

1. Purpose of this Policy

- 1.1 This Best Execution Policy (the “**Policy**”) sets out information relating to how Lazard Asset Management Limited (“**LAML**”, “**we**”, “**us**”, etc) seeks to provide best execution as required by the Markets in Financial Instruments Directive 2014/65/EU (“**MiFID II**”) and the onshored UK MiFID II framework, as well as the Financial Conduct Authority’s Conduct of Business Sourcebook (“**COBS**”), when executing orders on behalf of clients.
- 1.2 “**Best execution**” is the term used to denote the duty we have to take all sufficient steps to obtain the best possible result under the relevant circumstances when executing transactions on clients’ behalf. LAML owes its clients a duty to seek best execution when we execute trades on clients’ behalf in the types of financial instruments set out in this Policy.

2. Scope of this Policy

- 2.1 This policy covers trading by LAML in the following financial instruments:
 - 2.1.1 Equities: including shares and depositary receipts;
 - 2.1.2 Debt instruments: including index linked gilts, gilts, money market instruments, corporate bonds and asset- backed securities;
 - 2.1.3 Derivatives: including interest rate derivatives, credit derivatives, currency derivatives, equity derivatives, and commodities derivatives;
 - 2.1.4 Units or shares in collective investment schemes;
 - 2.1.5 Exchange traded products (including exchange traded funds and exchange traded notes); and
 - 2.1.6 Contracts for difference.
- 2.2 Please note, the best execution requirements under MiFID II do not apply to spot foreign exchange (FX). Therefore, we do not have best execution obligations to the extent that you ask us to carry out spot FX transactions for you. However, we do undertake to always treat you fairly and to manage any conflicts of interest that may arise in respect of such transactions.

3. Application of Execution Factors

- 3.1 In seeking to achieve best execution with respect to a particular order, LAML will take into account all relevant factors including the following:
 - 3.1.1 **price**: this is the price a financial instrument is traded at;
 - 3.1.2 **costs**: this includes all fees and costs related to order execution, including implicit costs such as possible market impact, and explicit costs such as broker fees;
 - 3.1.3 **speed**: this is the time it takes to execute a transaction;
 - 3.1.4 **likelihood of execution and settlement**: this is the likelihood that we will be able to complete the transaction and that the transaction will settle;
 - 3.1.5 **size**: this is the size of the transaction; and
 - 3.1.6 **nature of the transaction or any other consideration relevant to the execution of the transaction**: this is how the particular characteristics of a transaction can affect best execution.
- 3.2 LAML will determine the relative importance of each of these execution factors by using our commercial judgment and experience in light of market information reasonably available and taking into account a number of criteria, namely:
 - 3.2.1 The investment intent of the portfolio manager who created the order;
 - 3.2.2 The characteristics of financial instruments that are subject to that order, e.g. equity or debt instrument;
 - 3.2.3 The types of venues through which dealing can be carried out;
 - 3.2.4 The characteristics and nature of the client order, including whether any specific instructions are given;
 - 3.2.5 The categorisation of LAML’s clients; and
 - 3.2.6 Market conditions, such as the degree of liquidity and volatility in the market.

- 3.3 For most transactions, the key execution factors (which shall not be the exclusive factors) on which we will place priority will be as follows:
- 3.3.1 **Likelihood of execution/size** – given the size of some of our trades, we may prioritise the likelihood of execution, which will mean that we may favour execution venues which will allow us to fill either the whole order, or at least a material part of it. This may especially be the case where an order is particularly large, or where a particular instrument is not very liquid;
 - 3.3.2 **Price** – this means the price of the instrument (i.e. not including costs applied by the broker or execution venue); and
 - 3.3.3 **Speed** – for certain of our transactions, speed may be an essential factor. For example, if the Portfolio Manager believes that the market may move in the short term, he/she may instruct the dealing team to prioritise speed as an execution factor in order to try to ensure that we take advantage of any market movements.
- 3.4 We do not generally prioritise costs as an execution factor, given that for the majority of our trades, the third party costs that we have agreed with our execution venues will be fairly standardised. This may differ in certain markets, such as emerging markets, where market practices may be less developed. Where this is the case, we will apply more emphasis to costs as an execution factor. Note that LAML does not apply any execution costs of its own, although we do pass on execution costs applied by third parties, such as external brokers.
- 3.5 In addition, we do not tend to prioritise likelihood of settlement, given that in most developed markets, that does not tend to be a factor. However, in less developed markets, again, the emphasis may shift as we deem necessary to protect your interests.
- 3.6 When placing an order with a broker for execution, LAML will consider not only these factors and criteria but also the broker's ability to fulfil the obligations to seek best execution (see section 5 below).
- 3.7 The application of the execution factors will by necessity differ in respect of trading in certain markets, for example markets where pre-trade information is extremely limited and markets where pre-trade information is widely available and highly transparent, or for highly illiquid instruments as compared to trading in instruments where there is a high level of liquidity.
- 3.8 During the trading process when applying consideration to each execution factor, LAML will use our expertise and experience to achieve the best balance across the full range of factors; including where they may conflict with each other. Overall, this may mean that LAML and the execution venues we select may not always achieve best execution (taking into account the characteristics of each trade) for every transaction, despite our good faith efforts to seek best execution.

4. Order aggregation

- 4.1 When LAML deems the purchase or sale of the same security to be in the best interest of two or more of its portfolios, it may, but shall be under no obligation to, aggregate to the extent permitted by applicable law and regulations the securities to be purchased or sold in order to seek more favourable prices or more efficient execution, or to take steps to ensure fairness across our clients. In relation to particular orders, the effect of aggregation may work to your disadvantage, although all reasonable steps are taken to protect the interests of all clients. In particular, we only aggregate orders where we consider that such aggregation should work overall to the benefit of all clients whose orders are to be aggregated.
- 4.2 On rare occasions, LAML may decide it is in the best interests for client accounts under its discretion to transact in a financial instrument with one another, which is also called a "cross transaction." Cross transactions between accounts may be possible depending upon clients' guidelines. Such transactions normally will be executed by an external broker and will, generally, be executed at mid-price between the best bid and offer price, or volume weighted average price (VWAP) for a predetermined period of time. The liquidity of the security and market volatility levels are some of the factors considered when deciding whether to cross and the basis of the price.
- 4.3 "Programme" trades are often used by LAML to execute orders relating to client cash flows, i.e. to either invest or raise cash in individual accounts by executing a "vertical slice" of the portfolio so model weightings are not affected. These trades are transmitted electronically to the programme trading desks of brokers with whom the parent company of the Lazard Asset Management Group ("LAM") has established a connection. Traders may also aggregate smaller groups of unrelated trades into programmes to take advantage of the lower commission rates and efficiencies of programme trading.

5. Venue Selection

- 5.1 Orders for all transactions will be executed through one of the Lazard Asset Management booking centres: LAML located in London; Lazard Asset Management Deutschland GmbH located in Frankfurt; Lazard Asset Management LLC located in New York; Lazard Gulf Limited in Dubai; or Lazard Asset Management Pacific located in Sydney. Please note, Lazard may add to or change this list of booking centres from time to time, based on business need. Trading is organised geographically so that traders closest to the markets where a security trades will usually handle the order using their unique knowledge of their local market. On each desk, traders may further specialise in certain areas such as sector, investment type, or country. These booking centres in turn will usually then pass the trades to external brokers or other venues for execution.
- 5.2 When placing your orders with (or transmitting your orders to) other entities (including affiliates) to execute, LAML will take all sufficient steps to obtain on a consistent basis the best possible result for its clients. For each transaction, LAML considers the importance of the execution factors (see above) when choosing an execution venue and method of trading. In meeting our obligation to take all sufficient steps to obtain on a consistent basis the best possible result for the execution of clients' orders, LAML may use a wide variety of trading venues.

- 5.3 Our trading systems permit trading only with trading venues approved by LAM. Trading venues are selected on a global basis for the quality of their execution and ability to provide liquidity. On a semi-annual basis this is reviewed by way of a broker survey by our equity trading personnel, taking into account Transaction Cost Analysis data and the following:
- 5.3.1 Execution Performance – how well each broker has performed in the execution of trades based on post trade transaction analysis;
 - 5.3.2 The quality of any algorithms – where a broker makes algorithms available for us to use, how useful are they to us, and how easy are they to use;
 - 5.3.3 Ability to Find Liquidity – how successful is this broker at finding available liquidity;
 - 5.3.4 Ease of Use/Breadth of Services – how good is this broker’s service offering, and how easy and convenient is it to use;
 - 5.3.5 Overall Communication – quality of communication and responsiveness;
 - 5.3.6 Program Trading – how efficient is this broker in terms of processing program trades efficiently and effectively;
 - 5.3.7 Capital and risk – scope for efficient access to a broker’s balance sheet in order to facilitate risk trades.
- 5.4 LAML dealers have discretion in selecting any venue on LAM’s global Approved Broker List that they believe will provide best execution.
- 5.5 New venues may be added to the panel subject to a formal review process. This formal process must be followed to make an addition to the Broker List even temporarily. The process includes a review of the broker’s financial strength and standing in the financial community.
- 5.6 In addition to monitoring the financial stability of its counterparties, LAM has a daily report, used to monitor the gross value of unsettled securities trades by counterparty. This report is distributed to the Head of Equity Trading, the Director of Fixed Income and other staff. LAM also generates daily reports which are used to monitor the gross value of unsettled trades and derivative mark to market exposure. This report is distributed to all relevant parties.
- 5.7 A list of the execution venues with which LAML places significant reliance is attached in the Schedule hereto. We reserve the right to use other execution venues where we deem appropriate, in accordance with this Policy.

6. Consent to Execute away from a Regulated Market, MTF or OTF

- 6.1 LAML may, subject to your express consent, execute all or part of your order outside of a Regulated Market, MTF or OTF. In the absence of an explicit response from you to the contrary in relation to this information, if you continue to use our services, we will treat you as having provided us with consent to trade outside a Regulated Market, MTF or OTF, as we believe it is in your best interest to do so.

7. Client Specific Instructions

- 7.1 If you provide LAML with a Specific Instruction in relation to an order, LAML will follow that instruction so far as is reasonably possible when executing the trade. By following your specific instruction, we will have satisfied the obligation to provide you with best execution in relation to that transaction or in relation to the part or aspect of the order to which your instructions relate. However, where you have given us a Specific Instruction that covers only one part or element of an order, we will still owe you best execution in relation to the rest of the order (i.e. the part not covered by the Specific Instruction). Examples of such instructions may include but are not limited to requests to execute on a particular venue or type of venue. **You acknowledge that a Specific Instruction from you may prevent LAML from taking the steps that we have designed and implemented in this Policy to obtain the best possible result for the execution of those orders in respect of the portion of the trade covered by your Specific Instruction.**

8. Fees, costs and Inducements

- 8.1 LAML is prohibited by MiFID II from accepting and retaining fees, commissions or any monetary or non-monetary benefits paid or provided by any third party other than certain minor non-monetary benefits.
- 8.2 Otherwise than as explicitly agreed with you from time to time, LAML will not apply any additional LAML fees and costs for order execution, but we will pass on the fees, costs and charges applied by third parties such as brokers, dealers and execution venues.
- 8.3 In terms of agreeing commission rates for the execution of trades with external brokers, LAM remains aware of commission rate levels and ranges in all markets through the use of publications and transaction cost studies. LAM uses those rates as a framework to negotiate commissions with brokers based on the quantity and quality of services received. Rates on programme trades reflect the efficiencies of trading “baskets” of securities. Trades on electronic systems whether baskets or individual stocks generally reflect the lower cost of that type of execution. Trades in single securities require more attention and services from the broker that may include capital commitment and use of the sales trading staff in locating or negotiating with the contra side of the trade. These trades are executed at rates that reflect the services provided.

9. Monitoring and Review

- 9.1 LAML has adopted a number of procedures to ensure compliance with this Best Execution policy:
 - 9.1.1 LAML has implemented a governance framework and control process through which it monitors the effectiveness of our order execution arrangements (including this Policy), to identify and, where appropriate, correct any deficiencies. Through this governance framework and controls process LAML (with the assistance of certain global committees and senior personnel in other LAML affiliates) will assess whether the execution venues included in this Policy and related arrangements provide the best possible result for you or whether we need to make changes to our execution arrangements.
 - 9.1.2 LAML’s trading systems only permit trading with venues approved by Lazard Asset Management. Venues are added to the approved list subject to a formal review process (see section 5 above).
 - 9.1.3 Once approved, venues are assessed on an ongoing basis in terms of their ability to deliver the best possible result, their effectiveness in settlement and the relative level of risk presented by the execution venues to ensure that they will consistently offer the best results for clients.
 - 9.1.4 LAML employs the services of a third party to provide independent post-trade analytic services on the transaction costs incurred by LAML for its equity trading activity. Such services enable LAML to effectively compare and monitor the trading costs for each product and each broker.
 - 9.1.5 LAML’s Compliance Department works with Internal Audit to monitor compliance with LAML’s policies and procedures relating to its dealing activities. This monitoring includes assessing compliance with best execution and our internal order execution process. Monitoring includes reviewing a sample of trades to check that the price achieved appears reasonable given other trades in the market around the time of execution.
- 9.2 We will review our order execution arrangements and Policy at least annually or whenever a material change occurs that affects our ability to obtain the best result for the execution of your orders on a consistent basis. We will notify you of any material changes in writing from time to time. A change is to be considered material where its disclosure is necessary to enable the client to make a properly informed decision in relation to this Best Execution Policy as it applies to that client’s trades. In these cases, LAML will reissue the policy to clients and seek one-way deemed consent to those changes. A copy of our up to date Best Execution Policy is available on request at any time.
- 9.3 If you make a reasonable and proportionate request for information this Policy or related procedures, we shall answer clearly and within a reasonable timeframe.

10. Records

- 10.1 All communications which relate to reception, transmission and execution of orders, and/or which will or may result in orders shall be recorded in accordance with our terms and conditions.

11. Definitions

- 11.1 “**EEA**” means the European Economic Area;
- 11.2 “**EMIR**” means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories;
- 11.3 “**Equivalent Third-country Trading Venue**” means a non-EEA venue assessed as equivalent to a Trading Venue in accordance with Article 25(4)(a) MiFID II;
- 11.4 “**Execution Venue**” means a Regulated Market, an MTF, and OTF, 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;
- 11.5 “**Multilateral Trading Facility**” or “**MTF**” means a multi-lateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments in a way that results in a contract in accordance with the provisions of Title II of MiFID II;
- 11.6 “**MiFIR**” means Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;
- 11.7 “**MiFID II**” means the European Parliament and Council Directive on Markets and Financial Instruments (No. 2014/65/EU) and any implementing directives and regulations;
- 11.8 “**Organised Trading Facility**” or “**OTF**” means a multi-lateral system which is not a Regulated Market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract in accordance with Title II of MiFID II;
- 11.9 **Professional Client** means a client which we have categorised as being a “Professional Client” in accordance with the applicable rules;
- 11.10 “**Regulated Market**” means a multi-lateral system operated and/or managed by a market operator, which facilitates the bringing together of multiple third-party buying and selling interests in financial instruments in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of MiFID II;
- 11.11 “**Specific Instruction**” means instructions provided to LAML by a client when placing an order for execution, examples of such instructions may contain, but are not limited to, the selection of a limit price, a period of time the order may remain valid or request to execute the order on a specific venue;
- 11.12 “**Systematic Internaliser**” means an investment firm which, on an organised, frequent and systematic basis, deals on own account by executing client transactions outside a Regulated Market or an MTF; and
- 11.13 “**Trading Venue**” means a Regulated Market, an MTF or an OIE.

Schedule – Counterparties on which LAML places significant reliance (non-exhaustive)

LAML uses the execution venues listed below when seeking to obtain best execution in accordance with this Policy. The list below is not exhaustive and will be subject to change as LAML considers necessary to ensure that the venues we use are appropriate for our business needs, and in order to ensure that we take all sufficient steps to achieve best execution for our clients. In particular, other venues may be added from time to time, including temporary additions.

- Barclays
- UBS
- Morgan Stanley
- Cowen
- JP Morgan
- Goldman Sachs
- BAML
- RBC
- BNP Paribas
- HSBC

Important Information

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