Nordea

Nordea Investment Management

Order Execution Policy

6th March 2019

Contents

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1. Purpose

This Order Execution Policy ("Policy") provides summarised information on execution processes and procedures of Nordea Investment Management AB including its branches ("NIM") in accordance with Markets in Financial Instruments Directive 2014/65/EU ("MiFID II"), which requires NIM to take all sufficient steps to obtain the best possible result on a continuous basis when NIM is either executing transactions or transmitting orders to other entities for execution on its clients behalf. This Policy also applies to NIM's subsidiary Nordea Investment Management AG.

The Policy is available on Nordea's website at https://www.nordea.com/en/our-services/asset-management/policies/.

NIM reviews this Policy at least annually and updates whenever any material change in NIM's execution processes is taking place. Material change includes changes to top five venues and investment firms, changes to instruments in scope of this Policy and changes to the importance of Execution Factors.

NIM offers the service of discretionary portfolio management and reception and transmission of orders to its clients.

NIM manages client assets across multiple asset classes and through numerous financial instruments as defined by MiFID II. Financial instruments do not include spot FX; however this Policy includes spot FX transactions that are ancillary to financial instruments.

Chapter 1-9 of this Policy describes the general principles for best execution in NIM. Appendix 1 provides detailed information in respect of each financial instrument used in NIM.

2. Regulatory context

This Policy is drafted and reviewed in accordance with regulatory requirements set out in MiFID II. The main requirements are set forth in level 1 Article 27 of MiFID II. In addition, level 2 Articles 64-66 of the Commission Delegated Regulation 2017/565 ("Delegated Regulation") provide detailed provisions.

Aside from these specific best execution rules NIM always acts honestly, fairly and professionally in accordance with the best interest of its clients.

3. Scope

NIM must, when providing the service of portfolio management or reception and transmission of orders, comply with the obligation to act in accordance with the best interests of its clients when placing orders for execution or executing orders directly with affiliated entities or third parties that arise from decisions by NIM to deal in financial instruments on behalf of its clients.

As of the date of this Policy, all NIM's clients are categorized as Professional Clients in accordance with MiFID II client category rules and this Policy addresses NIM's obligations in respect to this category of clients.

This Policy does not apply to orders placed or directly executed on behalf of clients where portfolio management has been delegated to a third-party investment firm. Instead, the order execution policy of the delegated investment firm applies.

3.1 Client specific instructions

When NIM receives client specific instructions which set restrictions on trading, NIM will carry out transactions in accordance with these instructions while taking into account all other relevant factors which are outside client specific instructions.

In case of client specific counterparty restrictions, best execution as defined in this Policy may only be delivered within those constraints.

NIM may not induce clients to set restrictions on trading.

4. Order process

The following section describes the overall order process from investment decision to settlement of transaction(s) relevant to best execution.

The order process consists of the following four steps:

i. Order generation
ii. Order handling
iii. Transmission or execution of orders
iv. Settlement

4.1 Order generation

NIM has for most of its investment strategies separated the order placement and order handling responsibilities. There are under all circumstances procedures in place for each step of the order process.

NIM has dedicated teams responsible for creating orders based on investment decisions, rebalancing or asset flows.

It is the responsibility of NIM’s central trading desk or the local authorised traders to process the order either by executing or transmitting to a broker for execution.

4.2 Order handling

4.2.1 Order handling principles

When NIM carries out client orders, it must ensure that orders are:

- Transmitted or executed promptly;
- Accurately recorded and allocated; and
- Executed sequentially unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise.

4.2.2 Aggregation and allocation of orders

NIM order handling may involve the aggregation of one or more client orders. This is allowed only if the aggregation works to the overall advantage of the clients whose orders are to be aggregated. However, aggregation may be disadvantageous in terms of a single order.

NIM allocates the related trades according to internal allocation procedures. These procedures ensure that orders are allocated fairly across portfolios and preference is not given to one client over another.

4.3 Transmission or execution of orders

When acting on behalf of clients, NIM may transmit the order to another investment firm, execute the order directly on a venue or execute the order bilaterally with an approved counterparty (OTC).

4.3.1 Transmission of orders

When NIM sends an order to a broker for execution, the order is considered to be transmitted by NIM. In case of transmitted orders, the receiving broker executes the order in accordance with its own Execution Policy. Orders may only be transmitted to brokers approved by NIM as set forth in Chapter 7.

4.3.2 Execution of orders

NIM executes transactions directly with an approved counterparty or on a trading venue, either as participant or through Direct Electronic Access (DEA) via a broker's membership. Execution may only take place on approved venues or with brokers approved by NIM as set forth in Chapter 6 and Chapter 7 respectively.

NIM currently executes orders on the following types of venues as defined by MiFID II:

i. Multilateral Trading Facilities (MTF);
ii. Systematic Internalisers (SI);
iii. Third party investment firms and/or affiliates acting as a Market Maker or other liquidity providers;
iv. Non-EU entities performing similar functions.

4.3.3 Internal crossings

NIM may use internal crossings when the end result works to the overall advantage for all involved clients relative to what would be achievable by outright trading in the market. NIM uses internal crossings to reduce total cost of trading for clients by avoiding factors such as market impact, information leakage and spread costs.

Depending on the instrument type, NIM may use one of the following benchmarks for determining the crossing price: current mid-market price, volume weighted average price, market-on-close price or NAV time-strike. NIM will in most instances use the mid-market price as the benchmark in order to ensure equal treatment of clients.

Internal crossings between NIM clients are carried out externally through approved brokers or venues.

4.3.4 Orders in fund units

NIM executes fund unit subscription or redemption orders on behalf of clients directly with the investment fund manager or through the financial brokerage firms acting as intermediaries for such investment funds.

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4.4 Settlement

The conclusion of the order process takes place when the transaction is settled. Until settlement, the execution is at risk. Therefore, the ability and likelihood of due settlement is a factor for NIM in achieving the best possible execution.

5. Execution decision process

The trader responsible for execution will at his/her discretion take into consideration a range of factors (Execution Factors) in order to achieve best possible result for clients on a consistent basis.

5.1.1 Execution Factors

NIM takes all sufficient steps to obtain the best possible execution result for its clients. The Execution Factors considered in this regard include but are not limited to:

i. Price;
ii. Costs;
iii. Speed;
iv. Likelihood of execution and settlement;
v. Size;
vi. Market impact and price risk;
vii. Nature of the order or any other consideration relevant to the execution of the order.

NIM will weigh the relative importance of Execution Factors in accordance with the client's characteristics, the type of order, financial instrument involved, available trading venues and prevailing market conditions.

Unless special circumstances as set forth in Chapter 5.1.2 apply, NIM's priority when executing an order will be to obtain the best possible result for the client in terms of total consideration of the Execution Factors.

When NIM decides on the best possible method for execution, we consider the following steps:

1. **Nature of the order**
   Considerations are given to who placed the order, the type of instrument, the cause of the order (e.g. reallocation or asset flow in client portfolios) and whether there are any instructions from order giver with respect to price limits or time of execution.

2. **Execution classification**
   Execution classification is based on an instrument analysis in light of step 1 and current market conditions. Relevant factors are:
   - Size of the order;
   - Market liquidity;
   - Market volatility; and
   - Geographic area (e.g. EU/Non-EU).

3. **Broker or venue selection**
   The decision to execute a given order via a broker or directly on a venue is subject to the nature of the order and the execution classification.

4. **Execution**
   The execution decision is subject to the outcome of step 1-3 and is further described for each Financial Instrument in Appendix 1. The best possible execution of any particular transaction is driven by the Execution Factors listed in Chapter 5.1.1.

5.1.2 Special circumstances

NIM may under special circumstances deviate from how we generally prioritize between Execution Factors. Special circumstances include situations where markets are exceptionally volatile or disrupted.

6. Venue approval process

NIM selects execution venues which enables us to deliver best execution to clients on a continuous basis. In this connection, we will also consider qualitative factors like clearing schemes, circuit breakers, liquidity analysis and any other relevant considerations.

As a basis for our selection and in order to evaluate and compare execution venues, we may review quarterly execution quality reports published by the venues. In addition, we review our own transaction data at least quarterly.

6.1 List of approved execution venues

NIM's list of approved execution venues is available on Nordea's website at https://www.nordea.com/en/our-services/asset-management/policies/.

7. Selection of brokers for transmission of orders

NIM will transmit orders to brokers for execution on behalf of our clients. NIM will only transmit orders to brokers who are on our list of approved brokers.

The criteria for broker selection admitted to our approved broker list are described in the following section.

The factors determining broker selection for any particular order are outlined for each Financial Instrument in Appendix 1.

7.1 Broker and counterparty approval process

The factors relevant for selecting brokers and counterparties can be grouped into either the soundness or the service level of brokers and counterparties and include the following:

Soundness of broker/counterparty

- Reputation, financial strength and stability;
- Access to primary and/or secondary markets; and
- Ongoing reliability.

Service level of broker/counterparty

- Overall costs of a trade including commissions, mark-ups, markdowns or spreads;
- Market share;
- Electronic connectivity;
- Block trading and block positioning capabilities;
- Willingness to execute difficult transactions;
- Willingness and ability to locate and/or commit capital to complete trades; and
- Anonymity of trading activity.

In addition, the following conditions must be met before brokers and counterparties can be approved:

- Accurate and timely execution, settlement, clearance and error/dispute resolution processes;
- Licensed, as required, to execute the type of transaction; and
- Supervision by national authorities.

7.2 Approved broker list

NIM's approved broker list is available on Nordea's website at https://www.nordea.com/en/our-services/asset-management/policies/.

7.3 Algorithmic trading

NIM will often make use of algorithmic trading protocols provided by the brokers with whom NIM transacts with. All algorithms used by NIM are assessed as part of the broker approval process and continuously reviewed.

7.4 OTC execution

NIM may execute client orders bilaterally with its counterparties outside trading venues (OTC). OTC transactions may be subject to increased counterparty risk and settlement risk, as these transactions are not covered by the clearing and settlement rules of the relevant trading venue and central counterparty. NIM clients may ask NIM for additional information about the consequences of OTC trading.

When executing orders OTC, NIM will check the fairness of the price proposed to the client by analysing market data used in the estimation of the price of such product and, where possible, by comparison with relevant products.

When dealing in derivatives, the counterparty must be on NIM's approved broker list and an ISDA agreement must be in place.

7.4.1 Trading obligation

In instrument classes subject to trading obligations under MiFID II, NIM will ensure orders are not executed OTC, but instead done on a trading venue in accordance with the specific requirements.

8. Monitoring of execution quality

As part of NIM's efforts to deliver the best possible execution for clients at all times, NIM has implemented a range of initiatives to monitor execution quality.

For all Financial Instruments, pre-trade processes in the form of internal policies have been designed and implemented.

Furthermore, post-trade monitoring of execution quality is based on transaction cost analysis (TCA) and outlier reports. TCA reports are produced in-house and monitor the quality of executed transactions by comparing these against relevant benchmarks. Outlier reports compare transactions against relevant reference prices and lists trades with larger deviations as outliers.

8.1 Execution process control

The Best Execution Committee in NIM is overall responsible for the best execution process in NIM. This includes the responsibility to continuously monitor and review execution quality and the appropriateness of existing execution procedures. The Committee is further responsible for improving execution procedures where possible.

8.2 Prohibited practices

With respect to the trading procedures the following prohibited practises in NIM include:

- NIM may not direct orders to brokers in return for any gifts or entertainment;
- NIM may not direct orders to brokers if any conflict of interests exists which cannot be mitigated; and
- NIM may not receive any remuneration, discount or non-monetary benefit for routing client orders to brokers or execution venues which would infringe the requirements on conflict of interest or inducements.

9. Demonstration to clients

NIM annually publishes disclosures at https://www.nordea.com/enour-services/asset-management/policies/ in accordance with the requirements of MiFID II regarding top five venues for execution and brokers for transmitted orders and a quality of execution review.

NIM clients may make a reasonable and proportionate request for information to NIM about its execution policies and instructions and how these are reviewed. NIM clients may ask NIM to demonstrate that the client order has been executed in accordance with this Policy.

9.1 Governance and review process

NIM's Best Execution Committee monitors the compliance and effectiveness of the execution procedures (including this Policy and the scope of the best execution obligation) and assesses on a regular basis whether the execution venues and counterparties selected by NIM provide the best possible result for client transactions subject to best execution.

10. Definitions

DEA: Direct Electronic Access. DEA is an arrangement where a member or participant or client of a trading venue permits a person to use its trading code so the person can electronically transmit orders relating to a financial instrument directly to the trading venue and includes arrangements which involve the use by a person of the infrastructure of the member or participant or client, or any connecting system provided by the member or participant or client, to transmit the orders (direct market access), and arrangements where such an infrastructure is not used by a person (sponsored access).

FX: Foreign Exchange.

ISDA: An ISDA Master Agreement, a standard document that is commonly used to govern over-the-counter derivatives transactions.

LIS: Large In Scale.

MiFID II: Markets in Financial Instruments Directive 2014/65/EU.

MTF: Multilateral Trading Facility. A multi-lateral system, operated by an investment firm or market operator, which brings together multiple third-party buying and selling interests in financial instruments in a way that results in a contract in accordance with the provisions of Title II of MiFID II.

NAV: Net Asset Value.

NIM: Nordea Investment Management AB including its branches and subsidiaries.

OTC: Over-The-Counter.

OTF: Organized Trading Facility. A multi-lateral system which is not a Regulated Market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in a system in a way that results in a contract in accordance with Title II of MiFID II.

RM: Regulated Market. A multi-lateral system operated and/or managed by a market operation, which facilitates the bringing together of multiple third-party buying and selling interests in financial instruments in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of MiFID II.

TCA: Transaction Cost Analysis.

SI: Systematic Internalizer. An investment firm which, on an organised, frequent and systematic basis, deals on own account by executing client transactions outside a Regulated Market or an MTF.

SSTI: Size Standard To Instrument.

11. Appendix 1

This appendix will, for each class of Financial Instrument as defined in Commission Delegated Regulation (EU) 2017/576, outline how the best possible execution is achieved on a consistent basis.

11.1 Equities

11.1.1 Products in scope

This section provides further details regarding the application of best execution requirements in relation to equities. This includes shares and depositary receipts.

11.1.2 How NIM applies best execution

NIM seeks execution of client orders in equity instruments through brokers by transmitting orders to them for execution in accordance with their execution policies. In order to achieve the best possible result on a consistent basis, we have access to a large and diverse amount of brokers.

Global brokers

Global brokers are our main execution providers and are best-in-class not only in terms of equity execution, but also in providing a best-in-class service in other aspects of trading, such as timely settlement and capability to deal with difficult and conditional orders. Global brokers are typically used on all execution channels, i.e. program trading, single order trading and algorithmic trading.

Specialist brokers

Specialist brokers are our brokers in special areas and order types. They provide best-in-class execution service in a specific area or service. Specialist brokers are typically used only within their specific area. Examples of specialist brokers include country specialists, ETF specialists and liquidity providers.

Prior to determining which broker(s) to use for order execution, a pre-trade analysis is performed to estimate the difficulty level of the order. A low difficulty level indicates that the order is liquid and can be completed in a short amount of time. A high difficulty level indicates that the order is large compared to the average daily volume and has to be spread over a larger amount of time.

In determining the best broker for execution, we consider the below factors:

- Historic performance: broker's average execution quality relative to a relevant trading benchmark;
- Accuracy and timeliness of execution & settlement: broker's ability to pass on trade information during execution as well as matching and settlement of trades in due time;
- Reputation and financial strength: how the broker is publicly perceived and the broker's credit worthiness; and
- Quality of service: broker's ability and willingness to meet specific trading requirements, following up on trades and handling trades professionally.

In addition to the above, we consider the below factors in high difficulty orders:

- Access to liquidity: broker's ability to source relevant liquidity and finding the other side of our trades.
- Block trading capabilities: broker's ability to facilitate blocks and provide risk capital / principal trading at a competitive price.

- Willingness to execute difficult transactions: broker's willingness to commit capital to facilitate execution on highly illiquid orders.
- Anonymity of trading: how the broker manages the block trading process while minimizing information leakage.

If order conditions are met in high difficulty orders, traders may take action on liquidity opportunities. These trades are typically traded within the spread at the time of execution. However, as the most important factor is liquidity, traders may go outside the spread in order to access liquidity.

11.1.3 Prioritization of Execution Factors

For professional clients within equity and equity-like instruments, NIM will prioritize as follows: price, costs, speed, likelihood of execution and settlement, size, market impact and price risk and nature of the order or any other consideration relevant to the execution of the order.

11.1.4 The order handling process

The nature of the order is important in determining how to optimally execute the order. There are two overall order types: Orders arising from investment decisions and flow driven orders.

Orders arising from investment decisions

Orders arising from investment decisions results in reallocation of existing holdings or addition of new holdings. These orders are typically linked and conditional in terms of market exposure, cash restrictions or time zones. These orders are generally traded with the primary objective of minimizing slippage to the given reference benchmark selected by NIM. In this regard, the trading team may react on liquidity opportunities.

Flow driven orders

Flow driven orders are the result of flows in client portfolios. These orders are typically traded as close as possible to the NAV time-strike, making the Execution Factors of speed and likelihood of execution of higher relative importance.

11.1.5 Execution venues and brokers

When we transmit orders for execution, the broker selects the venue on our behalf. To evaluate the quality of the selected venue, we analyse e.g. reversion numbers and market share based on quarterly venue analysis. If we deem a venue to consistently underperform, we may ask the broker to stop executing orders on the venue on our behalf.

11.1.6 Benchmarking and monitoring

Monitoring of execution quality in equity instruments is based on transaction cost analysis (TCA) and daily outlier reports.

11.2 Debt Instruments

11.2.1 Products in scope

This section provides further details regarding the application of best execution requirements in relation to debt instruments, i.e. bonds and money market instruments. This includes cross-over bonds, financials, high yield bonds, investment grade bonds, covered bonds, mortgage bonds, sovereign supranational agency bonds, hard currency bonds, local currency bonds, credit bonds and rates bonds.

11.2.2 How NIM applies best execution

In order to determine the best possible execution, NIM will assess the order primarily in the context of liquidity and price sensitivity. Based on this assessment, NIM decides whether to trade in competition among a smaller or larger group of brokers. In highly illiquid orders, we may engage with only a single counterparty.

11.2.3 Prioritization of Execution Factors

For professional clients within debt and money market instruments, NIM will prioritize as follows: price, costs, speed, likelihood of execution and settlement, size, market impact and price risk and nature of the order or any other consideration relevant to the execution of the order.

11.2.4 The order handling process

The order handling process differs depending on whether the order is in the primary or secondary market.

Primary markets

The trading team will place the order with the lead manager(s) of the new issuance which includes the size of the order and any price limits set by the portfolio management team. If more than one portfolio management team is investing in the same instrument, the trading desk will communicate the necessity of fair and equitable treatment during the allocation process.

Billing and delivery of the instrument must go through an approved broker. In the event of no approved brokers among the lead group, an approved broker may be chosen for a pass-through.

Secondary markets

The trading team will aggregate orders in accordance with the aggregation principles set forth in Chapter 4.2.2.

Pre-trade assessment

NIM will for any order perform a pre-trade assessment, first by investigating market intelligence and second the factors impacting the execution strategy.

Market intelligence

- Assessment of indications of interest over electronic channels;
- Historic and current trade data: where has the instrument been trading recently and in what sizes?; and
- Broker restrictions.

Execution strategy

- Order size: the order size will be examined in the context of the prevailing market liquidity;
- Liquidity: Is the instrument classified as liquid or illiquid according to ESMA;
- Venue and counterparty characteristics: Can the instrument only be traded OTC or over a trading venue;
- Costs: What is the most cost-effective trading option in terms of total costs;
- Optimal time of execution: When is the optimal time to execute the order; and
- Other factors to determine the order’s complexity.

In addition, factors not directly pertaining to the instrument are considered, for example sector risk, political risk and inclusion or exclusion from indices.

Low and high touch orders

Orders can be grouped in the following categories: Low and high touch. The more liquid and smaller orders are generally low touch. The more complex and large orders are by nature high touch.

Low-touch orders are routed over an MTF where a RFQ to more than one broker will be carried out with limited manual intervention.

In high-touch orders, one or two brokers are contacted in order to avoid information leakage. NIM has the discretion to decide at what level to trade and to evaluate if the levels shown are viable. If NIM transmits an order to a broker for execution, rather than executing directly on a venue or OTC, the price at which the broker executes on will be carefully monitored.

11.2.5 Execution venues and brokers

When NIM executes orders, the trading team will choose the MTF deemed to be the most optimal. Factors in deciding the optimal MTF include transaction costs, access to liquidity and market participation. NIM currently only interacts with a limited number of MTFs to prevent market fragmentation.

11.2.6 Benchmarking and monitoring

Monitoring of execution quality in debt and money market instruments is based on transaction cost analysis (TCA) and daily outlier reports.

11.3 Interest rate derivatives

11.3.1 Products in scope

This section provides further details regarding the application of best execution requirements in relation to interest rate derivatives. This includes interest rate futures and interest rate swaps.

11.3.2 How NIM applies best execution

In order to determine the best possible execution, NIM will assess the order primarily in the context of liquidity and price sensitivity. Based on this assessment, NIM decides whether to trade in competition among a smaller or larger group of brokers. In highly illiquid orders, we may engage with only a single counterparty.

11.3.3 Prioritization of Execution Factors

For professional clients within interest rate derivatives, NIM will prioritize as follows: price, costs, speed, likelihood of execution and settlement, size, market impact and price risk and nature of the order or any other consideration relevant to the execution of the order.

11.3.4 The order handling process

NIM will for any order perform a pre-trade assessment, first by investigating market intelligence and second the execution strategy.

Market intelligence

- Assessment of indications of interest over electronic channels;
- Historic and current trade data: where has the instrument been trading recently and in what sizes?; and
- Broker restrictions.

Execution strategy

- Order size: the order size will be examined in the context of the prevailing market liquidity;
- Liquidity: Is the instrument classified as liquid or illiquid according to ESMA;
- Venue and counterparty characteristics: Can the instrument only be traded OTC or over a trading venue, and is there an ISDA agreement in place between the client and the counterparty;
- Costs: What is the most cost-effective trading option in terms of total costs;
- Optimal time of execution: When is the optimal time to execute the order; and
- Other factors to determine the order's complexity.

In addition, factors not directly pertaining to the instrument are considered, for example sector risk, political risk and inclusion or exclusion from indices.

Low and high touch orders

Orders can be grouped in the following categories: Low and high touch. The more liquid and smaller orders are generally low touch. The more complex and large orders are by nature high touch.

Low-touch orders are handled through an RFQ process, either over an MTF where applicable or bilaterally with qualifying counterparties.

In high-touch orders, one or two counterparties are contacted in order to avoid information leakage. NIM has the discretion to decide at what level to trade and to evaluate if the levels shown are viable.

11.3.5 Execution venues and brokers

The derivatives trading obligation will where applicable mean interest rate derivatives transactions are done over a trading venue.

Broker selection is subject to the client's ISDA agreements.

11.3.6 Benchmarking and monitoring

Monitoring of execution quality in interest rate derivatives is based on transaction cost analysis (TCA).

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11.4 Credit derivatives

11.4.1 Products in scope

This section provides further details regarding the application of best execution requirements in relation to credit derivatives. This includes single name and index credit default swaps.

11.4.2 How NIM applies best execution

In order to determine the best possible execution, NIM will assess the order primarily in the context of liquidity and price sensitivity. Based on this assessment, NIM decides whether to trade in competition among a smaller or larger group of brokers. In highly illiquid orders, we may engage with only a single counterparty.

11.4.3 Prioritization of Execution Factors

For professional clients within credit derivatives, NIM will prioritize as follows: price, costs, speed, likelihood of execution and settlement, size, market impact and price risk and nature of the order or any other consideration relevant to the execution of the order.

11.4.4 The order handling process

NIM will for any order perform a pre-trade assessment, first by investigating market intelligence and second the execution strategy.

Market intelligence

- Assessment of indications of interest over electronic channels;
- Historic and current trade data: where has the instrument been trading recently and in what sizes? and
- Broker restrictions.

Execution strategy

- Order size: the order size will be examined in the context of the prevailing market liquidity;
- Liquidity: Is the instrument classified as liquid or illiquid according to ESMA;
- Venue and counterparty characteristics: Can the instrument only be traded OTC or over a trading venue, and is there an ISDA agreement in place between the client and the counterparty;
- Costs: What is the most cost-effective trading option in terms of total costs;
- Optimal time of execution: When is the optimal time to execute the order; and
- Other factors to determine the order's complexity.

In addition, factors not directly pertaining to the instrument are considered, for example sector risk, political risk and inclusion or exclusion from indices.

Low and high touch orders

Orders can be grouped in the following categories: Low and high touch. The more liquid and smaller orders are generally low touch. The more complex and large orders are by nature high touch.

Low-touch orders are handled through an RFQ process, either over an MTF where applicable or bilaterally with qualifying counterparties.

In high-touch orders, one or two counterparties are contacted in order to avoid information leakage. NIM has the discretion to decide at what level to trade and to evaluate if the levels shown are viable.

11.4.5 Execution venues and brokers

The derivatives trading obligation will where applicable mean credit derivatives transactions are done over a trading venue.

Broker selection is subject to the client's ISDA agreements.

11.5 Foreign exchange spot

11.5.1 Products in scope

Foreign exchange (FX) spot is not defined as a Financial Instrument pursuant to MiFID II and thus not subject to best execution requirements. However, as part of NIM's obligation to act honestly, fairly, and in the best interest of clients, NIM below describes how trading in FX spot is undertaken.

11.5.2 How NIM trades FX spot

NIM trades in competition on all RFQ trades among approved brokers. NIM may, on client's request, also trade FX spot with client-specific brokers.

11.5.3 The order handling process

NIM nets as much of all trades in the same currency cross pair as possible and trade as a RFQ on either an MTF or with an SI. To tap directly into the liquidity in primary FX markets, NIM may trade larger orders via use of algorithms. NIM will prior to using algorithms perform a pre-trade analysis on expected time of order execution, expected participation rate and expected costs of trading with an algorithm vis-à-vis trading in a RFQ. NIM only trades FX spot with counterparties with whom we have ISDA agreements in place.

11.5.4 Execution venues and brokers

When we transmit orders for execution, the broker selects the venue on our behalf. To evaluate the quality of the selected venue, we analyse e.g. reversion numbers and market share based on quarterly venue analysis. If we deem a venue to consistently underperform, we may ask the broker to stop executing orders on the venue on our behalf.

Broker selection is subject to the client's ISDA agreements.

11.5.5 Benchmarking and monitoring

Monitoring of execution quality in algorithmic FX spot transactions is based on transaction cost analysis (TCA).

11.6 Foreign exchange derivatives

11.6.1 Products in scope

This section provides further details regarding the application of best execution requirements in relation to foreign exchange (FX) derivatives. This includes FX forwards, FX swaps and non-deliverable forwards (NDF).

11.6.2 How NIM applies best execution

NIM seeks execution of client orders in FX derivatives through brokers by transmitting orders to them for execution in accordance with their execution policies.

11.6.3 Prioritization of Execution Factors

For professional clients within foreign exchange derivatives, NIM will prioritize as follows: price, costs, speed, likelihood of execution and settlement, size, market impact and price risk and nature of the order or any other consideration relevant to the execution of the order.

11.6.4 The order handling process

FX forwards are traded as either RFQ or via algorithms. FX swaps and NDFs are traded in competition as RFQ. In RFQs, NIM selects the broker for execution based mainly on the Execution Factors of price and costs. Algorithmic trades are typically used for larger orders. In algorithmic trades, NIM will select the best broker for execution based on the outcome of a pre-trade analysis on expected total costs of trading and expected time of order completion.

11.6.5 Execution venues and counterparties

In FX derivatives, NIM may either transmit orders to a broker for execution or execute bilaterally. NIM may only trade with approved brokers, either client-specific or where ISDA agreements are in place. Where FX spot is traded and converted to FX forwards, NIM may decide on the optimal venue for execution. Venue selection is determined by market share of the venue, costs and venue toxicity.

The derivatives trading obligation will where applicable mean FX derivatives transactions are done over a trading venue.

Broker selection is subject to the client’s ISDA agreements.

11.6.6 Benchmarking and monitoring

Monitoring of execution quality in algorithmic FX derivatives transactions is based on transaction cost analysis (TCA).

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11.7 Equity derivatives

11.7.1 Products in scope

This section provides further details regarding the application of best execution requirements in relation to equity derivatives. This includes only equity index futures.

11.7.2 How NIM applies best execution

NIM seeks execution of client orders in equity derivatives through brokers by transmitting orders to them for execution with the primary objective of minimizing slippage to the given reference benchmark selected by NIM.

11.7.3 Prioritization of Execution Factors

For professional clients within equity derivatives, NIM will prioritize as follows: price, costs, speed, likelihood of execution and settlement, size, market impact and price risk and nature of the order or any other consideration relevant to the execution of the order.

11.7.4 The order handling process

In determining the best broker for execution, we consider the below factors:

- Historic performance: broker's average execution quality relative to a relevant trading benchmark;
- Accuracy and timeliness of execution & settlement: broker's ability to pass on trade information during execution as well as matching and settlement of trades in due time;
- Reputation and financial strength: how the broker is publicly perceived and the broker's credit worthiness; and
- Quality of service: broker's ability and willingness to meet specific trading requirements, following up on trades and handling trades professionally.

In addition to the above, we consider the below factors in high difficulty orders:

- Access to liquidity: broker's ability to source relevant liquidity and finding the other side of our trades.
- Block trading capabilities: broker's ability to facilitate blocks and provide risk capital / principal trading at a competitive price.
- Willingness to execute difficult transactions: broker's willingness to commit capital to facilitate execution on highly illiquid orders.
- Anonymity of trading: how the broker manages the block trading process while minimizing information leakage.

If order conditions are met in high difficulty orders, traders may take action on liquidity opportunities. These trades are typically traded within the spread at the time of execution. However, as the most important factor is liquidity, traders may go outside the spread in order to access liquidity.

11.7.5 Execution venues and brokers

Equity index futures are traded on the designated exchanges.

11.7.6 Benchmarking and monitoring

Monitoring of execution quality in equity derivatives is based on transaction cost analysis (TCA).

11.8 Contracts for difference (CFD)

11.8.1 Products in scope

This section provides further details regarding the application of best execution requirements in relation to CFDs.

11.8.2 How NIM applies best execution

NIM seeks execution of client orders in CFDs through a broker by transmitting orders to the broker for execution in accordance with the broker's execution policy.

11.8.3 Prioritization of Execution Factors

In CFD trades, NIM does not prioritize between Execution Factors due to the nature of all trades being executed between NIM clients and Barclays Plc, the selected prime broker for CFDs.

11.8.4 The order handling process

Orders are transmitted for execution to our prime broker.

11.8.5 Execution venues and brokers

When we transmit orders for execution, the broker selects the venue on our behalf. To evaluate the quality of the selected venue, we analyse e.g. reversion numbers and market share based on quarterly venue analysis. If we deem a venue to consistently underperform, we may ask the broker to stop executing orders on the venue on our behalf.

11.8.6 Benchmarking and monitoring

Monitoring of execution quality in CFDs is based on transaction cost analysis (TCA) and daily outlier reports.

11.9 Exchange traded products (exchange traded funds, exchange traded notes and exchange traded commodities) including listed UCITS funds

11.9.1 Products in scope

This section provides further details regarding the application of best execution requirements in relation to exchange traded products. This includes exchange traded funds and exchange traded notes.

11.9.2 How NIM applies best execution

Orders are either executed directly by NIM through a RFQ process via a trading platform or transmitted to brokers who will execute in accordance with their execution policies. NIM trades in competition on all RFQ trades among approved brokers.

11.9.3 Prioritization of Execution Factors

For professional clients within exchange traded products, NIM will prioritize as follows: price, costs, speed, likelihood of execution and settlement, size, market impact and price risk and nature of the order or any other consideration relevant to the execution of the order.

11.9.4 The order handling process

Orders in exchange traded products are either executed directly by NIM through a request-for-quote (RFQ) process via a trading platform or transmitted to a broker, which will work the order in the market.

11.9.5 Execution venues and brokers

The nature of the order is important in determining how to optimally execute the order. There are two overall order types: Orders arising from investment decisions and flow driven orders.

Orders arising from investment decisions

Orders arising from investment decisions results in reallocation of existing holdings or addition of new holdings. These orders are typically linked and conditional in terms of market exposure, cash restrictions or time zones. These orders are generally traded with the primary objective of minimizing slippage to the given reference benchmark selected by NIM. In this regard, the trading team may react on liquidity opportunities.

Flow driven orders

Flow driven orders are the result of flows in client portfolios. These orders are typically traded as close as possible to the NAV time-strike, making the Execution Factors of speed and likelihood of execution of higher relative importance.

11.9.6 Benchmarking and monitoring

Monitoring of execution quality in exchange traded products is based on transaction cost analysis (TCA).

11.10 Securities Financing Transactions

11.10.1 Products in scope

Securities Financing Transactions (SFT) are not defined as Financial Instruments pursuant to MiFID II and thus not subject to best execution requirements. Rather, SFT's are transaction types used to provide financing for purchases, e.g. of financial instruments between the involved parties. However, as part of NIM's obligation to act honestly, fairly, and in the best interest of clients, NIM below describes how trading in SFT is undertaken. This includes buy-sell back transactions and sell-buy back transactions.

11.10.2 How NIM executes SFT

Buy-sell back transactions and sell-buy back transactions are traded via chat, phone or email with counterparties where agreements are in place for the specific clients. NIM will execute within this universe of counterparties in accordance with the execution factors set out below.

11.10.3 Factors impacting execution in SFT

For professional clients within buy-sell back transactions and sell-buy back transactions, NIM will prioritize as follows: yield/interest (price), margin/haircut (costs), ability to provide financing in required volume, creditworthiness, counterparty exposure limits or any other consideration relevant to the execution of the order.

11.10.4 The order handling process

NIM will execute transactions based on instructions from order giver indicating funding needs and time period.

NIM's trading desk will at its discretion choose which security in the client's portfolio to use in the sell-buy back transactions.

11.10.5 Execution venues and brokers

Broker selection is subject to the client's ISDA agreements.

11.11 Units in Collective Investment Undertakings (UCITS)

11.11.1 Products in scope

This section provides further details regarding the application of best execution requirements in relation to transactions in units in UCITS funds.

11.11.2 Factors impacting execution of fund unit orders

When placing orders to buy or sell fund units, speed is the only applicable factor as orders for the relevant fund must be placed before cut-off time for subscription or redemption. The fund's Net Asset Value (NAV) defines the subscription or redemption price based on fund rules. As the price and price-setting frequency is subject to fund rules during any subscription or redemption period, speed is not relevant during any subscription or redemption period in which an order is placed.

There will typically only be one method of purchasing or redeeming fund units, for example via the manager, administrator, transfer agent or general partner of the fund, which limits the applicability of other factors.

11.11.3 Execution venues and brokers

With the investment fund manager, directly or through the financial brokerage firms acting as intermediaries for such investment funds.

11.12 Financial Instruments not traded by NIM

There are some classes of Financial Instruments as defined in Commission Delegated Regulation (EU) 2017/576 which are not traded by NIM and thus falls outside the scope of this Policy. These are the following:

i. Commodities derivatives and emission allowances derivatives
ii. Emission allowances
iii. Securitized derivatives
iv. Structured finance instruments