

# Morgan Stanley Investment Management Global Order Execution Policy

## 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”).

MSIM refers to each MSIM Adviser that provides investment management services to Clients, as follows:

- Morgan Stanley Investment Management Inc. (“MSIM”)
- Morgan Stanley Investment Management Limited (“MSIM Ltd.”)
- Morgan Stanley Investment Management Private Limited
- Morgan Stanley Investment Management Company
- Morgan Stanley Asia Limited
- MS 522 CLO Manager LLC
- Morgan Stanley Investment Management (Japan) Co., Ltd.
- Morgan Stanley AIP GP LP
- Morgan Stanley Saudi Arabia (“MSSA”)

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). And in the case of MSIM Company, when placing and executing orders for and on behalf of clients as per requirements set out in MAS Notice on Execution of Customer Order [SFA-04-N16].

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).

## 2 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.

### 3 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.

### 4 Standard: Overview

#### 4.1 Client Classification

For the purposes of the Policy, MSIM Clients are classified as 'Professional Clients' as defined in the FCA Rules.<sup>1</sup>

#### 4.2 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 Global Trade Aggregation and Allocation Policy and Procedure. 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 allocation process on a pro rata basis, and in line with any concentration or liquidity restrictions applicable as per their investment guidelines. Compliance approved regional allocation policies may vary this approach where necessary.

#### 4.3 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 Trading and Research Governance Team ("TRG"). Factors considered in approving counterparties include general criteria related to creditworthiness (financials, ratings, capital adequacy, etc.) as well as other qualitative factors such as execution capabilities, operational stability and regulatory/reputational considerations.

For non-investment grade brokers, TRG also conducts a credit review to assess balance sheet strength based on equity capital as a percent of assets, degree of debt in the capital structure measured as the number of times equity capital is leveraged, and percentage of assets represented by securities owned at market value, among other analytical metrics. The consistency of operating results and trends of the foregoing ratios are generally reviewed for the prior three fiscal year-ends. Credit reviews for non- investment grade brokers are conducted once per calendar year.

#### 4.4 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 the counterparty to commit capital to trades as well as the counterparty's 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

#### 4.5 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.

#### 4.6 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 an annual basis.

### 5 Standard: Factors Impacting Best Execution

#### 5.1 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

## 5.2 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 Clients' 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 venue 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 broker's venue selection process, and monitor the execution of transactions effected by the broker.

## 6 Standard: Execution Policy

MSIM's trading desks seek to deliver an industry leading service that leverages a cohesive global trading platform. The objective of the trading desks are to achieve superior execution outcomes, reduce implicit costs (slippage/opportunity costs), and diminish explicit costs (commissions/exchange fees) using innovative trading solutions and strategies.

MSIM's trading desks execute transactions with approved brokers and trading venues listed in the ABL, and have the expertise to execute trades based on the objectives of MSIM's Clients.

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 enable the Firm to leverage the location expertise and local market knowledge of its traders.

### 6.1 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 utilises 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.

### 6.2 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.

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. In order to do so, they may employ a number of trade strategies based on different factors, such as the type of instrument, market conditions, the size of the trade, among other considerations.

### 6.3 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.

### 6.4 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.

#### **6.5 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.

#### **6.6 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.

#### **6.7 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.

## 7 Standard: Monitoring & Oversight

By using independent third-party transaction cost analysis (“TCA”) services, MSIM is able to monitor and analyse the implicit costs of transactions across equity and fixed income asset classes. 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.

### 7.1 Equity

A summary of TCA results are provided to the Global Equity Best Execution Committee, senior management and at the Independent Investment Review meeting. In addition to TCA, the committee reviews trends in trading activity, commissions, and other analysis, as applicable, to monitor the trading desks and validate best execution. The Global Equity Best Execution Committee has overall governance responsibility for overseeing policies, procedures and practices related to best execution for equity products. It is chaired by TRG and comprised of senior representatives from MSIM’s Trading, Global Risk and Analysis, Compliance and Operations teams.

### 7.2 Fixed Income and Money Market Instruments

Summary reporting is provided to the Global Fixed Income and Liquidity Best Execution Committees. The reports cover trends in trading activity, TCA (where applicable), and other relevant analysis that serve to validate best execution. 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. The Global Fixed Income and Liquidity Best Execution Committees are chaired by TRG and meet jointly with senior representation from the Fixed Income and Liquidity COO team, Trading, Global Risk and Analysis, Compliance, and Operations.

### 7.3 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 presented to the Independent Investment Review for further oversight.

### 7.4 Client Notification

MSIM will provide clients with sufficient information on this Policy and any changes in MSIM’s order execution arrangements will be reflected in this Policy. This Policy has been made available on the MSIM website from 3rd January 2018 and reviewed at least once per calendar year.

## 8 Policy Assurance Methods

### 8.1 Awareness Methods

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

### 8.2 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.

### 8.3 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.

### 8.4 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.

## 9 Consequences of Violating the Policy

Your failure to comply with this policy may subject you to a range of disciplinary actions, up to and including termination of your employment.

## 10 Reference Information

### 10.1 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

## 11 Roles and Responsibilities

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

The Committees are chaired by TRG and comprised of senior representatives from MSIM's Trading, Global Risk and Analysis, Compliance and Operations teams.

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

- Review broker-related performance.
- Establish standards for the review of best execution performance.
- Review TCA 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 EMEA Investment Committee. The Investment Committee is also responsible for the review and remediation of any identified issues with execution quality, processes, and procedures.

## 12 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.

## 13 Policy Governance

<b>Effective Date</b>	October 14, 2020 (updated March 1, 2022)
<b>Owner</b>	Head of Advisory Compliance, MSIM EMEA
<b>Approver</b>	Head of Compliance, MSIM EMEA
<b>Contact Information</b>	EMEA_IM_Advisory_Compliance
<b>Intranet Location</b>	<a href="http://policypreview/2000535">http://policypreview/2000535</a>

## 14 Glossary

TERM	DEFINITION
“ABL”	Approved Broker List
“Clients”	Discretionary clients or mutual funds managed by Morgan Stanley Investment Management
“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
“LCD”	Legal and Compliance Division
“MAS”	Monetary Authority of Singapore
“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
“TRG”	Trading and Research Governance team

## 15 Appendix A

### 15.1 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.

### 15.2 Equities 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.

#### 15.2.1 Broker-Dealers

This list is not exhaustive and may be revised periodically.

Allen & Company LLC	Commonwealth Bank of Australia
Bank of America NA	Cowen And Company, LLC
Bank of Montreal	Credit Suisse (Hong Kong) Limited
Bank of New York Mellon (The)	Credit Suisse International
Barclays Bank PLC	Credit Suisse Securities (Europe) Limited
Barclays Capital Inc.	Credit Suisse Securities (USA) LLC
Barclays Capital Securities Limited	Daiwa Capital Markets Europe Limited
BGC Financial, L.P.	Deutsche Bank AG
BMO Capital Markets Corp.	Deutsche Bank Securities Inc.
BNP Paribas	Deutsche Securities Asia Ltd.
BNP Paribas Securities Corp.	DSP Merrill Lynch Limited
BofA Securities, Inc.	Exane
BTIG, LLC	Goldman Sachs & Co. LLC
Canadian Imperial Bank of Commerce	Goldman Sachs Do Brasil Banco Multiplo SA
China International Capital Corporation Hong Kong Securities Limited	Goldman Sachs International
Citibank NA	HSBC Bank PLC
CITIC Securities Co., Ltd.	HSBC Securities (USA) Inc.
Citigroup Global Markets Inc.	Instinet Europe Limited
Citigroup Global Markets Limited	Instinet, LLC
CLSA Americas, LLC	J.P. Morgan Securities LLC
CLSA Limited	J.P. Morgan Securities PLC

Jefferies International Ltd.	Northern Trust Company (The)
Jefferies LLC	Oppenheimer & Co. Inc.
Jonestrading International Limited	RBC Capital Markets, LLC
JPMorgan Chase Bank, N.A.	Royal Bank of Canada
Kepler Cheuvreux	Sanford C. Bernstein & Co. LLC
Liquidnet Europe Ltd.	Sanford C. Bernstein Ltd.
Liquidnet, Inc.	Societe Generale SA
Luminex Trading & Analytics LLC	State Street Bank And Trust Company
Macquarie Bank Limited	Stifel, Nicolaus & Company, Incorporated
Macquarie Capital (Europe) Limited	Tullett Prebon Financial Services LLC
Macquarie Capital (USA) Inc.	UBS AG
Meridian Equity Partners, Inc.	UBS Securities Asia Ltd.
Merrill Lynch International	UBS Securities LLC
Mirabaud Securities Limited	Virtu ITG Europe Limited
Mizuho International PLC	Virtu ITG Hong Kong Limited
Morgan Stanley & Co. LLC	Virtu ITG LLC
Morgan Stanley Capital Services LLC	Weeden & Co.L.P.
Motilal Oswal Securities Limited	Wells Fargo Securities, LLC
Nomura International PLC	Westpac Banking Corporation
Nomura Securities International, Inc.	

## 15.3 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.

### 15.3.1 Broker-Dealers

This list is not exhaustive and may be revised periodically.

ABN AMRO Bank N.V.	Bank of China Limited
Agricultural Bank of China Limited	Bank of Communications Co., Ltd
Aurel BGC	Bank of Montreal
Australia and New Zealand Banking Group Ltd.	Bank of New York Mellon (The)
Banco Bilbao Vizcaya Argentaria SA	Bank of Nova Scotia (The)
Bank of America Merrill Lynch International Designated Activity Company	Barclays Bank PLC
Bank of America NA	Barclays Capital Securities Limited
	Bayerische Landesbank

BGC Brokers LP	Goldman Sachs International
BNP Paribas	HSBC Bank PLC
BofA Securities, Inc.	ICAP Securities Limited
BRED Banque Populaire	ING Bank NV
CIBC World Markets Corp.	Imperial Capital, LLC
CITIC Securities Co., Ltd.	Industrial and Commercial Bank of China Limited
Caixabank SA	Intesa Sanpaolo SpA
Canadian Imperial Bank of Commerce	J.P. Morgan Securities LLC
China Construction Bank Corporation	J.P. Morgan Securities PLC
China Merchants Bank Co., Ltd.	JPMorgan Chase Bank, N.A.
Citibank NA	Jefferies International Ltd.
Citigroup Global Markets Inc.	Jefferies LLC
Citigroup Global Markets Limited	Kepler Cheuvreux
Commerzbank Aktiengesellschaft	Landesbank Baden-Wuerttemberg
Commonwealth Bank of Australia	Landesbank Hessen-Thueringen Girozentrale
Cooperatieve Rabobank U.A.	Liquidnet Europe Ltd.
Credit Agricole Corporate and Investment Bank	Lloyds Bank Corporate Markets PLC
Credit Industriel Et Commercial	Lloyds Bank PLC
Credit Suisse AG	MUFG Securities EMEA PLC
Credit Suisse International	Marketaxess Capital Limited
Credit Suisse Securities (Europe) Limited	Millennium Europe Limited
Credit Suisse Securities (USA) LLC	Mitsubishi UFJ Trust And Banking Corporation
DBS Bank (China) Limited	Mizuho Bank, Ltd.
DBS Bank Ltd.	Mizuho International PLC
DZ Bank AG	Morgan Stanley & Co. International PLC
Daiwa Capital Markets Europe Limited	Morgan Stanley & Co. LLC
Daiwa Securities Co. Ltd.	NatWest Markets PLC
Danske Bank A/S	National Australia Bank Limited
Deutsche Bank AG	Natixis SA
Deutsche Bank Securities Inc.	Nomura International PLC
Erste Group Bank AG	Nomura Securities Co., Ltd.
Exane	Norddeutsche Landesbank -Girozentrale- Nordea Bank Abp
GFI Securities Limited	OP Corporate Bank PLC
Goldman Sachs & Co. LLC	

Oddo BHF SCA	Sumitomo Mitsui Banking Corporation
RBC Europe Limited	Sumitomo Mitsui Trust Bank, Limited
Royal Bank of Canada	Swedbank AB
SMBC Nikko Capital Markets Limited	Toronto-Dominion Bank (The)
Santander Investment Securities Inc.	UBS AG
Seaport Group Europe LLP (The)	UBS Europe SE
Shanghai Pudong Development Bank Co., Ltd.	UBS Securities LLC
Skandinaviska Enskilda Banken AB	Unicredit Bank AG
Societe Generale SA	Wells Fargo Securities International Limited
State Street Bank And Trust Company	Westpac Banking Corporation
State Street Global Markets, LLC	Zürcher Kantonalbank
Stifel Nicolaus Europe Limited	