Schroders

Schroder & Co. (Asia) Limited

TRADE EXECUTION POLICY

TABLE OF CONTENTS

About this Document

Purpose

This policy sets out Schroder & Co. (Asia) Limited's ("SCAL") approach to trade execution arising from its normal business activities.

The purpose of this policy document is to:

- Establish uniform guidelines and directives within SCAL for the providing of trading and exection services to achieve the best possible results for its Clients, also known as "Best Execution"

- Ensure compliance with professional rules and guidelines

1 Introduction

SCAL is required to establish and implement an execution policy defining how it will seek to achieve the best possible results for its Clients in executing orders in relation to financial instruments.

Achieving the best possible results when executing orders in accordance with this policy is known as "best execution".

There are different circumstances through which SCAL will come to execute orders:

A. as a discretionary investment manager, SCAL makes, and then gives effect to, decisions to deal in financial instruments on behalf of its Clients;

B. as a non-discretionary investment adviser, SCAL provides investment advice and investment ideas to Clients. SCAL will then give effect to the Clients' decisions to deal in financial instruments; and

C. for execution only business, SCAL will receive instructions from a Client to deal in financial instruments. Some of these instructions in particular (or parts of them) may constitute "specific instructions" (see below for further details).

In this execution policy, each of (A), (B) and (C) are referred to as an "order".

There are two methods of giving effect to orders:

1) SCAL can place an order with a third party for that third party to execute on behalf of the Client; or

2) SCAL can execute the relevant transaction on behalf of the Client directly with a counterparty or on an exchange or other trading system.

SCAL uses the second method to give effect to trading decisions. The counterparty, exchange or trading system with whom SCAL chooses to execute such a transaction is referred to in this policy as an "execution venue".

SCAL executes orders either directly or through group companies, including Schroder & Co. Bank AG (SCoBAG). The group companies act as agent on behalf of SCAL and therefore it is SCAL which executes orders.

SCAL will take all reasonable steps to achieve best execution for orders. SCAL's execution policy takes into account the "execution factors" being price, costs, speed, likelihood of execution and settlement, size, nature, customer instructions or any other consideration relevant to the order. The relative importance of these factors must be determined by reference to the "execution criteria" which are set out in section 2 of this policy.

Different types of financial instruments and orders type lend themselves to different execution venues and trading techniques, so the execution factors may be given different relative importance depending on the circumstances. As an example, for fixed income instruments, SCAL Treasury will record price discovery on execution by either using the brokers on Bloomberg <ALLQ> or obtaining quotes from a minimum of 2 brokers.

Although SCAL's Clients are classified as accredited investors, the Monetary Authority of Singapore – who is the principal regulatory body – expects fair dealing to be conducted by

SCAL for its customers. This is reflected in determining the relative importance of the single execution factors below. In general, SCAL will make all dealing decisions ourselves and will therefore control (through its outsourcing counterparties) the allocation or orders among brokers and investment banks which are used for execution.

The commitment to provide best execution does not mean that SCAL owes any other responsibilities over and above the specific regulatory obligations placed upon SCAL.

2 Execution Criteria and Factors

2.1 Execution Criteria

In determining the relative importance of execution factors, SCAL considers the following criteria are relevant at a general level:

1) Characteristics of the Client

   SCAL's Clients are classified as "accredited investors".

2) Characteristics of the order

   SCAL's investment business consists of discretionary, advisory and execution only investment management. SCAL's Client orders (even when aggregated together with other Client orders for efficient bulk trading) are very rarely of institutional size.

   Market conditions may not permit the Client's aggregated order (or the order initiated by Discretionary Asset Management Team) to be executed at once or in a single transaction. The Bank may, therefore, execute it over such period as the Bank deems appropriate and may report to the Client a volume weighted average price for a series of transactions executed instead of the actual price of each transaction.

3) Characteristics of financial instruments that are part of that order

   The different circumstances associated with the execution of orders related to particular types of financial instruments will be taken into account. Where SCAL executes exchange traded derivatives, it has the discretion to select the most effective execution venue to access the relevant exchanges. For execution of foreign exchange contracts meanwhile, SCAL is using both a single bank platform as well as a multi-bank platform (360T).

4) Characteristics of execution venues to which an order can be directed

   This policy sets out further below how different venues are selected on which Client orders are executed. SCAL takes into account the characteristics of an execution venue with regard to determining the relative importance of the execution criteria. In some cases, the choice of venue may be limited or the fact of execution may itself constitute best execution.

2.2 Execution Factors

SCAL will take into account the following factors to determine how an order will be executed:

- Price
- Costs
- Speed
- Likelihood of execution or settlement
- Size of the order
- Nature of the order
- Customer instructions
- Any other consideration relevant to the efficient execution of the order (for example, reputation risk, quality of execution service)

The most important factors for SCAL in determining the means of execution are the price of the financial instrument and the costs related to execution, known as "total consideration" Total consideration is the price of the financial instrument and the costs related to execution, including all expenses incurred by the Client 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. However, in certain circumstances, for some Client orders, financial instruments or execution venues, SCAL may decide that other factors listed above may be more important than price and costs in determining the best possible result.

In some cases the best execution obligation technically applies but, because of the nature of the order, the obligation has limited scope and is in effect satisfied. These are as follows:

- Single venue transactions – where the nature of the transaction results in there only being one execution venue and therefore the only pricing consideration is in the time of execution. This therefore precludes the use of comparable prices.

- Highly structured transactions – the best execution obligation applies only in a very limited form to highly structured off-exchange transactions where it is not possible to provide any comparisons with other transactions or instruments. Different considerations apply where the transaction involves a customised OTC financial instrument tailored to a client's circumstances. Although best execution technically applies there is little or nothing against which to compare the transaction.

As orders are very rarely of institutional size, SCAL is not in the position to negotiate institutional dealing commission rates with brokers and orders rarely need special handling to "work" the order over time so as to minimise market impact. Accordingly, where there is adequate liquidity, SCAL uses automated execution venues as this is reasonably designed to achieve best execution. Orders are managed by brokers to achieve best execution, especially for illiquid instruments.

However, in special market conditions, SCAL may decide to execute an order over a period of time in order to achieve best execution.

2.3 Specific Instruction

To the extent that a Client provides SCAL with a specific instruction in relation to an order, in following the instructions, SCAL will be deemed to have taken all reasonable steps to provide best execution in relevant part. If a specific instruction requires to be executed in a particular manner and which is not in accordance with this policy, the Client must clearly state the desired method of execution when placing the specific instruction.

In the absence of express instructions from the Client, SCAL will exercise its own discretion in determining the factors that need to be taken into account for the purpose of providing best execution, having regard to the execution factors and criteria listed above.

For Third-Party Custody (TPC) clients, where we do not execute orders, we do not have obligation of best execution of the order other than to the placement of the order with the TPC bank. In such cases, the SCAL is to ensure that the trade is placed with the TPC bank as soon as reasonably possible.

2.4 Execution Venues and Selection Process

For executing an order, SCAL may use one or more of the following venue types:

- Regulated Markets (“RMs”)
- Other exchanges that are not RMs
- Brokers, third party investment firms, affiliates acting as market makers or liquidity providers

To ensure best execution, SCAL will make use of standard online trading platforms such as Bloomberg or any other reputable dealing information service providers.

The execution venues are carefully selected with the focus on providing best execution. SCAL works only with internally approved execution venues in order to minimise risks. On an annual basis, to fulfil Best Execution, brokers are prioritised based on guidelines such as cost and efficiency. The execution venue assessment will be shared with Compliance for review purpose, should there be any clarification needed, it would be raised with the Best Execution Monitoring Group.

Where there is more than one competing venue available according to SCAL’s execution policy to execute an order, in order to assess and compare the results for the Client, , SCAL’s own commissions and costs for executing the order on each of the execution venues will be taken into account in that assessment.

2.5 Audit Trail

Orders and executions must either be time stamped or the time must be digitally indicated on digital deal tickets. As a minimum, orders must include the following transactional information:
(i) the details necessary to identify the instrument in question;
(ii) the quantity;
(iii) the type of the order or transaction;
(iv) the price (if applicable);
(v) for orders, the date and exact time of the transmission of the order and name or other designation of the person to whom the order was transmitted, or for transactions, the date and exact time of the decision to deal and execution of the transaction;
(vi) a mechanism for identifying the person transmitting the order or executing the transaction;
(vii) where applicable, the reasons for the revocation of an order;
(viii) for executed transactions, the counterparty and execution venue identification.

2.6 Order Management Principles

Only approved Portfolio Managers should be permitted to authorise discretionary orders (although orders can be processed by their assistants (Portfolio Manager Assistants)). Group Companies will have a documented approval process, which is likely to encompass training and competency standards, regulatory requirements and senior management sign-off (e.g. the Asset Class Head or equivalent in Wealth Management).

Subject to be in compliance with local regulatory requirements for certain types of order an approved Portfolio Manager may confer delegated authority on someone else (a Portfolio Manager Assistant) to authorise orders. This delegated authority must be documented.

2.7 Designated Order Management Systems

Orders must be raised on the "designated" order management system for that investment type (e.g. T24 core banking system) before execution. Where an alternative Group Order Management and Execution Policy procedure is implemented for certain order types that cannot be processed on the designated system then this must be approved by either MANCO or Compliance.

Orders must only be raised outside the designated system in exceptional circumstances and then followed by a system input order as soon as possible, and no later than the end of the day of the execution, so that the transaction can be reported, settled and be captured on risk systems on a timely basis.

3 Equity and Exchange-Traded Funds (ETF) Orders

For the purposes of this Policy, the securities are:

- Cash equities or related securities traded on a secondary market
- Exchange traded equity derivatives
- Exchange-traded funds
- Equity linked notes

Best Execution practices for Equity and ETF orders are documented in Appendix 18d.

3.1 Pre-Execution

Primary Market (IPO)
PM/RM will need to provide clear instructions to the dealing team, via email, be it individual order or aggregate orders. Instructions will have to detail the IPO participating in, respective client portfolio(s) and quantity of shares subscribing to, nominal values will not be accepted.

Secondary Market
For non-discretionary clients, RM will need to submit their orders via T24. Dealing desk only accepts T24 orders.

For client mandates, dealing desk accepts instructions in the form of:

- Target weights,
- Rebalancing instructions with cash injection/withdrawal,
- Quantity of shares (nominal values will not be accepted).

Instructions will also have to detail the respective client portfolios/investment program number. Target weights indicated will be inputted into T24 modelling function, which calculates the number of shares.

Secondary market orders will be placed in the market on a first-come-first-serve basis.

3.2 Local Regulations and Customer Order Priority

Local regulations may require that orders are placed separately with brokers in the order that they are received by the dealers (i.e. in chronological order) and are not be merged with in-progress orders.

The customer order priority process is that same stock orders received should be processed in the following manner – outstanding orders not executed by the end of day will be left in the system for execution the next day, or cancelled at the end of day and re-input for execution the next day (subjected to Portfolio Manger's instructions).

The following represent exceptions to the customer order priority process above:

(i) Constrained orders, such are switches and limit orders, may be treated separately.
(ii) Portfolio Manager(s) can request that orders are merged or kept separate providing that the mandates concerned are treated fairly.

3.3 Order Aggregation

Where local regulations permit, orders should be aggregated where it is unlikely that the aggregation of orders will work to the overall disadvantage of the mandates involved or where aggregation ensures the fair treatment of clients on a consistent basis

3.4 Order Allocation

The combination of the below points ensures that where there are multiple investment desks applying for the same IPO or secondary placement there will be a fair representation of expression of interest.

If the dealing desk believe that it is in the interest of the RM/Investment desks to increase the size of the order to ensure it is competitive in the market place and to achieve the best outcome for the clients, the order should be increased only upon the instruction of the RM/Investment desk.

If there is a discrepancy in any of the above in the order process, this should be identified by the dealing desk as the point of aggregation of expressions of interest and referred to the MANCO or the Head of Compliance (global or local as appropriate to the desk involved) to act as arbiter.

Instances where there is a material scale back in the allocation to Schroders, and it is no longer economic for all accounts to receive their pro-rata allocation, an application to vary the allocation process should be made. Such a variation can only be applied with the approval of the Head of Compliance (Global or local as appropriate to the clients involved).

3.5 Partial Execution Allocation

Primary Market (IPO)
Within a group of multiple accounts (e.g. ABC fund with 3 different mandates) and/or when multiple client orders are being placed, where the aggregated order is partially allocated, Dealing desk will allocate the shares to participating portfolios on a basis that pro-rates the execution in line with the original order size.

Dealing desk will store and maintain a log on the allocation and inform the allocation status to the Investment Team via email. Should there be no objections, the allocation is taken as accepted. Refer to Appendix 18b for example scenarios for partially allocated orders, further information can be found in the Supplementary Initial Public Offerings and Placement Policy.

The allocation of partially executed orders is also subjected to the approach highlighted in Appendix 18c.

Secondary Market
In the event of multiple client orders, placement of orders to the market will be on a first-come-first-serve basis.

4 Fixed Income Execution Policy

This covers the following fixed income instruments:

- Cash Bonds
- Money Market Securities (Time Deposits, Certificates of Deposits, Commercial Paper, Treasury Bills)

Best Execution practices for Fixed Income orders are documented in Appendix 18d.

4.1 Pre-Execution

Primary Market (IPO)
PM/RM will need to provide clear instructions to the dealing team, via email, be it individual order or aggregate orders. Instructions will have to detail the IPO participating in, respective client portfolio(s), nominal value to subscribe, and tenor (if applicable).

Secondary Market
For non-discretionary clients, RM will need to submit their orders via T24. Dealing desk only accepts T24 orders.

For client mandates, dealing team accepts instructions in the form of:
- Rebalancing instructions with cash injection/withdrawal,
- Nominal values

Fixed Income instruments are allocated on a first-come-first-serve basis. In the event of multiple orders for the same instrument, the placements of orders will be aggregated.

4.2 Local Regulations and Customer Order Priority

- Where local regulations permit, orders should be aggregated where it is unlikely that the aggregation of orders will work to the overall disadvantage of the mandates involved or where aggregation ensures the fair treatment of clients on a consistent basis.
- The customer order priority process applies whenever orders in the same instrument exist for more than one mandate.
- Where there are two or more orders outstanding in the same instrument, neither of which has been executed, they should be aggregated for placement in the market.
- Where in possession of limit orders, with limits away from the current market price, and market orders, and neither has been started, the market orders should be dealt first.
- The limit orders can also be traded if and when the price allows. As a result, where the market is within the limit, there are two orders being executed: the market order and the limit order. The partial execution allocation procedure will apply to each order separately.
- Where an order has been placed at a limit and trading has not begun, new orders at 'market' or at a limit closer to the market will be executed. Where possible the Portfolio Manager placing the original limit order should be given the opportunity to amend it, if it is not yet executed.

New orders must not be merged into that day's executions, they should be traded separately, except as below:

(i) At the start of day new orders will be added to unexecuted orders from the previous day.

(ii) New orders can be added to orders placed, but not executed, where, (a) they can be traded in one shape; and (b) the execution price is not adversely affected by the additional size. Equally the orders can be merged with the agreement of all participating Portfolio Managers.

4.3 Partial Execution Allocation

<u>Primary Market (IPO) & Secondary Market</u>

Allocations should take into account the minimum size. As a result, allocations have to ensure that no account receives an allocation that is below the minimum size and that allocations are rounded to the nearest multiple.

In the event of multiple client ordersfor the primary market, allocation will have to go through the ranking generator (Appendix 18b). For multiple client orders in the secondary market, allocation will be on first-come-first-serve basis.

Within a group of multiple accounts (e.g. ABC fund with 3 different mandates) and/or when multiple client orders are being placed at the same time, where the aggregated order is partially filled and in order to fulfil the minimum trading size of the respective Fixed Income, dealing desk will consolidate participating orders for an IPO and use a random pick function to determine the ranking for allocation.

This file will be stored and maintained by the Dealing team.

Dealing desk will inform the allocation status via email to the Investment Team. Should there be no objections, the allocation is taken as accepted. Refer to Appendix 18b for example scenarios for partially allocated orders, further information can be found in the Supplementary Initial Public Offerings and Placement Policy.

The allocation of partially executed orders is also subjected to the approach highlighted in Appendix 18c.

The combination of the above points ensures that where there are multiple investment desks applying for the same IPO or secondary placement there will be a fair representation of expression of interest

4.4 Timely Execution

Orders should be executed in order to provide the highest quality executions reasonably available under the circumstances and within the context of applicable markets, seeking to balance the different factors affecting execution with a view to providing the best possible result on a consistent basis.

However, execution-only instructions should be executed as soon as is reasonably practicable after receipt, subject to specific instructions.

5 Trade Execution Cancellation & Amendment

Executions can be cancelled. This may occur where they were not in accordance with the RM/ Portfolio Manager's intentions; contrary to investment restrictions; or where there is not custody account to settle the trade. Where executions are cancelled this has to be authorised by the RM/ Portfolio Manager.

In addition, executions can be cancelled (and amended) where the execution details booked internally differ from the counterparty. In these instances, the cancellation has to be instructed by Trade Processing.

There must be an audit trail maintained to evidence the reason for cancelling or amending an execution.

6 Foreign Exchange (FX) Execution Policy

This covers the following FX instruments (used to hedge proceeds from Equity/Fixed Income transactions):

- Spot FX
- Forward Currency Contracts

Our foreign exchange order execution policy applies where we execute orders on client's behalf as agent or as principal. We will execute orders on clients behalf where they legitimately rely on us to protect their interests in relation to the pricing or other aspects of a transaction that may be affected by how we execute the order. When we are not executing client's orders ourselves but are merely transmitting them to an approved third party for execution, we will act at all times in the client's best interests and take all reasonable steps to obtain the best possible result for them.

Subject to any specific instruction that may be given by the client, when executing orders on the client's behalf in relation to financial instruments, we will take all reasonable steps to achieve what is called "best execution" of the client's orders. This means that we will have in place a policy and procedures which are designed to obtain, on a consistent basis, the best possible execution result, subject to and taking into account the execution factors.

Dealing desk may enter into FX Transactions, including FX Forward Transactions as a principal or agent, incidental to effecting transactions with or for the client or for investment purposes or hedging purposes incidental to the management of client's Portfolio or to meet client's foreign currency needs.

When converting foreign exchange incidental to an investment transaction, it is our normal practice to execute the FX Transaction after receiving confirmation of execution of the investment transaction (which is not necessarily on the trade date for the investment) and so there is a risk that you may be adversely affected by movements in the relevant currency markets. We may settle, unwind, close out or terminate FX Transactions as we see fit. We are authorised to pay or deliver sums or Securities from the Portfolio in satisfaction of your obligations under an FX Transaction.

All transactions in FX or other Investments are subject to applicable local market regulations and the principle of fair treatment of clients. Our processes and procedures are monitored on a regular basis by our Group Internal Audit and Group Compliance Departments.

6.1 Local Regulation (Order Aggregation) and Customer Order Priority

- Where local regulations permit, orders should be aggregated where it is unlikely that the aggregation of orders will work to the overall disadvantage of the mandates involved or where aggregation ensures the fair treatment of clients on a consistent basis.
- Intra-day orders should be merged in accordance with the client order priority process described below, unless this is contrary to local regulations. Local regulations may require that orders are placed separately with brokers in the order that they are received by the dealer (ie chronological order) and are not be merged with in progress orders.
- At the start of the next business day unfilled orders should be merged unless local regulations require that they remain as separate orders or require that they are cancelled at the end of the day.

The client order priority process is that orders should be processed in the following manner:

(i) Orders received by an FX Trader at the start of the day and outstanding balances from the previous business day will be merged into a single order.

(ii) When a subsequent new order is received for the same currency pair the Trader will merge the new order and the current order. Merging will continue until the point the Trader decides to execute.

(iii) All trades in the same currency pair will receive the same spot rate when traded together. All FX requirements that settle for a date other than spot are subject to an adjustment being applied to the spot rate dealt.

(iv) In order to avoid late settlement costs, where they may arise, due to settlement in less than T+2 for instance, consideration should be given to executing the FX with the client's own custodian. Third party counterparties can be used where the Trader is confident that the counterparty has a history of timely settlement.

The following are exceptions to the process above:

(ii) Orders that have Portfolio Manager requirements can be traded in accordance with the agreed strategy, for example, Co-ordinated instructions where further orders may need to be traded together.

(iii) Time specific instructions, such as "at rate fixing" or "fund valuation point"

(i) Limited price instructions

6.2 FX Cancellation

Front Office/Investment team would need to send an email to dealing desk. Informing the desk that they would like to cancel an FX order if the FX order is not executed in the market yet.

7 Client Specific Execution instructions

Providing that it is not detrimental to other clients, client specific instructions can be exempted from the requirements of this policy.

Group company order management and execution procedures must explain the circumstances under which client specific instructions might be in conflict with this policy, in particular the best execution requirement, and, where they are, how they are treated.

This situation could arise in the case of non-reliance on SCAL to place or execute orders on the best available terms, for example:

- One-off execution instructions. This covers where a client provides us with a specific instruction in relation to the entire order, or any particular aspect of the order, including selecting a particular counterparty.
- Restricted Counterparty Requirements. Clients may restrict or prohibit the use of certain counterparties. However, this must be discouraged, as our execution policies are designed to ensure the consistent treatment of all clients, and therefore the special requirements of one client could disadvantage other clients.

If it is possible that restricting certain counterparties will impact best execution then this is to be disclosed to the client in writing. It is the responsibility of the relevant Trading Teams to highlight this in order that the disclosure can be organised.

8 Workflow of order placement, execution and trade confirmation for discretionary portfolios

When a trade is made for the discretionary portfolios (standard or custom) the following process is to be followed:

1) Head of Investments or other members of the Investment Team to send a written email detailing the specifics of the trade and portfolio(s) to be rebalanced. This is after Head of Investments or other members of the Investment Team performs a pre-trade check of the trade against any applicable constraints, restrictions and guidelines. This is mainly for custom discretionary portfolios, but it may also apply to the standard models. In addition, a check on cash balances must be made (pre and post trade balance of cash).

2) Members of the group receiving this email are SCAL Investments and SCAL Dealing/Treasury.

3) A member of the SCAL Dealing team will input the order into T24 using the modelling function as far as possible. This allows for all portfolios linked to a strategy to be rebalanced.

4) A member of the SCAL Dealing team will inform the investment teams any constraints (given by T24 system) applicable to the portfolio(s). At the same time, any restrictions, guidelines or anomalies are also checked again (four-eye principle).

5) A second member of the dealing team will then countercheck the orders generated via the modelling function and authorize the trade on T24 (**four-eye principle**). Depending on which market the security is trading in, the authorized trade will either be placed with brokers for Asia centric trades or onforwarded to Schroder & Co. Bank AG (SCOBAG) for execution, much depend on the respective underlying currencies and the liquidity of the assets class.

6) The executed order is reflected across client portfolios impacted by the rebalance.

7) The final executed price will be reflected in the in-house system, where the Investment team may verify their orders against the executed price.

8.1 Four-eye principle for dealing and execution

On a best-efforts basis, the SCAL dealing team will implement a four-eye principle for all orders.

9 Cross Trades for Equities and Fixed Income

<u>Definition</u>
Cross trades (also known as compensations) are trades where buy and sell orders for the same stock are offset without recording the trade on the exchange. This also occurs when the Bank executes both a buy and a sell for the same security from one client account to another.

Under all circumstances, cross trades are to be dealt with via brokers in the market. Should there be any exceptions to this, approval from Compliance will be required and the clients involved in the transaction will have to demonstrate rules below.

Rules:

a) No compensations are allowed between clients and staff

b) No compensation allowed in derivatives.

c) Compensations in traded securities (equities, bonds, warrants, ETFs, alternative investments) between clients are only allowed in the following cases:

i) The compensation does not breach any of the applicable laws and regulations.

ii) Compensations can only be executed by the Securities Execution Desk.
iii) The price to be applied to all securities involved in the compensation is the price between the currently valid bid and offer prices (mid-price).
iv) In case of another price request or any other deviation Compliance approval is mandatory.

d) Any other cases (i.e. untraded securities, illiquid instruments):

i) Must be documented with evidence to support that the investment decisions on both sides of the trade are being undertaken in the best interests of the clients.
ii) Are subject to a price validation check by the Execution Desk and
iii) Need the prior approval of Compliance.

10 Timely Execution

Orders for all asset classes and FX orders should be executed in order to provide the highest quality executions reasonably available under the circumstances and within the context of applicable markets, seeking to balance the different factors affecting execution with a view to providing the best possible result on a consistent basis.

Execution-only instructions should be executed as soon as is reasonably practicable after receipt, subject to specific instructions.

11 Conflict of interest on the execution of MAS Treasury bills for clients and SCAL

1. MAS treasury bills are generally purchased through the primary auction mechanism (managed by the Monetary Authority of Singapore), any bills purchased through this mechanism will receive the same discount rate.
2. Very occasionally there is a request to trade MAS treasury bills in the secondary market on behalf of a client, the Treasury dealers will request quotes from the Bank’s treasury counterparties to purchase or sell the client’s bills and will execute these transactions at the best

price obtained from the counterparties. A copy of the trade orders, quotes and execution is retained to evidence best execution.

3. SCAL does not trade its proprietary holdings of MAS Treasury directly with clients, this is evidenced on T24 (reconciliation of all own Book trades facing only market counterparties and not clients).
4. If SCAL received a client order to trade in the secondary market at the same time that it was considering a secondary market trade for the bank, the clients order would always be placed first (evidenced by system time given).

12 Exceptions

Exceptions to any points as outlined in Equities, Fixed Income, FX must be fully documented and where necessary signed by the local Head of Treasury and if needed, escalated to either local Compliance or the local Management Committee (MANCO).

13 Monitoring and Review

SCAL monitors the effectiveness of its order execution arrangements and order execution policy to identify and, where appropriate, correct any deficiencies. SCAL assesses on an annual basis whether the execution venues included in the execution policy provide best execution and makes adjustments in its execution arrangements if necessary. Where SCAL uses other companies in the Group to execute Client orders as its agent, the relevant Group company will assist SCAL in performing such monitoring or assessing.

This execution policy is reviewed annually by SCAL's Head of Treasury and any changes reported to SCAL's Management Committee. It must also be reviewed whenever a material change occurs that affects SCAL's ability to continue to obtain best execution. Any material changes must be notified to SCAL's Clients.

Group Risk is primarily responsible, with the input of SCAL where applicable, for carrying out at least annually a review of its counterparties to assess a variety of factors, including:

- assessment of execution quality
- pre- and post-execution servicing
- ad hoc checks of unusual and complex executions;
- IT assessment and review

SCoBAG provides monthly Best Execution reports containing costs, trading statistics by regions and order values, price outliers, etc.

In addition, the Best Execution Monitoring Group ("BEMG") meets monthly for each entity. The BEMG will review execution outcomes / activity. Outliers are investigated by the Head of Securities Execution and the output will be analysed by the BEMG, and monthly discussions are minuted.

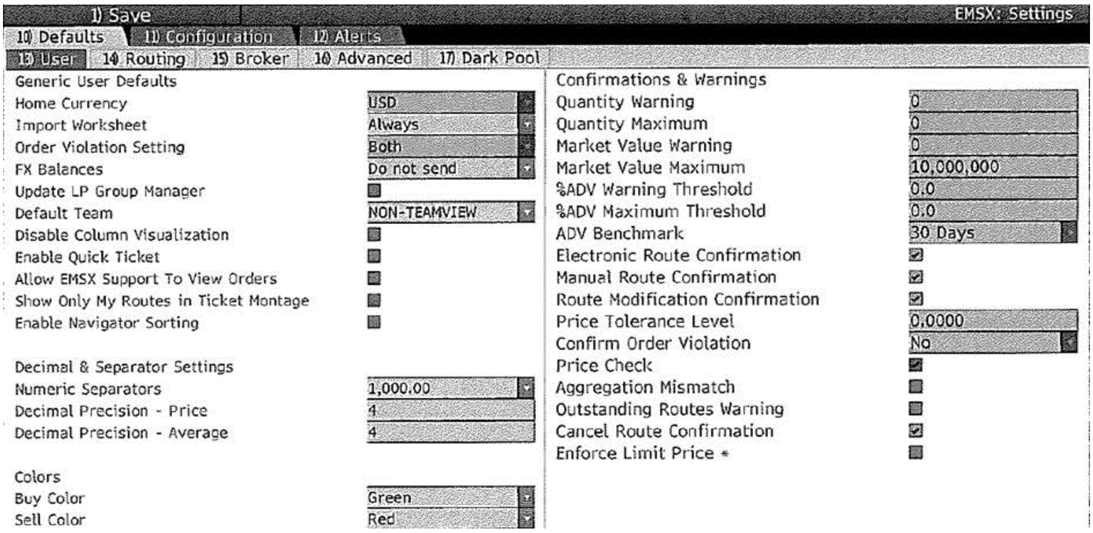
14 Disclosure of Execution and Research Costs

SCAL's rules on execution and research costs require that arrangements in relation to dealing commissions are transparent. Where commissions are spent in acquiring services in addition to execution, such as research, the firm must demonstrate accountability to clients regarding the use of commissions to ensure that clients are treated fairly.

SCAL's policy for Clients with internal custody is that the brokerage costs SCAL incurs on their behalf relate solely to the execution of trades and will not include costs for the provision of research or other services. No disclosure to clients about the relative split of commissions between execution and research is therefore required to ensure fair treatment.

15 Bloomberg Fat Finger Limits

As of June 2016, the Bloomberg dealer fat finger limit has been activated for trades routed through EMSX for equity trades. Under the set-up, the limit has been set at US$10m per trade, after which the terminal used by the dealer to enter trades will be blocked (see picture).



Following such a block, approval would be need by the Head of Treasury to release it.

Along with the dealer limit set-up, a daily file detailing EMSX activities is being automatically uploaded by Bloomberg. This EMSX trade file can be downloaded upon request.

16 Workflow for order placements during regular Singapore office hours (until 17:00 SST)

Orders placed with dealing desk in Singapore:

- In case of an order for an instrument which is not yet opened in the T24 master data system, both Singapore and SCoBAG dealer have to seek compliance clearance before placing the order.
- For Fiduciary Deposits, SCAL will only accept placements for value spot. Value same-day and T+1 fiduciary deposits will be reviewed on a case-by-case basis.
- Cut-off time for Funds dealing is largely dependent on the time set by the respective fund houses. The Dealing team will try, on a best-effort basis subject to the complexity of orders, to send out Fund orders by 3.30pm.
- Singapore Dealing Desk will stop taking any orders after 17:00 pm Singapore time as Singapore Treasury will pass the Nostro positions and FX books to our Zurich Dealing Team by 17:30 pm.

- Dealing desk will revert to Front Office/ Investment Team via email, to acknowledge the trade, once the order is placed in the market.

a. Dealing Outside of the Office

Dealing outside of any Schroders offices is allowed subject to the Flexible Working Policy.

17 Effective Date

This policy is effective from 28 June 2023.

18 Appendix

a. Counterparties

SCAL executes FX and MM deposits in its own name; and cash bonds and Asian equities in the name of Schroder & Co Bank AG. The latter is also responsible for all funds (including hedge funds) execution, non-Asian equity execution and all ETFs and ADRs, as well as non-Asian cash bonds.

SCAL also maintains correspondent banking relationships (NOSTRO) with various counterparties which are carefully selected under the guidelines of the Group Credit Risk Committee, together with ongoing monitoring conducted by SCAL's ALMCC.

b. Example Scenarios on Partially Allocated Fixed Income Orders

Example 1. 5 participating portfolios of $200,000 order each for XYZ bond and final allocation of $400,000 received (lot size $200,000)

Random ranking generated by Excel

Name	Participating Portfolios Number	Index	RANDOM	Ranking	
Portfolio C	456456	3	0.004208528	5	
Portfolio A	123123	1	0.983623378	1	Allocated 1 lot size of $200,000
Portfolio B	234234	2	0.006751833	4	
Portfolio E	890890	5	0.159224091	3	
Portfolio D	678678	4	0.746651752	2	Allocated 1 lot size of $200,000

Example 2. 3 participating portfolios with different order sizes for an aggregated $1,600,000 order and final allocation of $1,200,000 received (lot size $200,000)

Order size by portfolio

Name	Participating Portfolios Number	Order Size
Portfolio A	123123	$200,000
Portfolio B	234234	$600,000
Portfolio C	456456	$800,000

Random ranking generating by Excel

Name	Participating Portfolios Number	Index	RANDOM	Ranking

Portfolio A	123123	1	0.78278303	1
Portfolio B	234234	2	0.60616751	2
Portfolio C	456456	3	0.154084084	3

Allocation Summary

Name	Participating Portfolios Number	Allocated amount	Remarks
Portfolio A	123123	$200,000	Order filled
Portfolio B	234234	$600,000	Order filled
Portfolio C	456456	$400,000	Partially filled
		$1,200,000	

c. Partial allocation policy largely aligned with UK

Where an uneconomic allocation arises, UK's DIT takes the following approach:

- After the allocation outcome is reported, if a PM wishes to remove any demand from the underlying portfolio, this will be documented on the client file.
- DIT will then try and pro-rate the allocation across the remaining accounts
- If the resultant allocation is still unviable, DIT ask whether any of the remaining clients have been disadvantaged in previous allocations. If one has, the allocation goes to that portfolio
- If more than one have been disadvantaged previously, then DIT might suggest allocating to the first order received. Again, a note is placed on all client files to explain the situation

All of this happens in collaboration with Compliance, and PMs/RMs are required to put an explanatory note on the client file. PM should not be deciding the allocation themselves. It should be open, transparent, documented and approved by Compliance.

d. Best Execution Practices

	Equities and ETFs	**Fixed Income**
Primary Market (IPO)	Investment Team/Front Office sends order placement via email to Dealing Desk, detailing the respective client accounts and quantity of shares to subscribe. Local dealing desk collates orders at the end of the pre-determined internal cut-off time. Aggregated order is sent to SCAL approved counterparties/ brokers. Approved counterparty/broker reverts with overall subscription details. Within a group of multiple accounts (e.g. ABC fund with 3 different mandates) and/or when multiple client orders are being placed, local dealing desk allocates on a pro-rata basis in line with original order size if the aggregated order is partially executed.	Investment Team/Front Office sends order placement via email to Dealing Desk, detailing the respective client accounts, nominal to subscribe, and tenor (if applicable). Local dealing desk collates order. Aggregated order is sent to SCAL approved counterparties/ brokers. Approved counterparty/broker reverts with overall subscription details. Local dealing desk allocates on a first-come-first-serve basis (for multiple client orders). Within a group of multiple accounts (e.g. ABC fund with 3 different mandates) and/or when multiple client orders are being placed at the same time dealing desk will consolidate participating orders and use a random

	Dealing desk stores and maintains a log on the allocation and informs the PM/ Investment team. Should there be any discrepancies, PM will revert back to local dealing desk. If no reply, allocation is taken as accepted.	pick function to determine the ranking for allocation. Dealing desk stores and maintains the ranking and allocation file and informs the PM/ Investment team. Should there be any discrepancies, PM will revert back to local dealing desk. If no reply, allocation is taken as accepted.
Secondary Market – Non-discretionary accounts	Front Office places order via T24. Asian deals will get routed to local dealing desk, members are notified via a system-generated email with deal ticket attached. One dealer inputs the orders in Bloomberg <EMSX>, while another dealer routes the orders out into the market.	Front Office places order via T24. Asian deals will get routed to local dealing desk, members are notified via a system-generated email with deal ticket attached. Local dealing desk checks for prices on Bloomberg <ALLQ>. In the event <ALLQ> page doesn't have any buyers/sellers, dealers will source through Bloomberg chat. For non-Asian bonds that are not executed by SCAL, we will follow the Zurich execution policy.
Secondary Market – Discretionary accounts	Investment Team sends across trade instructions via email to local dealing desk. Dealing desk inputs the instructions into T24 system, using portfolio weights indicated by the Investment Team, and the T24 modelling function. Dealing desk ensures there are no breaches indicated by the system modelling. If any discrepancies, dealing desk reverts back to PM. Dealing desk submits order in T24. Asian deal tickets are routed to local dealing desk, members are notified via a system-generated email with deal ticket attached. One dealer inputs the orders in Bloomberg <EMSX>, while another dealer routes the orders out into the market.	Investment Team sends across trade instructions via email to local dealing desk. Dealing desk inputs the instructions into T24 system, using either portfolio weights or nominal indicated by the Investment Team. If using T24 modelling function, dealers ensure there are no breaches indicated by the system. In case of any discrepancies, dealing desk reverts back to PM. Dealing desk submits order in T24. Asian deal tickets are routed to local dealing desk, members are notified via a system-generated email with deal ticket attached. Local dealing desk checks for prices on Bloomberg <ALLQ>. In the event <ALLQ> page doesn't have any buyers/sellers,

		dealers will source through Bloomberg chat.
Trade Acknowledgement	Dealing desk will revert to Front Office/ Investment Team via email, to acknowledge the trade, once the order is placed in the market.	

19 Guide for Internal spreads on FX and Money Market Placements

a. FX Spread

SCAL's spreads on FX are mainly to cover its positions and risk in the interbank market. They will be reviewed at least annually, but also if there are ad-hoc events that necessitate a change. The spreads are:

FX Fee Rates

Transaction Size*	Margin Rate
Up to and including	
S$50,000	0.50%
S$100,000	0.40%
S$250,000	0.30%
S$500,000	0.20%
Above S$500,000	0.10%

*or currency equivalent

b. Money Market

- Our rates are largely in line with the markets; they will be reviewed at least annually, but also if there are ad-hoc events that necessitate a change.
- A spread of 20 to 90 bps will be taken for amounts more than SGD 1 million equivalent subject to the tenor of the deposit.
- The mark down of any spread from the above default case will be handled on a case by Case basis and adjusted accordingly.

20 Sensitive List on T24 (Procedure in case of a hit)

The Group list containing sensitive instruments ("sensitive list" or "stop list") is available on SCAL T24.

In case an order is placed for such an instrument, the info "sensitive instrument" appears on the dealer ticket (notes to dealer) by opening the order. As a result, the dealer needs to contact SCAL compliance for clearance before executing the order.

All sensitive list hits will also be shown on the T24 "Compliance constraints breaches report", which is available to compliance the next business day.

21 Glossary

Types of Orders

At market

This is an unlimited order which will be executed promptly. This trade type should only be used for securities with enough liquidity. If the dealing desk notices that there is not enough volume it will get in contact with the RM and discuss a possible dealing strategy.

Best

This is an unlimited order which will be executed carefully. If the Client wants to deal is a major blue chip, no “best” order is necessary. An order like this will be traded “at market” because of the high volume and the big bid- and offer-size.

Cash

It is used for fund orders only when the client wants to invest a certain amount into a fund. Not all fund companies offer this order type. Further details are available at the fund dealing desk. This type of order is strictly forbidden to use for equities, bonds, iShares, ETFs, warrants, structured products, options, etc.

Price (limit)

A limit order is an order to buy a security at not more, or sell at not less, than a specific price. This order will only be executed when the limit price is reached and with the necessary volume. Partial executions will be booked at the end of the day.

Stop loss (sell orders) – Depend on Exchange

A sell stop order is an instruction to sell at the best available price after the price goes to or below the stop price (trigger price). A sell stop price is always below the current market price. When the specified stop price is reached, the stop order turns into a market order (no limit). This means the trade will definitely be executed, but not necessarily at or near the stop price, particularly when the order is placed into a fast-moving market or if there is insufficient liquidity available relative to the size of the order. In T24 the stop price must be captured in the field “Limit Price” There is also an “on stop” type existing for buy orders but this type is used very rarely.

Stop limit (sell orders) – Depend on Exchange

A stop limit order combines the features of a stop order and a limit order. Once the stop price is reached, the stop-limit order becomes a limit order to sell at not less than a pre-specified limit price. As with all limit orders, a stop-limit order does not get filled if the security's price immediately falls below the limit price. If the stop and the limit are at the same level or too close there is a high possibility that the order will not be executed if the price drops down too fast. In T24 the stop price must be captured in the field “Limit Price” and the stop limit must be described in the field “Notes to SC Dealer”. eg.“stop limit at 13.55”.

Other Dealing instructions (All instructions need to be written into the T24 field: “Notes to SC Dealer”)

There are several dealing instructions available but by choosing those the RM/Client also have to consider which strategy makes sense. Small orders will be traded at market if there is enough volume.

For illiquid stocks and big orders the RM can choose:

- carefully

The dealing desk works on it, e. g. over a few hours. You can also place a top limit / low limit.

- spread over the day

Like the name says, the dealing desk spreads the order over the whole day. It can also be mentioned if it should be with or without the closing auction.

- spread over.....hours

The dealing desk spreads the order over the specified time.

VWAP (Volume Weighted Average Price)

The objective of the VWAP is to complete an order within a specified time frame. The VWAP algorithm targets liquidity demand with a stock’s expected volume pattern over a specified period. The benchmark
VWAP price of the defined timeframe can be achieved by following the projected volume curve based on historical and real-time events. The intraday curve will be dynamically adjusted based on events in the market. VWAP is defined as the total cash volume divided by the total share volume in a specified period.
Designed to trade more in busier periods (EU open, US open, closing) and less in quieter periods. If there is not enough volume, the order will not be completely filled.

TWAP (Time Weighted Average Price)

TWAP is a time based order that trades at an even pace over a specified time. This strategy is not controlled by the volume distribution of the stock. TWAP avoids risk of information signals and gaming by randomising the size and time intervals traded as well as allowing the algorithm discretion to improve execution quality by avoiding crossing the spread

At Close

Here the order will just be placed “at market” into the closing auction.