform through access to bids/offers traded in competition. The Firm’s established process here is generally to trade on best price having obtained competitive quotes. These transactions are typically executed as currency hedges or for other risk management purposes.</p>
<p>An explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution</p>	<p>The Firm prioritises ensuring that all sufficient steps are taken to obtain the best possible result for its clients when it executes, places or transmits orders on their behalf. This means taking into account the ‘execution factors’ such as price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.</p> <p>The relative importance of the execution factors is judged on an order-by-order basis in line with the Firm’s industry experience and prevailing market conditions. In addition, common key factors for relevant asset classes have been identified as follows:</p> <p>Equities (Shares)</p> <p>Bain Capital Credit, Ltd. executed a very small number of equity trades over the period contemplated by this disclosure. In the rare event of an equity trade, Bain Capital Credit, Ltd. selects a counterparty based on their ability to execute the order in the best interests of its clients and considers multiple factors including historical executions with the counterparty and the counterparty’s expertise in the instrument or industry sector.</p> <p>Debt Instruments (Bonds)</p> <p>The majority of debt instruments traded by Bain Capital Credit, Ltd. are alternative fixed income assets, including high-yield bonds and bank loans. Bain Capital Credit, Ltd. usually executes transactions in these instruments directly</p>

with other market counterparties. During the price discovery process, Bain Capital Credit, Ltd. generally seeks to obtain quotes from multiple key dealers in order to achieve the best possible result for its clients.

Bain Capital Credit, Ltd. considers all of the factors mentioned above, as applicable, when executing orders for fixed income instruments. Bain Capital Credit, Ltd. may also consider the following when selecting a counterparty:

- Historical executions with the counterparty;
- Counterparty expertise in the instrument or industry sector; and
- Status of the counterparty as agent for the issuance of the instrument.

In certain situations, Bain Capital Credit, Ltd. may not be able to or may not deem it within the best interests of its client to obtain multiple dealer quotes for the price of an instrument. This can occur with more illiquid instruments where the number of potential counterparties is limited.

Credit Derivatives (Other Credit Derivatives)

The majority of credit derivatives typically traded by Bain Capital Credit, Ltd. are Credit Default Swaps (“CDS”) and CDS indices. Bain Capital Credit, Ltd. usually executes transactions in these instruments directly with other market counterparties. During the price discovery process, Bain Capital Credit, Ltd. generally seeks to obtain quotes from multiple dealers in order to achieve the best possible result for its clients.

Bain Capital Credit, Ltd. considers all of the factors mentioned above, as applicable, when executing orders for credit derivative transactions. Bain Capital Credit, Ltd. may also consider the following when selecting a counterparty:

- Historical executions with the counterparty;
- Counterparty expertise in the instrument or industry sector;
- Margin requirements; and
- Counterparty credit-risk

In certain situations, Bain Capital Credit, Ltd. may not be able to or may not deem it within the best interests of its client to obtain multiple dealer quotes for the price of an instrument. This can occur with more illiquid instruments where the number of potential counterparties is limited.

	<p>Currency Derivatives (Swaps, Forwards, and other Currency Derivatives)</p> <p>Bain Capital Credit, Ltd. engages in transactions in certain currency derivatives as part of its investment management process. This primarily includes foreign exchange (FX) spots and forwards, currency options, and other similar instruments. These transactions are typically executed as currency hedges or for other risk management purposes.</p> <p>Before trading, a RFQ is entered into an electronic trading application, where available counterparties respond with prices for the transaction. Bain Capital Credit, Ltd. generally selects the counterparty that offers the best price for the instrument.</p> <p>Bain Capital Credit, Ltd. may consider additional execution factors or otherwise depart from the policies outlined above to the extent it deems this necessary and in the best interests of its clients.</p>
<p>A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders</p>	<p>Applies across all classes of financial instruments traded.</p> <p>The Firm is not aware of any close links, conflicts of interests or common ownerships with respect to the execution venues it uses to execute orders.</p>
<p>A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received</p>	<p>Applies across all classes of financial instruments traded.</p> <p>Bain Capital Credit, Ltd. has not entered into any arrangements with its execution venues regarding payments made or received, discounts or non-monetary benefits that would compromise its ability to meet its obligations in regards to best execution, conflicts of interest or inducements.</p> <p>Bain Capital is a large global organization with groups in a number of the different regions; the majority of which are not covered under the MiFID II regime. The few parts that do fall under the regime do not procure research directly. Research is procured centrally by the pre-existing group research procurement function of Bain Capital, LP, in Boston. The group research structure has been existence for a number of years.</p>
<p>An explanation of the factors that led to a change in the list of execution venues listed in the firm’s execution policy, if such a change occurred</p>	<p>Applies across all classes of financial instruments traded.</p> <p>During the period under review, Bain Capital Credit, Ltd.’s list of execution venues changed. The Firm regularly reviews the appropriateness of its Best Execution Policy and its execution arrangements to identify and, where</p>

	<p>appropriate, incorporate any changes to enhance the quality of execution obtained. Following discussions with the front office and as part of the reviews carried out over the period it was determined that certain changes involving both addition and removal of certain counterparties were required to provide reasonable assurance that the Firm continues to obtain the best possible result for its clients. Factors considered included price, access to the market, counterparty risk and market liquidity.</p>
<p>An explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements</p>	<p>Applies across all classes of financial instruments traded.</p> <p>While Bain Capital Credit, Ltd. generally takes the characteristics of its clients into account when judging the relative importance of the execution factors, the Firm's clients are all similar in nature and are therefore treated with a consistent approach.</p>
<p>An explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client</p>	<p>Applies across all classes of financial instruments traded.</p> <p>Not applicable. The Firm does not execute retail client orders.</p>
<p>An explanation of how the Firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575</p>	<p>Applies across all classes of financial instruments traded.</p> <p>Bain Capital Credit, Ltd. compares and analyses relevant data to obtain best execution for its client, including execution quality data. Where the Firm transmits orders to third parties, or directly executes orders on behalf of its client with counterparties where the order relates to OTC products, the Firm takes steps to check the fairness of the price on offer by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.</p>
<p>Where applicable, an explanation of how the investment firm has used output of a</p>	<p>Applies across all classes of financial instruments traded.</p>

consolidated tape provider established under Article 65 of Directive 2014/65/EU.

This is not currently applicable as the services of a Consolidated Tape Provider were not available during the period to which this disclosure relates.