



DEALING POLICY

December 2019

Version No	Effective Date	Reviewed / Approved By
2017	22 August 2017	AC / Board of Directors

1 WHY DO WE NEED THIS POLICY?

- 1.1 The aim of this Policy is to produce results for our clients' orders which provide the best balance across a range of sometimes conflicting factors.
- 1.2 The obligation to take all reasonable steps to deliver the best result for our clients remains with us. Where our Dealing Teams place orders with market counterparties, we will have satisfied ourselves that they have arrangements to comply with appropriate best execution requirements. In some cases, due to the illiquid nature of the instrument, there may be limited options available in relation to where and with whom we can deal. In such cases, the fact of execution may itself constitute best execution.

2 WHAT ARE OUR DEALING CONSIDERATIONS?

- 2.1 **Execution Factors**

Our Dealing Teams have experience and expertise, allowing them to assess how to prioritize a range of execution factors to achieve the best result for our clients' orders. In deciding how to manage our clients' order, our Dealing Teams will take into account a range of execution factors including -

 - ▶ **Nature of an order or market**
 - ▶ **Cost of execution**
 - ▶ **Credit risk of the counterparty / venue**
 - ▶ **Distribution of trading volumes**
 - ▶ **Likelihood of execution and settlement**
 - ▶ **Liquidity**

- ▶ **Market impact**
- ▶ **Price**
- ▶ **Regulatory requirements / limitations**
- ▶ **Size of order**
- ▶ **Speed of execution and settlement**
- ▶ **Venue**
- ▶ **Volatility**

These factors are interchangeable and will vary in importance depending on the market and instrument type being dealt. Our Dealing Team prioritizes the above factors based on our clients' particular circumstances, typically taking into account:

- ▶ **Any of our clients' particular characteristics;**
- ▶ **Characteristics of the mutual fund / mandates and its objectives as set out in the relevant fund related documentation and Investment Management Agreements;**
- ▶ **The characteristics of the orders made on our clients' behalf;**
- ▶ **The characteristics of the financial instrument to be dealt (including whether it is to be executed on a Regulated or Over-the-Counter market);**
- ▶ **If the financial instrument is subject to any regulatory requirements (mandatory clearable derivatives for example)**
- ▶ **The characteristics of the execution channel in which we may place our clients' orders; and**
- ▶ **Any specific requests our clients have made in relation to their orders.**

The factors and criteria discussed above will also influence us as to which execution channel we feel would most likely deliver the best result for our clients' orders.

2.2 Execution Channel Selection

With reference to mutual funds / mandate requirements that allows us to deal in Over-The-Counter markets, we have a number of choices available to us in terms of the

execution channel we select to carry out an order on your behalf, which include:

- ▶ **Market Counterparties [including Banks, Brokers and Agency Brokers, Intermediaries and Counterparties, Multi-lateral Trading Facilities (MTFs), Crossing Networks (CNs) and Systematic Internalisers (SIs)]; and**
- ▶ **Directly with the issuers.**

Our Dealing Teams do not normally search and compare all execution channels for every trade but will apply their professional judgment while selecting the appropriate channel.

Our Dealing Teams will typically consider the following factors when determining which execution channel is most appropriate:

- ▶ **Cost of dealing through an execution channel;**
- ▶ **Liquidity;**
- ▶ **The availability of assets;**
- ▶ **The Price of assets offered by the execution channel;**
- ▶ **Speed and likelihood of execution (such as when orders are placed); and**
- ▶ **Speed and likelihood of settlement.**

All execution channels used by our Dealing Teams pass through an approval process defined in our internal procedure documents.

2.3 Prioritizing execution factors

We invest in a wide range of assets on behalf of all our clients in markets of varying maturity, size, liquidity and nature. These markets tend to dictate the priority of execution factors used in determining what will provide the best possible result for orders we carry out on our clients' behalf. The tables below (which continue overleaf) are intended to provide our clients with examples of the type of instruments we are likely to transact in each respective market, the usual execution channels we would use and the primary

execution factors we typically consider. The tables are not meant to be exhaustive.

EQUITIES

Market Type	Example Instrument Type	Typical Execution Channels	Board Execution Factors Considered
Large, liquid	<ul style="list-style-type: none"> ▶ Large Cap equities ▶ Exchange traded derivatives ▶ ETFs 	Approved Market Counterparties including cash sales traders, program trading, crossing networks and algorithmic trading.	<ul style="list-style-type: none"> ▶ Price ▶ Liquidity ▶ Distribution of trading volumes ▶ Speed of execution ▶ Costs of execution ▶ Nature of an order or market
Smaller, illiquid	<ul style="list-style-type: none"> ▶ Mid/Small Cap equities ▶ ETFs 	Approved Market Counterparties including cash sales trading, crossing networks and algorithmic trading.	<ul style="list-style-type: none"> ▶ Liquidity ▶ Distribution of trading volumes ▶ Price ▶ Cost of execution ▶ Nature of an order or market

FIXED INCOME

Market Type	Example Instrument Type	Typical Execution Channels	Board Execution Factors Considered
Large, liquid	<ul style="list-style-type: none"> ▶ Gilts and Treasuries ▶ Major Money Markets instruments ▶ Exchange traded derivatives 	Approved Market Counterparties (predominantly Banks)	<ul style="list-style-type: none"> ▶ Price ▶ Liquidity ▶ Size ▶ Market impact ▶ Nature of an order of market
Medium, varying liquidity	<ul style="list-style-type: none"> ▶ Major Corporate debt ▶ Asia Government Bonds 	Approved Market Counterparties (predominantly banks)	<ul style="list-style-type: none"> ▶ Price ▶ Liquidity ▶ Size ▶ Market impact ▶ Nature of an order of market
Smaller, illiquid	<ul style="list-style-type: none"> ▶ Corporate debt ▶ Emerging Market sovereign debt (e.g. Brazilian Government debt) ▶ Loans 	Approved Market Counterparties (predominantly banks)	<ul style="list-style-type: none"> ▶ Likelihood of execution and settlement ▶ Price ▶ Liquidity ▶ Market impact ▶ Nature of an order of market

FOREIGN EXCHANGE

Market Type	Example Instrument Type	Typical Execution Channels	Board Execution Factors Considered
Unrestricted	▶ USD, JPY, SGD, GBP etc	Approved Market Counterparties	<ul style="list-style-type: none"> ▶ Price ▶ Liquidity ▶ Size ▶ Market impact ▶ Nature of an order of market
Restricted	▶ INR, IDR, MYR, THB etc	Custodian bank	<ul style="list-style-type: none"> ▶ Price ▶ Liquidity ▶ Size ▶ Market impact ▶ Nature of an order of market

3 HOW DO WE MONITOR THESE ORDER EXECUTION OBLIGATIONS?

3.1 Execution Channel Reviews (including order execution)

Our Dealing Teams keep a regular check on the quality of service provided by all our approved execution channels / counterparties. In reviewing their service, dealers responsible for our execution channels take into consideration a broad range of factors which include the ability of the execution channels to execute at good prices and in a timely manner, their credit worthiness, how reasonable their costs are, their expertise and the overall likelihood of execution and settlement. Any concerns that arise with our execution channels between reviews are reported by our Dealing Teams to the Head of Dealing and are taken into consideration during the next review of that broker or, if severe, dealt with immediately.

3.2 Monitoring the Order Execution

Our firm takes all reasonable steps to ensure that our Dealing Policy is properly applied. Our Dealing Team utilizes both internal and external tools to determine the quality of execution received. Transaction Cost Analysis provided by a third party is currently used as part of our internal processes for monitoring the efficiency of internal processes for assessing execution quality and dealing cost. Further, in accordance with Eastspring Investments Head Office Compliance Policy and Standards, there are certain independent oversights undertaken by our Compliance. Consequently, outcome of our dealing processes are overseen by a Working Group comprising our Head of Dealing, Business Managers, Chief Risk Officer, Investment Risk and Compliance representatives who evaluate, on a periodic basis, the range of execution factors used to determine whether the best result has been achieved on a consistent basis or whether changes to our execution arrangements are needed. Additionally this Dealing Policy is reviewed periodically. If there are any material changes to our Dealing Policy, copy can be made available to our client upon request.

4 WHAT ARE OUR ORDER HANDLING PROCEDURES?

4.1 As part of good market practice, our Dealing Teams maintain a set of Central Dealing Manual, which operationalizes the execution procedures for each asset class.

4.2 As part of our clients' order handling process, our Dealing Teams may aggregate transactions carried out on our clients' behalf with those of our other clients. While we aim to promote fair and equitable treatment across our client accounts, the effect of such aggregation may work on some occasions to a client disadvantage and on others to the same client advantage. In relation to allocation, timely execution and recording of transactions, the requirements of which are embedded within our Central Dealing Manual.

4.3 Stock crossing is not prohibited provided

- ▶ **the sale and purchase decisions are in the best interests of both clients and fall within the investment objectives, guidelines and investment restrictions of both clients;**
- ▶ **the valid reason and basis for such trades is documented prior to execution; and**
- ▶ **the trades are executed on arm's length terms at current market value.**

Where transactions originate from a single fund manager for the funds which he / she alone manages, in such instances approval must be obtained from Chief Investment Officer or his designate. The reasons for cross trades and evidence of the market value of the securities crossed must be documented and maintained by our Dealing Teams. More details in relation to each asset class crosses are embedded within our Central Dealing Manual.

5 ASSOCIATED POLICIES

This Dealing Policy may be read in conjunction with the following Group Policies

- ▶ Group Dealing Controls Policy
- ▶ Eastspring Investments Head Office Compliance Policy and Procedures