Order Execution Policy

(Best Execution Policy)

February 2021

First Sentier Investors

1. Coverage

This policy covers the following legal entities:

- First Sentier Investors (Australia) IM Ltd
    - Formerly known as Colonial First State Asset Management (Australia) Limited
- First Sentier Investors Realindex Pty Ltd
    - Formerly known as Realindex Investments Pty Limited
- First Sentier Investors (Australia) RE Ltd
    - Formerly known as Colonial First State Managed Infrastructure Limited
- First Sentier Investors (UK) Funds Limited
    - Formerly known as First State Investments (UK) Limited
- First Sentier Investors International IM Limited
    - Formerly known as First State Investments International Limited
- First Sentier Investors (UK) IM Limited
    - Formerly known as First State Investment Management (UK) Limited
- First Sentier Investors (UK) Services Limited
    - Formerly known as First State Investment Services (UK) Limited
- First Sentier Investors (Hong Kong) Limited
    - Formerly known as First State Investments (Hong Kong) Limited
- First Sentier Investors (Japan) Limited
    - Formerly known as First State Investments (Japan) Limited
- First Sentier Investors (Singapore)
    - Formerly known as First State Investments (Singapore)
- First Sentier Investors (US) LLC
    - Formerly known as First State Investments (US) LLC
- First Sentier Investors (Ireland) Limited
    - Formerly known as First State Investments (Ireland) Limited

This policy covers the following investment teams within the above legal entities:

- Global Equities:
    - Global Listed Infrastructure
    - Global Property Securities
    - Australian Growth
    - Australian Small Caps
    - Equity Income
    - Emerging Companies
- FSSA Investment Managers
- Realindex
- Fixed Interest and Multi-Asset Solutions:
    - Australian Fixed Income (including Global/Diversified Fixed Income)
    - Asian Fixed Income and Emerging Market Debt
    - US High Yield
    - Multi-Asset Solutions
    - Short Term Investments and Global Credit

This policy does not cover the following investment teams (these teams maintain separate policies):

- Stewart Investors (including St Andrew Partners)
- Direct Infrastructure

2. Scope

Under its fiduciary duties, First Sentier Investors (FSI) is obliged to seek “best execution” when executing client trades. This equates to “the goal of maximizing value for the client under the particular circumstances occurring at the time of the transaction” and within the client’s investment objectives and constraints.

Evidence of best execution encompasses many factors that need to be considered relative to the particular characteristics of the order and the market in which it is being traded. Speed of execution, consideration of price, confidentiality (minimising market impact), assessing market transparency and depth, as well as commitment of capital and recent order flows, all need to be considered when achieving best execution for the client.

We manage funds and portfolios on behalf of our clients and in doing so, we place orders in various asset classes including equities, bonds, foreign exchange and other derivative instruments. In carrying out this activity we execute orders on behalf of clients and also transmit or place orders for clients with other entities for execution.

These two methods of execution are:

- Direct execution: Where a transaction is executed directly with a counterparty or on an exchange or other trading system, FSI is required to take all sufficient steps to obtain the best possible result for clients when executing those transactions on their behalf.
- Indirect execution: Where orders are placed with a third party (e.g. a broker) for that third party to execute, FSI must act in accordance with the best interests of clients when placing orders with those third parties for execution.

Best execution seeks to ensure that the best interest of clients are met with the execution of the portfolio objective and constraints. As such, the definition of best execution recognises that:

- Security transactions are entered into in such a manner that the client’s total outlay in or proceeds from each transaction is the most favourable under the specific circumstances;
- The full range and quality of a counterparty’s capabilities in executing orders is considered

FSI manages its obligations by:

- Developing and implementing the Order Execution Policy (Policy) and establishing procedures to monitor its application.
- Establishing execution oversight groups chaired by the Global Chief Investment Officer with representatives from Dealing, Risk Management, Investment Business Management and Compliance as required from time to time to oversee compliance with this policy.
- Managing conflicts of interest consistent with global best practice and the group’s Conflicts of Interest Policy.
- Reviewing best execution summary transaction reports on a minimum six monthly basis.

The guidelines enunciated in this Policy will not supplant an Investment Teams responsibility to comply with applicable laws and regulations. As such, each Business Unit must ensure that they comply with the relevant laws and regulations in the jurisdictions in which they operate. Similarly these guidelines must also be considered in conjunction with other internal policies that apply from time to time including (but not limited to):

- Trade Allocation Policy
- Conflicts of Interest Policy
- Personal Dealing Policy
- Gifts & Entertainment Policy
- Trade Error Policy
- Derivative Risk Statement Part B

Consistent with the Operational Risk Management Framework, this policy and process are subject to independent review.

This policy is for internal use but may be used where required in the RFP process by request.

3. Delivering best execution

When executing orders we will take all sufficient steps to obtain the best available terms. The main factors we will take into consideration include:

- price;
- cost;
- speed of execution;
- likelihood of execution
- likelihood and speed of settlement;
- size of the order;
- nature of the order;
- prevention of information leakage;
- market depth and liquidity; and
- any other considerations relevant to the execution of the order, to the extent that it can reasonably be expected to influence the total outcome of the trade..

The accountability for achieving 'best execution' primarily lies with of the Dealing team, although all teams are responsible for ensuring clear and timely communication with the Dealing team, thereby allowing the Dealing team to achieve 'best execution'.

The relative importance of the execution factors varies within our dealing process and could depend upon a number of criteria, including:

- the characteristics of the client;
- the characteristics and nature of the order, including where the order involves a securities financing transaction;
- the characteristics of the financial instruments that are the subject of the order; and
- the characteristics of the execution venues to which the order can be directed.

Regulatory requirements provide that 'best execution' does not demand that firms achieve the best possible result with every trade, but that the focus is on taking all sufficient steps for obtaining the best possible result on a consistent overall basis.

To support the monitoring and review of 'best execution' an external firm reviews and provides 'best execution' reports across all trades. The summary reports are discussed with the investment teams and form the basis for discussion at the Execution Oversight Group

It is our policy, therefore, to have a process which ensures that every client order is treated in a way that aims to maximise the chance of getting the best set of results.

4. Trading venues

In selecting the most appropriate venues for the purpose of executing our client's orders, we will take into account the various factors which we believe are relevant to the order. In doing so, we will assess what we reasonably believe to be in the client's best interests in terms of executing the relevant order and the execution factors.

One important consideration when selecting execution venues to transact client orders is that the venue concerned has adequate systems and controls in place to enable the delivery of best execution.

In conducting this assessment we will take into account the factors we believe may be appropriate including, the ability of the venue to manage complex orders, the quality of the venue including the nature of other participants and order types available, the speed of execution, the creditworthiness of the venue and the quality of any related clearing and settlement facilities.

Our approach to maintain a choice of venues and entities that offer the potential for FSI to obtain the best possible result for the execution of client orders on a consistent basis. By selecting the most appropriate venues we can limit trading costs and ensure a higher chance of execution. The main factors we will take into consideration include:

- Venue liquidity. We use factors such as historical trading volumes and indications of interest to assess the likelihood of an execution on that venue
- Venue toxicity. The likelihood that routing to or executing on the venue will impart too much information about the balance of the order.
- Order matching logic. Different venues match contra (buy/sell) orders using differing matching logic. Some venues may prioritise by best price, others by largest size or by submitting broker, we will choose the most suitable for each execution
- Infrastructure. We will only route to venues which have the infrastructure to efficiently manage the complexity levels appropriate to each order. We also assess the creditworthiness of the venue and the quality of any related clearing and settlement facilities
- Control of information flow. Venues must ensure unexecuted order information is appropriately protected
- Access to data. Venues should allow access to trade and price formation data, where appropriate, on an equitable basis and distribute this data at a fair cost
- Fees and charges. Venues should not charge excessive fees to transact on their venue, nor should they offer excessive inducements to trade
- The size of the trade relative to other trades in the same financial instrument
- The need to minimise potential market impact
- The ability of our counterparty to commit capital to our trades
- Whether or not the security is exchange traded or over the counter
- The client mandate and client restrictions
- Characteristics of the venue to which an order can be directed
- Any other relevant factors

In meeting our obligations we may use one or more of the following venue types when executing an order on our client's behalf:

- Broking firms who transact on behalf of our clients on regulated markets, through their own Multi-Lateral Trading Facility ("MTFs") or as a Systematic Internaliser;
- Other independent MTFs where trades can be executed away from the exchanges order books;
- Algorithmic trading, where traded an order in line with specific parameters, (e.g. a set percentage of traded volume) using a number of brokers' proprietary platforms.
- Organised Trading Facilities ("OTFs") and trading platforms that have been declared equivalent to OTF's in accordance with applicable laws and regulations; and
- Third party investment firms acting as market makers or other liquidity providers.
- Trading in principal via telecommunication to counterparty with taped phone calls.
- Trading in principal via electronic communication where contact with counterparties can be made over information message services such as Bloomberg and email.

** Where we use a broker to execute orders on our client's behalf, such execution may also be achieved through the use of algorithmic trading, in which an order is traded in line with specific parameters using a proprietary platform provided by that broker. We do not engage in algorithmic trading ourselves but utilise broker-supplied algorithms. We also do not engage in high frequency trading.

In certain financial instruments we may only utilise one execution venue. In executing a trade in such circumstances we will presume that we have provided the best possible result in respect of these types of financial instruments.

We do not receive any form of remuneration, discount or non-monetary benefit for directing orders to a particular venue or broker for execution. Selection of a broker for an order is driven solely by the factors and inputs as described in this policy.

5. Specific Financial Instrument Considerations

The decision around venue consideration will be made having regard to the relative importance of the execution factors for the specific financial instrument in question. The following instrument-related considerations are taken into account:

5.1 Equities

Orders relating to equities (including related exchange-traded collective investment schemes, warrants and derivatives) are generally executed either by third party investment firms or, through MTFs.

While price will generally be the most important factor, for larger orders particularly factors such as execution certainty, market impact reduction and speed of execution may have greater importance. If we transmit the order to a broker for execution, we will select a broker which has a track record of achieving the best result for orders of a similar nature.

If a natural counterparty does not exist for our order, we use market information and our traders' experience to select a broker's desk for working part of the order for us on an agency basis, being careful not to expose too much of our order to the market in order to avoid impact costs. This is a general strategy adopted when speed is a less important factor than, say, price or the ability to retain anonymity.

We will try to identify sources of natural liquidity before entering an order into the market. When we have large single stock orders to transact we typically use MTFs trying to source a natural match. The negotiated price will be based around the best bid and offer price on the primary market and the trade will be executed at mid-point. This greatly reduces spread, market impact whilst keeping our anonymity.

5.2 Bonds and Money Market Instruments

Orders relating to bonds and money market instruments are executed either by third party investment firms or through MTFs. Orders executed through MTFs will usually involve obtaining screen-based competitive quotations and this approach seeks the best price through competition among multiple third party investment firms, when this liquidity is available.

In the case of larger orders we are more likely to place orders directly with third party investment firms in which case we will generally obtain cover pricing and indications, retaining these for audit purposes, assuming this can be obtained without impacting the market. While price (including all execution costs) will generally be the most important factor, we may take other factors into account as appropriate to the size and nature of the order.

The diversity in some markets and instruments and the kind of orders that we carry out on our client's behalf may mean that different factors will have to be taken into account when we assess the nature of our Order Execution Policy in the context of different instruments and different markets.

For example, there is no formalised market or settlement infrastructure for over-the-counter transactions. In some markets, price volatility may mean that the timeliness of execution is a priority, whereas in other markets that have low liquidity, the act of execution may itself constitute best execution.

In other cases, our choice of venue may be limited (even to the fact that there may only be one platform/market upon which we can execute our client's orders) because of the nature of the order or of our client's other requirements.

5.3 Currency

Orders relating to foreign exchange are executed with third party investment firms. For orders of a marketable size, we will obtain several simultaneous quotations from multiple counterparties and retain these for audit purposes, with the predominant factor being best price at the time of execution.

For some orders, particularly larger orders or more illiquid orders, a single counterparty may be approached dependent on the execution strategy at the time of the order to avoid impacting the market significantly. In such a case, counterparty selection will take into consideration factors such as previous execution performance, clearing and settlement capability, credit worthiness and financial stability, timely trading and ability to trade in large volumes.

Where a client has appointed their own custodian with standing instructions in place for restricted or other currencies, foreign exchange trades will be conducted through the appointed custodian bank. In these circumstances best execution will not apply.

Although spot foreign exchange transactions ('Spot FX') may not be defined as "financial instruments" we will strive to apply equivalent standards to spot FX and other instruments which are not defined.

5.4 Derivatives

For orders in over-the-counter derivatives, which include interest rate derivatives, credit derivatives and currency derivatives, we will generally consider price (including costs) to be the most important factor, however other execution factors may be taken into account as is appropriate for the size and nature of the order. In some instances where execution speed and certainty and/or market impact are judged to be more important, we may deal on the basis of quotes provided by a single execution venue, which will be retained for audit purposes.

As with the process for bond trading detailed above, how we execute a derivatives trade will very much be dependent on the size of the transaction, the liquidity available and counterparty selection.

5.5 Collective Investment Schemes

Orders in collective investment schemes which are not exchange-traded will normally be in an environment where there is no secondary market. Generally we will place such an order with the relevant administrator of the scheme, who will be the execution venue. Such transactions will be effected at the appropriate net asset value, with execution certainty being the most important factor.

In relation to 5.2, 5.3 and 5.4 the following market and product characteristics are taken into account:-

Market characteristics

Execution is dependent on factors such as market transparency and ability to trade in size, pricing and execution speed. Therefore the best price does not automatically equal the best execution, rather best execution is to be assessed on an overall basis taking into consideration these factors described below:

- Market transparency and ability to trade in size - The best observed price in a market is typically quoted as a price against a particular size, which may not match the size of the proposed trade. Where the order is to execute a larger size, if part of the order is executed at the indicated size, the price for subsequent executions may become less favourable (that is, the market may move). On the other hand, if the order is to execute a smaller size, the same price may not be available.
- Price - Price is an important factor to consider whenever it is possible to execute orders at more than one price. Price is always likely to be relevant, but the best price in a given market at a given moment may not represent the best possible result.
- Speed - Prices change over time and the rate of change varies with different instruments, market conditions and execution methods. Where we consider that the cost of an adverse market movement is likely to be great, faster execution may be required. For larger orders in less liquid instruments other factors may outweigh speed or a slower rate of execution may be needed.

Product characteristics

A combination of pre-trade and post trade criteria is applied to each type of instrument to determine the importance of the processes that occurs before (and after) trades are executed. We believe pre-trade criteria is important when sensitive to the selection of the counterparty and post trade criteria is important when comparing the trade data against pre trade benchmarks and relevant market data to determine fair pricing.

For example, government bonds, supranational and sovereign bonds and interest rate/currency swaps will require a balance of pre and post trade importance. While the securities are more generic, they are less likely to be screen traded and other issues, such as credit and legal documentation require higher importance.

Exchange traded futures, cleared derivatives, foreign exchange are very liquid homogeneous types of transactions. Execution evaluation will emphasise a post trade evaluation approach including review of actual traded price against other prices available in the market at the time of execution. This does not mean that price is the only determinant at all times and that pre trade measures are unimportant.

Whereas asset backed securities and corporate bonds can lack liquidity and/or transparency and thus a greater emphasis will be placed on pre-trade procedures in recognition of the characteristics of these types of securities and the counterparty's ability to trade them.

Single venue transactions

Operational considerations may prevent us from using more than one venue for execution.

In other instances where execution speed and certainty and/or market impact are judged to be more important, obtaining multiple quotes may have a negative impact on obtaining best execution or for some orders there may only be one potential counterparty, in which case we may approach a single broker or counterparty on the basis of their suitability for that transaction. In such cases we will check the fairness of any price proposed by gathering market data relevant to the estimation of such a price and, if possible, comparing to similar assets.

6. Broker and Counterparties

We will generally only transact client orders with brokers and counterparties which are regulated by the counterparty's and broker's home state regulator and have been specifically approved by us after review in accordance with our Policy and they must have execution arrangements that enable them to comply with our obligations. We may also place such orders with our affiliate companies around the world for execution on our behalf, in which case those affiliates will also adhere to this Policy.

We have a process for the selection of brokers with whom we place orders for execution. The specific criteria to add a broker varies based on the relevant asset class, however the approval process is applied in the same manner across all asset classes. We do not conduct any activity with a new broker until the screening and approval process has been completed.

The criteria to add a broker to the approved counterparty list is generally based on a number of factors which may include, but is not limited to, our assessment of their:

- Ability to provide adequate coverage of the asset class globally;
- Pricing capability;
- Liquidity and limit provision;
- Sustainability;
- Operational capability;
- Service quality;
- Financial responsibility
- Administrative resources
- Responsiveness
- Reputation, including regulatory status and history; and
- Anti-financial crime (anti-bribery corruptions and sanctions).

All approved brokers undergo screening including disciplinary actions, criminal proceedings and reputational issues. In order to minimise the risk of potential conflicts of interest when selecting brokers with whom to place orders for execution, the commission rates we pay are set so as not to discriminate between different brokers. We also do not take part in any form of directed brokerage or commission recapture arrangement. We do not receive any form of remuneration or discount for directing orders to a particular venue or broker for execution. Any minor non-monetary benefits are limited to those permitted under our Gifts & Entertainment Policy. Selection of a broker for an order is driven solely by the factors and inputs as described in this Policy.

Counterparties are continually monitored to certain operational and compliance standards and in some cases ESG factors are taken into account when assessing counterparty suitability and level of engagement. Counterparty issues are presented for the oversight groups to consider as part of the quarterly review process. Certain trigger events will also create the need for a review of the counterparty outside of the scheduled review process. These events can include (but are not limited to):

- A change in key personnel
- Consistently poor pricing
- A substantial change in business direction
- Repeated occurrences of operational failures or major operational errors
- Anti-bribery & corruption and Sanctions Risks
- Changes in financial responsibility
- Adverse changes in administrative resources
- Poor responsiveness

Over the counter derivative counterparties (including foreign exchange counterparties, central clearing counterparties and exchanges) require a review of credit characteristics due to the more extensive risks involved in transactions. A credit analyst will be appointed and a full analysis will be completed to confirm the entity meets the minimum standards for onboarding, including oversight by the financial market regulator for the local jurisdiction, credit team monitoring and an external investment grade rating from either Fitch, Moody's and S&P. The addition will be approved by the Head of Credit Research and the supporting documentation tabled at the next Committee. For the purposes of ongoing monitoring, published external counterparty ratings are used in an agreed hierarchy, or where no externally published rating is available, an internal credit rating is used.

Where we place an order for execution by an approved broker, we are not responsible for controlling or influencing the arrangements made by the broker relating to execution of that order (i.e. we do not control the broker's choice of venues). We are not required to duplicate the efforts of the broker to whom an order is passed in ensuring the best possible result. Our Policy is therefore to ensure that the approved brokers are the ones who will assist us to comply with our best execution obligations (by delivering the best possible result) and that orders are passed to brokers in accordance with this Policy.

7. Top-five venue publication

We are required to summarise and make public on an annual basis, for each class of financial instrument, the top five execution venues where we execute orders, and the top five brokers to whom we transmit orders for execution, in terms of trading volumes, in the preceding calendar year, including information on the quality of execution obtained.

This information will be published annually on our website by 30 April each year (or as required by regional legislation and regulations).

8. Order Handling

We ensure orders are executed promptly, fairly and expeditiously relative to orders of our other clients. When we create orders we act to ensure those orders are executed in a timely manner in line with our order execution policy, and that we record and allocate those executions promptly.

Where we have sufficiently comparable orders on behalf of a number of clients, we will generally look to aggregate such orders. We will not do this if we believe it would disadvantage our client's, however any particular order aggregation may subsequently prove to have worked to our client's advantage or disadvantage. To ensure we treat all our clients fairly, we have a Trade Allocation Policy which governs how aggregated orders are allocated, especially where they are only partially executed. We will allocate all order executions proportionally in accordance with our Trade Allocation Policy.

9. Monitoring and Review

Our order execution arrangements and policies are monitored on an on-going basis for their effectiveness and to ensure we have oversight of our regulatory obligations on best execution.

On a daily basis, where relevant, the dealers and investment teams will discuss the trading flow and prices obtained. In addition, each dealing desk within FSI uses third party transaction cost analysis to review the quality of execution on a post trade basis.

Quarterly transaction cost analysis data is presented to the oversight committee of each dealing desk which seeks to identify wider execution trends and quality including counterparty selection versus trade allocation.

Through this process we assess whether the execution venues/brokers included in this Policy provide the best possible result for our client's and whether we need to make changes to our execution arrangements from time to time.

Our Execution Oversight Groups are oversight committees that exist to review and challenge execution data for orders on a global basis. In managing its objective, the Execution Oversight Committee will review trade data from order management and record keeping systems used to measure trade execution volumes, number of trades and estimates of trade cost. The group will also review the quarterly transaction costs analysis data around wider execution trends and quality.

Issues not resolved and subsequently escalated from the Execution Oversight Group will sit with the Chief Executive Officer, whose decision will be final.

The Investment Compliance Team periodically monitors the effectiveness of the order execution arrangements and the Policy. Any material concerns or issues are recorded and escalated through our internal governance process as appropriate. The Compliance Team are also members of the Execution Oversight Committee and provide challenge and input into the meetings.

10. Updates to the Order Execution Policy

We review our order execution arrangements and Policy at least annually or whenever a material change occurs that affects our ability to continue to obtain the best possible result for the execution of our client's orders. The review will focus on whether we would obtain better results for our clients if we were to:

- include additional or different venues or brokers (for the relevant instrument class);
- assign a different relative importance to the execution factors (for the relevant instrument class); or
- modify any other aspects of this Policy and/or its execution arrangements.

The purpose of the review is to carry out an overall assessment of whether the Policy and FSI's execution arrangements are current and enable the firm to obtain the best possible result for the execution of its client orders.

In addition to the annual review, factors that might trigger an early review include:-

- a material change to our dealing arrangements;
- the launch of, or substantial change to, a service, activity or product;
- a significant restructure of part of the business; and
- a material change in regulation and/or market practice.

We will notify clients of any material changes to our Order Execution Policy and a copy of the most recent version will be published on our website.

We will also update the list of execution venues and entities when necessary. Clients will not be notified separately of any changes unless this constitutes a material change. The addition or removal of a broker from our approved list would not typically be deemed a material change.

11. Client Information

On our client's reasonable request, we will demonstrate that we have executed our client's order(s) in accordance with this Order Execution Policy.

This disclosure is initially provided to all new clients in order that we can evidence the provision of appropriate information and we also request the client's consent to the Policy and prior express consent to the execution of orders outside a Regulated Market or a Multi-Lateral Trading Facility.

12. Appendix

List of execution venues is available upon request and covers brokers & counterparties used for the following:

- Bonds & Money Markets
- Interest rate derivatives
- Credit derivatives
- Currency derivatives
- Equity brokers
- FX brokers

Appendix – 1 Broker on-boarding process