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GLOBAL ORDER EXECUTION POLICY

NOVEMBER 2020

avivainvestors.com

Aviva Investors: **Public**



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November 2020



Version control			
Date	Version Number	Changes	Author
May 2014	-	Aviva Investors Order Execution Policy	Tim Lucas, Head of Central Investment Services, AIGSL
January 2015	2.8	Aviva Investors Order Execution Policy	Tim Lucas, Head of Central Investment Services, AIGSL
January 2016	-	Aviva Investors Global Order Execution Policy Local UK (AIGSL) policy extended to encompass AIA, AIAPL and AIF	Steve Clarke, Head of Market Structure, FX & Liquidity Trading, AIGSL
September 2017	-	Aviva Investors Global Order Execution Policy Updated to take account of regulatory requirements within 2014/65/EU Directive [Markets in Financial Instruments Directive and Markets in Financial Instruments Regulation]	Louise Murray, Global Head of Trading, AIGSL. Andrew Fowler, Global Head of Compliance Advisory & Regulatory Development, AIGSL
October 2017	3.0	Aviva Investors Global Order Execution Policy Final version approved by the Aviva Investors Risk Management Committee on 17 th October	Andrew Fowler, Global Head of Compliance Advisory & Regulatory Development, AIGSL
November 2017	3.1	Aviva Investors Global Order Execution Policy Revised version incorporating changes to algo trading and clarifying when TCA analysis applicable.	Andrew Fowler, Global Head of Compliance Advisory & Regulatory Development, AIGSL
March 2019	4.0	Aviva Investors Global Order Execution Policy Annual Update	Louise Murray, Global Head of Trading, AIGSL. Andrew Fowler, Global Head of Compliance Advisory & Regulatory Development, AIGSL
November 2020	4.1	Aviva Investors Global Order Execution Policy Annual Update	Kate Hill, Global Head of Trading, AIGSL Sheahan Abraham, Advisory Compliance Manager, AIGSL

Next Review Due Date

May 2022

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POLICY OWNER:	GLOBAL HEAD OF TRADING & HEAD OF SECURITIES FINANCE	POLICY REVIEW FREQUENCY:	18 MONTHS
EFFECTIVE DATE OF CURRENT VERSION:	NOVEMBER 2020	COMMITTEE RESPONSIBLE FOR REVIEWING THE POLICY:	AIHL RISK COMMITTEE
SCOPE:	<p>The Aviva Investors Global Order Execution Policy (“the Policy”) applies to Aviva Investors Global Services Limited (“AIGSL”), Aviva Investors Americas LLC (“AIA”), Aviva Investors Asia Pte Ltd (“AIAPL”) and their subsidiaries (“Aviva Investors” or “AI”). The Parties are affiliated by virtue of their respective ownership by Aviva plc.</p> <p>The Policy is provided to Aviva Investors’ clients.</p> <p>Aviva Investors operates trading desks in Chicago, London and Singapore which are responsible for implementing the investment decisions of Aviva Investors in liquid markets. Aviva Investors has specialised trading teams in these locations executing a combination of the following instruments: Global Equities, Convertibles, Fixed Income, Foreign Exchange, Exchange Traded Derivatives and OTC Derivatives. Trading oversight is provided by local Heads of Trading, the Global Head of Trading and local Compliance Monitoring teams.</p> <p>Aviva Investors also operates a discretionary securities finance programme that utilises both securities lending and repurchase agreements (Repo) structures; the programme is operated from Aviva Investors’ London office and is overseen by the Head of Securities Finance.</p>		
PURPOSE:	<p>In accordance with its global regulatory obligations and fiduciary responsibilities Aviva Investors is required to take sufficient steps to consistently obtain, when executing orders, the best possible result for its clients taking into account relevant execution factors and any specific client instructions. This obligation extends to its placement of orders with other entities for execution that result from decisions by Aviva Investors to deal in financial instruments on its clients’ behalf.</p> <p>The firm’s obligation to consistently provide the best possible result commonly referred to as best execution, applies to all types of financial instruments. However, given the differences in market structures or structure of financial instruments, it is not possible to apply a uniform standard of and procedure for best execution that is valid and effective for all classes of instrument. Therefore, AI applies its best execution obligations relative to the circumstances associated with each type of financial instrument.</p>		
REGULATORY BASIS:	<p>COBS 11.2A.2R of the Financial Conduct Authority (FCA) Handbook of Rules and Guidance (the “FCA Rules”) requires that a firm ensures that all sufficient steps are taken to ensure the best possible result is obtained for clients when executing orders.</p> <p>COBS 11.2A.20 requires that AI implements effective arrangements to ensure compliance with the requirement to take sufficient steps to obtain best execution, and in particular, the firm must establish and implement an Order Execution Policy. Under COBS 11.2A.21, the Order Execution Policy must include information on the different execution venues and factors affecting the choice of venue.</p>		

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	<p>The FCA rules are consistent with the best execution requirements established by Article 27 of MiFID II (Directive 2014/65/EU), MiFID Organisation Regulation (Commission Delegated Regulation (EU) 2017/565 of 25 April 2016) and MiFID II Regulatory Technical Standards 27 (Commission Delegated Regulation (EU) 2017/575) and 28 (Commission Delegated Regulation (EU) 2017/576) which are applicable to all EEA investment firms including AIGSL.</p> <p>Outside of the UK, local AI Entities (as defined above) shall ensure that their policies and procedures are consistent with the minimum standards set by this Policy, applicable laws and regulations relating to order execution.</p>
RISK/IMPACT:	<p>AI has regulatory and legal obligations to obtain the best possible result for AI clients' orders and to monitor and review the effectiveness of those arrangements. Failure to adhere to this Policy can result in significant detriment to AI's customers, and financial loss, significant reputational, regulatory or litigation risk for AI.</p> <p>The Board and Executives of AI have no appetite for activities that are illegal, or activities that could undermine the trust of its internal and external stakeholders, clients and regulators. As such AI has a low appetite for regulatory risk.</p>
SUMMARY OF CONTROLS:	<ul style="list-style-type: none">• Daily best execution monitoring for all trades and monthly Transaction Cost Analysis (TCA), where feasible, to review execution performance.• Where data quality is sufficient to produce, in AI's opinion, worthwhile analysis an independent TCA provider is used to measure both the market impact and opportunity costs of equity, fixed income and foreign exchange trades and trading strategies.• Wherever possible independent reference price data is used to monitor the firm's derivative trade performance.• The Trader Oversight Group meets each month to review TCA summary reports and assess ongoing compliance with the Policy and best execution obligations.• The execution quality of venues and brokers is regularly reviewed by the Trader Oversight Group.• Compliance Monitoring perform a review of trading activity in accordance with a risk-based plan.• Transactions carried out within Global Investment Solutions and Global Real Estate are subject to due diligence review and approval from an investment committee (or delegated authority).

1. Introduction

Aviva Investors provides portfolio management services, which include making investment decisions to buy and sell securities on behalf of clients in an agency capacity. In all circumstances AI will take sufficient steps to obtain the best possible result, on a consistent basis, when executing orders on behalf of its client in the market.

All client orders will be executed in an expeditious and fair manner and, to the extent possible, aggregated with other client orders in accordance with Aviva Investors' Global Order Allocation and Aggregation Policy if:

- the characteristics of the client order make them suitable for aggregation; and
- in AI's opinion it is unlikely that the aggregation of client orders will work to the disadvantage of any client whose order is to be aggregated.

If Aviva Investors is provided with a specific client instruction in relation to an order in whole or in part, including selection of a particular broker or venue, AI may be prevented from being able to provide best execution (as outlined within this Policy) in respect of the elements covered by that instruction.

Where the Policy refers to orders that are large in size or illiquid in nature, these terms are defined by class of instrument in AI's trading procedures.

This Policy describes Aviva Investors' approach to best execution when trading in normal market conditions. Where markets are trading in a dislocated fashion, are unexpectedly illiquid and/or volatile, Aviva Investors' local trading desks will exercise their discretion and subject matter expertise in order to achieve the best result for AI's clients.

1.1 Execution criteria

When executing a client order AI takes into account various criteria for determining the relative importance of the execution factors, including but not limited to the following:

- the characteristics of the client, including the categorisation of the client as professional or retail client;
- the characteristics of the client order;
- the characteristics of financial instruments that are the subject of that order; and
- the characteristics of the execution venues to which that order can be directed.

1.2 Execution Factors

Aviva Investors will take into account various execution factors to determine the manner in which orders will be executed, included but not limited to the following:

- **Price** - is likely to be a key factor in the majority of transactions, subject to available liquidity to satisfy the order.
- **Cost** – includes explicit costs such as commissions, market charges and stamp duty, as well as implicit costs, and will often be taken into consideration in conjunction with price.

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- **Size of the Order** - may be an important factor for some trades. The ability to execute an order above normal market size, for a particular class of financial instrument, may restrict the opportunity to trade at the best price evident in the market at the time for much smaller sized orders. In these instances, the completion of the total order, by minimising the potential market impact, may take precedence.
- **Speed** of execution may be an important factor in some trades, e.g. where a deadline needs to be met or where the market is moving adversely. In this case, the trader may have to execute some or all of the order as a “risk” trade.
- **Likelihood of execution and settlement** - may be significant in the case of large and illiquid trades, particularly where there is a desire to execute on a timely basis.
- **Nature of the Order** - the underlying characteristics of a particular instrument may determine the available venues. For example, mandatory trading obligations in some OTC derivatives will dictate the platform used.
- **Any other consideration relevant to the efficient execution of an order**, including the investment objectives of the portfolio manager where some orders are contingent on a particular price, level or outcome for the underlying portfolio.

Aviva Investors will determine the relative importance of each factor, using the execution criteria set out above for each class of financial instrument and further detailed in the firm’s best execution procedures, which set out trading scenarios and strategies. The trading scenarios detail, per order type, the factors, venues and price formation information to be captured, and the execution rationale. These scenarios act as a useful benchmark guide for the trader, notwithstanding that, subject to oversight by the Global Head of Trading, the trader continues to retain full discretion to execute the trade in a manner which achieves the best possible result for the client, taking into account the execution factors described above.

The view of the FCA is that, for professional clients, price and cost are likely to be the primary determining factors for the majority of trades. In certain circumstances the trading desk will use its discretion to determine the relative weight of execution factors to achieve the best possible execution result under the prevailing market conditions.

Aviva Investors operates an execution process whereby decisions and approaches taken to trading orders are recorded and evidenced to enable an audit trail to be maintained. This is particularly significant where it is not possible for trades in certain instruments to follow the standard process (e.g. due to size/liquidity or where price and cost are not the primary considerations).

In these circumstances dialogue between trading and fund management teams will be encouraged, so that an assessment of execution factors can be discussed pre-trade in order to refine the optimal trading strategy. This will take account of any benchmark targeted, if immediacy of execution is required, price and volume constraints or specific client instructions. In support of Aviva Investors’ investment process, the global trading teams maintain an active dialogue with the fund management teams, providing updates on market conditions and liquidity opportunities to assist in the fund management teams’ trading decisions and timing.

1.3 Execution venues

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An execution venue is an entity through which financial instruments can be bought and sold. Aviva Investors selects venues that allow it to consistently obtain the best possible result in the execution of client orders. Dependent on the nature of the order, the firm may execute client orders outside of a Regulated Market, Multilateral Trading Facility (MTF) or, where available, an Organised Trading Facility (OTF). Where this is appropriate for the client's mandate, express consent will be sought from the client. The criteria for the selection of venues are set out in 1.4, below.

All new and existing venues are subject to review on an ongoing annual basis with due diligence meetings conducted prior to use. Execution quality is regularly assessed via the firm's TCA capability and reviewed by the Trading team on a monthly basis.

Algorithmic Trading

Algorithmic trading strategies use computer algorithms to access both dark and lit liquidity via brokers' proprietary electronic platforms. The electronic platforms will utilise a smart order router to source liquidity on multiple trading venues, favouring venues where there is more liquidity. Based on the pre-determined trading strategy, the algorithm will be either active or passive when trading.

Aviva Investors does not currently operate any proprietary algorithmic trading or smart order routing systems without manual intervention. However, AI may utilise the electronic trading platforms operated by selected brokers to access liquidity on multiple venues. The appointment of these brokers and the use of their algorithms must be approved by the Trader Oversight Group, which ensures appropriate trading restrictions (including maximum order value and volume) are in place. It also reviews the list of broker electronic trading platforms every six months using broker service, TCA performance and technological development as criteria for selection.

AI also uses an "Electronic Wheel" to distribute fairly some of its equity trades which are below 5% of the average daily volume (ADV) on a broker neutral basis. This allows the firm to compare the performance of the brokers with comparable trades more accurately.

AI traders are also required to demonstrate that they understand the methodology of each algorithm utilised by the brokers engaged by AI.

1.4 Placement of Orders

In addition to the direct execution of orders on execution venues and use of sell side counterparts Aviva Investors places and transmits orders to third party entities (brokers) for execution. Prior to entering into a relationship for the placing or transmission of orders with such entities, Aviva Investors ensures that those firms have execution arrangements in place which allow Aviva Investors to comply with its obligation to take sufficient steps to provide the best possible result for its clients when executing orders. So that Aviva Investors receives the maximum regulatory protection available it shall seek to ensure that all brokers and counterparties operating in UK and EEA markets treat Aviva Investors as a 'professional client' in all their dealings with the firm. AI undertakes appropriate due diligence prior to engaging the broker firm by reviewing its Best Execution Policy to ensure that it can place legitimate reliance on the entity to protect its interests in relation to pricing or other aspects of the transaction that may be affected by how the broker executes the order, including prompt, fair and expeditious order handling. Where, due to applicable local laws and regulations the broker is not obligated to provide Aviva Investors with best execution, Aviva Investors always requests that the broker does not exercise this right and that it contractually commits to comply fully with all applicable best execution laws or regulations. Where this is not

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possible Aviva Investors verifies that the regulatory regime applicable to the broker in the relevant jurisdiction, including supervisory arrangements, is sufficiently developed and robust and utilization of the broker allows Aviva Investors to satisfy its obligation to take all sufficient steps to obtain the best possible result for its clients.

All brokers are approved on the basis of their credit worthiness and must go through a rigorous approval process. The counterparty risk team reviews brokers and other counterparties at take-on and annually; and regularly monitors news feeds and market intelligence so that any credit concerns regarding an approved counterparty are immediately acted upon. AI's approved list of counterparties is reviewed on a semi-annual basis by the Trader Oversight Group, which is chaired by Aviva Investors' Global Head of Trading and comprises members of AI Compliance, Legal, Risk, Operations and Trading teams.

Aviva Investors maintains a comprehensive list of approved brokers and venues for the provision of execution services, which is available to clients on request. A list of execution venues and broker entities with which Aviva Investors places or transmits orders for execution may change, as market structures evolve, and will be subject to ongoing monitoring and analysis for the quality of execution.

Currently Aviva Investors may use one or more of the following types of venue when executing orders:

- Regulated Markets
- Other exchanges that are not Regulated Markets
- MTFs
- Swap Execution facilities (SEFs)
- OTFs
- Systematic Internalisers (SIs)
- Third party investment firms or affiliates acting as liquidity providers, and/or non-EU or non-UK entities performing similar functions
- Aviva Investors also places and transmits orders for execution using brokers

The key factors considered in selecting venues and brokers will be:

- Market coverage: consideration of the coverage of global markets or specialist coverage by region.
- Instrument coverage: consideration of the expertise of the broker/venue across non-complex products and/or more diverse or complex products such as derivatives.
- Trading protocols: consideration of whether the counterparty offers request for quote (RFQ), list functionality, open trading, ALL to ALL, dark pool, crossing and other protocols.
- Cost to transact: consideration of whether the costs to transact with the counterparty are transparent and fair to all participants.
- Efficiency: AI will also give due consideration to whether the venue can reduce operational risk by providing straight through processing directly from AI's order management system through to settlement especially on more complex instruments such as derivatives.
- Reliability: AI will assess whether the quality of the service provided by the broker or venue is of high standard, focussing on, inter alia, the availability of prices quoted and the robustness of those firms' IT infrastructure.

The top five execution venues (by volume of transactions executed or placed) will be made available, by instrument, on the Aviva Investors website.

Outsourcing of Dealing to Third Parties

In the event that Aviva Investors enters into an outsourcing arrangement with a third party for dealing services, the firm engaged will be required to comply with all applicable best execution laws or regulations.

Where, due to applicable local laws and regulations that firm is not obligated to provide Aviva Investors with best execution, Aviva Investors always asks that the firm does not exercise this right and that it contractually commits to comply fully with all applicable best execution laws or regulations.

1.5 Variations in rates of commission

Execution commission rates for equity trading are not uniform across transactions, geographical areas or portfolios. Aviva Investors will therefore agree varied commission terms suitable to achieving the best possible results in respect of each transaction and product. In some instances, Aviva Investors will trade without the payment of brokerage, for example in the case of a new issue, but in the case of illiquid securities Aviva Investors may pay higher commissions. The commission paid on programme trades will typically be lower than that payable on single stock trades, while trades executed via algorithms will typically have lower commission rates than those trades that are placed with and 'worked' by a broker. Aviva Investors takes into consideration the different execution commissions when selecting an execution strategy and when selecting brokers or venues.

Aviva Investors reviews execution venues and broker charging structures annually with oversight by the Trading Oversight Group, with the intention of enhancing the order execution process. Where there are competing execution venues for a given order, AI will not unfairly discriminate between venues.

1.6 Inducements

No inducements are received from venues and brokers other than minor, non-monetary benefits that comply with Article 24(9) of Directive 2014/65/EU. Aviva Investors has in place a control framework to manage, mitigate and, where appropriate, reject inducements unless they are acceptable minor non-monetary benefits as detailed and disclosed in the Aviva Investors Global Investment Research Policy made available to clients. Oversight of this framework is provided by the firm's Compliance function.

2. Equity Trading

2.1 Order execution for Liquid Equities and Exchange Traded Funds (ETFs)

Order type	Equity & ETF trades
Summary	When an order is received by the trading desk, it will gauge the current market price of the stock with reference to bids and offers on both the electronic order book of the relevant exchange or alternative trading venues.
Execution factors	<ol style="list-style-type: none">1) Price2) Cost3) Likelihood of execution

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Main execution venues / brokers and selection process	Indications of Interest (IOI) will be reviewed to identify whether any brokers have clients that are on the other side of the trade or if there are any trading opportunities via MTF or OTF crossing platforms (e.g. Liquidnet). AI RFQs the majority of ETF trades with at least three counterparties. Exceptions to this are very large, market sensitive trades or trades against the net asset value, which will be given to the best placed broker to execute the trade.
Other considerations	Where a broker has posted a relevant IOI, the trader will aim to deal at the best possible price. If the trade can be executed via a crossing network, then it will normally be executed at mid-market price.

2.2 Order execution for illiquid equity trades

Order type	Illiquid Equity trades
Summary	If an order is received for an illiquid security (e.g. small capitalisation shares), the chances of finding an IOI or an opportunity to trade on a MTF, or equivalent, platform will often be reduced.
Execution factors	1) Likelihood of execution 2) Price
Main execution venues / brokers and selection process	Traders will typically identify which brokers have seen the greatest trading activity in the security and then approach one or more to enquire if an opposing order can be found.
Other considerations	The trader will need to manage the risk of leakage of AI's trading intention so as to minimise the chance of the price moving adversely against AI. To assist in searching for liquidity, algorithmic trading platforms may be used to avoid information leakage of trading intentions.

2.3 Order execution for large equity trades

Order type	Large Equity trades
Summary	If the order size is a large percentage of the security's average daily volume this may limit the ability to execute with immediacy at the indicative market price.
Execution factors	1) Size 2) Price & Cost 3) Likelihood of execution
Main execution venues / brokers and selection process	The trader may place the order either with a counterparty that has had recent trading activity in the security, or through an algorithmic trading platform that interacts with both light and dark liquidity. In both cases, the trader will set the parameters of the trade, for example any limit price, trading volume constraints and/or timing of the trade. To fulfil the total order the counterparty or algorithm will often split the trade into smaller lot sizes to execute with available liquidity, so as to minimise market impact.
Other considerations	Low ADV trades (less than 5%) may be placed to an electronic algo wheel. This removes any trader bias and allows any electronic broker equal market share in order to allow better comparison of performance. AI would not use the algo wheel for low ADV trades if it deems it would be in the client's interest not to do so i.e. aware of a seller at a discount to current mid-price or could achieve a better result via a crossing network. The performance of the algo wheel is reviewed semi-annually.

2.4 Order execution for programme trades

Order type	Programme trades
Summary	If multiple trades are grouped together to be executed, it is often referred to as a programme trade. Depending on its nature the trade may be structured on a risk or agency basis.
Execution factors	1) Size of order 2) Likelihood of execution 3) Speed

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Main execution venues / brokers and selection process	<p>In the majority of cases a programme trade consisting of liquid securities will be structured as an agency transaction. Again at least two brokers will be asked to quote for an agency programme trade above £25m in value, with an assessment made by the trader of the broker's ability to complete the full order at the optimal price allowing for any negotiated brokerage levied on the transaction.</p> <p>For programme trades valued below £25m standard brokerage rates have been agreed with all AI's counterparties, so cost will not be a factor in broker selection. In this case the primary execution factor will be the likelihood of execution and price in equal measure. For a very large agency programme trade it may be necessary to take a quote from just one broker to minimise information leakage of trading intentions. An agreement would be made with the winning broker for the trade to be struck at a single point in time or worked through the market with specific instructions as to volume or time participation.</p>
Other considerations	<p>Pre-trade the trader will analyse the potential liquidity of the individual components of the programme and may remove individual securities that have a potential high cost impact. The removed orders will then be executed outside of the basket.</p> <p>Although not normally the case, if speed is the primary execution factor AI will select competing brokers to price the programme as a risk trade, with reference to size, direction, security domicile and market capitalisation of the individual stocks in the basket. AI will not provide individual security details and does not permit the brokers to pre-hedge trades before the point of execution. The winning broker will be the one that provides what AI believes is the best execution outcome for the total trade, taking account of execution costs.</p> <p>At least two brokers will be asked to quote for a risk programme trade; however, in the case of very large trades, it may be necessary to take a quote from just one broker to minimise information leakage of AI's trading intentions.</p>

2.5 New issues, placements and other offerings:

When applying for, or trading, a new issue initial public offering (IPO), placement or secondary offering, speed is generally not a factor as it is dependent on the lead manager(s) timeframe, which is subject to change. There are no key execution factors in these instances. Price is only a factor where a fund manager places a value on that stock and typically this is not the case. Whilst size is a factor, the issuer of the stock will decide on allotment size according to levels of subscription.

3. Convertible Bond Trading

3.1 Order execution factors for liquid Convertible Bond trades

Order type	Liquid Convertible Bond trades
Summary	Convertible bonds (CBs) trade with reference to an issuer's underlying equity price, creditworthiness and the prevailing market bond price. The conversion value of the instrument will often be the key factor in determining the market price of a CB and therefore the execution of these instruments will have characteristics of both equity and fixed income instruments.
Execution factors	1) Price 2) Likelihood of execution
Main execution venues / brokers and selection process	As the majority of CBs are traded Over the Counter (OTC) AI will receive indicative market prices and indications of interest (IOIs) from numerous market makers throughout the trading day. These levels are streamed into an internal pricing model, which compares both the outright convertible bond level and reference level to the underlying equity, to enable the trading desk to target the best counterparts to request firm quotations from.

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Other considerations	Where a variety of competing trading quotations are available AI will source competing executable prices from up to three counterparties.
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3.2 Order execution for large or illiquid trades

Order type	Large/Illiquid Convertible Bond trades
Summary	For CB trades deemed large in size or illiquid in nature, the limited provision of market liquidity may result in different trading strategies being adopted.
Execution factors	<ol style="list-style-type: none">1) Size of order (Even if away from the indicative market price, may take preference over price).2) Price (If it is deemed to minimise any possible adverse market impact on the final execution).
Main execution venues / brokers and selection process	The trading desk may choose to open up the order to only one counterpart to source a risk price for all or part of the order or may agree for that counterpart to work in line with instructions. These instructions may be at an outright bond price or against an agreed delta referenced to the underlying equity price. Counterparty selection will be influenced by their indicative pricing, indications of interest, inventory or recent activity in that instrument.
Other considerations	Whilst pre-trade checks on the potential sources of liquidity will be consistent, AI may refrain from requesting multiple quotations, so as to limit any adverse market impacts.

4. Fixed Income Rates & Credit Trading

4.1 Order execution for Fixed Income

Order type	Liquid FI trades
Summary	When executing fixed income transactions, Aviva Investors will be acting in an agency capacity, on behalf of clients. In the majority of trades the executing counterparty will be acting in a principal capacity and will provide AI with a competing price, spread or yield quotation. In this scenario the executing counterparty would be the execution venue and, in their principal capacity, would not owe AI a general duty of best execution, unless agreed contractually.
Execution factors	Where a variety of competing trading quotations are available: <ol style="list-style-type: none">1) Price2) Likelihood of execution3) Likelihood of settlement
Main execution venues / brokers and selection process	<p>AI will execute on various electronic trading platforms such as MTFs, OTFs or Systematic Internalisers seeking, where available and appropriate, multiple competing quotations. The size, liquidity and complexity of the individual fixed income instrument will dictate the trading platform, venue and strategy selected. AI uses a number of trading platforms to request quotations from competing liquidity providers, including Bloomberg, Tradeweb, Marketaxess or Candeal, although this list may change as market structures develop.</p> <p>For liquid Government bond securities up to a predetermined size, we will look to use automated venues such as Tradeweb AiEX. Trades are placed to this venue by traders, after which the venue selects counterparties to RFQ & trade with based on predetermined criteria and tolerances set by AI. Criteria and tolerances are approved by TOG every 6 months, and counterparty performance is analysed monthly.</p>

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	MTFs such as Liquidnet, Bloomberg Bond Cross and MarketAxess open trading platforms are also used to bring together multiple third party buying and selling interests to enable AI to electronically execute orders, often at the indicative mid-pricing level. Alternatively, the trading desk will request competing quotes by telephone or Instant Bloomberg.
Other considerations	In choosing the appropriate number and selection of counterparties the trader will assess a number of factors including, but not limited to, indicative market prices, spreads or yield posted by market makers, the size of trade, market liquidity, indications from brokers inventory and a market makers' execution hit and miss ratios in the relevant sector or instrument. Also, individual trading platform protocols will dictate the number of requests for quotes available by trade type, for example Government rate trades are typically restricted to between four or five whereas Credit trades are typically up to six in Euro/GBP Credit and up to 25 in US Credit.

4.2 Order execution for large or illiquid Fixed Income trades

Order type	Large or illiquid FI trades
Summary	For Government rates, credit trades or emerging market debt deemed large in size or illiquid in nature, the limited provision of market liquidity may result in different trading strategies being adopted. Whilst the pre-trade checks on potential sources of liquidity will be consistent AI would refrain from requesting multiple quotations so as to limit any adverse market price impacts.
Execution factors	<ol style="list-style-type: none"> 1) Size of order (Even if away from the indicative market price, size may take preference over price if it is deemed to minimise any possible adverse market impact on the final execution) 2) Price
Main execution venues / brokers and selection process	For market moving size trades AI may choose to open up an order to only one counterpart to source either a risk price for all or part of the order or for that counterpart to work the order in line with instructions.
Other considerations	N/A

5. Foreign Exchange Trading (FX)

5.1 Order execution for liquid FX trades

Order type	Liquid FX trades
Summary	Given the highly liquid* nature of most currency pairs, the majority of orders are executed electronically via a multibank streaming price platform.
Execution factors	AI will determine the best method of execution taking into account, but not limited to, the following ranked factors: <ol style="list-style-type: none"> 1) Price 2) Likelihood of execution 3) Size of the order 4) Any netting opportunities with other large orders
Main execution venues / brokers and selection process	Via FXall, FX Connect & Bloomberg FX platform seeking competing executable quotations, from a number of eligible banks.

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Other considerations	A client's eligible counterparties. For large swap orders at least two counterparties would be put in competition, as quotes are usually readily available in a timely fashion. In these instances, the best price sourced, from the eligible counterparties available for each client, will be the primary execution factor.
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**In normal market conditions*

5.2 Order execution for large orders, illiquid currency pairs and non-deliverable forwards

Order type	Large in size; illiquid currency pair; or a non-deliverable forward trade (where live streaming prices are not available)
Summary	A single bank may be selected to work, via voice or an Algorithmic trading venue, all or part of the order in the market in line with any price limits or time constraints AI set, (assuming that there is limited risk of AI's dealing intentions leaking to the market). Alternatively, AI may request by voice/IB competing executable quotes with a minimum of two eligible banks, to minimize the leakage of AI's dealing intentions which may adversely affect the market price.
Execution factors	<ol style="list-style-type: none">1) Size of Order2) Price3) Likelihood of execution
Main execution venues / brokers and selection process	Counterparty selection will be based on a bank's indicative pricing, previous performance in that currency pair and eligibility at the client level.
Other considerations	AI maintains a matrix of indicative spread levels, quoted by AI's counterparties, in different currency pairs and sizes to gauge indicative pre-trade execution costs. AI will also take into account the fund managers' investment objectives for any active FX trades, which may impact the pace at which the trading desks process orders, including specific levels for entry and exit. When choosing between voice and algorithmic execution the trader will carefully consider volatility and liquidity which may differ according to market conditions and the currency pair being traded. Where FX orders are contingent on the purchase/sale of another financial instrument the trading desks will endeavour to synchronise its execution accordingly.

6. Exchange Traded Derivatives (ETDs)

6.1 Order execution for liquid ETDs

Order type	Liquid ETD trades
Summary	Aviva Investors use a number of executing counterparties when trading both equity and fixed income ETDs with "Give up" agreements established between these executing brokers and AI's clearing brokers.
Execution factors	<ol style="list-style-type: none">1) Price2) Likelihood of execution
Main execution venues / brokers and selection process	The individual instrument will dictate the available venues and the client's derivative contractual arrangements will also influence broker selection. As ETDs trade on exchange, AI will usually electronically route an order to a chosen broker to execute, setting any price limits, volume or timing constraints.
Other considerations	AI will negotiate the same brokerage costs by individual ETD across all available counterparties and therefore execution fees are not an execution factor.

6.2 Order execution for large ETD orders

Order type	Large ETD trades
Summary	When executing ETDs that are large in scale, AI may choose to work the order over a pre-determined time period to interact with available liquidity and minimise potential adverse price movements.
Execution factors	<ol style="list-style-type: none"> 1) Size of Order 2) Price 3) Likelihood of execution
Main execution venues / brokers and selection process	Depending on the block size trade rules for a particular instrument and exchange, a risk price may be requested from one or more counterparties.
Other considerations	N/A

7. Over The Counter Derivatives (OTCs)

7.1 Order execution for OTC trading

Order type	Non-complex OTC trades
Summary	Trading in non-complex OTCs will be subject to AI's ability to select an appropriate trading venue through supporting client and counterparty documentation.
Execution factors	Where a variety of competing trading quotations are available, for example iTraxx Europe Credit Default Swaps: <ol style="list-style-type: none"> 1) Price 2) Likelihood of execution
Main execution venues / brokers and selection process	Aviva Investors uses a number of executing counterparties when trading OTCs. The availability of an individual client's ISDA Master Agreement, Credit Support Annex and Cleared Derivatives Execution Agreement with eligible counterparties will influence broker selection.
Other considerations	Trades will be executed on a trading venue, where possible.

7.2 Order execution for large or complex orders

Order type	Large/Complex OTC trades
Summary	For OTC trades that are large in scale or complex in structure, AI may choose to open up the order to only one counterparty to source a risk price, for all or part of that order, to restrict market intelligence leakage of AI's trading intentions. Alternatively, a counterparty may be instructed to 'work the order' in line with AI's instructions. The choice of counterparty will reflect their indications of interest and relevant legal documentation in this or associated instruments.
Execution factors	<ol style="list-style-type: none"> 1) Price 2) Likelihood of execution
Main execution venues / brokers and selection process	Depending on local regulations the determination of trading venue to execute Interest Rate Swaps may be mandated to SEFs or to MTFs. Subject to contractual arrangements established between the client and a particular SEF/MTF their orders would be executed, on a competing quotation basis with eligible counterparties, on that SEF/MTF.
Other considerations	Where OTC derivative trades are not traded on a trading venue, the fairness of the price proposed by the eligible counterparty is checked using up to four different pricing/valuation

tools, namely: Superderivatives, Citi Velocity, Bloomberg and Aladdin. A fair market valuation is based on an assessment of independent market data and current liquidity conditions prior to execution. In these instances the ability to execute in larger size, even if away from the indicative market price, may take preference if it is deemed to minimize any possible adverse market impact on the final execution.

8. Money Market Instruments (MM)

8.1 Order execution for Primary Money Market trades

Order type	Primary Money Market trades
Summary	When trading in primary money markets, Aviva Investors will be acting in an agency capacity on behalf of clients. Trading in primary money markets will be subject to selecting the appropriate issuer/deposit taker based on AI's internal credit research analysis and client guidelines.
Execution factors	<ol style="list-style-type: none"> 3) Nature of the order - Credit Quality of Issuer/Deposit taker & tenure offered 4) Price 5) Likelihood of execution
Main execution venues / brokers and selection process	Aviva Investors' internal credit analysis is based on research of the issuer, respective credit ratings and AI's exposure to the individual entity. Some money market instruments can be traded on MTFs, namely T-Bills, fixed MTNs and some ECP.
Other considerations	For any tradable money market instrument a competing price may be sought, however, by their nature, AI may only be able to source from one party.

8.2 Order execution for Secondary Money Market trades

Order type	Secondary Money Market trades
Summary	Aviva Investors uses a number of executing counterparties when trading in secondary money markets.
Execution factors	<ol style="list-style-type: none"> 1) Price 2) Likelihood of execution
Main execution venues / brokers and selection process	Aviva Investors will receive indicative market pricing and indications of interest from numerous approved counterparties throughout the trading day. Some prices are available via MTFs.
Other considerations	For any tradable money market instrument a competing price may be sought, however, by their nature, AI may only be able to source from one party. Money Market trades are executed in close collaboration with the instructing Portfolio Manager who may offer specific guidance on the relative importance of price and likelihood of execution.

9. Securities Finance (SF)

9.1 Order execution factors for SF transactions

Aviva Investors' Securities Finance team operates a discretionary securities finance programme that utilises both lending and repurchase agreements (Repo) structures, which are established to maximise a client's revenue from the programme as a whole. This activity is conducted on an agency basis, avoiding any conflicts of interest between proprietary and customer business. As Aviva Investors' revenue share is a direct percentage of the

revenue generated for clients there is a strong commercial incentive to maximise client revenues. Therefore, the commercial priorities of the clients and AI are directly aligned.

The key execution factors are:

- Any other consideration relevant to the efficient execution of an order: the securities lending fee, cash rebate or repo rate as applicable, received on the market value of the loan after the deduction of settlement costs. This drives the total daily return of the transaction, with the demand by the borrower for a particular security and its available supply being the key factor in determining the lending fee received.
- Any other consideration relevant to the efficient execution of an order: counterparty and collateral risk. Even though all securities finance activity is conducted on a fully collateralised basis, there remains a degree of counterparty credit risk. AI's SF team ensures that all business is conducted within parameters approved by AI's clients to minimise these risks.
- Any other consideration relevant to the efficient execution of an order: any associated transaction costs (incurred by either Aviva Investors or the client).
- Any other consideration relevant to the efficient execution of an order: the duration of the loan. All other factors being equal, the longer the duration of a loan the greater the revenue for the client. With the majority of transactions being conducted on an open/callable basis, this duration cannot be known at the time of the trade's inception.
- Speed of execution.
- Likelihood of settlement.

9.2 Monitoring the effectiveness of AI's Securities Finance program

The Head of Securities Finance, or a nominated deputy, monitors the effectiveness of AI's securities lending activity on a weekly basis, reviewing the fee rate on the trades as well as where the loan auto-allocation has been overridden.

Quotes received for repo/reverse repo are retained and shared with the relevant department.

The team maintains a constant dialogue with securities borrowers to ensure maximum possible utilisation of client portfolios. Part of this dialogue consists of a formal review meeting, conducted with each borrower at least annually, where fees, existing transactions and potential future securities lending opportunities are discussed.

IHS Markit Securities' suite of products is used to gather securities lending data from a range of market participants in order to obtain an aggregate picture of the overall market. This also enables the firm to benchmark AI's securities lending performance relative to peers and view the most recent trades on a security-by-security basis, to ensure that all trades are being executed at competitive levels.

Revenues are also monitored on a client by client basis to ensure the fair revenue allocation between all clients that are part of the lending programme.

9.3 Securities lending activity outsourced to other providers

In certain markets, and on behalf of certain clients, Aviva Investors may elect to delegate securities lending activity on a portfolio to a third-party provider (e.g. the client's securities custodian). Such activity will only be outsourced if Aviva Investors believes that to do so would generate more revenue for the client than if the portfolio were to be lent directly by AI. Aviva Investors will advise the client in all instances of such an arrangement, and the outsourcing relationship will be reviewed regularly (at a minimum once per year) to ensure that such an arrangement continues to be in the best economic interest of the client. In addition, Aviva Investors will require any third-party provider of securities lending services to demonstrate that they have the necessary systems, policies and procedures in place to comply with AI's regulatory obligations.

10. Collective Investment Schemes

Collective investment schemes such as regulated funds, hedge funds, funds for the real estate multi-manager business and property partnerships can usually only be executed through the transfer agent appointed by the fund and, therefore, there is only one venue for execution (unless a transaction is undertaken in the secondary market - that is, not transacting directly with the transfer agent).

Given the nature of these instruments, orders are primarily placed by the Fund Manager Support team, with the exception of trades in AI's Liquidity Funds and Real Estate Funds that are handled by the Liquidity Management team or Real Estate Asset Management team respectively.

11. Alternative Asset Classes: Global Investment Solutions

Aviva Investors' Global Investment Solutions (GIS) unit provides bespoke strategies for professional clients based on specific liability or income requirements. There are several asset classes in which GIS operates, all of which have very different characteristics to the asset classes detailed in the earlier part of this Policy. The asset classes included within the remit of GIS are:

- Infrastructure Equity
- Infrastructure Debt
- Real Estate Finance
- Structured Finance
- Private Corporate Debt

Transactions in these asset classes can best be compared to bespoke OTC derivatives whereby the traditional concepts of best execution are not practicably applied. As such, the principle of fairness of execution will be applied. In many cases the execution of transactions in the above asset classes is carried out on a bilateral basis where negotiations with the counterparty will shape the transaction and there is no choice over execution venues; as a result there will be only one "price" available. In order to ensure the fairest possible outcome for clients investing in these asset classes, transactions are subject to a formally defined governance process. Transactions are subject to approval from an investment committee (or through delegated authority) following appropriate analysis and due diligence of the deal, including the assessment of appropriate and relevant market data.

Liability Driven Investment also sits within GIS and will interact closely with the fixed income and equity dealing teams to enter into transaction and ensure best execution.

12. Alternative Asset Classes: Real Estate & Private Equity

12.1 Real Estate

Direct investment in real estate is out of scope for this Policy, as it is not classified as a financial instrument. However investments in Real Estate Investment Trusts (REITs), or instruments used for efficient portfolio management, will be executed in line with Aviva Investors' Equities trading policy.

12.2 Private equity

Private equity is an asset class consisting of companies' equities and debt instruments which are not publicly traded. By its very nature a private equity vehicle would be an illiquid investment. Aviva Investors has outsourced its investment in private equity investments to a private equity multi-manager team ('Private Equity Fund Manager'), with oversight over those investments provided by the Aviva Investors' Multi Asset Funds team.

Commitments to new private equity investments are only made after the Private Equity Fund Manager has performed extensive research and due diligence, to assess the suitability of the proposed investment. As the Private Equity Fund Manager is restricted to transacting an order in a private equity instrument with the approved agent of the company concerned, the Private Equity Fund Manager will have satisfied its best execution requirements when executing through this route.

13. Best Execution Monitoring and Transaction Cost Analysis

Aviva Investors conducts daily best execution monitoring and monthly Transaction Cost Analysis (TCA) for all trades to review execution performance and to ensure the execution venues that have been selected provide for the best possible result for AI's clients. TCA analysis is used as a pre and post trade monitoring tool. Aviva Investors utilises an independent TCA provider, wherever possible, to measure both the market impact and opportunity costs of equity, fixed income and foreign exchange trades and trading strategies. The trading teams also use independent reference price data to monitor derivative trade performance.

Monthly summary TCA reports are reviewed by the AI Trader Oversight Group, which is chaired by the Global Head of Trading and includes representatives from the Compliance Advisory and Compliance Monitoring teams. Execution quality, trading turnover and execution commissions are monitored by the Trader Oversight Group and TCA is used to monitor adherence to the Policy and assist in enhancing AI's trading strategy and broker selections. AI will proactively consider new brokers and venues, or sources of information and analysis, where a deficiency is identified as a result of the monitoring and oversight activity.

First line monitoring of best execution is conducted on a daily T+1 basis. Post-execution analysis is performed by checking the execution price against independent market data (where available) based on the snapped execution time of the trade. A tolerance around this price has been agreed by the Global Head of Trading and any trade outside of this tolerance will be raised as an exception. The heads of each trading desk will provide a rationale on these trades which is then reviewed either by the Trading Analytics Manager (or their delegate), or the Global Head of Trading. These are assessed independently and consideration is given to emerging trends, market liquidity and the type of trade executed.

The second line Compliance monitoring team also performs independent monitoring according to a risk-based monitoring plan or on an ad hoc basis when necessary, to verify the adequacy and effectiveness of the measures and procedures put in place to ensure that Aviva Investors complies with its obligations under this policy.

14. Order Execution Policy Monitoring & Review

Aviva Investors will continuously monitor the effectiveness of its Order Execution Policy and underlying order execution arrangements to identify and, where appropriate, enhance execution processes. On an ongoing basis AI will assess whether the execution and placement venues included within the execution framework provide the best possible outcomes for clients utilising, amongst other data, the quality of execution reports provided by those venues. Appropriate action will be taken to correct any deficiencies identified.

The Order Execution Policy will be reviewed at least annually, or whenever a material change occurs, that may affect AI's ability to obtain best execution on a consistent basis. Clients will be notified of any material changes to order execution arrangements or this Policy.

15. Disclosures & Reporting to Clients

In order for AI to meet its regulatory obligations, for each class of financial instruments the top five execution venues in terms of trading volumes for all executed client orders will be published for each preceding calendar year and will include the following information:

- the volume of client orders executed on that execution venue expressed as a percentage of total executed volume;
- the number of client orders executed on that execution venue expressed as a percentage of total executed orders;
- notification of whether it has executed an average of less than one trade per business day in the previous year in that class of financial instruments; and

This information will be made available on the Aviva Investors' website for 2 years in machine-readable electronic format, in accordance with a set template, and available to download by all clients.

Due to the specific nature of SF transactions, and given that their large size would likely distort the more representative set of client transactions (namely, those not involving SF transactions), it is necessary to exclude them from the tables concerning the top five execution venues on which AI executes other client orders. In accordance with regulatory requirements similar data for SF transactions will be published and made available to clients.

In addition to publishing information on the venues on which client orders are executed and the number/volume of orders executed on each venue, AI will, for each class of financial instruments publish a summary of the analysis and conclusions drawn from AI's detailed monitoring of execution quality obtained on the execution venues used during the previous year.

This information will include:

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- an explanation of the relative importance AI gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when making assessments of the quality of execution;
- a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;
- a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;
- an explanation of the factors that led to a change in the list of execution venues listed in AI's execution policy, if such a change occurred;
- an explanation of how order execution differs according to client categorisation, where AI treats such category of client differently and where it may affect the order execution arrangements; and
- an explanation of how AI has used any data or tools relating to the quality of execution.

Important Information

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