



Foreign Exchange - Best Execution and Order Handling Policy

1 Introduction

1.1 Objectives

FIL Limited and its relevant subsidiaries (collectively "FIL") conducts currency management services through specialist risk management and execution teams dedicated to taking all sufficient steps to achieve the best possible results on a consistent basis in the execution of foreign exchange transactions on the behalf of clients. FIL will utilise an approach designed to achieve fairness and to not disadvantage comparable client accounts when aggregating and executing trade orders.

1.2 Scope of Policy

The Order Execution Policy ("the Policy") refers to all fund or client FX transactions carried out by the FX trading desk. This includes FX forwards (**Non Deliverable Forward**), and other currency instruments.

FIL is careful to avoid the potential for conflicts of interests to arise, and so Foreign Exchange ("FX") trading as **Agent** for funds or clients to which this policy applies is not aggregated with FIL's principal FX trading.

FIL deems all its clients to be classified as **Professional Clients**.

This Policy does not apply to the FIL Retail Brokerage business.

2 Delegation

FIL may delegate portfolio management and/or trading execution to companies within and outside of the FIL group of companies. These delegates may be located in other jurisdictions (including outside the EEA), and may not be subject to the same regulatory rules as FIL.

When appointing a third-country sub-advisor, FIL ensures that any such delegation is made in the best interest of its clients and that clients receive an equivalent level of protections as provided for under this Policy.

3 Best Execution and Order Handling Policy

Regulations require FIL to implement a best execution and order handling policy to take all sufficient steps to obtain the best possible result on behalf of its clients.

The Policy will be reviewed at least annually by the Trade Oversight Committee and in the event of material changes.



4 Execution Factors

The FIL FX Trading Desks (“the desk”) will determine on an order-by-order basis the relative importance of the following execution factors:

- a) Price;
- b) Size and nature of the whole order;
- c) Speed of executing a transaction;
- d) Likelihood of execution and settlement;
- e) Costs;
- f) Information slippage and any other factors considered relevant to the execution of the transaction;
- g) **Counterparty** rating;
- h) Counterparty exposure; and
- i) Liquidity provision.

The desk will trade in accordance with the Policy except when in receipt of legitimate client instructions (e.g. Counterparty restrictions), in which case:

- the desk will endeavour to take into account all of the Execution Factors noted above, subject to the client instructions; and
- FIL will be considered as having satisfied its best execution obligations in respect of the requirements of the client instructions.

Where a client provides FIL with specific instructions in relation to their order, the order will be executed in line with the instructions. Where a client provides specific instructions that relate to only a part of the order, the Policy will be followed to those aspects of the order that are not covered by the instruction. Any instructions provided by a client may prevent FIL from following all steps of the Policy, which has been designed to obtain the best possible result for clients in respect of the elements that are covered by that instruction.

In certain instances (i.e. flow related to hedged share classes), the desk will receive specific instructions on forward trades including at which time and with which counterparties to trade with in order match valuation points and related Principal spot trades not covered under this policy. This is done in order to limit unwanted performance volatility and ensure the best overall result for clients.

Portfolio Managers are not permitted to direct orders to specific venues or counterparties for execution.

5 Execution Criteria

While ordinarily price and costs will merit a high importance in obtaining the best possible result for the client, when executing client orders the desk will consider the following criteria to determine the importance of the execution factors:



- a) the characteristics of the order;
- b) the characteristics of the financial instrument; and
- c) the characteristics of the available **Execution Venues**.

6 Execution Venues - Order Classification

The default venue used by the FX teams is a multi-bank FX execution platform that allows FX traders to efficiently manage order execution for clients, directly engaging with approved FX counterparties.

Orders are reviewed by the desk and are classified as “request for” or working orders.

Orders that are smaller in size, in liquid currencies, during normal market hours will be considered “request for” orders. These orders will be traded through the execution management system/MTF using Request for Stream or **Request for Quotes** order types seeking the best price for the order in the fastest manner from multiple counterparties where available.

Orders that are larger in size, are in regulated or illiquid currencies, and/or are trading outside of normal market hours will be considered working orders. These orders will be traded through the execution management system/MTF by using the **Working Order at Best**, Request for Quotes order types or verbally over the phone using single or multiple counterparties in order to limit **Market Impact** while assessing and accessing available liquidity.

It is the responsibility of the trader to consider in what manner the order should be quoted / executed on each individual trade, having taken into account the relevant execution factors and criteria outlined above.

If parameters of the order, market conditions or specific Portfolio Manager/client instructions dictate, an individual order may be traded differently.

All FX traders use independent price sources (e.g. Bloomberg, Reuters, **EMS**, vendor platforms) to ensure the indicative price bids or offers they obtain from Counterparties are competitive and a fair representation of the market price at that exact time. Traders always check external sources before negotiating / accepting a quote and may choose to obtain comparable indicative quotes from other counterparties to help negotiate the best rate for the client.

7 Execution Venues - Counterparty Selection

The FIL broker selection process ensures that suitable firms are selected to execute FIL orders. All brokers are subjected to a separate Counterparty approval and monitoring process with clear policies and guidelines that brokers must meet in order to be approved for trading. When deciding where to trade an order the following non-exhaustive list of criteria may be taken into consideration when selecting a Counterparty:

- a) an indication that they have activity in the currency;
- b) that they have systems capable of handling and routing orders;

- c) that they have local knowledge of the security, sector or market which is likely to be an advantage;
- d) past performance in terms of the general value and quality of the services they have provided;
- e) the size and type of the transaction;
- f) the structure and conditions of the markets for the security;
- g) execution consistency;
- h) settlement capability and financial condition of the investment firm; and
- i) any commissions, charges and fees.

We have outlined above those execution factors that will generally be the most relevant for our choice of execution venue for each instrument type traded. However, venue selection will in each case also be subject to any legal, regulatory or credit restrictions on where a particular order may be executed.

8 Order Aggregation

The desk may, when feasible and when consistent with the fair and equitable treatment of all client accounts in accordance with applicable local law and regulation, aggregate orders for execution. Whilst we reasonably believe that aggregation of orders works in favour of all clients over time, this may not be the case on an individual trade basis.

When aggregated FX orders of the same currency pair (buy and sell) be combined across value dates unless otherwise determined by characteristics of the order or other execution criteria listed above. When aggregated only the net positions of FX pair orders are traded in the market with the balances crossed at the execution price. This is common market practice, seeks to minimize the Market Impact, and spreads costs which is viewed as beneficial for all clients over time.

When specific instructions are given by a Portfolio Manager or client, their orders might not be aggregated and they might be traded separately to fulfil specific requirements. Trades will not be prioritized due to Portfolio Manager specific instructions; total liquidity demand will be taken into account when trading. In some circumstances if there are specific client instructions or limitations on an order, such orders may be traded after unrestricted client orders.

9 Execution Results

FIL strives to frequently review, assess and improve its currency trading process and it monitors the effectiveness of its execution arrangements to ensure that it consistently achieves the best possible result for its clients. This is achieved through a regular review of trading analytics from a Counterparty perspective, trader perspective, as well as a firm perspective. Traders, Compliance as well as investment management are active participants in the review process. FIL has contracted a third party transaction cost analysis (TCA) provider to assist with data gathering and analysis for FX.

FIL also reviews and considers, at minimum annually, publicly available data published by Execution Venues on the quality of execution of transactions. Where areas for improvement in FIL's execution



arrangements are identified, FIL will effect appropriate changes to its execution arrangements and/or execution policy.

10 Governance and Oversight

In addition to the first line of oversight performed by the desk and Head of FX Trading, regular monitoring is performed by Compliance to help ensure that trading practices are in line with all applicable laws, regulations, policies and procedures.

Governance and oversight of the foreign exchange trading process and results is facilitated by the following:

- a) Daily oversight;
- b) Regular broker reviews by trading with top counterparties;
- c) Periodic review of execution platforms;
- d) Twice a Quarter Global Trading Governance and Oversight Committee (First line oversight, all asset classes) meetings between regional Heads of Trading for each desk and asset class, Investment Management Services, First Line Risk, Compliance teams, and any other groups as needed.
- e) Quarterly Trade Oversight Committee (Second line oversight, all asset classes) meetings between the Head of ISS Legal and Compliance, CIO Fixed Income, Global CIO - Asset Management, Chief Operating Officer - ISS, Head of Investment Compliance and Monitoring, Head of Investment Risk Oversight and any other groups as needed.



11 Appendix

11.1 Schedule A - List of Broker Venues for Fidelity International FX Trading Desk

Including, but not limited to, the following:

Bank Legal Name	LEI
Bank of America NA*	B4TYDEB6GKMZO031MB27
Barclays Bank	G5GSEF7VJP5I7OUK5573
BNP Paribas*	R0MUWSFPU8MPRO8K5P83
Brown Brothers Harriman & co*	5493006KMX1VFTPYPW14
Canadian Imperial Bank of Commerce*	2IGI19DL77OX0HC3ZE78
Citibank NA	E57ODZWZ7FF32TWEFA76
Deutsche Bank AG	7LTFWFZYICNSX8D621K86
Goldman Sachs International*	W22LROWP2IHZNBB6K528
HSBC Bank (Taiwan) Limited	549300SG184IVNYDMN03
HSBC Bank PLC*	MP6I5ZYZBEU3UXPYFY54
HSBC France	F0HUI1NY1AZMJMD8LP67
JPMorgan Chase NA*	7H6GLXDRUGQFU57RNE97
Morgan Stanley & Co International plc	4PQUHN3JPFGFNF3BB653
Morgan Stanley Europe SE	54930056FHWP7GIWYY08
National Australia Bank Ltd*	F8SB4JFBSYQFRQEH3Z21
Royal Bank of Canada*	ES7IP3U3RHIGC71XBU11
Standard Chartered Bank	RILFO74KP1CM8P6PCT96
State Street Bank And Trust*	571474TGEMMWANRLN572
The Hong Kong & Shanghai Banking Corporation Ltd.	2HI3YI5320L3RW6NJ957
UBS AG	BFM8T61CT2L1QCEMIK50

* - Execution Venues on which the Trading desk places significant reliance in meeting its obligation to take all sufficient steps to achieve the best possible result for the execution of client orders on a consistent basis.

11.2 Definitions and Key Concepts

Agent	Person or group legally authorized to act on behalf of clients. In this case regarding foreign exchange transactions related to investment management fund investments
Counterparty	The opposite party to the foreign exchange transaction
Execution Venues	A broker, regulated market, an MTF, a systematic internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing
EMS	Electronic Order Management Systems where orders received from the OMS are executed via the pre-determined execution method with the chosen Counterparty
Market Impact	The effect that a market participant has when it buys or sells currencies. It is the extent to which the buying or selling moves the price against the buyer or seller, i.e., upward when buying and downward when selling. It is closely related to market liquidity; in many cases "liquidity" and "Market Impact" are synonymous
Non Deliverable Forward	A NDF is a cash-settled, forward contract in a thinly traded or nonconvertible foreign currency against a freely traded currency, where the profit or loss at the settlement date is calculated by taking the difference between the agreed upon exchange rate and the spot rate at the time of settlement, for an agreed upon notional amount. The largest segment of NDF trading is done via the U.S. dollar
OMS	Order Management System where firm orders are received, generated, held and aggregated. Here the characteristics of the orders are assessed before an execution method is assigned by the trader and the resulting trades are sent to the EMS for execution
Portfolio Manager	Investment decision maker or delegate who is approved to place orders on behalf of a client portfolio to the trading desk
Professional Clients	A client category as defined by the regulator and which is typically an authorised or regulated financial institution
Request for Quotes ("RFQ")	The process of requesting an indicative quote from one or more counterparties. The request can be made electronically, verbally or in writing and an order is not considered executed until both parties confirm that they agree on the quoted price
Request for Stream Pricing ("RFS")	The electronic process of sending out an order to multiple counterparties simultaneously. Bid / Offer prices are requested and the best price is continuously available for selection during the execution window for the trader to complete execution
Working Order at Best	The electronic process of transmitting an order to a single Counterparty with further instructions provided over the phone or other communication methods, usually to work the order over time and limit Market Impact



DISCLAIMER

If the above policy is provided in the context of a potential or actual contractual relationship it will not have any contractual impact. This policy is not in any way an inducement to enter into any agreements or arrangements. This policy is simply a policy and as such may not be always followed in extreme market circumstances or other unforeseen events.

This document and its contents are the property of Fidelity International and as such may not be reproduced or circulated without prior permission and must not be passed to private investors. Unless otherwise stated, all views expressed are those of Fidelity International. The information in this document is correct to the best of our knowledge. It should be noted that the contents are subject to change without notice and as such no reliance should be placed on this document without confirmation that the contents are still relevant