

Bain Capital Credit, Ltd - Best Execution Transparency Disclosures

April 30, 2020

Class of Instrument	(a) Equities – Shares & Depository Receipts (ii) Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)				
Notification if <1 average trade per business day in the previous year	Y				
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
J.P. MORGAN SECURITIES PLC K6Q0W1PS1L1O4IQL9C32	54.89%	7.14%			
KEPLER CHEUVREUX 9695005EOZG9X8IRJD84	45.11%	92.86%			

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
GOLDMAN SACHS INTERNATIONAL W22LROWP2IHZNBB6K528	24.51%	25.58%			
J.P. MORGAN SECURITIES PLC K6Q0W1PS1L1O4IQL9C32	15.09%	8.45%%			
CITIGROUP GLOBAL MARKETS LIMITED XKZZ2JZF41MRHTR1V493	11.18%	12.82%			
MORGAN STANLEY INTERNATIONAL LIMITED LSMWH68Y2RHEDP8W5261	9.16%	12.65%			
BARCLAYS BANK PLC G5GSEF7VJP5I7OUK5573	8.68%	12.06%			

Class of Instrument	(c) Interest rates Derivatives; (ii) Swaps, forwards and other interest rates derivatives)				
Notification if <1 average trade per business day in the previous year	Y				
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
Natixis KX1WK48MPD4Y2NCUIZ63	67.43%	50.00%			
J.P. MORGAN SECURITIES PLC K6Q0W1PS1L1O4IQL9C32	32.57%	50.00%			

Class of Instrument	(d) Credit Derivatives (ii) Other Credit Derivatives				
Notification if <1 average trade per business day in the previous year	Y				
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	48.40%	30.49%			
J.P. MORGAN SECURITIES PLC K6Q0W1PS1L1O4IQL9C32	32.17%	30.49%			
GOLDMAN SACHS INTERNATIONAL W22LROWP2IHZNBB6K528	15.66%	26.83%			
BNP PARIBAS ROMUWSFPU8MPRO8K5P83	3.65%	10.98%			
BARCLAYS BANK PLC G5GSEF7VJP5I7OUK5573	0.12%	1.22%			

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 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. As part of the Firm’s analysis of best execution in relation to equities, the Firm analysed trades during the relevant period to determine whether any of the trades were executed at a price outside of what the firm considered a reasonable variance to the Volume Weighted Average Price (“VWAP”) and by reference to market data such as Bloomberg charting.

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 analysis of best execution in relation to debt instruments, reviews of external market data and externally verifiable reference prices (where available) were undertaken when checking the price of debt instruments traded. The retrospective sample testing process examines the following, seeking 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 process attributes a liquidity score to the instruments being reviewed which is factored into the analysis compliance undertakes of the rationale provided. The monitoring completed for the period supported that best execution was obtained consistently on the approved execution venues throughout the year, and that the Firm’s own internal protocols designed to ensure best execution is achieved had been consistently applied.

	<p>Interest Rates Derivatives (Swaps, Forwards, and other Interest Rates Derivatives)</p> <p>As part of the Firm’s analysis of best execution in relation to interest rate derivatives, the Firm checked the fair value on Bloomberg AND/OR used internal modelling to ensure that best execution was obtained. In addition, where appropriate, additional quotes were obtained. The monitoring completed confirmed that best execution was obtained consistently on the approved execution venues throughout the year.</p> <p>Credit Derivatives (Other Credit Derivatives)</p> <p>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, reviews were undertaken of competitive quotes and the fair value of the derivative at the time the trade was placed, and/or price reviews were undertaken using any externally available market data. The retrospective sample testing process examines the following, seeking input from the front office:</p> <ul style="list-style-type: none"> - 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 <p>The process attributes a liquidity score to the instruments being reviewed which is factored into the analysis compliance undertakes of the rationale provided. The monitoring completed for the period supported that best execution was obtained consistently on the approved execution venues throughout the year, and that the Firm’s own internal protocols designed to ensure best execution is achieved had been consistently applied.</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>Bain Capital Credit, Ltd’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. 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>

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:

Equities

Bain Capital Credit, Ltd traded very few equities over the period to which this disclosure relates. Execution venues were selected based on its best judgement, and with the aim of achieving the best possible result for its clients. For larger orders executed over a longer period of time, the Firm takes into account confidentiality, minimising the impact on the market, and slippage historically achieved on each venue.

Debt Instruments (Bonds)

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 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.

While price is typically the most important factor in these transactions, Bain Capital Credit, Ltd considers all of the execution factors 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;
- Price targets set by a portfolio manager when requesting the order;
- Counterparty expertise in the instrument or industry sector; and
- Status of the counterparty as agent for the issuance of the instrument.

Bain Capital Credit, Ltd relies on the judgement and experience of its trading desk personnel when weighing all of these factors. 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>Credit Derivatives (Other Credit Derivatives)</p> <p>The majority of credit derivatives 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.</p> <p>While price is typically the most important factor in these transactions, Bain Capital Credit, Ltd considers all of the execution factors when executing orders for credit derivative transactions. Bain Capital Credit, Ltd may also consider the following when selecting a counterparty:</p> <ul style="list-style-type: none"> • Historical executions with the counterparty; • Price targets set by a portfolio manager when requesting the order; • Counterparty expertise in the instrument or industry sector; • Margin requirements; and • Counterparties credit-risk <p>Bain Capital Credit, Ltd relies on the judgment and experience of its trading desk personnel when weighing all of these factors. 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>
<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</p>	<p>Applies across all classes of financial instruments traded.</p>

<p>payments made or received, discounts, rebates or non-monetary benefits received</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 effectiveness of its Best Execution Policy and its execution arrangements to identify and, where 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 ensure 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>Whilst Bain Capital Credit, Ltd does take the characteristics of its clients into account when judging the relative importance of the execution factors, the Firm’s clients are exclusively professional clients and so are 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>The Firm compares and analyses relevant data to obtain best execution for a client, including execution quality data. The Firm transmits or places orders with other entities for execution and when the order relates to OTC products including bespoke products, checks the fairness of the price proposed to the client, 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>In Addition, as part of our best execution monitoring procedures we have considered the data published under Commission Delegated Regulation (EU) 2017/575 by the trading venues we have used, those of our counterparties which operate as systematic internalisers and a sample of reports published by other execution venues which we do not currently utilise. Due to the substantial volume of data in RTS 27 reports and the differing approaches taken by producers of those reports, this data has thus far proved to be of limited practical benefit to Bain Capital Credit, Ltd.</p>
<p>Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider (CTP) established under Article 65 of Directive 2014/65/EU.</p>	<p>Applies across all classes of financial instruments traded.</p> <p>Not applicable, as there were no such CTPs available in Europe during the period to which this disclosure relates.</p>