

BMO Global Asset Management (EMEA) Order Execution Policy

1. Purpose

As part of the investment management services we provide, we place orders for our clients for various financial instruments with other companies for execution.

This policy provides an overview of our order execution arrangements, including how we make sure that we consistently take all sufficient steps to obtain the best possible results for our clients when executing orders in all types of financial instruments.

This is known as “Best Execution” and is linked to our duty to act in the best interests of our clients.

2. Scope

BMO Global Asset Management (EMEA) is the group of legal entities made up of BMO Asset Management (Holdings) plc, all its subsidiaries, LGM Investments Limited and Thames River Capital LLP. In the remainder of this document, any reference to “we”, “us” and “our” means BMO Global Asset Management (EMEA).

This policy applies to client orders that any member of BMO Global Asset Management (EMEA) located in the EEA (European Economic Area) carries out with the exception of BMO Portugal, Gestão de Patrimónios, S.A. (“BMO Portugal”) who maintain separate order execution arrangements.

In this policy, ‘client’ means anybody to whom we provide investment services and activities and who we categorise as a Professional Client under the rules of the UK Financial Conduct Authority (FCA). It includes any investment fund that we manage, whether structured as a UCITS or an Alternative Investment Fund (AIF).

Different arrangements apply to Retail Clients invested in our range of retail products. We include information on our order execution policy for these products in the relevant product literature and terms and conditions provided to Retail Clients.

Please see the Section 10 below for defined terms used in this policy.

Financial Instruments

This policy applies to transactions conducted in all types of financial instruments we invest in for clients, including:

- equities and equity-like instruments, including shares, depositary receipts, and exchange-traded products
- debt instruments, including bonds and money market instruments
- derivatives, whether exchange-traded (ETD) or off-exchange/over-the-counter (OTC), including interest rates derivatives, currency derivatives, equity and index derivatives, securitised derivatives, commodity derivatives, swaps and forwards and contracts for difference (CFD)
- units or shares in investment funds

This policy does not cover trades in spot FX and physical delivered commodities, however all transactions in FX are subject to an execution quality review, applicable local market regulations and the principle of fair treatment of Clients.

3. Order Execution

Our order execution arrangements are designed to make sure we consistently take all sufficient steps to obtain the best possible results for our clients based on a range of factors, including:

- price of the order
- size and nature of the order
- likelihood of execution and completion of the order

- speed and time to execute the order
- costs, including explicit costs such as fees and commissions, and implicit costs, such as market impact
- any other consideration relevant to the execution of the order

In determining the relative importance of each of these factors to an order, we use our commercial experience and judgment in light of available market information at the relevant time. We also consider any specific and general instructions given to us by clients, which may determine how we fill the order, and the characteristics of:

- the client and the services we are providing, for example their investment objective and risk appetite
- the order (including whether we execute it on a regulated market or off-market and whether it involves a Securities Financing Transaction)
- the financial instruments to which the order relates
- the execution venues to which we can direct the order, for example, in some markets with high levels of price volatility, timeliness of execution may take priority

Ordinarily we prioritise price to achieve the best possible result for our clients. However, sometimes we may prioritise other factors, for example where there is insufficient liquidity immediately available on an execution venue to execute the order in full.

4. Choice of Venue

When selecting one of the methods of execution set out in Section 5, we assess the execution venues available to identify those that enable us to obtain the best possible result for clients on a consistent basis. As a consequence, our client orders may be executed on any of the following:

- Regulated Markets;
- Multilateral Trading Facilities (MTFs); or global equivalents
- Organised Trading Facilities (OTFs); or global equivalents
- Systematic Internalisers (SIs);
- Liquidity pools; and
- Market makers or other liquidity providers and/or non-EEA entities performing similar functions

In assessing available execution venues, we take into account the following characteristics:

- Liquidity and price. These factors allow us to select liquid and price-efficient venues. Other venues may offer prices which improve on those our existing venues offer or the ability to trade significant additional order size at similar prices. We expect the market share that any venue commands to link closely, but not exclusively, to available liquidity and price.
- Credit and settlement risk (the risk that a trade fails to settle or a counterparty defaults prior to the trade maturing). We mitigate this risk by operating a detailed counterparty approval process. We only place orders with counterparties who we have approved for credit and settlement risk after appropriate due diligence.
- Performance, speed of access, and likelihood of execution.
- Costs, including explicit costs such as fixed fees (execution commission and fees/taxes) and implicit costs such as market impact.

The main venues that we select for execution, including the counterparties with whom we place orders, are listed at Appendix I.

5. Method of Execution

We generally execute client orders using one or more of the methods below.

These methods include executing your orders outside a Regulated Market, MTF or OTF. There are consequences of doing this, including increased risk of a counterparty in a transaction defaulting prior to the trade maturing. On

request, we can provide you with additional information on the consequences of transactions being executed outside a trading venue.

When placing an order with a counterparty for execution, we may instruct them to use a particular execution venue (based on the process set out in Section 4 above). Alternatively, we may allow the counterparty to select the trading venue. One BMO Global Asset Management (EMEA) entity may also transmit orders for execution to another entity covered by this policy.

The methods and relevant factors we use to execute client orders are:

1. Equities and equity-like instruments – shares, depositary receipts, exchange traded products

- Traded on an exchange by any of the following:
 - (i) placing orders with an approved counterparty (either a broker acting as agent for our clients or a market maker providing Request for Quote (RFQ))
 - (ii) executing orders with a Regulated Market, MTF or SI, either directly or via an approved counterparty who is a participant in those trading venues
 - (iii) algorithmic trading, where we trade an order in line with pre-set parameters, using an approved counterparty's execution strategies
- Outside of a Regulated Market or MTF (OTC), with an approved counterparty.

The availability of liquidity across a number of different venues and of in-depth price discovery means that we place the highest importance on price and then costs associated with execution. Where stocks are less liquid, then speed and likelihood of execution increase in importance. However, price or cost will likely remain the most important factors. In order of importance, the factors we consider are:

1. Price
2. Costs
3. Speed
4. Likelihood of Execution
5. Size
6. Counterparty Risk

2. Debt instruments – Bonds and money market instruments

- On venue (SI, MTF, OTF) or OTC by any of the following:
 - (i) Request for Quote (RFQ) or other price auction with an approved counterparty acting as market maker, after obtaining competitive quotes from more than one such counterparty
 - (ii) crossing a client order with a matching order from another client; we transact cross trades through an execution venue for minimal cost
 - (iii) placing orders with an approved counterparty who is a broker acting as agent on behalf of our clients

Across fixed income markets there are large variations in liquidity. So, in illiquid markets we sometimes place the highest priority on likelihood of execution, although price remains of key importance. In order of importance, the factors we consider are:

1. Price
2. Likelihood of Execution
3. Speed
4. Costs
5. Size
6. Counterparty Risk

3. Derivatives (ETD & OTC) – Interest rate derivatives, currency derivatives, equity and index derivatives, securitised derivatives, commodities derivatives, swaps and forwards, contracts for difference (CFD)

- On exchange/venue (SI, MTF, OTF) or OTC by:
 - (i) placing orders with an approved counterparty who is a broker acting as agent on behalf of our clients
 - (ii) executing orders with a Regulated Market, MTF or SI, either directly or via an approved counterparty who is a participant in those trading venues
 - (iii) Request for Quote (RFQ) or other price auction with an approved counterparty acting as market maker after obtaining competitive quotes from more than one such counterparty

Across derivative instruments (ETD & OTC) there are large variations in liquidity or sometimes only one venue is available. As such, we sometimes need to place the highest priority on likelihood of execution, our ability to retain anonymity in the market and a need to prevent information leakage (which could lead to adverse price movements). However, price remains of key importance. In order of importance, the factors we consider are:

1. Price
2. Likelihood of Execution
3. Speed
4. Costs
5. Size
6. Counterparty Risk

While specific OTC instrument(s) may not have a published price, we can compare price at the point of execution using the latest available market data from live feeds from brokers/banks to make sure it is fair and meets our best execution obligation.

4. Investment Funds

Where there is only one possible execution venue and price available for shares/units in an investment fund, we fulfil our obligation by timely placement of the trade.

5. Securities Financing Transactions

We typically do not use the same execution venues for Securities Financing Transactions as other transactions. This is because we use them for a different purpose – as a source of funding. Our choice of venue for such transactions is limited to counterparties with whom we can agree bilateral terms before execution and with whom there is demand for the financial instruments we will provide in exchange for cash.

6. **Cross Trades**

A cross trade is an arrangement whereby a sale order for one Client and a purchase order for another Client is placed with the same broker/venue, with the intention that the sale order is executed with the purchase order at the pre-arranged price. The overriding objective of initiating a cross trade is to achieve best execution. Cross trades can meet the objective of best execution because there is no market impact and they incur minimal administrative fees or commissions. All cross trades will be executed on venue where price validation takes place and adhere to any client mandate or regional restrictions.

7. **Specific Instructions**

If a client provides us with specific instructions (including standing instructions where appropriate) on how we should execute an order or a part of an order, we must follow them. We are then treated as having met our Best Execution obligation for the order, or part of the order, to which the instructions relate. **N.B. in practice, any specific instruction may prevent us from taking the steps set out in this policy to obtain the best possible result when executing any client order.**

8. Transactions where Best Execution has limited scope

The nature of certain transactions means that there is only one execution option available. In such circumstances we are treated as having met the Best Execution obligation. These instances are as follows:

- where type of transaction means there is only one possible execution venue (for example a trade in an emerging market equity) and so the only relevant execution factor is time of execution
- a highly structured transaction, which may be OTC and may have a unique contractual structure; this means it is challenging to compare it with transactions in other financial instruments on a central trading venue
- where we choose to use a single execution venue for particular transaction types on the basis that we can show this allows us to consistently obtain best execution compared to alternate venues

Certain services that we provide to clients may involve using third party sub-managers. Where this is done, we may, after carrying out due diligence, elect to rely on the best execution policy of the relevant sub-manager provided that they agree to comply with FCA rules on Best Execution and to review this policy.

9. General Terms of Order Handling

We comply with a written Aggregation and Allocation Policy whose aim is to make sure we execute client orders promptly, fairly and in a timely manner, unless prevailing market conditions mean that this could compromise execution.

10. Monitoring and Review

We regularly review the effectiveness of our order execution arrangements and this policy and also assess the execution venues listed in it. We then implement improvements as appropriate. We also do this whenever a material change occurs that could impact one of the execution factors or another consideration relevant to order execution and so affect our ability to provide Best Execution.

We also regularly review whether the execution venues we use to execute orders provide the quality of service we require to consistently obtain the best possible result for our clients. We do this using Transaction Cost Analysis to quantify execution quality and identify trends and outliers. We will also review this policy and the execution venues or entities to which an order is transmitted whenever a material change occurs.

We publish any material change to our order execution arrangements and to this Order Execution Policy on our website at <http://www.bmogam.com/documents/Best-execution-policy-overview-professional-clients/>. We also use this link to publish at least annually our top five execution venues for each financial instrument in terms of trading volumes and our report on the quality of execution obtained.

We have a robust governance framework in place around order execution processes and outcomes. The relevant committees are responsible for oversight of practices and review of this policy, and include representation from Business Management, Dealing and Compliance.

11. Definitions

Multilateral Trading Facility (MTF) – a regulated multilateral system operated by an investment firm or market operator which brings together multiple buyers and sellers interested in trading Financial Instruments - in the system and in line with its non-discretionary rules - in a way that results in a contract.

Organised trading facility (OTF) – is a regulated multilateral system, which is not a Regulated Market or MTF, and in which multiple buyer and seller interested in trading bonds, structured finance products, emissions allowances, or derivatives, are able to interact in a way that results in a contract.

Professional client – a client that is either a per se professional client or an elective professional client as defined by the rules of the Financial Conduct Authority (FCA).

Regulated Market – a regulated multilateral system operated and/or managed by a market operator, for example a traditional stock exchange, which brings together multiple buyers and sellers interested in trading in Financial Instruments admitted to trading under its non-discretionary rules - in a way that results in a contract.

Securities Financing Transaction – an instance of stock lending or stock borrowing or the lending or borrowing of other financial instruments, a repurchase or reverse repurchase transaction, or a buy-sell back or sell-buy back transaction.

Systematic Internaliser – an investment firm which, on an organised, frequent and systematic basis, deals on own account by executing client orders outside a Regulated Market or an MTF.

Appendix I – Execution Venues at July 2020

List of Counterparties by Asset Class

BMO Global Asset Management (EMEA) uses a number of Algorithmic trading tools provided by the following counterparties:

- Credit Suisse Securities Europe Ltd
- Goldman Sachs International
- Jefferies International Ltd
- Liquidnet Europe Ltd
- Sanford C Bernstein Ltd
- Societe Generale SA
- Investment Technology Group Ltd
- Virtu Financial Ireland Ltd

BMO Global Asset Management (EMEA) uses the following counterparties for trading Equities, Fixed Income, Exchange Traded Derivatives, FX Forwards, OTC Derivatives and SFT:

Counterparty	(Approved for) Equities	Fixed Income	ETD	FX	OTC	SFT
ABG Sundal Collier ASA	✓					
ABN AMRO Bank NV	✓	✓				
ADM Investor Services International Ltd			✓			
Auerbach Grayson & Co LLC	✓					
Australia & New Zealand Banking Group Ltd		✓				✓
Avior Capital Markets International Ltd	✓					
Banca IMI SpA		✓				
Banco Bilbao Vizcaya Argentaria SA		✓				
Banco Santander	✓	✓				✓
Bank Degroof Petercam SA	✓					
Bank of America Merrill Lynch International Ltd	✓	✓	✓		✓	✓
Bank of Nova Scotia						✓
Barclays Bank PLC	✓	✓	✓	✓	✓	✓
BGC Brokers LP		✓				
BMO Capital Markets Ltd	✓	✓		✓		✓
BNP Paribas SA	✓	✓	✓	✓	✓	✓
Canaccord Genuity Ltd	✓					
Canadian Imperial Bank of Commerce (CIBC)		✓		✓		✓
Cantor Fitzgerald	✓	✓				
Caixabank SA		✓				
Carnegie Investment Bank AB	✓					
CBA Europe Ltd		✓				
Cenkos Securities PLC	✓					
China International Capital Corp Hong Kong Securities Ltd (CICC)	✓					
CIMB Securities Singapore Pte Ltd	✓					
Citigroup Global Markets Ltd	✓	✓	✓	✓	✓	✓
CLSA UK	✓					
Commerzbank AG	✓	✓				
Commonwealth Bank of Australia		✓				
Cooperatieve Rabobank UA (Rabobank)		✓		✓		

Counterparty	(Approved for) Equities	Fixed Income	ETD	FX	OTC	SFT
Credit Agricole Corporate and Investment Bank SA		✓				
Credit Suisse International	✓	✓	✓		✓	
Daiwa Capital Markets Europe Ltd	✓	✓				
Danske Bank A/S	✓					
Deutsche Bank AG		✓		✓	✓	✓
DNB Bank ASA	✓					
DZ Bank AG		✓				
Edelweiss Securities Ltd	✓					
EFG-Hermes (Financial Brokerage Group)	✓					
Exane Ltd	✓	✓				
finnCap Ltd	✓					
Flow Traders BV	✓					
Goldman Sachs International	✓	✓	✓		✓	✓
Goodbody Stockbrokers	✓					
Ho Chi Minh City Securities Corp	✓					
HSBC Bank PLC	✓	✓	✓	✓	✓	✓
ICAP Securities Ltd		✓				
ICBC Standard Bank PLC	✓	✓				
India Infoline Ltd	✓					
ING Bank NV	✓	✓		✓		
Instinet Europe Ltd	✓					
Investec Bank PLC	✓					
Itau BBA International Plc	✓	✓				
J&E Davy	✓	✓				
Jane Street Financial Ltd	✓	✓				
Jefferies International Ltd	✓	✓				
Joh Berenberg Gossler & Co KG	✓					
Jonestrading International Ltd	✓					
JP Morgan Securities PLC	✓	✓	✓	✓	✓	✓
KBC Securities NV	✓					
Kempen & Co NV	✓					
Kepler Cheuvreux	✓					
King & Shaxson Ltd		✓				
Kotak Securities Ltd	✓					
Larrain Vial S.A	✓					
LBBW (Landesbank Baden-Wuerttemberg)		✓				
Liberum Capital Ltd	✓					
Liquidity Finance LLP		✓				
Liquidnet Europe Ltd	✓	✓				
Lloyds Bank PLC		✓			✓	✓
Macquarie Capital Europe Ltd	✓					
Macquarie Bank Ltd		✓				
MainFirst Bank AG	✓					
Mako Financial Markets Partnership LLP			✓			
MarketAxess Europe Ltd		✓				
Maybank Kim Eng Securities Pte. Ltd	✓					

Counterparty	(Approved for) Equities	Fixed Income	ETD	FX	OTC	SFT
Millennium Advisors LLC		✓				
Mirabaud Securities LLP	✓					
Mizuho International PLC	✓	✓				
Morgan Stanley & Co International PLC	✓	✓	✓		✓	✓
Motilal Oswal Securities Ltd	✓					
Mitsubishi Corp (MUFG)	✓	✓				
Natixis SA		✓				✓
Natwest Markets Plc (prev Royal Bank of Scotland PLC)		✓			✓	✓
Nomura International Plc		✓	✓			
Nordea Bank Abp	✓	✓				
Nplus1 Singer Capital Markets Ltd	✓					
Numis Securities Ltd	✓					
Octo Finances SA						
Panmure Gordon UK Ltd	✓					
Peel Hunt LLP	✓					
Piper Jaffray & Co.	✓					
R.W. Pressprich & Co.		✓				
Raiffeisen Bank International AG		✓				
Raymond James Financial International Ltd	✓					
Royal Bank of Canada	✓	✓	✓	✓		✓
Renaissance Capital Ltd	✓	✓				
Robert W. Baird & Co. Inc	✓					
Sanford C Bernstein Ltd	✓					
ScotiaBank	✓	✓				
Shore Capital Stockbrokers Ltd	✓					
Skandinaviska Enskilda Banken AB	✓	✓				
SMBC Nikko Capital Markets Ltd.		✓				
Societe Generale SA	✓	✓	✓	✓	✓	
Standard Chartered PLC		✓				
Stifel Nicolaus Europe Ltd	✓	✓				
Svenska Handelsbanken AB	✓					
Toronto Dominion Bank		✓	✓			✓
Tullett Prebon Securities Ltd		✓	✓			
UBS Group AG	✓	✓	✓		✓	✓
UniCredit Bank AG	✓	✓				
Viet Capital Securities JSC	✓					
Virtu Financial Ireland Ltd	✓					
VTB Capital plc		✓				
Wells Fargo Securities LLC		✓				
Westpac Banking Corp				✓		
Winterflood Securities Ltd	✓					

List of Electronic Platforms/MTFs by Asset Class

BMO Global Asset Management (EMEA) uses the following electronic trading platforms/MTFs for trading Fixed Income:

- Bloomberg
- MarketAxess
- Tradeweb

BMO Global Asset Management (EMEA) uses the following electronic trading platform for trading collective investment scheme:

- Calastone

BMO Global Asset Management (EMEA) uses the following electronic trading platform/MTF for trading FX forwards:

- FX Connect