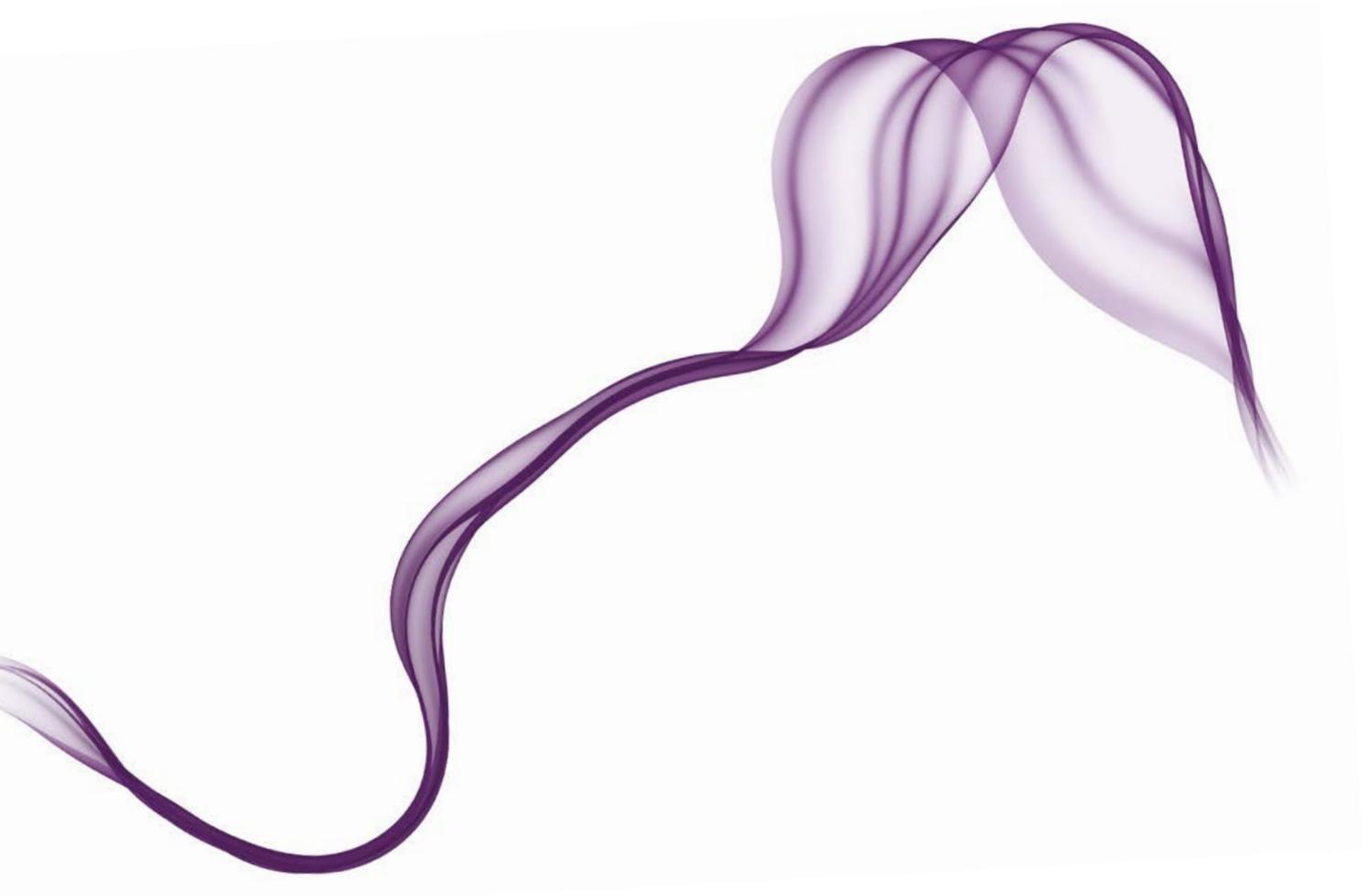


Best execution disclosure statement



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Introduction

Royal London Asset Management (RLAM) invests in various asset classes including, equities, bonds, cash & money markets, foreign exchange, futures, securities financing, swaps and other derivative instruments on behalf of our clients, as part of the investment management services that we provide.

Scope

Best execution is the way in which we pursue all practical steps in order to achieve the best possible outcome for each transaction undertaken on behalf of our clients. This Policy applies to RLAM, we manage segregated mandates on behalf of institutional clients and delegated portfolio management services on behalf of other Royal London Group companies. Investments are made on behalf of Professional Clients only.

Responsibilities for best execution

All transactions are executed primarily by the dealers on the RLAM Centralised Dealing Desk and in limited circumstances other authorised individuals in accordance with agreed procedures.

When executing orders on a client's behalf RLAM is directly responsible for best execution. Examples of this include:

- trading directly in the market as a participant in a Multi-Lateral Trading Facility or an Organised Trading Facility; and
- in broker / dealer markets where RLAM request brokers or other counterparties to quote prices (this includes bond trades, over-the-counter derivatives and some types of foreign exchange transactions).

When we place orders for clients we rely on brokers or other counterparties to execute orders on an agency basis with the same level of fiduciary responsibility.

When best execution is limited

Where we are following a specific client instruction our ability to achieve best execution will be restricted (for example, where the instruction requires the use of a specific counterparty). Any specific instruction from a client may prevent us from performing some or all the procedures that have been devised and implemented as part of the Policy.

Execution venues

Only those counterparties and venues that will allow us to provide best execution on behalf of our clients are chosen. Prior to any trading all counterparties are subject to due diligence and approval procedures. The list of approved counterparties and venues used to execute trades on behalf of our clients is available on request (Appendix 1). RLAM is not affiliated with and has not entered into any agreements with any trading counterparty with regard to trading volumes or commitments

There will be occasions when achieving the best possible result requires executing the order outside a Regulated Market, MTF, OTF, or established venue. Clients consent to RLAM acting under discretion in such circumstances by demonstrating acceptance of this Policy.

- a Multilateral trading facility (MTF) is a system that brings together multiple parties (e.g. retail investors or other investment firms) that are interested in buying and selling financial instruments and enables them to do so. These systems can be crossing networks or matching engines that are operated by an investment firm or a market operator. Instruments may include shares, bonds and derivatives.
- an Organised trading facility (OTF) is 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 or derivatives are able to interact in the system in a way which results in a contract.

Execution factors

The list below contains a non-exhaustive list of execution factors which we consider and take into account in analysis of whether we are delivering best execution. Across all asset classes, we take into account both quantitative and qualitative factors when determining best execution. We routinely consider the available execution venues as part of its order execution process, using our industry experience, expertise and judgement in light of available market information. This applies to all types of financial instrument.

Factors that we may consider include, but are not limited to:

- the price paid for the investment
- the size of the transaction
- the speed at which we are able to complete the transaction
- costs incurred as a result of the transaction being placed
- the likelihood of being able to place and settle the transaction
- the nature of the transaction
- applicable ESG factors.

Generally, price and dealing costs will be the primary considerations, but the likelihood of execution, financial status and solvency of the counterparty will also be considered when selecting the appropriate venue. There may be circumstances where other considerations may dominate. The Dealer will determine the relative importance of the execution factors by using their commercial judgement and experience in light of market information, taking into account the characteristics of the client, the order, the instrument and execution venues to which that order can be directed. While price will ordinarily merit the highest relative importance, variables such as breaking news and security liquidity may require the trader to prioritise other execution factors which we determine relevant to acting in the client's best interests. These may only 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.

Other execution scenarios

Crossing trades

In some circumstances, where this is appropriate to best execution, RLAM may cross trades between clients, whereby a security is sold from one client to another. Cross trades are only carried out with an external counterparty in accordance with internal procedures where they are deemed to be in the best interest of all participating clients, such benefits include minimised transaction costs and reduced market impact. Cross trades are not permitted for derivative transactions.

Considerations for best execution by instrument type

1 Equities

We take a number of factors into account, including, but not limited to, those listed in the section Execution Factors. We will use our experience and judgement in light of the available market information, characteristics of the client, client order and available execution venues or counterparties in determining the relative importance of execution factors. It would always be our intention to use a regulated market, MTF or established venue in order to transact client orders. Where we do not, it is because such a regulated market does not exist. In those circumstances where we do not use the regulated market or MTF, it will be because we judge explicitly that to do so will be in the best interests of the client in terms of achieving best execution.

In the majority of single stock orders, liquidity is considered as the most important factor, due to the relatively high average daily volume (ADV) nature of our trades. Other factors we take into particular account include price, trading costs and the size of the trade. Where appropriate, programme trading may be used to execute a large number of trades in single or multiple markets across one or more accounts, which can reduce transaction costs. Other factors may arise and are addressed according to the relevant circumstances at the time.

Dark pool trading

Dark pools may be accessed either directly or indirectly (through counterparties) as a source of liquidity.

Programme trading

Where appropriate, programme trading may be used to execute a large number of trades in single or multiple markets across one or more accounts, which can reduce transaction costs.

Risk trades

Risk Trading is where a counterparty will take a position on its book to provide liquidity in a stock. We utilise this function to provide a minimum starting point in an order or when we are trying to match a particular time.

Passive funds

For the passive funds an important aim is to meet the funds objectives as specified for example in the IMA or prospectus which may include an aim to track a benchmark. To fulfil this aim a number of strategies are available. Dealers have the option of working orders using experience and judgement to minimise market impact whilst aiming to achieve a price which will not unduly impact the tracking error of the fund.

Initial public offering (IPO)

An important source of liquidity in the equity market is the initial public offering of securities. The purchase of equities takes place either through a broker or market maker or from the lead manager in the issuing syndicate.

Therefore, there is often little or no choice to select a specific counterparty for such transactions. Prior to the purchase of an IPO, the Portfolio Manager will determine whether they wish to participate and are willing to buy the securities. They will determine the allocation required. The lead manager will then confirm the final allocation for the trade.

2 Fixed income

In achieving best execution, we may transact through the following different channels:

- electronic trading platforms
- direct dealing with counterparties
- agency brokers (counterparties who do not take principal positions)

Trading strategy and approach is determined by the asset traded. Considerations include market liquidity and dealer axes (disclosed positions of counterparties). In general, we obtain a minimum of three quotes and rationale is provided where this is not the case. In some circumstances best execution may be achieved through acceptance of a bid/offer without soliciting wider price discovery, as this would have a detrimental impact on price and/or size. In this instance where we trade on a non-competitive basis, market context and trade rationales are recorded.

New issues

An important source of liquidity in the fixed income market is the new issuance of securities. The purchase of bonds at new issue takes place from the lead manager in the issuing syndicate and in some occasions, through a broker. Therefore, there is often little or no choice to select a specific counterparty for such transactions. Prior to the purchase of a new issue, the Portfolio Manager will determine whether they wish to participate and are willing to buy the securities. They will then determine the allocation required for their funds. The lead manager will then confirm the final allocation for the trade.

3 Derivatives (excluding foreign exchange)

RLAM trades in a range of derivatives including but not limited to equity, interest rate, fixed income, currency, property and commodity instruments. Derivative types transacted include but are not limited to futures, forwards, options, swaps and hybrid/exotic derivatives.

There is a separate RLAM Derivatives Policy which details all of our approved derivatives instruments, venues (markets) and counterparties.

In achieving best execution, we take into account the general factors listed previously, in addition to other relevant circumstances at the time. The most important factor is the total consideration, with adjustments made for the credit and counterparty risk. The price offered by the counterparty includes factors such as liquidity, speed, size and market impact. We use our judgment and experience in light of all other relevant market and client factors, to assess competing counterparties' price, credit risk and exposure.

Where a derivative transaction is paired with a non-derivative transaction as part of the same strategy, the non-derivative transaction shall also be considered for best execution under this Policy.

In general, we obtain a minimum of three quotes prior to all derivative transactions and rationale is provided where this is not the case.

Exceptions to the Policy specific to derivatives are (but are not limited to):

- for transactions substantially larger than standard market sizetrading may occur on a single quote
- some exchange traded futures and options do not operate on a 'request for quote' market. Generally, execution is offered at a 'best price' facility. For rolling futures contracts and block trades, for which prices are transparent on an exchange, only a single quote may be requested in order to avoid the risk of alerting the market
- where futures are traded to hedge cash if a trade is deemed too large to execute at a single point in time, then it will be executed in stages. This will minimise market impact and achieve a price that will not unduly impact the fund's tracking error.

4 Foreign exchange (FX)

Generally electronic trading platforms are used to execute FX transactions. In exceptional circumstances we may execute transactions directly with a counterparty outside the electronic trading platform in order to obtain best execution.

We ensure that trades are executed using the best quote available from our approved counterparties. We transact only with approved counterparties, and within client restrictions on counterparties.

RLAM uses MTF's to execute most foreign exchange trades.

RLAM can delegate the transaction of foreign exchange to the funds custodian where appropriate.

For certain activities, we may enter into an agreement with the custodian to enable 'auto FX', where execution responsibility is outsourced, e.g. for converting foreign currency dividends into an elected currency. Such agreements are monitored continually so they remain appropriate to best execution.

5 Securities financing transactions

For certain clients, transactions under repurchase agreements, reverse repurchase agreements and stock lending agreements are executed with funding counterparties and approved brokers.

SFTs provide a source of liquidity and / or cash management subject to a commitment that the borrower will return equivalent securities on a future date. The terms of these transactions are defined bilaterally under legal documentation ahead of execution. Therefore the choice of execution venue for SFTs is more limited than other transactions given the dependency on agreement terms and specific demand for the financial instruments involved.

The key criteria in selecting a SFT counterparty will typically consider a range of factors including:

- stability in financing profile;
- transaction terms including interest rate and any applicable margin
- or haircut;
- size of transaction;
- counterparty exposure;
- credit rating.

RLAM will maintain a number of approved counterparties with limits assigned and conduct a qualitative assessment of order flow, treating SFTs as a distinct execution strategy given the specific nature of this type of transaction.

6 Money markets

Primary market transactions

An important source of liquidity in the money markets is the new issuance of securities. The purchase of the new issue takes place from the primary issuer (direct relationship, money market broker, investment bank desk).

The primary issuer discloses rates at different maturities and makes these available in negotiable sizes. Based on the rates available, the Portfolio Manager will determine whether they wish to proceed.

They will then determine the allocation required for their funds and instigate the orders.

Secondary market transactions

Sales:

Money market instrument outright sales are put out to market with at least three counterparties. The Fund Manager will pick an initial sale price based on a number of factors (but not limited to):

- Prime offer curves
- Price valuation on the Mark to Market from the previous day

Buys:

Money market instruments are made available via money market brokers and investment bank desks. Due to the nature of the instruments, these are private placements and as a result all transactions are traded on a non-competitive basis. Where this is the case, rationale is recorded.

7 Collective investment schemes (CIS)

When dealing in units or shares of a CIS (regulated or unregulated), we execute directly with the investment manager on terms negotiated at the commencement of the relationship.

Overview of order allocation

Comparable orders are generally aggregated and then executed as a combined block. At the time of placing an order, a record of the intended split between individual clients or funds is detailed providing confirmation of the client's name and the respective nominal amount. Where a transaction has been completed and clients can be satisfied in full, the actual allocation will be in accordance with the intended allocation.

Where an aggregated order is not executed in full, we will usually allocate on a pro rata basis for all types of trades. In every instance that an allocation other than pro rata is used, we will take reasonable steps to ensure that any allocation is in the best interests of all clients concerned. Situations in which we may allocate on a basis other than pro rata include but are not limited to:

- no allocation will be made in breach of any client agreement, or against any relevant clients' instructions.
- where a new portfolio is being constructed consideration will be given to desired underlying stock and sector weightings when determining allocations.
- where an allocation may be to the detriment of one of our clients.

The above applies for all asset classes and instruments except for OTC Derivatives

Monitoring and oversight framework

We conduct a range of monitoring activities to ensure that best execution is being achieved on a consistent basis across all financial instruments in scope and their execution factors, in line with this policy. The dealing team is responsible for executing orders in accordance with this Policy. Our Compliance teams also perform monitoring.

Oversight is provided by the Best Execution Review Group (BERG) who meet at least 4 times a year.

Monitoring of the Policy

Our approach to dealing rules in relation to execution, allocation and aggregation of deals is regularly monitored to ensure that the interests of our clients are properly protected.

Review of the Policy

RLAM will keep this Policy under constant review and carry out a formal review at least annually.

Appendix

Fixed income (bonds, cash and loans)	Equity	Exchange traded derivatives (execution broker)	OTC derivatives	FX/FFX	SFTs (Repo)	Electronic trading venues (crossing networks)
ABG Sundal Collier	Atlantic Equities	BAML	Barclays	Barclays	Bank of Nova Scotia	Bloomberg
Arctic Securities	Barclays	Barclays	BNP Paribas	Citigroup	Barclays	FX Connect
Banco Bilbao	BAML	Citigroup	Citigroup	HSBC	BNP Paribas	ICAP TrueQuote
Barclays	Berenberg	Flow Traders	Credit Suisse	JP Morgan	Citigroup	Liquidnet
BAML	BTIG	Goldman Sachs	Deutsche Bank	Royal Bank of Canada	HSBC	MarketAxess
BGC Brokers	Canaccord Genuity	HSBC	Goldman Sachs	Standard Chartered	JP Morgan	Tradeweb
BNP Paribas	Citigroup	Jane Street Financial	HSBC	State Street	LCH	
BNYM	Cowen	Nomura	JP Morgan		Lloyds Bank	
Canaccord Genuity	Credit Suisse	Optiver	LCH		Royal Bank of Canada	
Citigroup	Goldman Sachs	Suenden Financial	NatWest Markets		Santander	
City & Continental	Goodbody	UBS	Morgan Stanley		Toronto Dominion	
Credit Agricole	HSBC		UBS		UBS	
Credit Suisse	Investec					
Danske Bank	Jefferies					
Deutsche Bank	JP Morgan					
DNB Bank	Kepler Cheuvreux					
DZ Bank	Liberum					
Goldman Sachs	Liquidnet					
Guy Butler	Macquarie					
HSBC	Mizuho					
ICAP Securities	Morgan Stanley					
Jane Street	Singer Capital Markets					
Jefferies	Numis					
JP Morgan	Panmure Gordon					
KBC Bank	Peel Hunt					
King & Shaxson	Redburn Europe					
Landesbank (LHT)	Royal Bank of Canada					
Liquidnet	Sanford C Bernstein					
Lloyds Bank	Shore Capital					
MarketAxess	Societe Generale					
Millennium Europe	Stifel Nicolaus					
Mizuho	UBS					
Morgan Stanley	Winterflood					
MUFG Securities						
Natixis						
NatWest Markets						
Nomura						
Nordea Bank						
Pareto						
Rabobank						
Royal Bank of Canada						
RIA Capital Markets						
Robert W Baird						
Santander						
Scotiabank						
Seaport Group						
SEB						
Societe Generale						
Standard Chartered						
Stifel Nicolaus						
Toronto Dominion						
TP ICAP						
Tradition						
UBS						
UniCredit Bank						
Wells Fargo						
Westpac						

Contact us

For more information about our range of products and services, please contact us.

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