



MARTIN CURRIE

EXECUTION POLICY

JANUARY 2022



OVERVIEW

Martin Currie are active equity specialists, crafting high-conviction portfolios for client-focused solutions. Investment excellence is at the heart of our business.

This policy document sets out the approach we take in order to ensure we take all sufficient steps to obtain best execution on behalf of our clients. In the UK, it forms part of our obligations in accordance with the Markets in Financial Instruments Directive (MiFID) and the Financial Conduct Authority's (FCA) Conduct of Business Sourcebook (COBS) chapter 11. In Australia, it forms part of our obligations to provide financial services efficiently, honestly and fairly.

Included in the scope of this policy is the execution of all trades, in all financial instruments, undertaken by Martin Currie's trading teams on behalf of a client. This policy applies to all Martin Currie clients categorised as Professional Clients, as defined in the FCA Handbook or Wholesale Clients as defined by the Australian Securities and Investment Commission (ASIC). Throughout this policy we will refer to 'Martin Currie' or 'we' and this covers all clients of the following entities:

- Martin Currie Investment Management Ltd (MCIM), an entity regulated by the FCA which performs investment management, trading and other functions for the Martin Currie group;
- Martin Currie Inc. (MCI), a registered investment advisor that provides discretionary investment management services to US investors;
- Legg Mason Asset Management Singapore (LMAMS), the entity appointed by MCIM to conduct trading and investment activity in Singapore; and
- Martin Currie Australia (MCA), the division of Franklin Templeton Australia Limited (FTAL), responsible for investment management in Australia.

MARTIN CURRIE'S BEST EXECUTION OBLIGATION

Best execution is the term used to describe the obligation investment firms have to obtain the best outcome for clients when executing trades on their behalf. Best execution does not necessarily apply to individual transactions, nor does it mean that a better price or terms could not have been obtained. It is a process by which Martin Currie takes all sufficient steps to achieve the best results for our clients on an ongoing basis, taking into consideration all applicable regulatory requirements to which it is subject. Martin Currie executes transactions through its trading teams in Edinburgh, Melbourne and Singapore. All orders executed through the desks will adhere to this policy.

ORDER EXECUTION FACTORS

The principal service we provide to our clients is portfolio management. This involves the execution of investment decisions. Martin Currie will always execute client orders as agent. Execution can mean both placement through a broker or direct execution on a venue.

We consider various execution factors in order to provide the best possible result for our clients on a consistent basis. These factors include, but are not limited to:

- price
- costs
- speed, or likely speed, of execution
- information from the market on order flow
- liquidity (including any volume limits recommended by the product manager)
- likelihood of execution
- efficiency of settlement
- size of order
- the nature of the order
- volatility
- the financial status, responsibility and solvency of the counterparty
- any other consideration relevant to the execution of the order.

The relative importance of the execution factors listed above will vary depending upon the following criteria:

- the characteristics of the financial instruments to which the order relates
- the portfolio manager's objectives
- the characteristics of the client, including categorisation
- the characteristics of the execution venues to which the order can be directed.

AGGREGATION OF CLIENT ORDERS

Where we receive orders to trade in the same stock, in the same direction and with identical instructions for multiple clients, whether prior to the market open or simultaneously during market hours, then these orders are normally aggregated, assuming this is permitted under local exchange rules.

Our policy is to pro-rate on all trades relative to the intended allocation, where permitted, allocating where applicable to the nearest board lot size. On occasions where the allocation is so small and it is not viable nor in the client's interest to receive an allocation, the trader will use discretion to allocate such de-minimus size trades in a fair and practical manner.

CROSS TRADES

When we have orders in the same security where one or more client accounts are buying and one or more client accounts are selling, we may look to execute an agency cross transaction through a broker at a fair market price, seeking best execution. We will only execute such a transaction when it is permitted by both applicable law and client restrictions, and when it is in the best interests of all clients involved in the transaction.

BROKER AND VENUE SELECTION

We use one or more of the following venue types when executing an order on behalf of our clients – see Appendix I for further definition:

- a regulated market, more commonly referred to as an exchange
- a Multilateral Trading Facility (MTF)
- an Organised Trading Facility (OTF)
- a Systematic Internaliser (SI)
- a third-party investment firm (a ‘broker’).

The most appropriate broker and/or venue are considered on an order-by-order basis. No approved broker or venue is an affiliate of Martin Currie and we do not receive any form of rebate, allowance, discount or refund from commission paid to a broker or execution venue. The list of all approved brokers and the venues used, in all asset classes, can be found in Appendix II and III.

From time to time, Martin Currie will trade away from a trading venue. The primary examples of this are when we execute with an SI or ‘Over the Counter’ (OTC).

We have robust controls in place to ensure that broker or venue selection is not influenced in any way by inducements. All amendments to the approved broker list are authorised by the MCIM Execution Committee (in respect of trading from UK and Singapore desks) and the MCA Broker Arrangements Committee (in respect of trading from the Australia desk). A strict take-on process is adhered to with a full risk analysis undertaken before any new broker is added. The analysis includes an assessment and understanding of the broker’s:

- execution quality
- financial strength
- operational risks

- reputation, including any regulatory breaches
- terms of business
- execution policy.

Once approved, all brokers are subject to regular reviews.

Our selection of execution brokers is agnostic to our selection of research providers¹. This is an important factor in meeting our obligation to ensure best execution for our clients.

COMMISSION

We have established standard execution rates, by country and by trading strategy (high-touch, algorithmic, programme trading or research (MCA only)), with all our brokers. These are maximum rates we pay for agency trades. These are reviewed at least annually and overseen by the MCIM Execution Committee (in respect of trading from UK and Singapore desks) and the MCA Broker Arrangements Committee (in respect of trading from the Australia desk). We reserve the right to negotiate a lower execution rate on any trade where we feel it is reasonably justified and, in the client’s, best interests.

On occasions, we may enter into a risk / principal trade where the commission rate is typically higher. These are agreed on a case-by-case basis and will only be entered into in pursuit of best execution and where it is in the client’s best interests to do so. Such rates receive monthly oversight by Compliance.

EXECUTION PROCESS BY ASSET CLASS

We primarily manage equities on behalf of our clients. On occasion, certain clients will transact in collective investment schemes and corporate bonds for investment purposes and derivatives for risk management and yield enhancing purposes. In addition, we will transact in fixed income and money-market instruments for liquidity management, and foreign exchange for cash management purposes. The process by which we deliver best execution to our clients will differ by asset class, as will the importance we assign to the execution factors.

Equities

Equity orders are generally placed with approved brokers who, in turn, will execute on regulated markets, through MTFs or with SIs. In determining the appropriate execution venue and method of trading, we will consider the reason for the order, the size of the order relative to liquidity, together with any specific instructions of the portfolio manager (including limit price). While price will normally be the most important factor, the likelihood of execution and market impact may on occasions have greater relevance.

¹ Please refer to Appendix IV for Research arrangements in Australia.

We employ a variety of execution strategies, depending on the specific nature of the order. Examples include high-touch, programme trading and algorithmic trading. Which strategy to deploy and which broker or venue to use is determined on an order-by-order basis by the trading team and is done by considering the execution factors and deciding on which execution strategy we believe can achieve the best result. Our aim is to execute in the most efficient and effective manner for our clients. Naturally, this means keeping costs, whether explicit or implicit, to a minimum.

For certain clients, we may use equity-like instruments (for example, CFDs or low-exercise-price warrants), some of which may be deemed OTC to gain equity exposure in specific markets. On occasions, we may only have access to one execution venue or broker. In these instances, we would validate the price at which we are trading at, with an independent pricing source.

Corporate Bonds, Fixed income and Money Market Instruments

Orders for corporate bonds are executed through brokers either on a risk/principal basis or placed with the broker as an agency order. Price and/or yield and the likelihood of execution will be the most important factors we take into consideration. Additional factors are considered where there is no live price freely available, or where our data vendor's price is considered indicative rather than firm and executable. Where this is the case, we will obtain a quote from a minimum of two sources, if available, one of which may be an indicative on-screen price.

Exchange Traded Derivatives

Orders for exchange-traded derivatives are executed through approved derivative brokers. The price and the likelihood of execution will normally be the most important factors. Ex MCA, where we can execute the given size, using the size quoted on an exchange, we will normally place the trade in this manner. Otherwise, we will look to get a minimum of two competitive risk prices from brokers and execute based on the best price.

Collective Investment Schemes

Orders in collective investment schemes are executed at the next available price after the traders receive the order. We would normally execute through the administrator or issuer of the scheme at the next available Net Asset Value (NAV).

Foreign Exchange

We actively monitor the requirement to execute foreign-exchange (FX) transactions to repatriate non-base currency, for most of our clients, daily. Projected currency balances resulting from trading activity, cash flows and corporate actions are executed accordingly to or from the base currency.

Where a client permits the use of third parties, we conduct FX transactions via an electronic trading platform with approved banks. Trades are released for competition with all our approved banks, in the relevant country, which allows for greater price discovery. We will normally execute at the best price.

Examples of when we may not choose price as the most important factor include trading with a specific bank or custodian for settlement capability, credit worthiness, timely trading or the ability to trade in size. For larger, more sensitive orders, a single bank may be selected to reduce information leakage. For such transactions, we would select a bank using our discretion, considering historic Transaction Cost Analysis (TCA) for that particular currency pair.

Where a client does not permit the use of third-party banks for FX transactions, we can only place orders with the client's appointed custodian bank or Prime Broker. In such circumstances, we would ensure the price is validated against an indicative on-screen price from our data vendor.

EXCEPTIONS

In certain circumstances, Martin Currie may deviate from this policy or its normal processes. Examples of this include:

- Where there are special market circumstances at play. Examples are extreme market volatility, disruptions in order systems, power outages and other emergencies outside of the control of Martin Currie.
- Where there is a specific client instruction, we will execute that order following that specific instruction. This may prevent Martin Currie from obtaining the best possible results for the execution of that order.

MONITORING & GOVERNANCE

We continuously monitor the effectiveness of our execution arrangements and review our execution factors and venues to ensure they remain adequate to deliver the best possible result for our clients.

The first line of defence sits with the trading team. Monitoring is conducted 'real time' by the trading team to ensure the best execution process has been followed in order to attain the best possible outcome. Portfolio managers will normally be consulted to ensure the outcome meets their expectations. Both the Trading Team and Compliance will regularly monitor execution quality, using a range of quantitative and qualitative data including TCA from a third-party provider.

Where monitoring identifies deficiencies or suboptimal outcomes, appropriate steps will be taken to correct these. Any deficiencies with brokers will be dealt with immediately and could result with them being removed, or temporarily suspended from the approved broker list. Any changes to the execution process could take the form of new technology, changes to trading procedures or access to new execution venues. All of this is overseen by the Head of Trading and escalated to the Compliance Team and/or the relevant Committee as appropriate.

The compliance function serves as the second line of defence for best execution.

The MCIM Execution Committee (in respect of trading from UK and Singapore desks) and the MCA Broker Arrangements Committee (in respect of trading from the Australia desk) are each responsible for the oversight of the execution quality obtained by the Trading Team in their respective regions. Both Committees, in the UK and Australia, meet regularly and report to the Martin Currie Investment Management Investment Executive Committee.

The third line of defence is an independent internal auditor, Deloitte.

REVIEW

This policy and supporting procedures and arrangements will be reviewed at least annually or more frequently if there is a material change. Clients will be notified promptly of any significant changes to order- execution arrangements or this policy. Our execution policy is available on our website.

APPENDIX I – DEFINED TERMS AND GLOSSARY

Agency Order	An order to buy or sell that a broker executes with another investor.
Algorithmic trading	A means of executing client orders via a broker's smart order router which expedites decision making in the equity markets using advanced mathematical tools.
Australian Securities and Investment Commission (ASIC)	The Australian financial services regulator
Collective Investment Scheme	Often referred to as a 'pooled investment'; a fund that several investors contribute to.
Execution Committee	Martin Currie internal group who are responsible for the ongoing oversight of execution quality (to the extent required by regulation) and Counterparty risk.
Explicit Cost	Clearly stated trading costs such as commission or taxes.
Financial Conduct Authority (FCA)	The UK financial services regulator.
High-touch orders	A single trade placed through a dedicated person at a broker who will provide liquidity or work an order on an agency basis.
Implicit Cost	Inferred or embedded cost such as market impact, spread and opportunity cost.
Low Exercise Price Warrant	Instruments issued by brokers to overseas investors who retain the exposure to the underlying security.
MiFID II	The Markets in Financial Instruments Directive 2004/39/EC2014/65/EU is a European Union directive intended to enhance the single market for investment services and financial markets in all European Economic Area jurisdictions.
Multilateral Trading Facility (MTF)	A system which brings together multiple third-party buying & selling interests in financial instruments (in the system and in accordance with non-discretionary rules) in a way that results in a contract in accordance with the provisions of MiFID II.
Organised Trading Facility (OTF)	A multilateral system, which is not a regulated market or MTF, which brings together third-party buying and selling interests in non-equity instruments in a way that results in a contract.
Over the Counter (OTC)	A transaction in an instrument executed off-exchange. It can be less transparent and subject to fewer regulations.
Professional Client	Clients who meet the Professional Client criteria set out in MiFID II. Certain retail clients may also qualify for professional status if they meet specific criteria.
Programme Trade	A single order trade for multiple securities placed through a broker, often at a reduced commission rate.
Risk/principal basis	A transaction whereby the broker uses their own capital to facilitate a trade.
Securities Financing Transaction (SFT)	An instance of stock lending or stock borrowing or the lending or borrowing of other financial instruments, a repurchase or reverse repurchase transaction, or a buy-sell back or sell-buy back transaction.

APPENDIX I (cont.) - DEFINED TERMS AND GLOSSARY

Smart Order Routing	A rule-based automated mechanism for selecting the most appropriate destination for trading orders.
Systematic Internaliser (SI)	An investment firm which, on an organised, frequent and systematic basis, deals on its own account by executing client orders outside a regulated market, OTF or MTF.
Transaction Cost Analysis (TCA)	A method for determining the effectiveness of executions, by measuring all transactions (including implicit) costs.

APPENDIX II – ex MCA

Equity Execution Brokers

ABG Sundal Collier ASA
Bernstein Autonomous LLP
Citigroup Global Markets Limited
CLSA (UK)
Credit Suisse International
Daiwa Capital Markets Europe Limited
Exane S.A.
Goldman Sachs International
HSBC Bank plc
Instinet Europe Limited
Investec Bank plc
J.P. Morgan Securities plc
Jefferies international Limited
Kepler Cheuvreux
Liquidnet Europe Limited
Loop Capital Markets LLC
Macquarie Capital (Europe) Limited
Maybank Kim Eng Securities
Merrill Lynch International Limited
Mizuho International plc
Morgan Stanley & Co International plc
MUFG Securities EMEA plc
Nordea Bank ABP
Peel Hunt LLP
Raymond James Financial International Limited
Redburn (Europe) Limited
Robert W. Baird & Co. Incorporated
Samsung Securities Co. Limited
Société Générale
UBS AG, London Branch
Virtu ITG Europe Limited

Algorithm Trading providers

Credit Suisse International
Instinet Europe limited
Jefferies International Limited
Macquarie Capital (Europe) Limited
Merrill Lynch International Limited
UBS AG, London Branch

Fixed Income and Money Market Brokers

Citigroup Global Markets Limited
J.P. Morgan Europe Limited
Peel Hunt LLP
UBS AG, London Branch

Exchange Traded Derivatives - Clearing

UBS AG, London Branch

Exchange Traded Derivatives - Execution

Goldman Sachs International
Morgan Stanley & Co International plc
UBS AG, London Branch

Spot FX – Electronic Trading (MTF)

FX Connect

Spot FX – Third Party Banks

The Bank of New York Mellon, London Branch
Canadian Imperial Bank of Commerce, Toronto
National Australia Bank, Melbourne
The Northern Trust Company
State Street Bank and Trust Company

APPENDIX III - MCA

Equity Execution Brokers

Bank of America Merrill Lynch
Bell Potter Securities Limited
Barrenjoey Markets Pty Limited
Canaccord Genuity
CCZ Statton Equities
Citigroup Global Markets Limited
CLSA
Credit Suisse AG
Daiwa Capital Markets Australia Limited
Euroz Hartleys Limited
Evans & Partners Pty Ltd.
Goldman Sachs Australia Pty Ltd
Instinet Australia Pty Ltd
Jarden Australia Pty Limited
J.P. Morgan Securities Australia Limited
Jefferies (Australia) Securities Pty Ltd
Liquidnet Holdings, Inc.
Macquarie Bank Limited
MA Financial Group
Morgans Financial Limited
Morgan Stanley Australia Securities Limited
Ord Minnett
RBC Capital Markets
Shaw and Partners Limited
Taylor Collison Ltd
The Hong Kong and Shanghai Banking Corporation Limited
UBS Securities Asia Limited
Virtu ITG Australia Limited
Wilsons Advisor and Stockbroking Limited

Algorithm Trading providers

Bank of America Merrill Lynch
Citigroup Global Markets Limited
CLSA
Credit Suisse AG
Jefferies (Australia) Securities Pty Ltd
JP Morgan Securities Australia Limited
Liquidnet Holdings, Inc.
Macquarie Bank Limited
Morgan Stanley Australia Securities Limited
UBS Securities Asia Limited
Virtu ITG Australia Limited

Exchange Traded Derivatives - Clearing

Citigroup
Macquarie Bank Limited

Exchange Traded Derivatives - Execution

Citigroup Global Markets Limited
UBS Securities Asia Limited

Spot FX - Electronic Trading (MTF)

Bloomberg - FXGO

Spot FX - Third Party Banks

Brown Brothers Harriman & Co
Citigroup Global Markets Limited
Deutsche Bank AG
Goldman Sachs
The Bank of New York Mellon

APPENDIX IV – MCA Research - Alternative Brokerage Arrangements

Research – Alternative Brokerage Arrangements

For the strategies managed by MCA, the MiFID and FCA requirements do not apply.

Research refers to the production of information from third parties that can add value to investment or trading decisions by providing new insights that inform a portfolio manager or analyst when making investment decisions. Research is sourced from both brokers and other independent, third-party providers. Payment for research from brokers is embedded in trading commission rates whilst MCA uses alternative research arrangements to enable trading commissions to be used for payment of third-party goods and services. These are in accordance with the Financial Services Council Guidance Note No. 10.

Selection and Budget

There is a set procedure for entering into any Alternative Brokerage Arrangement which covers adding a new vendor or adding a new participation agreement with a broker. Currently Virtu ITG Australia Limited is used as an aggregator for commission sharing.

Our selection of brokers is agnostic to our selection of research providers. The MCA trading desk will always seek to obtain best execution irrespective of any other Alternative Brokerage Arrangement they have entered into.

The Head of Research at MCA sets an annual budget which is reviewed every 6 months. This budget is a combination of Broker Research payments and Alternative Research Arrangements. The broker research payment pool comprises allocated commissions in recognition of work done or in-house broker services provided that have added value to MCA's investment process.

Controls and Oversight

MCA has robust controls in place to ensure that execution venue selection is not influenced in any way by inducements, including the receipt of gifts and entertainment.

Broker research payments and alternative research providers are monitored on an ongoing basis and reviewed by the relevant Execution Committee.

IMPORTANT INFORMATION

This information is issued and approved by Martin Currie Investment Management Limited ('MCIM') and Martin Currie Inc ('MC Inc'). It does not constitute investment advice.

Market and currency movements may cause the capital value of shares, and the income from them, to fall as well as rise and you may get back less than you invested.

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For institutional investors in the USA:

The information contained within this presentation is for Institutional Investors only who meet the definition of Accredited Investor as defined in Rule 501 of the United States Securities Act of 1933, as amended ('The 1933 Act') and the definition of Qualified Purchasers as defined in section 2 (a) (51) (A) of the United States Investment Company Act of 1940, as amended ('the 1940 Act'). It is not for intended for use by members of the general public.



MARTIN CURRIE

Martin Currie Investment Management Limited, registered in Scotland (no SC066107) **Martin Currie Inc**, incorporated in New York and having a UK branch registered in Scotland (no SF000300), Saltire Court, 20 Castle Terrace, Edinburgh EH1 2ES

Tel: (44) 131 229 5252 Fax: (44) 131 222 2532 www.martincurrie.com

Both companies are authorised and regulated by the Financial Conduct Authority. Martin Currie Inc, 280 Park Avenue, New York, NY 10017 is also registered with the Securities Exchange Commission. Please note that calls to the above number and any other communications may be recorded.

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