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1. Introduction

This Order Execution Policy sets out Aberdeen Standard Investments’ (ASI) approach to order execution and the placement of orders (“Policy”) including our responsibilities to deliver Best Execution for our Clients. The Policy has been written in accordance with the requirements of the European Union’s second Markets in Financial Instruments Directive (“MiFID II”).

2. Scope

The Policy applies where ASI executes or places orders in Financial Instruments on behalf of Retail and Professional Clients through an approved execution venue or counterparty by the ASI Investment Execution team.

This notwithstanding, this Policy does not apply in respect of investment management activities performed on behalf of certain regulated entities within the Aberdeen Asset Management Group of Companies (“Group”) (and are instead governed by appropriate arrangements in place within the relevant business unit performing them). The following list includes certain regulated entities which do not fall within the current scope of the Policy (although this is a non-exhaustive list and is subject to change in light of any corporate restructuring undertaken by the Group). The list includes ASI’s platform businesses (including WRAP, Elevate and Parmenion) as well as ASI’s discretionary wealth management business which effectively operate independently (although it is recognised that there may be separate legal arrangements in place for the provision of investment services by the wider Group to the wealth management business entities wherein they would be in scope).

- Parmenion Capital Partners LLP
- Aberdeen Standard Capital Limited
- Aberdeen Standard Capital International Limited
- Elevate Portfolio Services Limited
- Standard Life Savings Limited

For the avoidance of doubt, ASI companies are involved in certain arrangements whereby the responsibilities for trade execution under MiFID II rests with a company outwith the ASI group of companies (e.g. model delivery services). In such circumstances, neither this Policy nor any other policy referred to herein shall apply.

3. Regulatory Context

Whilst the Policy has been drafted to meet the requirements of MiFID II, as ASI is a global organisation, and reflects the approach taken across the jurisdictions in which it operates. ASI will ensure that it complies with all applicable laws and regulations in relevant jurisdictions and, to the extent that local requirements are not covered in this Policy, they will be implemented separately.

4. General Dealing Process

ASI is committed to implementing industry best practice of segregated responsibilities in respect of fund management and dealing. Any exceptions to the segregated dealing model require to be approved by the ASI Global Execution Oversight Committee (“GEOC”).

For each instruction to trade, the portfolio manager or authorised individual will send orders electronically via ASI’s order management system (“OMS”) to the Investment Execution function. Once orders have passed pre-trade compliance checks and been acknowledged by the relevant execution desk, the dealer will use an agreed medium to place the order with an authorised Counterparty or deal directly on any of the execution venues listed in this Policy. The selection of execution venue(s) will be based upon both qualitative and quantitative factors, including the individual Counterparty expertise, quality of information (including market information), willingness to provide capital, and available liquidity. In all cases, the dealer will seek to execute with the execution venue(s) that provide the...
greatest overall benefit to the Client under the circumstances. Typically, orders are placed using one of the following agreed mediums:

- **FIX**: The electronic messaging protocol is the most robust and transparent means of transmitting orders to the trade venue(s).

- **Voice**: Orders are placed verbally on a recorded phone line. \(^1\)

- **Email/Instant Bloomberg**: Orders are sent from a controlled account, which has a full electronic audit trail.

Any order received from an investment process that does not have access to the OMS will be dealt with via an ASI approved alternative system or handled through the manual dealing process.

Orders subject to the manual dealing process may be instructed electronically (e.g. email) or in the form of paper tickets using standard templates for the instrument concerned. There is a manual dealing process which is maintained internally.

5. **Order Handling**

ASI operates procedures to ensure the prompt, fair and expeditious execution and allocation of Client orders relative to other Client orders. The firm does not trade for its own account.

ASI maintains and reviews periodically its Global Order Aggregation Governance, Global Order Allocation Governance, and Cross Trading Governance Policies, which govern the firm’s order handling procedures. Clients may request copies of such policies on request.

6. **Order Execution**

MiFID II requires ASI to take all sufficient steps to obtain the best possible result for its Clients. This overarching obligation is referred to, in this Policy, as our duty to deliver “Best Execution”. Under MiFID II, this obligation states that “Investment firms shall take all sufficient steps to obtain the best possible result for their clients taking into account the execution factors of price, cost, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution”.

When executing, or arranging execution of orders ASI will take all sufficient steps to obtain the best possible result, taking into account the characteristics of the Client, the Execution Factors (as defined below), and other relevant criteria (also as defined below).

7.1 **Retail Clients**

When executing, or arranging execution on behalf of a retail Client, the application of Best Execution will be determined primarily in terms of “Total Consideration”.

Total Consideration is defined as the price of the relevant financial instrument, plus the costs related to execution. These costs will include all expenses incurred which are directly related to the execution of the order (such as execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order).

Under the rules, Total Consideration is the defining execution factor for retail Clients. For retail Client orders, the Execution Factors (as defined below) including liquidity will also be considered, but will be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the Total Consideration to the Client.

7.2 **Professional Clients**

In order to achieve Best Execution on behalf of professional Clients, ASI will execute an order having assessed the following factors (the “Execution Factors”):

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\(^1\) Subject to local jurisdictional requirements
• Price
• Cost
• Speed
• Likelihood of execution and settlement
• Size
• Liquidity

In determining the relative importance of the above factors, ASI will apply the execution criteria below in a manner that takes into account these differing circumstances in the execution of Client orders:

• The nature of the Client mandate
• The nature of the order
• The characteristics of the Financial Instruments to which the order relates
• The execution venues to which the order may be directed

Generally, ASI will regard price, size, and liquidity as the most significant factors in the execution of a Client’s order. However, there may be circumstances where other Execution Factors will be prioritised over price, size and liquidity. In taking all sufficient steps, our dealers will use their commercial judgement and experience in light of available market information to achieve the best balance across a range of, sometimes conflicting, factors. This does not mean achieving the best price for every Client order, but achieving the best possible result that can reasonably be expected given the resources available ASI. The relative importance of the Execution Factors will therefore vary considerably between different orders and Financial Instruments. ASI will also consider an executing Counterparty’s proven ability to execute a desired trading strategy competently and to manage risk appropriately, adhering to regulatory requirements when selecting an execution Counterparty.

Notwithstanding the above, the following Execution Factors will apply specifically to Equities or Equity-Like Products:

**Liquid Equities** – Price and Cost will normally be the defining factors but other reasons may mean, for example, that certainty of completion takes priority.

**Illiquid Equities** – Price, size of order and cost will normally be the determining factors but other reasons may mean, for example, that certainty of completion takes priority.

### 7.3 Execution Venues

For the purpose of this Policy, ASI have defined ‘Execution Venues’ as:

• Regulated Markets, e.g. London Stock Exchange
• Market Maker or Agency Broker, e.g. broker or other liquidity provider
• Multilateral Trading Facility (“MTF”), e.g. electronic trading platform such as Liquidnet, Tradeweb, FX Connect or FXALL. Outside Europe, such venues may be defined/approved differently e.g. In the US, Liquidnet is defined/approved as an Alternative Trading System (“ATS”)
• Systematic Internaliser (“SI”), e.g. investment bank
• Swap Execution Facility (“SEF”), e.g. Tradeweb SEF, Bloomberg SEF, FXALL SEF
• Organised Trading Facility (“OTF”)

In cases where there are potentially multiple Execution Venues, regardless of Financial Instrument, several factors will be weighed before selecting the venue(s) to which the Client’s order will be routed. Dealers will reference pre-trade analytics, which may incorporate price discovery systems, discussions with execution venues, and an assessment of prevailing market conditions before choosing the most appropriate Execution Venue(s).

If not already provided pursuant to an investment management agreement or similar authority, written Client consent to the execution of orders outside a Regulated Market, or other Execution Venues listed elsewhere in this Policy, will be obtained prior to executing orders.
Where we execute outside a trading venue, or more specifically the settlement system of a trading venue, where that settlement process is not delivery versus payment, a client may be subject to additional counterparty risk.

### 7.3.1 Equity and Equity-Like Products

The Dealing Desks may route the order through any of the Execution Venues listed in this Policy.

ASI will arrange access to all regulated Execution Venues it assesses as appropriate for a global fund manager. Given the number of available venues, the selection of Execution Venue for parts of a working algorithmic order will be made electronically.

ASI use electronic crossing networks and algorithmic trading tools when appropriate in order to minimise impact by maintaining anonymity and to access “hidden” liquidity.

When appropriate, ASI will trade baskets of stocks as a program trade, with a Counterparty and investment bank intermediaries, on both a principal and agency basis. Program trades can allow immediacy across a large number of stocks in principal trades or a reduced commission rate for agency trades.

### 7.3.2 Fixed Income

The use of RFQ and Bloomberg IB to request competitive quotes is the standard approach in more liquid sectors of the market. However, under certain circumstances, for example where the size of the order or the liquidity profile of the issue is such that placing an order in competition may result in information leakage, the dealer may choose to place an order with a single Counterparty for execution.

The Investment Execution function will route orders for execution to MTFs, OTFs, SIs and agency brokers.

### 7.3.3 Derivatives (Exchange Traded, Exchange Cleared and Over the Counter)

Orders may be routed through Regulated Markets, MTFs, OTFs, SEFs, SIs and other liquidity providers. However, under certain circumstances, for example where the size of the order or the liquidity profile of the issue is such that placing an order in competition may result in information leakage, the dealer may choose to place an order with a single Counterparty for execution.

In selecting the Execution Venue(s), in addition to the factors and criteria set out elsewhere in this Policy, the executing desk will have regard to the terms of any International Swaps and Derivatives Association Master Agreement (“ISDA”), Credit Support Annex (“CSA”) and Cleared Derivatives Execution Agreements (“CDEA”) and Global Master Repurchase Agreement (“GMRA”) in place for each Client.

### 7.3.4 Money Markets

Execution will only take place after a full analysis of liquidity requirements, operational risk, credit risk, return objectives and overall effective portfolio management is completed in order to secure the best possible return for the Client. The factors of yield / size / liquidity / credit risk / risk appetite / rating and maturity are important and the relative importance of each may differ depending on each individual order.

In selecting the Execution Venue for repurchase and reverse repurchase transactions, in addition to the factors and criteria set out elsewhere in this Policy, the executing desk will have regard to the terms of any agency GMRA or Master Repurchase Agreement (“MRA”) in place for each Client.

### 7.3.5 Foreign Exchange

ASI supports a dual FX strategy with an “in-house” model and an “out-sourced” model.

For the in-house model ASI has dedicated Investment Execution teams in the UK, Asia Pacific and the US which execute trade related and investment policy FX transactions.

FX transactions are traded either:

- with a panel of approved Counterparties (acting as SIs) who meet internal rating criteria (unless Client restrictions apply) or
- through multibank electronic platforms (MTFs, OTFs) such as FXALL and FX Connect.
The out-sourced model is an automated and rules based approach suitable where a standardised FX dealing approach can be applied and comprising of third party service providers:

- existing third party administrators (TPA) applicable to Clients – e.g. BNP Paribas (BNP) for FX instruction and cash management, and
- Brown Brothers Harriman (BBH) as FX execution agent. FX execution is undertaken, using WMReuters benchmark bid/offer rates. Multiple daily execution windows are set to maximise market liquidity.

Benchmark rate monitoring for the out-sourced model is performed by a dedicated UK based ASI “Operations Cash and Asset Servicing” team after each execution window.

In addition to the in-house and out-sourced models, ASI have mandated custodial rule based FX trading where it is operationally and economically more efficient than active trading by the FX dealing desks. This includes share class FX hedging and standing instructions for restricted currency markets.

7.3.6 Collective Investment Schemes

In general, secondary markets for units or shares in Collective Investment Schemes ("CIS") do not exist and therefore ASI places its order or instructs a third party on its behalf to deal directly with the primary market dealing team of the fund provider concerned (generally known as the “Transfer Agent”). Transactions in units or shares in CIS are generally transacted at the prevailing net asset value (“NAV”) of the CIS.

7.4 Monitoring and Review

Although ASI’s approach to seeking Best Execution is applicable to all types of transactions, evaluating the quality of executions is more easily achieved for securities with reliable and readily available comparative data and/or where a third party can provide a specialised Transaction Cost Analysis (“TCA”) service.

Best Execution is an evolving process of continuous improvement and as part of the firm’s commitment to achieving Best Execution, ASI is constantly reviewing and seeking out new TCA offerings, new counterparties and new venues in the market. Where there is no TCA service available, we conduct internal modelling of trades utilising tools, venue reports and Counterparty reports to carry out execution analysis.

7.5 Counterparty Reviews

ASI will conduct reviews of its leading Counterparties to assist in meeting its obligations to seek Best Execution.

Dealers assess significant execution Counterparties based on their experience in obtaining quality execution. Factors considered include, but are not limited to, speed and efficiency of execution, anonymity, market intelligence, liquidity, explicit cost, and market impact from trading. Aggregated results are used as the basis for feedback to each Counterparty reviewed. Reviews will be conducted at least once a year.

7.6 New Counterparty Approval

ASI constantly evaluates the market landscape and reviews its panel of Execution Venues and Counterparties. The firm has processes in place both to review the financial soundness of Counterparties and to ensure that adequate documentation is in place to manage the relationship.

All requests for new Counterparties are initially approved by the Global Head of Investment Execution. For Counterparties where bilateral trading will result in credit risk to that Counterparty, these are subject to a full credit review and approval by the ASI Credit Committee. OTC Derivative Counterparties are subject to appropriate trading agreements including agency ISDAs, CSAs, or CDEAs being put in place. Similarly, repurchase and reverse repurchase transaction counterparties are subject to appropriate agency GMRA or MRA legal agreements being put in place. All ‘delivery versus payment’ ("DvP") brokers are noted by the Aberdeen Standard Investment Credit Committee following approval by the Global Head of Investment Execution. Approved Counterparty lists will be maintained by the Counterparty and Derivatives Management Team, which will include updates to incorporate additions, mergers, and deletions.

Where a Client instructs ASI to operate under their own negotiated ISDA or CDEA agreement, this will constitute a specific instruction from the Client to transact solely with the named Counterparty (see also 8. Client Specific Instructions below).
7. Client Specific Instructions

Where a Client gives a specific instruction or restriction as to the execution of an order, the relevant part of that order will be executed in line with those instructions. In acting on a specific instruction, the ability to take the steps ASI have designed to ensure the firm obtains the best possible result and a fair and equitable allocation, as described above, may be impaired.

8. Oversight and Control

It is the responsibility of all dealers and fund managers involved in raising and executing orders to understand the firm’s obligations as they relate to Best Execution under the relevant legislation.

ASI’s Investment Execution function, Investment Control, Investment Management Operations, and Risk and Compliance teams all have a role to play in overseeing the Policy.

The GEOC is the body with primary responsibility for the oversight of trade execution. The Risk and Exposure Committee (“REC”) is also responsible for oversight of all investment activity undertaken ASI.

9. Policy Owner and Approvals

The Global Head of Investment Execution is responsible for implementing the arrangements described in this Policy.

Material changes to this Policy are reviewed by the GEOC. Any material change that affects our ability to obtain the best possible result for the execution of Client orders will be communicated to Clients.

The Policy is reviewed by the GEOC at least annually. Exceptions to this Policy are also reviewed by the GEOC.

10. Related Documents

This Policy should be read in conjunction with, where relevant, applicable country specific policies or manuals pertaining to order execution.
11. Appendix 1: Execution Venues and Counterparties

Please see below for the non-exhaustive list of Execution Venues and counterparties on which ASI places significant reliance in meeting its obligation to achieve Best Execution for its Clients:

Banco Santander SA
Bank of China Limited
Bank of America Corp
Banque Federative du Credit Mutuel
Barclays PLC
Bloomberg
BNP Paribas
Canaccord Genuity Ltd
Cantor Fitzgerald Europe
Cenkos Securities PLC
CBOE Global Markets, Inc
CLSA Ltd.
China Construction Bank
Citibank
Commerzbank AG
Credit Agricole SA
Credit Suisse
Daiwa Capital Markets Europe Ltd
DekaBank Deutsche Girozentrale
Deutsche Bank
DZ Bank AG
Exotix Partners LLP
FX-All
FX Connect
Goldman Sachs Group Inc
Group BPCE
HSBC Holdings Limited
ICAP
Industrial & Commercial Bank of China Limited
ING Bank N.V.
Instinet Europe Ltd
Investec Bank PLC
ITG
Jefferies International Limited
JP Morgan Chase and Co Inc.
KBC Groep N.V.
Kepler Cheuvreux SA
Landesbank Baden Wuerttemberg
Liquidnet Europe Limited
Lloyds Banking Group PLC
Macquarie Group Ltd.
MarketAxess Europe Limited
Merrill Lynch International
Mizuho Financial Group Inc.
Morgan Stanley
National Australia Bank
Nomura Holdings Inc.
Nordea Bank AB
Nplus1 Singer Capital Markets Ltd
Numis Securities Ltd
Panmure Gordon & Co PLC
Peel Hunt LLP
Rabobank Nederland NV
RBC Dominion Securities Inc
Renaissance Securities Cyprus Ltd
Royal Bank of Canada
Royal Bank of Scotland Group PLC
Scotia Capital Inc
SMBC Nikko Capital Markets Ltd
Societe Generale SA
Standard Chartered PLC
Stifel Nicolaus Europe Ltd
Sumitomo Mitsui Financial Group Inc.
Sumitomo Mitsui Trust Holdings Inc.
The Toronto-Dominion Bank
Tradeweb Europe Limited
Tullett Prebon (Securities) Limited
UBS AG
UniCredit SpA
Winterflood Securities Ltd
12. Appendix 2: Glossary

For the purposes of this Policy, the following definitions should apply:

Best Execution

means the regulatory obligation to take all sufficient steps to obtain the best possible result for our Clients when executing or placing orders.

Clients

means clients or funds for which ASI is providing investment management services.

Counterparties

means any entity which effects a transaction, executes orders or passes or places orders for execution and includes, but is not limited to, brokers, dealers, market makers, executing brokers and clearing brokers (whether acting as principal or agent).

Financial Instruments

As defined under MiFID II, or the relevant laws, regulations and rules in the U.S., or other relevant trading venue. These include, but are not limited to:

- Equities
- Fixed income instruments, including government and corporate bonds, shares or units in collective investment schemes and convertible bond instruments
- Units in Exchange Traded Funds (“ETFs”)
- Derivatives, whether exchange-traded or OTC, including forwards, futures, options, swaps and CFDs
- Money market and cash instruments

The Financial Instruments authorised for investment by ASI are set out in the ASI Permissible Investment Universe document.

Retail/Professional Clients

means as defined under MiFID II.

Multilateral Trading Facility (“MTF”)

means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments - in the system and in accordance with non-discretionary rules - in a way that results in a contract.

Swap Execution Facility (“SEF”)

means a Commodity Futures Trading Commission regulated facility, trading system or platform in which multiple participants have the ability to execute or trade swaps by accepting bids and offers made by multiple participants in the facility.

Systematic Internaliser (“SI”)

means a firm that executes orders from its Clients against its own book or against orders from other Clients. MiFID II will treat Systematic Internalisers as mini-exchanges; hence, for example, they will be subject to pre-trade and post-trade transparency requirements.

Organised Trading Facility (“OTF”)

means a multilateral system, which is not a Regulated Market or MTF and in which multiple third party buying and selling interests in bonds, structured finance products, emissions allowances or derivatives are able to interact in the system in a way which results in a contract.
Where capitalised words and phrases are used and are not specifically defined in the Policy, these words and phrases shall have the definitions ascribed to them in the Financial Conduct Authority ("FCA")'s Handbook of rules and guidance.