

Order Execution—Forward Foreign Exchange

Policy

Longview acts in the best interests of its clients when placing forward foreign exchange (“forward”) orders with external counterparties for execution.

Longview will only trade forwards for clients who have requested that their currency exposure in their portfolio is hedged back to their base currency. Forwards are FX transactions settling at greater than the standard settlement period for securities within the relevant jurisdiction, which in most cases means more than two business days after execution.

To ensure that Longview takes all sufficient steps to obtain the best possible result for its clients, it has considered the relative importance of the following execution factors:

Likelihood of settlement: Assessment of the counterparty’s operational capability and credit risk in order to maximise the likelihood of the order settling on time.

Operational risk: Assessment of operational complexity.

Price: Achievement of the best possible price for the order.

Longview uses knowledge of each client’s circumstances and requirements to determine the factors that are taken into account for the purpose of providing best execution. Longview provides investment management services to a range of professional clients. Therefore it is recognised that whilst price is an important factor in determining best execution, price alone will not determine whether best execution has been achieved.

Procedure

A client portfolio will trade a forward contract in order to manage the currency exposure of the non-base currency denominated investments in their portfolio.

Execution factors are ranked below in order of importance:

Operational Risk: Given the complexity and risks that may arise from trading forwards with multiple counterparties, Longview executes forward orders with the client’s custodian.

Likelihood of settlement: Due to the characteristics of a forward contract, ie the longer settlement period, there may be counterparty exposure risk.

Price: Ensuring that the price offered by the broker is in line with the market price.

*This policy is directly applicable to Longview Partners LLP. Where Longview Partners (Guernsey) Limited delegates the activity of investment management to Longview Partners LLP, Longview Partners (Guernsey) Limited is responsible for the oversight of this policy.

Executing orders outside a trading venue

On occasion, client orders may be executed outside of a trading venue. In such circumstances, the protections provided by trading on venue would not apply and as such counterparty risk may increase. You are able to request additional information from us about the consequences of transactions being executed outside a trading venue.

Best Execution Committee

The Best Execution Committee (BEC) consists of the CIO, the Head of Compliance and the Head of Trading. The BEC meets quarterly and may be joined by members from teams including Trading, Risk and Portfolio Analysis and Operations. In respect of forwards, the BEC are responsible for the evaluation of best execution as well as broker evaluation.

Monitoring and Review

The Best Execution Committee evaluates all orders on a quarterly basis. Trades and brokers are analysed using various metrics.

On a daily basis, Longview monitors counterparty ratings (where available) and reviews the impact of any change on our counterparties. In addition, Longview also monitors Credit Default Swap (CDS) spreads and Bloomberg CDS ratings daily against internal tolerance levels.

Longview's Order Execution Policy will be reviewed on at least an annual basis by Compliance, to ensure it still facilitates obtaining the best possible result for Longview's clients. It is provided to all clients (where applicable), with each client's consent to the policy being received prior to commencement of managing their assets. In addition, an up-to-date version is provided to all clients annually and also following any significant change to the policy.

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Schedule of Brokers

- Bank of New York Mellon
- Northern Trust
- State Street
- J.P. Morgan Securities Limited
- Banque de Luxembourg
- Pictet & Cie SA

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