



Execution Policy

For Professional Clients

April 2020

Table of Contents

1. PURPOSE AND SCOPE	3
2. OUR OBLIGATION	3
2.1. Order Handling	3
2.2. Execution Venues and Counterparties	4
2.3. Over-the-Counter Trading	4
2.4. Outsourcing of Portfolio Management	4
2.5. Use of Affiliates	4
3. EXECUTION FACTORS AND VENUES	5
3.1. Execution Factors	5
3.2. Execution Venue and Counterparty Selection	9
3.3. Review of Execution Venues and Counterparties	9
3.4. Private Assets	9
3.5. Collective Instruments	9
4. MONITORING AND GOVERNANCE.....	10
4.1. Policy Oversight.....	10
4.2. Process Monitoring	10
5. ANNUAL REPORTING / PUBLICATION	11
6. CLIENT REQUESTS	11
7. APPENDIX I - ASSET CLASSES FOR ANNUAL REPORTING	12
8. APPENDIX II - LIST OF COUNTERPARTIES AND EXECUTION VENUES	13
9. APPENDIX III - GLOSSARY	17

1. Purpose and scope

This Execution Policy outlines the execution service M&G Investment Management Limited (“MAGIM”) provides for its Professional clients, in accordance with the UK Financial Conduct Authority’s rules (which implement the Markets in Financial Instruments Directive 2014/65/EU and Markets in Financial Instruments Regulation (EU) 600/2014 (“MiFIR”), together “MiFID II”. The purpose of this policy is to provide you, our **Professional** and **Elective Professional** client, with information about how we aim to achieve the best possible result for you when executing orders on your behalf in Financial Instruments as defined by MiFID II.

2. Our Obligation

Our obligations when executing orders on your behalf is to achieve the best possible result. To obtain the best possible result for you, as your agent, we take all sufficient steps by considering the different execution factors set out in this Execution Policy. Our approach aims to provide the most favourable outcome across a range of different and sometimes conflicting execution factors.

Orders can be executed by two different approaches to the market, either Placing or Direct Execution:

- When Placing Orders, we transmit the order to a broker for them to execute in the market.
- For Direct Execution, we execute an order directly with an execution venue or counterparty.

Whether we place orders for execution or execute them directly with market counterparties, we are obliged to ensure those entities with whom we place or execute client orders enable us to satisfy the MiFID II best execution requirements, as appropriate.

Under MiFID II, our commitment to provide you with the best possible result does not mean that we owe you any special fiduciary responsibilities beyond the ones we may have agreed or that MiFID II dictates.

Any specific order instructions from a client may prevent MAGIM from taking the steps set out in this Execution Policy to obtain the best possible result in respect of the elements covered by the instructions.

For all MAGIM trading activity, we are required to produce Annual Reporting of the Top Five Venues / Brokers by asset class as detailed in Appendix I. In some cases, due to the illiquid nature of the financial instrument, there will be limited options available in relation to where and with whom we can deal.

2.1. Order Handling

MAGIM operate a separate Client Order Handling Policy which sets out our obligations in relation to order handling, allocation, aggregation, timely execution and recording of transactions. Under our Client Order Handling Policy, we may aggregate transactions carried out on your behalf with those of our other clients where it is considered advantageous and unlikely that the aggregation will work overall to the disadvantage of a particular client, although on some occasions this may occur.

2.2. Execution Venues and Counterparties

MiFID II requires that investment firms do not take any remuneration, discount or non-monetary benefit from routing client orders to a particular execution venue or counterparty. These actions are not allowed under our existing Conflicts of Interest, Inducements and Gifts and Hospitality policies and are therefore monitored accordingly.

2.3. Over-the-Counter Trading

When executing OTC products, MAGIM Dealing Teams follow a process to check the fairness of the OTC price prior to execution by assessing market data used in the estimation of the price of such a product or, where possible, by comparing with the price of similar or comparable products.

2.4. Outsourcing of Portfolio Management

There may be circumstances when MAGIM appoint another firm or affiliate to perform portfolio management and/or carry out execution. This may be at the initiative of a client, or, a decision by MAGIM who consider the appointment to be in a client's best interest. Where another portfolio manager is appointed to perform portfolio management, MAGIM will ensure clients receive an equivalent level of investor protection. The delegate's execution performance is incorporated in our Execution monitoring process and oversight.

2.5. Use of Affiliates

MAGIM have dealing services arrangements in place with affiliated asset management companies within M&G group to route orders to local broker/dealers for securities where the primary liquidity is in those regions. No commission is charged to clients with the arrangement operating on a cost recovery basis between the firms. These orders are subject to our standard monitoring arrangements with oversight exercised through the Dealing Management Committee. Notwithstanding that the delegated Entity may be outside of the EEA and therefore not subject to MiFID, all entities within the group are subject to the same best execution obligations as per this policy.

3. Execution Factors and Venues

3.1. Execution Factors

Our Dealing Teams have the appropriate knowledge and expertise to prioritise a range of execution factors, listed in the table below, to achieve the best possible result for your order.

Execution Factor	Description
Price	This is the price at which a financial instrument is executed.
Costs	This includes implicit costs such as the possible market impact and explicit external costs such as exchange or clearing fees.
Speed	The time it takes to execute a transaction.
Likelihood of execution and settlement	The likelihood that the order will be completed.
Size	The size of the transaction executed for an order.
Nature of the transaction	Any other considerations (for example, constraints on liquidity) which are relevant to the execution of the transaction and could affect how best execution is determined.

Our dealers use professional judgement to determine the relative importance of the execution factors for an individual order given the prevailing market conditions. When prioritising factors the following are typically considered:

- The characteristics of the financial instrument to be dealt;
- The characteristics of the order made on your behalf;
- The characteristics of your portfolio and its objectives as set out in the relevant Investment Management Agreement;
- If the financial instrument is subject to any regulatory requirements; and
- The characteristics of the counterparty or venue on which we may place your order (including for example historic counterparty performance and broker positioning).

3.1.1. Equities and Equity Derivatives

The factors typically considered for the asset classes of equities and equity derivatives (as defined for reporting in MiFID II Regulations) are listed in the table below.

Asset Classes	Primary execution factors considered			
Equities - Shares & Depositary Receipts	1 Most	2	3	4 Least
Tick size liquidity bands 5 and 6 (from 2000 trades per day)	Price	Speed	Costs	Execution / Settlement
Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)	Price	Size	Speed	Execution / Settlement
Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)	Size	Price	Execution / Settlement	
Equity Derivatives	1 Most	2	3	4 Least
Futures and options admitted to trading on a trading venue.	Price	Speed	Execution and settlement	Costs
Swaps and other equity derivatives	Size	Price	Costs	Execution and settlement
Exchange Traded Products (ETFs)	Price	Size	Speed	Execution and settlement
Other Instruments	1 Most	2	3	4 Least
Convertible Bonds	Size	Price	Execution and settlement	Speed

3.1.2. Fixed Income and Fixed Income Derivatives

The factors typically considered for the asset classes of fixed income instruments and fixed income derivatives (as defined for reporting in MiFID II Regulations) are listed in the table below.

Asset Classes	Primary execution factors considered			
Debt Instruments	1 Most	2	3	4 Least
Bonds	Price	Size	Nature	Other
Interest Rate Derivatives	1 Most	2	3	4 Least
Futures and options admitted to trading on a trading venue.	Price	Size	Execution/ Settlement	Nature
Swaps and interest rate derivatives	Price	Size	Nature	
Credit Derivatives	1 Most	2	3	4 Least
Indices	Execution/ Settlement	Price	Size	
Single Name	Price	Size	Execution/ Settlement	
Credit Index Options	Price	Size	Execution/ Settlement	
Structured Finance	1 Most	2	3	4 Least
ABS, Collateralised Debt Obligations	Price	Size	Nature	Other

3.1.3. Currency Derivatives and Money Market Instruments

The factors typically considered for the asset classes currency derivatives and money market instruments (as defined for reporting in MiFID II Regulations) are listed in the table below.

Asset Classes	Primary execution factors considered			
Money Market Instruments	1 Most	2	3	4 Least
Certificate of Deposit (CD), Commercial Paper (CP), Treasury Bill	Price	Size	Nature	
Currency Derivatives	1 Most	2	3	4 Least
FX Forwards, Non Deliverable Forwards (NDFs), FX Swaps & FX Options	Price	Size	Nature	

3.1.4. Securities Financing Transactions

The factors typically considered for types of securities financing transactions (as defined for reporting in MiFID II Regulations) are listed in the table below.

Asset Classes	Primary execution factors considered			
Securities Financing Transactions (SFTs)	1 Most	2	3	4 Least
Reverse Repo for cash management	Price	Size	Nature	
Repo (for cash raising purposes) and Securities Lending Reverse Repo	Price	Size	Nature	
Securities Lending and Repo (for securities lending purposes)	Nature	Price	Size	

3.2. Execution Venue and Counterparty Selection

A list of execution venues and counterparties used for different asset types across all our Dealing Teams in UK is provided in Appendix II. All execution venues and counterparties are approved via the relevant venue/counterparty approval processes.

Dealers would not normally search and compare all of the approved execution venues and counterparties for a trade, instead they use their market knowledge and experience to select the appropriate execution venue and/or counterparties. Dealers can utilise any of our approved execution venues or counterparties as they consider necessary to achieve the best possible result.

In some cases, due to the illiquid nature of a financial instrument, there will be limited options available in relation to where and with whom we can deal.

3.3. Review of Execution Venues and Counterparties

MAGIM reviews the quality of execution and service provided by all of the approved execution venues/counterparties on a regular basis with oversight at the relevant governance forums. Any concerns that arise with counterparties between reviews are reported immediately to senior management and also considered in relevant counterparty meetings.

As required under MIFID II, MAGIM continue to review RTS 27 data (Best Execution Data from Execution Venues) in order to determine how this may be considered in the evaluation of execution venues or counterparties where applicable.

3.4. Private Assets

For negotiated deals where assets are either of a private nature and/or illiquid (in terms of market availability), best execution in MiFID instruments will be demonstrated by the investment process principles used throughout the negotiation and the procedures followed by the Team in question. This specifically relates to order execution which takes place outside of the Dealing Teams.

3.5. Collective Instruments

For orders to trade in Collective Investment Schemes ("CIS"), MAGIM will execute the order directly with the operator of the CIS. Deals will be submitted prior to the CIS operator's dealing cut-off time and the order will be executed at the prevailing CIS Net Asset Value.

4. Monitoring and Governance

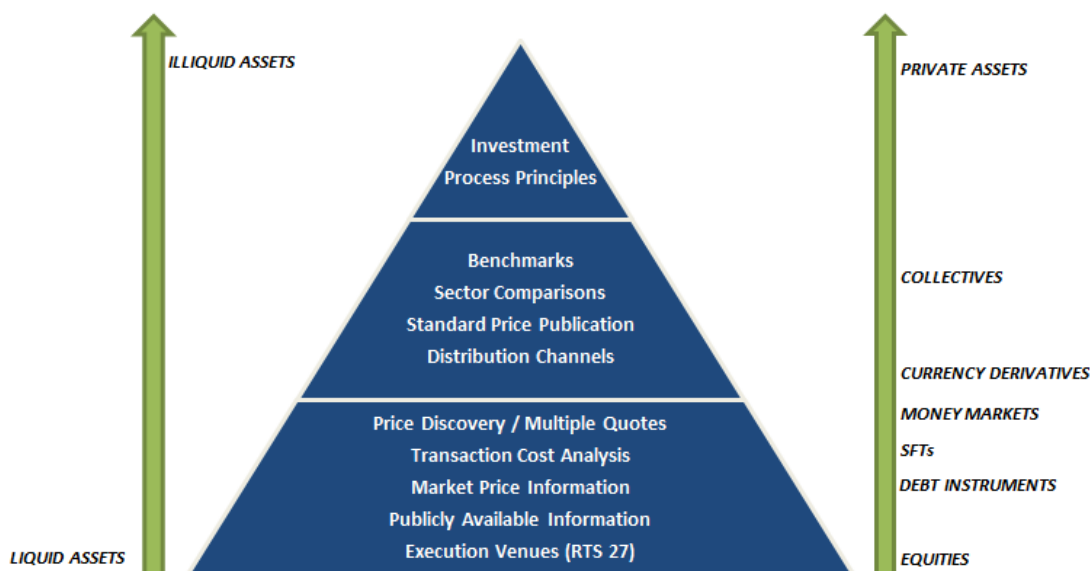
4.1. Policy Oversight

The processes in this Execution Policy are designed to enable MAGIM to take all sufficient steps to achieve the best possible result for our clients. To ensure adherence to the Execution Policy our dealing processes are overseen by senior management, including representatives from our Compliance Department. Additionally, the Execution Policy and the underlying execution arrangements are reviewed annually with updates submitted to appropriate governance forums for approval. If there are any material changes to our Execution Policy these will be communicated to our clients within a reasonable timeframe, along with the re-publication of the Execution Policy on our corporate website.

4.2. Process Monitoring

An ongoing programme of monitoring is in place to enable MAGIM to demonstrate that best execution and appropriate client outcomes are achieved, with participation by Front Office Dealing teams, the Controls and Assurance function and the Compliance Monitoring team. Outputs from this monitoring activity is reported to appropriate Oversight Committees.

The type and liquidity of an asset class will be taken into account when assessing whether best execution has been achieved with varying approaches to monitoring as illustrated in the diagram below.



5. Annual Reporting / Publication

On an annual basis, as required by RTS 28, MAGIM publishes both quantitative and qualitative data on the execution process based on the Asset Classes detailed in Appendix I.

Quantitative data is collated for the top five execution venues by asset class (based on the order execution method). This data is presented in a standardised template issued under the MiFID II regulations. Qualitative information is also provided for each asset class based on the qualitative monitoring which has been undertaken throughout the year.

This information will be published on our website no later than 30th April based on trading data for the preceding calendar year.

6. Client Requests

If you have any questions or require further detail regarding our Execution Policy or specific queries related to the execution of orders, please contact your client representative who will be able to co-ordinate any requests.

7. Appendix I - Asset Classes for Annual Reporting

MiFID II Asset Classes (Annex I: Classes of financial instruments from RTS 28)

Asset Class	Classification	Traded by MAGIM?
(a) Equity – Shares and Depository Receipts (<i>Tick Size available with respect to 2018 data onwards</i>)	Tick Size (liquidity band) 1 to 2 Tick Size (liquidity band) 3 to 4 Tick Size (liquidity band) 5 to 6	Yes
(b) Bonds	Government Bonds Investment Grade Corporate Bonds High Yield Bonds Asset Backed Bonds	Yes
	Money Market Instruments	Yes
(c) Interest rate derivatives	Futures and options traded on venue Swaps, forwards and other interest rate derivatives	Yes
(d) Credit derivatives	Indices Single Name	Yes
(e) Currency derivatives	Forwards, Options and Swaps FX Non Deliverable Forwards (NDFs)	Yes
(f) Structured finance instruments	Collateralised debt instruments, Asset Backed Securities	Yes
(g) Equity Derivatives	Options and futures traded on a venue Swaps and other equity derivatives	Yes
(h) Securitised Derivatives	Warrants and certificate derivatives Other securitised derivatives	Yes
(i) Commodities Derivatives	Options and Futures traded on a venue Other commodity derivatives	No
(j) Contracts for difference		No
(k) Exchange Traded Products	All (e.g. Exchange Traded Funds, Notes)	Yes
(l) Emission allowances		No
(m) Other instruments	Convertible Bonds	Yes
	Collectives	Yes
	Private Assets	Yes
	Security Financing Transactions; <ul style="list-style-type: none"> Reverse Repo for cash management Repo (for cash raising purposes) and Securities Lending Reverse Repo Securities Lending and Repo (for securities lending purposes) 	Yes

8. Appendix II - List of Counterparties and Execution Venues

The following is a list of counterparties and execution venues that M&G Investment Management may use when seeking best execution. This non-exhaustive list is subject to modifications and will be annually updated in line with the review of execution arrangements described in this policy.

Equities, Convertible Bonds, Warrants, and Exchange Traded Products (Equity)		
ARDEN PARTNERS PLC	EXANE SA	MORGAN STANLEY INTERNATIONAL
ATLANTIC EQUITIES LLP	FINNCAP LTD	NORDEA BANK ABP
BAADER BANK AG	CANTOR FITZGERALD EUROPE	NOMURA INTERNATIONAL PLC
BARCLAYS CAPITAL SECURITIES LIMITED	FLOW TRADERS B.V.	NORTHERN TRUST SECURITIES LLP
JOH. BERENBERG GOSSLER & CO. (BEREN)	GOODBODY STOCKBROKERS	PARETO SECURITIES ASA
BMO CAPITAL MARKETS LIMITED	GOLDMAN SACHS INTERNATIONAL	BNP PARIBAS
BANK OF AMERICA SECURITIES INC	PANMURE GORDON UK LIMITED	PEEL HUNT LLP
BTIG LIMITED	ROBERT W. BAIRD & CO INCORPORATED	MIRABAUD SECURITIES LIMITED
CREDIT AGRICOLE CORPORATE AND INVES	INVESTEC BANK PLC	NUMIS SECURITIES LTD
CANACCORD GENUITY LIMITED	HSBC BANK PLC	ROYAL BANK OF CANADA EUROPE
CARNEGIE INVESTMENT BANK AB	HAYWOOD SECURITIES INC	NATWEST MARKETS PLC
CENKOS SECURITIES PLC	INSTINET EUROPE LTD	REDBURN (EUROPE) LIMITED
CITIGROUP GLOBAL MARKETS LIMITED	VIRTU ITG EUROPE LIMITED	SANFORD C. BERNSTEIN LIMITED
CHINA INTERNATIONAL CAPITAL	JEFFERIES LLC	BANCO SANTANDER SA
CIBC WORLD MARKETS PLC	JP MORGAN SECURITIES PLC	BELL POTTER SECURITIES LIMITED
CLSA ASIA PACIFIC MARKETS	JANE STREET FINANCIAL LIMITED	SHORE CAPITAL STOCKBROKERS
COMMERZBANK AG	KBC SECURITIES NV	SCOTIABANK EUROPE PLC
COWEN & COMPANY LLC	KEEFE BRUYETTE & WOODS INC	SOCIETE GENERALE SA
CREDIT SUISSE SECURITIES (EUROPE)	KEPLER CHEUVREUX	SANTANDER INVESTMENT BOLSA SA
DAIWA CAPITAL MARKETS EUROPE LTD	NPLUS1 SINGER CAPITAL MARKETS	SMBC NIKKO CAPITAL MARKETS
J E DAVY	LIBERUM CAPITAL LIMITED	STIFEL NICOLAUS EUROPE LIMITED
DANSKE BANK A/S	LIQUIDNET EUROPE LIMITED	TD SECURITIES LIMITED
DEUTSCHE BANK AG	LUMINEX TRADING & ANALYTICS LLC	UBS AG LONDON BRANCH
DNB BANK ASA	MACQUARIE CAPITAL (EUROPE) LIMITED	VIRTU FINANCIAL IRELAND LIMITED
JEFFERIES INTERNATIONAL LTD	MIZUHO INTERNATIONAL PLC	W.H. IRELAND LTD
EXANE DERIVATIVES	MERRILL LYNCH INTERNATIONAL	WINTERFLOOD SECURITIES LTD

Equity Derivatives		
GOLDMAN SACHS INTERNATIONAL	MERRILL LYNCH & CO	ROYAL BANK OF SCOTLAND
UBS AG	DEUTSCHE BANK AG	

Fixed Income Instruments - Bonds		
AMHERST PIERPONT SECURITIES LLC	DAIWA CAPITAL MARKETS EUROPE LTD	MARKETAXESS EUROPE LIMITED
BANCA IMI	DANSKE BANK A/S	MERRILL LYNCH INTERNATIONAL
BANCO BILBAO VILZCAYA	DEUTSCHE BANK (CHINA) CO LTD	MILLENNIUM ADVISORS LLC
BANCO SANTANDER SA	DEUTSCHE BANK AG	MILLENNIUM EUROPE LIMITED
BANK OF MONTREAL	DNB BANK ASA	MITSUBISHI UFJ SEC LTD
BARCLAYS BANK PLC	DZ BK ZENTRAL-GENOSSENSCHAFTS	MIZUHO INTERNATIONAL PLC
BNP PARIBAS	GOLDMAN SACHS INTERNATIONAL	MORGAN STANLEY & CO INT LTD
BNP PARIBAS (CHINA) LTD	GUGGENHEIM SECURITIES LLC	NATIONAL AUSTRALIA BANK LIMITED
BLOOMBERG LP (TSOX and EMSX)	HSBC BANK (CHINA) CO LTD	NATIXIS
BRED BANK POPULAIRE	HSBC BANK PLC	NATWEST MARKETS PLC
BTIG LLC	ICAP SECURITIES LIMITED	NOMURA INTERNATIONAL PLC
CANACCORD GENUITY LIMITED	ICBC STANDARD BANK PLC	NORDEA BANK ABP
CANTOR FITZGERALD EUROPE	IMPERIAL CAPITAL (INTL) LLP	OPPENHEIMER EUROPE LTD
CHALKHILL PARTNERS LLP	ING BANK NV	RABOBANK NEDERLAND
CIBC WORLD MARKETS PLC	INVESTEC BANK PLC	ROBERT W. BAIRD & CO INC.
CITIBANK (CHINA) CO LTD	JANE STREET FINANCIAL LIMITED	ROYAL BANK OF CANADA EUROPE LT
CITIBANK COLUMBIA S.A	JEFFERIES INTERNATIONAL LTD	SC LOWY PRIMARY INVESTMENTS
CITIGROUP GLOBAL MARKETS LTD	JP MORGAN SECURITIES PLC	SCOTIABANK EUROPE PLC
CLSA (UK)	LIQUIDNET EUROPE LIMITED	SEAPORT EUROPE LLP
COMMERZBANK AG	LLOYDS BANK CORPORATE MARKETS PLC	SKANDINAVISKA ENSKILDA BANKEN
CREDIT AGRICOLE CORP & INV BNK	MACQUARIE BANK LTD	SMBC NIKKO CAPITAL MARKETS LTD
CREDIT SUISSE SECURITIES (EUROPE)	MARKETAXESS CAPITAL LIMITED	SOCIETE GENERALE SA
STANDARD CHARTERED BANK (CHINA)	TORONTO DOMINION BANK	UNICREDIT BANK AG
STIFEL NICOLAUS EUROPE LIMITED	TRADERISKS LIMITED	US BANK TRUSTEES LIMITED
STORMHARBOUR SECS	TRADEWEB EUROPE LIMITED	WELLS FARGO SEC INT LTD
SUSQUEHANNA FINANCIAL GROUP LLLP	UBS AG	WESTPAC BANKING CORP

Fixed Income Derivatives		
ABC SCHOOLS LIMITED	HSBC BANK PLC	NOMURA INTERNATIONAL PLC
BARCLAYS BANK PLC	JP MORGAN SECURITIES PLC	ROYAL BANK OF CANADA
BNP PARIBAS	LLOYDS BANK PLC	STIRLING GATEWAY LIMITED
CITIGROUP GLOBAL MARKETS LTD	MERRILL LYNCH INTERNATIONAL	TAYCARE HEALTH LIMITED
CREDIT SUISSE INTERNATIONAL	MORGAN STANLEY & CO INTL	TRADEWEB EUROPE LIMITED
DEUTSCHE BANK AG	NATIONAL AUSTRALIA BANK LIMITED	UBS AG
GOLDMAN SACHS INTERNATIONAL	NATWEST MARKETS PLC	

Currency Derivatives and Money Markets		
BANK OF AMERICA NA	GOLDMAN SACHS INTERNATIONAL	NATWEST MARKETS PLC
BARCLAYS BANK PLC	HSBC BANK PLC	NOMURA INTERNATIONAL PLC
BANK OF NEW YORK MELLON	ICBC STANDARD BANK PLC	NORTHERN TRUST COMPANY
BLOOMBERG TSOX	ING BANK NV	RABOBANK NEDERLAND
BNP PARIBAS	JEFFERIES INTERNATIONAL LTD	ROYAL BANK OF CANADA
CIBC WORLD MARKETS PLC	JP MORGAN CHASE BANK	SCOTIABANK EUROPE PLC
CITIBANK NA	JP MORGAN SECURITIES PLC	SOCIETE GENERALE SA
CITIGROUP GLOBAL MARKETS LTD	LLOYDS BANK CORPORATE MARKETS	STANDARD CHARTERED BANK PLC
CREDIT AGRICOLE CORPORATE	MARKETAXESS CAPITAL LIMITED	STATE STREET BANK & TRUST CO
CREDIT SUISSE AG	MERRILL LYNCH INTERNATIONAL	TRADEWEB EUROPE LIMITED
CREDIT SUISSE INTERNATIONAL	MORGAN STANLEY & CO INTL	TORONTO DOMINION BANK
DANSKE BANK A/S	NATIONAL AUSTRALIA BANK LTD	UBS AG
DEUTSCHE BANK AG	NATIONWIDE BUILDING SOCIETY LTD	UBS LIMITED
FXCONNECT		

Security Finance Transactions		
BANK OF NOVA SCOTIA	EQUILEND (MTF)	NOMURA INTERNATIONAL PLC
BARCLAYS BANK PLC	EQUILEND EUROPE LIMITED	NORDEA BANK ABP
BARCLAYS CAPITAL SECURITIES LTD	EQUILEND LIMITED	PRUDENTIAL CAPITAL LIMITED
BNP PARIBAS	GOLDMAN SACHS INTERNATIONAL	ROYAL BANK OF CANADA
BNP PARIBAS ARBITRAGE	HSBC BANK PLC	ROYAL BANK OF CANADA EUROPE
BNP PARIBAS SECURITIES SERVICES	ING BANK NV	ROYAL BANK OF SCOTLAND PLC
CITIGROUP GLOBAL MARKETS LTD	JP MORGAN SECURITIES PLC	SAINSBURY'S PENSION SCHEME
COMMERZBANK AG	LLOYDS BANK CORPORATE MARKETS	SANTANDER UK PLC
CREDIT AGRICOLE SA	LLOYDS BANK PLC	SOCIETE GENERALE SA
CREDIT SUISSE AG DUBLIN BRANCH	MERRILL LYNCH INTERNATIONAL	STANDARD CHARTERED BANK PLC
CREDIT SUISSE SEC (EUROPE) LTD	MORGAN STANLEY & CO INTL PLC	UBS AG
DANSKE BANK A/S	NATIONAL AUSTRALIA BANK LTD	UNICREDIT BANK AG
DEUTSCHE BANK AG	NATWEST MARKETS PLC	WELLS FARGO SECURITIES INTL

9. Appendix III - Glossary

Financial Instruments (as defined under MiFID II)

As per Directive 2014/65/EU, Financial Instruments means those instruments specified in Section C of Annex I:

- (1) Transferable securities;
- (2) Money-market instruments;
- (3) Units in collective investment undertakings;
- (4) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
- (5) Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
- (6) Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
- (7) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Section and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
- (8) Derivative instruments for the transfer of credit risk;
- (9) Financial contracts for differences;
- (10) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF;
- (11) Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).

Multilateral Trading Facility “MTF”

MiFID introduced the concept of Multilateral Trading Facilities (MTFs) to replace Alternative Trading Systems (ATSs) (which had been established prior to MiFID but were not subject to specific European legislation). An MTF is a system, or "venue", which brings together multiple third-party buying and selling interests in financial instruments in a way that results in a contract, MTFs can be operated by investment firms or market operators and are subject to broadly the same overarching regulatory requirements as Regulated Markets (e.g. fair and orderly trading) and the same detailed transparency requirements as regulated markets.

Organised Trading Facility “OTF”

Any facility or system operated by an investment firm or a market operator that on an organised basis brings together third party buying and selling interests or orders relating to financial instruments. It excludes facilities or systems that are already regulated as a Regulated Market, MTF or a Systematic Internaliser.

Over the Counter “OTC”

Over the counter, or OTC, trading is a method of trading that does not take place on an organised venue such as a regulated market or an MTF.

Placed Order

Order placed with broker or intermediary for Trade Execution with no specific instructions on where the trade is executed.

Regulated Market “RM”

A Regulated Market is a multilateral system, defined by MiFID, which brings together, or facilitates the bringing together, of multiple third-party buying and selling interests in financial instruments in a way that results in a contract.

RTS

Regulatory Technical Standards (RTS) that were introduced as part of MiFID II Regulations to increase pre-trade and post-trade transparency for financial instruments.

Tick Size

ESMA sets tick size regimes for shares, depositary receipts. The tick size determination is based on a two factor approach where the applicable tick size is derived from both the liquidity profile of the instrument traded and the price of the order submitted.

Systematic Internaliser “SI”

Systematic Internaliser (SIs) are institutions large enough to match client orders internally, or against their own books. They are defined in MiFID as an investment firm which, "on an organised, frequent and systematic basis, deals on own account by executing client orders outside a Regulated Market or an MTF".

Important Information: For Professional Investors only.

The information herein does not constitute investment advice or any specific investment recommendations. While all reasonable care has been taken in preparing this information and it is believed to be reliable but we do not warrant its completeness or accuracy and no responsibility or liability is accepted for any errors of fact, omission or for any opinion expressed herein. It should be independently verified before further publication or use. Unless stated otherwise any views and opinions are those of M&G Investment Management Limited.

The material is not intended to provide, and should not be relied on for accounting, legal or tax advice. Reliance should not be placed on any views or information in the material when taking individual investment and/or strategic decisions.

The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.