

Morgan Stanley Investment
Management
Global Order Execution Policy

Title	MSIM Global Order Execution Policy
Effective Date	3 rd January 2018
Owner	Head of Advisory Compliance, MSIM EMEA
Approver	Head of Compliance, MSIM EMEA

Table of Contents

1	Executive Summary	1
1.1	Scope	1
1.2	Related Policies.....	1
2	Policy Statements	1
3	Standard: Overview	1
3.1	Client Classification	1
3.2	Aggregation and Allocation of Orders.....	1
3.3	Approval of Brokers.....	1
3.4	Selection of Brokers	2
3.5	Commission Rates	2
3.6	Publication of Brokers and Execution Venues.....	2
4	Standard: Factors Impacting Best Execution	3
4.1	Factors	3
4.2	Selection of Execution Venues.....	3
5	Standard: Execution Policy	4
5.1	Equity	4
5.2	Fixed Income/ Convertibles.....	4
5.3	Money Market Instruments.....	4
5.4	Foreign Exchange	4
5.5	Derivatives, OTC Derivatives and Tailored Products	5
5.6	Fund of Funds	5
5.7	Client Directed Trades.....	5
6	Standard: Monitoring & Oversight	5
6.1	Equity	5
6.2	Fixed Income and Money Market Instruments.....	5
6.3	Fund of Funds	5
6.4	Client Notification	6
7	Policy Assurance Methods	6
7.1	Awareness Methods.....	6
7.2	Training Methods.....	6
7.3	Policy Adherence Monitoring.....	6
7.4	Update Requirements	6
7.5	Consequences of Violating the Policy	6
8	Governance	6
9	Record Keeping Requirements	7
10	Reference Information	8
10.1	Glossary	8
11	Appendix A	9
11.1	Significant Execution Venues.....	9
11.2	Equities Execution Venues and Broker-Dealers.....	9
11.3	Fixed Income Execution Venues and Broker-Dealers	10

This page has been left blank intentionally

1 Executive Summary

Morgan Stanley Investment Management (“MSIM”) manages portfolios of investments on a discretionary basis for investment funds and managed client accounts (together referred to as the “Clients”).

This MSIM Global Order Execution Policy (the “Policy”) outlines the process MSIM has established which seeks to provide best execution when executing orders on behalf of clients as required by the Markets in Financial Instruments Directive II (“MiFID II”) and requirements set out in Chapter 11 of the FCA’s Conduct of Business Sourcebook (COBS 11.2).

Pursuant to these rules, MSIM must take all sufficient steps to obtain the best possible results for its Clients when placing orders as part of MSIM’s portfolio management service in compliance with its contractual or agency obligation to act in accordance with the best interests of the Client taking into account the Relevant Factors (as defined below).

1.1 Scope

This Policy applies to the placement of orders for execution on behalf of MSIM clients and is applicable to all investment employees of MSIM globally.

1.2 Related Policies

All MSIM Trading policies including, but not limited to the following;

- Global Trade Aggregation and Allocation Policy and Procedure
- Investment Management Research Policy

2 Policy Statements

1. MSIM must take all sufficient steps to obtain the best possible results for its clients when placing orders as part of MSIM’s portfolio management services.
2. MSIM must act in accordance with the best interests of the client taking into consideration the Relevant Factors.

3 Standard: Overview

3.1 Client Classification

For the purposes of the Policy, MSIM Clients are classified as ‘Professional Clients’ as defined in the FCA Rules.

3.2 Aggregation and Allocation of Orders

MSIM aims to allocate buy and sell orders among its Clients subject to prevailing market conditions, Clients’ restrictions and the Relevant Factors (as defined below) in accordance with its Aggregation and Allocation of Orders Policy. MSIM does not provide any of its Clients, or a group of Clients, with preferential treatment in connection with investment opportunities. The Clients participate in the aggregation process on a pro rata basis, and in line with any concentration or liquidity restrictions applicable as per their investment guidelines.

3.3 Approval of Brokers

MSIM may only execute transactions with authorised brokers that appear on MSIM’s Approved Broker List (“ABL”). MSIM performs due diligence to ascertain that each broker meets minimum standards set by the MSIM Counterparty Risk Sub Committee (“CRS”). This may include a broker’s coverage of certain industries

in which MSIM may seek to invest on behalf of its Clients, as well as the reputation and standing of the broker's analysts, their investment strategies, timing and accuracy of statistical information.

The CRS has overall governance responsibility for and assists in evaluating all matters relating to counterparty risk, including the broker approval process across all asset classes.

MSIM monitors the quality of the execution services provided by approved brokers and reviews each broker's performance on a regular basis, taking the above factors into account.

Please refer to Annex A for list of execution venues and brokers used by MSIM.

3.4 Selection of Brokers

In selecting the appropriate broker from the ABL, MSIM will consider and prioritise the following determining factors:

- Best available price
- Reliability, integrity and reputation in the industry
- Execution capabilities, order size, speed of execution, and the quality and responsiveness of its trading desk
- Knowledge of and access to the markets for securities being traded
- Protection of confidentiality
- Ability to handle non-traditional trades
- Technology infrastructure
- Clearance and settlement capabilities
- The size of the trade relative to other trades in the same instrument
- Ability of our counterparty to commit their capital to our trades and their access to liquidity
- Counterparty restrictions associated with a portfolio including trading documentation requirements e.g. (ISDA or MSFTA) or any specific clearing requirements
- Client directed execution and specific restrictions

3.5 Commission Rates

MSIM effects transactions based on commission rates for specific markets. These rates are negotiated periodically with each broker to ensure competitiveness by taking into account market trends and seek to strike a commercial balance between the quality of services provided in relation to order execution for our Clients. Commission rates are reviewed annually at a minimum. From January 2018, MSIM Ltd will absorb the cost of research for all MSIM Ltd mandates, including where all such mandates have been delegated in whole or part to other MSIM entities.

3.6 Publication of Brokers and Execution Venues

MSIM must publish on its website a report showing the top 5 brokers and execution venues used by MSIM in the preceding twelve months. This report for any given year is available on the Regulatory Policy and Disclosure section of the MSIM website and is updated on annual basis.

4 Standard: Factors Impacting Best Execution

4.1 Factors

When effecting transactions for its Clients MSIM takes into consideration a number of factors (together referred to as the “Relevant Factors”) including, but not limited to:

- price/spread
- cost of execution
- speed and likelihood of execution
- order size
- nature of the order
- broker or counterparty selection
- availability of liquidity
- likelihood of settlement
- market impact of the transaction
- MSIM’s operational costs
- any other considerations that MSIM deems relevant to the transaction

MSIM will determine the relative importance of each factor using the following criteria:

- characteristics of the Client
- characteristics and nature of the transaction, including whether the Client has given specific instructions
- characteristics of the financial instruments
- liquidity of the financial instrument
- characteristics of the execution venues through which the transaction may be executed

4.2 Selection of Execution Venues

When selecting execution venues, MSIM takes into account all of the Relevant Factors which include the standard and quality of individual execution venues, and other factors that MSIM believes to be relevant to the efficient execution of Client’s orders.

Trading in some financial instruments, may only be available via a limited number of execution venues. When such an instance occurs, it will be deemed that MSIM has obtained the best possible result if it effects a transaction through the available venues.

MSIM may use one or more of the following venues types:

- Regulated Markets
- Multilateral Trading Facilities (“MTF”)
- Organised Trading Facility (“OTF”)
- Systematic Internalisers
- Third party investment firms (including affiliates)
- Non-EU entities performing similar functions

When MSIM places an order with a broker for execution, MSIM will conduct the appropriate due diligence on the brokers venue selection process, and monitor the execution of transactions effected by the broker.

5 Standard: Execution Policy

MSIM's trading desks seek to deliver an industry leading service that aims to offer a performance advantage to its clients by reducing both implicit and explicit costs of trade execution, while leveraging a cohesive global trading platform.

The objective of the trading desks are to achieve superior execution outcomes, reduce implicit costs (trading costs/opportunity costs), and diminish explicit costs (commissions/exchange fees) using innovative trading solutions, and a variety of trading platforms.

MSIM's trading desks execute transactions with approved brokers and trading venues listed in the Approved Broker List ("ABL"), and have the expertise to execute trades based on the objectives of MSIM's clients. The approved brokers and trading venues list is approved by the CRS.

MSIM traders weigh multiple factors when determining which approved broker or venue with which to execute any transaction. These factors include, but are not limited to: the reason for the trade (cash flow or strategic/fundamental security selection), the number of securities involved, the liquidity profile of the order, and indications of interest.

MSIM's multi-regional trading desks, enables the Firm to leverage the location expertise and local market knowledge of its traders.

5.1 Equity

Broker-dealers are selected from the ABL based on their competitive pricing, access to liquidity, quality of service, access to markets, and their track record in executing MSIM's client orders. MSIM utilizes a variety of trading strategies and tools including strategic blocks, direct market access (via broker channels), algorithms, dark pools, and alternative trading systems. The utilization of multiple strategies aims to reduce implicit and explicit costs, and aims to increase sources and levels of liquidity.

5.2 Fixed Income/ Convertibles

Broker-dealers are selected from the ABL based on their competitive pricing, access to liquidity, quality of service, access to markets, and their track record in executing MSIM's client orders. In certain circumstances, it is not possible to obtain three independent price estimates from the market. These conditions include:

- the size of transaction,
- type of transaction,
- liquidity constraints of the traded instrument,
- broker/counterparty execution constraints, and
- situations in which approaching multiple counterparties is detrimental to the interest of MSIM's clients.

In such instances, MSIM traders have the discretion to execute in such a fashion so as to achieve their primary objective of obtaining the best possible result when executing securities, taking into account the circumstances existing at the time of the trade.

5.3 Money Market Instruments

Money market transactions are frequently large in nominal value and have short settlement periods. As a result, the selection of broker-dealers from the ABL will depend on factors such as: product offers, pricing, timely execution, settlement ability, capacity to trade in large volume, and access to sources of liquidity.

5.4 Foreign Exchange

When entering into FX forward transactions for Clients, brokers are selected from the ABL based on their competitive pricing, access to liquidity, variety of FX pairs, credit rating, track record in order execution, and timely settlement capability. During times of execution, FX spot prices are continually monitored for best execution using price sources such as Reuters and Bloomberg.

5.5 Derivatives, OTC Derivatives and Tailored Products

The selection of broker-dealers for derivatives depends on, but is not limited to the size of the transaction, the liquidity of the underlying instrument, counterparty and credit risk, and settlement and clearing capabilities.

When executing orders in OTC derivative products and tailored products, MSIM will ascertain the fairness of the price of the product. This is accomplished by gathering market data to estimate the price of such products, and where possible, by comparing the estimated price with prices on comparable products.

The availability of data used in the estimation of product prices may be impacted when transaction parameters exceed standard market sizes in times of restricted market liquidity, or in cases when a mere declaration of intention to transact may result in either market or price sensitivity. In such instances, it may not be possible to source a sufficient number of price estimates from the market.

As a result, MSIM shall determine what is likely to be the best method of execution by considering the aforementioned factors.

5.6 Fund of Funds

Available investment capacity in a fund is allocated on a pro-rata basis as determined by an Investment Committee vote in accordance with portfolio guidelines, strategy, tax considerations, legal or regulatory considerations, and other relevant business considerations. Allocation rationale is documented in the Investment Committee minutes.

5.7 Client Directed Trades

When a Client provides MSIM with specific instructions in relation to a proposed transaction or any particular aspect of that transaction (including, but not limited to, a direction to execute on a particular venue or a broker-dealer) MSIM effects that transaction in accordance with those instructions. Specific instructions may prevent MSIM from following some or all of the steps outlined in this Policy. In such instances, MSIM is required to obtain the best possible result within the confines of the Client's instructions. To the extent that specific instructions are not comprehensive, MSIM will determine any non-specified components in accordance with this Policy.

6 Standard: Monitoring & Oversight

6.1 Equity

By using independent third-party TCA services MSIM is able to monitor and analyse the implicit costs of transactions. This analysis enables MSIM to evaluate the quality of trade execution, the quality of the broker selection process, and the value of the investment manager's decision process in an effort to better assess the value added to each trade placed for MSIM clients.

A summary of the analysis is provided to the Global Best Execution Committee, senior management and at the Independent Investment Review meeting. The Global Best Execution Committee has overall governance responsibility for overseeing policies, procedures and practices related to best execution for equity products. It is comprised of senior representatives from MSIM's trading teams, Global Risk and Analysis Group, and Compliance and operations teams.

6.2 Fixed Income and Money Market Instruments

MSIM monitors money markets transactions and fixed income trading capabilities of the brokers and intermediaries to identify those that consistently provide the best quality service and competitive price quotes.

6.3 Fund of Funds

MSIM regularly evaluates the fee structures of the underlying funds and the performance of the third party managers to ensure that the chosen portfolio of funds represents the best possible result for the relevant fund and its investors. The portfolio management team records their decision making process when

selecting underlying funds for a portfolio. The rationale is regularly reviewed by the fund controllers and fund auditors. Additionally, these decisions are also presented to the Independent Investment Review for further oversight.

6.4 Client Notification

MSIM will provide clients with sufficient information on this Policy and notify its Clients of any material changes in MSIM's order execution arrangements or this Policy. This Policy will be made available on the MSIM website from 3rd January 2018.

7 Policy Assurance Methods

7.1 Awareness Methods

This Policy is distributed via email to all Employees through the Monthly Compliance Bulletin, is posted on the LCD Portal and accessible via the PolicyPortal. Employees in scope are also made aware of the Policy requirements through desk-based training.

7.2 Training Methods

LCD conducts mandatory training at various times in an employee lifecycle across conduct related issues. LCD provides training on policies and the business areas provide training on the underlying procedures.

7.3 Policy Adherence Monitoring

The Compliance Testing team provides risk prioritised, independent testing of gifts, entertainment and inducement related controls.

Employees must promptly escalate actual or potential violations of the Policy to LCD and/or the Integrity Hotline.

7.4 Update Requirements

This Policy is reviewed and approved in line with the annual requirements by the Head of Advisory Compliance, MSIM EMEA who also approves off-cycle changes. The efficacy of the order execution arrangements is reviewed on an ongoing basis and updated whenever a material change occurs.

7.5 Consequences of Violating the Policy

Failure to comply with this Policy may subject an Employee to a range of disciplinary actions, up to and including suspension or termination of employment.

8 Governance

The MSIM Global Equity Best Execution Committee and Global Fixed Income and Liquidity Committees have overall responsibility for overseeing policies, procedures and practices related to best execution for their respective asset classes.

The Committees comprise of senior representatives from MSIM's trading teams, the Global Risk and Analysis Group, Compliance and Operations teams.

Their respective responsibilities include, but is not limited to the below.

- Review broker-related performance.
- Establish of standards for the review of best execution performance.

- Review transaction cost analysis data (highlighting enhancements where required).
- Review operational quality and metrics supporting best execution.
- Review Compliance related matters as relevant.

In addition, management information on the execution quality of trading desks globally is monitored and reviewed by the MSIM Ltd Investment Committee. The Investment Committee is also responsible for the review and remediation of any identified issues with execution quality, processes, and procedures.

9 Record Keeping Requirements

Records are retained in accordance with Morgan Stanley's Global Information Management Policy which establishes general firm-wide standards and procedures regarding the retention, handling, and destruction of official books and records and other information of legal or business significance.

The Morgan Stanley Global Information Management Policy incorporates Morgan Stanley's Master Retention Schedule, which lists various record classes and associated retention periods on a Global basis.

10 Reference Information

10.1 Glossary

Term	Definition
“ABL”	Approved Broker List
“Clients”	Discretionary clients or mutual funds managed by Morgan Stanley Investment Management
“CRS”	Counterparty Risk Sub Committee
“FCA”	Financial Conduct Authority
“FCA Rules”	Set of principles and rules produced and published by FCA including FCA's Handbook
“ISDA”	International Swaps and Derivatives Association Agreement
“MSFTA”	Master Securities Forward Transaction Agreement
“MSIM”	Morgan Stanley Investment Management Limited
“Multilateral Trading Facility”	As defined in Directive 2014/65/EU on markets in financial instruments
“Organised Trading Facility”	As defined in Directive 2014/65/EU on markets in financial instruments
“OTC”	Over-the-counter
“Policy”	Order execution policy of Morgan Stanley Investment Management
“Regulated Markets”	As defined in Directive 2014/65/EU on markets in financial instruments
“Systematic Internalisers”	As defined in Directive 2014/65/EU on markets in financial instruments
“TCA”	Transaction Cost Analysis

11 Appendix A

11.1 Significant Execution Venues

MSIM may use the following execution venues when obtaining best execution for its Clients. This is not exhaustive and may be revised periodically. MSIM may use other venues not listed below (for example, using a broker on a provisional basis or where the instrument to which the order relates is particularly unusual) where it is appropriate in accordance with this Policy. MSIM may also remove any venues from the list as deemed appropriate.

MSIM publishes on its website a report showing the top 5 execution venues used by MSIM in the preceding twelve months. This report for any given year is available on the Regulatory Policy and Disclosure section of the MSIM website. The report is updated on annual basis.

11.2 Equities Execution Venues and Broker-Dealers

11.2.1 Broker-Dealers

Abg Sundal Collier	Goodbody Stockbrokers	Macquarie Securities
Abn Amro Netherlands	Green Street	Mainfirst
Banco Bilbao Vizcaya	Handelsbanken Capital Markets	Mischler
Barclays Capital	HSBC	Natixis
Berenberg Bank	Ing Barrings Nv	Nordea
Bofa Merrill Lynch	Instinet Corp	Numis Securities
Btig	Investec Equities	Oppenheimer
Cantor Fitzgerald & Co Inc	ITG	Panmure Gordon
Carnegie International	Jefferies & Company Inc	Peel Hunt Llp
Citigroup	Jones & Associates Inc	RBC Capital Markets
Credit Suisse	JP Morgan	Redbum
Davy Securities	Kempen Capital Management	S.C. Bernstein
Den Danske Bank	Kepler Cheuvreux	Societe Generale
Den Norske Bank	Liberum Capital	State Street Financial
Deutsche Bank	Liquidnet Inc	Stifel Financial Corp
Exane Bank	Loop Capital Markets	UBS
Fidentiis		Vontobel Holding Ag
Goldman Sachs		Williams Capitla Group Lp

11.3 Fixed Income Execution Venues and Broker-Dealers

MSIM publishes on its website a report showing the top 5 execution venues used by MSIM in the preceding twelve months. This report for any given year is available on the Regulatory Policy and Disclosure section of the MSIM website. The report is updated on annual basis.

11.3.1 Broker - Dealers

ABN Amro Bank NV	Commonwealth Bank of Australia	JP Morgan Securities PLC
Aurel BGC S.A.S.	Credit Agricole Corporate & Investment Bank	Knight Capital Europe Ltd.
Australia & New Zealand Banking group Ltd.	Credit Suisse AG	Landesbank Baden-Wuerttemberg
Banco Bilbao Vizcaya Argentaria SA	Credit Suisse International	Liquidnet Inc
Bank of America NA	Credit Suisse Securities (Europe) Ltd.	Lloyds Bank Plc
Bank of Montreal	Daiwa Capital Markets Europe Limited	Lloyds TSB Bank plc
Bank of New York Mellon	Daiwa Securities Co. Ltd	MarketAxess Europe Limited
Bank of New York, London Branch	Danske Bank A/S	Merrill Lynch International Bank Ltd.
Bank of Nova Scotia	DBS Bank Ltd.	Millennium Europe Limited
Barclays Bank	Deutsche Bank AG	Mitsubishi UFJ Securities International plc
Bayerische Landesbank	DZ Bank AG	Mitsubishi UFJ Trust & Banking Corp.
Bloomberg	Erste Group Bank AG	Mizuho International Plc
BNP Paribas	Exane	MTS Bondvision
BNP Paribas SA (Milan Branch)	GFI Securities LTD	Morgan Stanley & Co International plc
BRED Banque Populaire	Goldman Sachs International	National Australia Bank Ltd.
Caixa Bank SA	HSBC Bank plc	Natixis
Canadian Imperial Bank of Commerce	ICAP Securities Ltd.	Nomura Securities (The) Co. Ltd.
CIBC London	Imperial Capital LLC	Norddeutsche Landesbank Girozentrale
CIBC World Markets Corp.	ING Bank NV	Nordea Bank Findland PLC
Citibank NA	Intesa Sanpaolo SpA	Oddo Securities
Citigroup Global Markets Inc.	Jefferies International Holdings Ltd.	
Citigroup Global Markets Ltd.	JP Morgan Chase Bank, NA	
Commerzbank AG		

Pohjola bank Plc	Skandinaviska Enskilda Banken (SEB Capital Markets)	Trade Web
Rabobank International	Societe Generale	UBS AG
RBC Capital Markets LLC	State Street Global Markets, LLC	UBS Ltd
Royal Bank of Canada	Stifel, Nicolaus Europe Ltd.	Unicredit Bank Ag
Royal Bank for Scotland (The) plc	Swedbank AB	Wells Fargo Securities International Ltd
Santander Investment Securities, Inc.	The Seaport group Europe LLP	Westpac Banking Corp
		Zenith Bank (UK) Limited

Morgan Stanley Investment Management Limited, 25 Cabot Square, Canary Wharf, London E14 4QA, authorised and regulated by the Financial Conduct Authority.

www.morganstanley.com/im

© 2017 Morgan Stanley