

Russell Investments Limited (RIL) and Russell Investments Implementation Services Limited (RIISL)

Order Execution Policy | Ru

Order Execution Policy

For the following classes of financial instruments that are executed by RIL and RIISL:

1. Debt Instruments (bonds and money market instruments), and
2. Other Instruments (units/shares of collective investment undertakings)

Version 5

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This material is only intended for the use of clients or potential clients of RIL and RIISL

EMEA ORDER EXECUTION POLICY

1. Scope

In this document, we use “we” or “us” to refer to Russell Investments Limited (“RIL”) and Russell Investments Implementation Services Limited (“RIISL”) and we refer to clients as “you”. Our clients are professional clients, so we have prepared this policy for professional clients only.

This document gives you information on our order execution policy in accordance with applicable rules and regulations.

2. Best Execution

Best execution is the requirement for firms carrying on investment business to obtain the best possible result for their clients when executing client orders for financial instruments or passing them to other firms for execution. The FCA’s rules on best execution are set out in the Conduct of Business sourcebook (COBS) in the FCA Handbook, primarily in COBS 11.2. These rules are derived from European legislation, the Markets in Financial Instruments Directive (2014/65/EC) (MiFID II) and its implementing measures.

Best execution requirements apply to certain financial instruments. In general, these are transferable securities, i.e. shares or bonds, units in collective investment undertakings, as well as most financial derivatives.

3. Application

Best execution obligations apply in relation to instruments which we buy and sell on your behalf, for example when we are managing a portfolio on your behalf.

We directly execute only a portion of orders in certain financial instruments during provision of our services. This is because we place most orders with other investment firms for execution.

You agree that we may trade outside of a regulated market, multilateral trading facility or an organised trading facility. Additionally, you agree that where we execute a limit order in respect of shares admitted to trading on a regulated market or traded on a trading venue, we will not have to immediately publish that limit order if it cannot be executed under prevailing market conditions. There is an Order Placing Policy also available for review.

A list of the financial instruments that are directly executed is provided in paragraph 5 below.

4. Execution Factors

When determining the strategy for transmitting or placing orders for execution, we will take into account certain factors, as appropriate, dependent upon the characteristics of the order and the prevailing market conditions, such as:

- the price available;
- transaction costs (i.e. the fees charged for executing an order on a particular venue and clearing and settlement costs) which are passed on to you whether directly or indirectly;
- speed of execution on the market;
- likelihood of execution and settlement (e.g. market liquidity for the particular product);
- size and nature of the order; and
- any other consideration relevant to the execution of the order.

In determining the relative importance of these factors, we will consider each client’s objectives, the specific financial instruments to which the order relates and the execution venues and/or brokers available for such orders. In most cases, the price and the transaction costs incurred will carry the most weight in our analysis. We will use our commercial experience and judgment in all cases.

5. Execution

We may execute orders either on an over-the-counter basis with certain approved counterparties or on an execution venue (regulated market, multilateral trading facility (MTF), organised trading facility, systematic internaliser (SI), market maker or equivalent). We execute orders in respect of the following classes of financial instruments:

1. Debt Instruments (bonds and money market instruments).

We typically execute orders in debt instruments either on a MTF, with a SI or on an over-the-counter (OTC) basis. In each of these cases, we seek a counterparty best able to meet our requirements under the circumstances. The price of the debt instrument, which may depend on yield, credit rating, etc., carries the most weight in our analysis. For example, alternative quotes are

sought and recorded, and in most cases, three quotes for most bonds will be requested, with fewer for less liquid bonds. Moreover, likelihood of execution and settlement, i.e. whether the security is available from a given broker (liquidity), is considered important. We also review counterparty risk on a periodic basis to exclude any counterparties that may raise undue risks.

2. Other Instruments (units/shares of collective investment undertakings (CIU) not admitted to trading on a venue).

We typically execute orders in units/shares of CIUs through its registrar and transfer agent. Trading such instruments carries minimal risks as there is no counterparty risk, there is typically one dealing point per day, and there is a sole execution venue / liquidity provider, the CIU's registrar and transfer agent, that buys or sells such instruments. In such case, the costs of a transaction, if any, are fixed, and there are only limited decisions that we may take, the most important being when it will buy or sell the instrument on behalf of the client.

We evaluate our performance in several ways, including participating in a meeting of the Trade Management Oversight Committee (TMOC), which meets on a quarterly basis. The TMOC is responsible for providing the framework for construction, review and evaluation of trade management practices and when appropriate for making recommendations to senior management and the individual trading groups. The TMOC also examines execution analysis and rate reports

We will act honestly, fairly and professionally in accordance with your best interests when executing orders. We will take all reasonable steps to obtain the best possible result.

6. Execution Venues

For debt instruments, we place significant reliance on Bloomberg MTF, a fixed income trading platform, to carry out transactions. This platform provides us access to request for quote and request for trade functionality and liquidity across the fixed income asset class. Alternatively, for debt instruments, systematic internalisers, managed by large financial institutions, or other liquidity providers may be utilised as the execution venue.

For all other trading, there will be no execution venue as the counterparty to a trade will be transacting on an OTC basis outside of any execution venue.

Where the selection of an execution venue is relevant, we will choose the execution venue (or venues) that we consider to be the most appropriate to meet our obligation to obtain the best possible results for our clients on a consistent basis. A list of execution venues is provided in Appendix 1. We may use other execution venues and add or remove any execution venue where we determine it is appropriate to do so.

7. Disclosure regarding this policy

Because we execute orders in certain instruments, we are required to summarise and make public, on an annual basis, for each relevant class of financial instruments, the top five execution venues in terms of trading volumes where we executed client orders in the preceding year and information on the quality of execution obtained. This is available here:

<http://russellinvestments.com/mifid2>

In addition, you may make reasonable and proportionate requests for information about this policy and its related arrangements, and we will answer these requests clearly and within a reasonable time. On your request, we will demonstrate to you that we have executed your orders in accordance with this policy.

8. Reviewing and amending this policy

We review our policy and procedures annually or because of material changes to execution arrangements affecting execution quality. This policy may be amended because of this review.

Important Information

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Appendix 1 – List of Execution Venues

Debt instruments – Bonds and money market instruments

Bank of America Merrill Lynch International Limited

Barclays Bank plc

Bloomberg MTF (BMTF)

BNP Paribas

Citigroup Global Markets Limited

COMMERZBANK AG

Coöperatieve Rabobank U.A.

Credit Agricole Corporate and Investment Bank

Credit Suisse International

HSBC Bank plc

Jefferies International Limited

JPMorgan Chase Bank, NA

Lloyds Bank plc

Mizuho International plc

Morgan Stanley & Co. International plc

Natwest Markets plc

Royal Bank of Canada

Société Générale SA

The Toronto-Dominion Bank

UBS Limited