

COLUMBIA THREADNEEDLE INVESTMENTS - EMEA¹

ORDER EXECUTION POLICY

August 2016

¹ This Order Execution Policy applies to the following legal entities: Threadneedle Asset Management Limited, Threadneedle International Limited, Threadneedle Investment Services Limited and Threadneedle Management Luxembourg S.A.

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1. RATIONALE

1.1. BACKGROUND

Under the EU Markets in Financial Instrument Directive (**MiFID**), which came into force on 1 November 2007, Columbia Threadneedle Investments - EMEA¹ (Threadneedle) is required to put in place an Order Execution Policy ("Policy") and to take all reasonable steps to obtain the best possible result (or "best execution") on behalf of its clients, either when executing client orders or receiving and transmitting orders for execution.

1.2. PURPOSE

The purpose of this Policy is to set out how and where Threadneedle will achieve best execution.

1.3. OBJECTIVE

The objective of this Policy is to set out Threadneedle's requirements with regards to best execution across various asset classes.

1.4. SCOPE

This Policy is applicable to Front Office staff.

This Policy only applies to Professional Clients when Threadneedle is dealing in Financial Instruments (as defined in the FCA rules) and either:

- i. receives and transmits client orders and/or
- ii. executes orders on a client's behalf.

1.5. KEY POINTS

This Policy sets out:

- Duty of best execution owed to professional clients
- Best execution factors
- Execution venues
- Various asset classes
- Client instructions

1.6. LEGAL AND REGULATORY REQUIREMENTS

EU Markets in Financial Instrument Directive (1 November 2007):, Threadneedle is required to put in place an Order Execution Policy ("Policy") and to take all reasonable steps to obtain the best possible result (or "best execution") on behalf of its clients, either when executing client **orders** or receiving and transmitting **orders** for execution.

COBS 11.2.1R : A firm must take all reasonable steps to obtain, when executing orders, the best possible result for its clients taking into account the execution factors.

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2. POLICY STATEMENT

2.1. GENERAL

Threadneedle ultimately retains responsibility in terms of owing its Professional Clients a duty of best execution. However, in many circumstances Threadneedle (*and its underlying clients*) can gain additional comfort in the knowledge that it too will benefit from the duty of best execution which entities (i.e. *brokers*) will owe when Threadneedle passes orders to those entities for execution.

Where orders are placed with brokers and that entity therefore executes orders “on a client’s (Threadneedle’s) behalf”, that entity will be judged to be performing a service whereby they either:-

- Execute an order by dealing as agent;
- Execute an order by dealing as risk-less principal on behalf of a client; and
- “Work” an order on a client’s behalf.

In such instances described above, Threadneedle will be owed a duty of best execution by the Broker entity. However, in other instances where Threadneedle “requests for quote”, as is usually the case in fixed income markets (i.e. broker acts as principal in the transaction), then entities will generally not owe a duty of best execution to Threadneedle over such quotes.

2.2. ROLES AND RESPONSIBILITIES

Role (Position Title)	Responsibility
Front Office Dealers	Must comply with requirements of this Policy
Compliance	Monitoring

EQUITY ORDERS

2.3. EXECUTION FACTORS

Threadneedle endeavours to provide all of our clients “best execution” on an equal basis.

There are five main factors (Price, Liquidity, Cost, Venue selection, Settlement) that Threadneedle may take into consideration with each transaction or group of transactions. There are also various sub-factors within each which will lead to each of the five criteria having a lesser or greater influence over the decisions to achieve the best execution.

The five criteria are listed below with their corresponding influencing factors.

1. Price – This will generally be the leading factor for most orders.

2. Other factors:

- Size
- Nature
- Type and characteristics of the instrument
- Likelihood of execution
- Information available (news, results, characteristics of the client etc.).

3. Liquidity – This can at times lead over price when there is a need to utilise the availability of natural liquidity in the market to achieve a meaningful position change within portfolios.

- Other factors
 - Use of risk capital by a broker
 - Use of Alternative Trading Systems (ATS) or Multilateral Trading Facilities (MTFs)

4. Cost - Awareness of lower cost trading venues for each transaction (i.e. price inclusive of additional charges, such as commission).

5. Venue selection –

- Natural liquidity
 - Other factors
 - Expertise
 - Access to suitable trading venues
 - Provision of capital by a broker
 - When there's a need to minimise trade intention leakage (e.g. due to size)

6. Settlement – Mindful of any potential issues regarding the execution venue or the executing broker.

2.4. BEST EXECUTION MONITORING

Threadneedle will utilise a combination of internal and external analysis to facilitate the monitoring of equity transactions.

2.5. EXECUTION VENUES

The decision to use which venue or entity is dependent upon the various factors described above.

Our Best Execution Policy includes, for each Financial Instrument in which we execute orders on your behalf, those venues that we consider enable us to obtain on a consistent basis Best Execution. Those possible execution venues include, as appropriate for each product: regulated markets, multilateral trading facilities, systematic internalisers, market makers, and other liquidity providers.

We reserve the right to use other execution venues that are not listed below, where we deem appropriate in accordance with this Policy and may add or remove any execution venues from this list without notice.

Threadneedle Investments' equity order routing process takes into consideration the aforementioned execution factors. Threadneedle selects from its approved broker and counterparty list which venue to execute the order with. This list includes, but not limited to, the following venues:-

UBS
Deutsche Bank
Citigroup
Credit Suisse
Morgan Stanley
Bank of America
Goldman Sachs
JP Morgan
Barclays Capital
Jefferies & Co

The search for available liquidity can also include the use of electronic crossing networks (including for example, but not limited to Liquidnet).

2.6. REVIEW

Threadneedle will review its execution policy and procedures on at least an annual basis. Details of material changes to this Policy will be made available to clients.

2.7. GENERAL TERMS OF ORDER HANDLING

As we seek to enhance our investment capabilities and services to our clients, we may engage certain of our non-U.K. affiliated companies, of the Ameriprise Financial Inc., Group, around the world to provide dealing services on behalf of the clients of Threadneedle Investments. We believe that harnessing the collective expertise of Threadneedle Investments and its affiliates will benefit our clients. By utilising the execution skills and resources of different dealing desks around the world (notably UK, US and Singapore), we are able to be active and engaged in each of the live local markets with a real-time presence in markets around the globe. This global execution model adds value to the portfolio management teams and ultimately our clients.

We are required under MiFID to execute client orders in a prompt and fair manner. We will execute aggregated orders sequentially in accordance with the time of their receipt unless otherwise instructed by the client, the interests of the client require otherwise, or the specifics of the order and the current market conditions make this impracticable. This may involve merging client orders together with those of other Threadneedle Investments clients and may also include aggregated orders from its affiliates. Threadneedle Investments believes that overall the effect of aggregation should generally be of benefit to clients, although it remains possible that on occasions, this may work to its disadvantage in relation to a particular order. For example, this may include circumstances whereby trades not aggregated with those of other clients (e.g. because of specific client instruction to execute otherwise) may be executed at different times via a different venue, receive a different price, which may or may not be a more favourable price to those that are aggregated with other clients.

With regard to Initial Public Offerings (IPOs), we comply with a strict order allocation process.

FIXED INCOME ORDERS

2.8. ORDER EXECUTION

We will take all reasonable steps to obtain the best possible result for our clients (as defined in MiFID) subject to a number of factors described below.

2.9. BEST EXECUTION FACTORS

The following factors are taken into account when executing a client order:

- Price;
- Size;
- Likelihood of execution and settlement; and
- Any other consideration relevant to a particular order.

2.10. BEST EXECUTION CRITERIA

Based on our experience and judgement and using any relevant market information available at the time of a particular trade, we will determine the relative importance of the above mentioned factors and consider the use of an execution venue.

2.11. EXECUTION VENUES

A decision is made to use an execution venue or trade by telephone based on the asset class and size of the trade. The following factors are taken into consideration in the evaluation of these venues:-

- Ability of execution venue to provide best price
- All direct and indirect costs of trading & settlement
- The applicability of the execution venue for different sizes of order

- Likelihood of execution
- Likely speed of execution
- Depth of liquidity
- Settlement & straight through processing (STP) arrangements
- Applicability to different types of order
- Other factors relating to this particular asset class

Factors which influence our use of these venues:-

- Ability to obtain simultaneous executable prices from multiple venues (up to 6 venues for some asset classes).
- There are no transaction costs to clients
- Range of reports available to demonstrate best execution
- Range of STP facilities & automated links to organisations to assist in clearing & settlement
- Audit trails for all electronically executed trades.

We reserve the right to use other execution venues that are not listed below, where we deem appropriate in accordance with this Policy and may add or remove any execution venues from this list without notice. Threadneedle fixed income order execution process takes into consideration the aforementioned execution factors. Depending upon those factors and the type of instrument being executed, Threadneedle Investments may route its order via electronic trading platforms, including but not limited to Tradeweb and Bloomberg TSOX. Alternatively the order may be executed directly with a broker from its approved broker and counterparty list. This list includes, but not limited to, the following broker venues:-

JPM
HSBC
RBS
Citigroup
Soc Gen
RBC
Lloyds
Toronto Dominion
Deutsche
Jefferies

2.12. GENERAL TERMS OF ORDER HANDLING

Refer to section 2.7 above.

With regard to New Issues, we comply with a strict order allocation process.

2.13. MONITORING

We regularly monitor the effectiveness of our execution arrangements and policy and assess the efficiency of our Execution Venues.

2.14. REVIEW

Threadneedle will review its execution policy and procedures on at least an annual basis. Details of material changes to this Policy will be made available to clients.

MONEY MARKET INSTRUMENTS

2.15. EXECUTION FACTORS

The following factors are taken into account when executing a client order in money market instruments (“MMIs”):

- Price;
- Costs of transaction;
- Speed of execution
- Likelihood of execution and settlement; and
- Size of the order;
- Nature of the order;
- Any other consideration relevant to a particular order (including credit rating of the counterparty to the transaction).

Please refer to section 2.10 of this Policy for details of brokers and counterparties used in the provision of execution services. Some of these venues will also be used for the purposes of executing orders in MMIs.

DERIVATIVES

2.16. EXECUTION FACTORS

Foremost, the following factors are taken into account when executing a client order involving a derivative transaction:

- Price;
- Liquidity in the instrument concerned;
- Internal credit rating of the broker.

The list of counterparties used for transacting derivatives is typically subject to each specific client’s arrangements and ISDAs.

2.17. EXECUTION VENUES/ENTITIES

Please refer to section 2.5 and 2.10 of this Policy for details of brokers and counterparties used in the provision of execution services. Some of these venues will also be used for the purposes of executing orders in equity derivatives and FI derivatives respectively..

OTHER REQUIREMENTS

2.18. UNITS IN COLLECTIVE INVESTMENT SCHEMES

Where Threadneedle deals on behalf of clients when purchasing units or shares in collective investment schemes, Threadneedle will execute these instructions via the Authorised Corporate Director (Threadneedle Investment Services Limited). Such orders will be executed at the next dealing day and at a price determined in accordance with the FCA’s Collective Investments Scheme Sourcebook (COLL).

2.19. SPECIFIC CLIENT INSTRUCTIONS

When a client gives Threadneedle a specific instruction as to the execution of an order, then that order will generally be executed in accordance with those specific instructions. Clients should therefore be aware that providing specific instructions will override Threadneedle’s obligations to execute client orders in accordance with this Policy.

Similarly, if a client gives a specific instruction for an “Advisory Fund” or an “Advised Execution” fund, this instruction may prevent us from obtaining the best possible result in accordance with our Policy.

Where Threadneedle gives a specific instruction to an entity as to the execution of an order (for example, Direct Market Access (DMA) equity orders submitted via an electronic system), that order would be carried out by that entity (or broker) in accordance with the specific instructions and may not therefore follow the process indicated in the entity’s own Policy. In such situations, Threadneedle will be solely responsible for providing best execution to its own clients, and as a client of the Broker entity providing DMA may not have the benefit of those regulatory protections owed to it by that entity.

3. APPENDIX 1

Definitions

Execution Venue/Entity - means a Regulated Market (RM), a Multilateral Trading Facility (MTF), Systematic Internaliser (SI) or a market maker, or another liquidity provider or an entity that performs a similar function.

Financial Instruments – includes:-

- i. transferable securities;
- ii. money-market instruments;
- iii. units in collective investment schemes;
- iv. options, futures, forwards, swaps, forward rate agreements and any other derivative contracts relating to securities
- v. derivative instruments for the transfer of credit risk;
- vi. financial contracts for differences.

Note: Financial instruments do not include spot transactions, or loans and certain commodities.

MiFID - means the Directive 2004/39/EC of the European Parliament and the Council of 21 April 2004 on Markets in Financial Instruments Directive and any implementing directives and regulations.

MTF (Multilateral Trading Facility) – means a system operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in Financial Instruments, in the system and in accordance with non-discretionary rules, in a way that results in contract in accordance with the provisions of Title II of MiFID.

Professional Client – means a client meeting the criteria laid down in Annex II of MiFID.

RM (Regulated Market) - means a multilateral system operated and/or managed by a market operator which brings together multiple third party buying and selling interests in Financial Instruments in the system and in accordance with non-discretionary rules, in a way that results in contract, in respect of the Financial Instruments admitted to trading under its rules and/or systems and which is authorised and functions regularly in accordance with the provisions of Title II of MiFID.

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Threadneedle International Limited. Registered in England and Wales No. 2283244.
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