



2020 ORDER EXECUTION REPORT

As part of the requirements implemented through the Markets in Financial Instrument Directive (MiFID II), which came into force on 3rd January 2018, investment firms including Northern Trust Global Investments Limited (“NTGIL”) must publish a summary of the analysis and conclusions they drew from monitoring of executions of client orders for the previous calendar year.

Additionally, firms which transmit client orders to third parties for execution must publish equivalent details for such arrangements.

NTGIL operates as a discretionary portfolio manager, entering into transactions solely acting as agent for its clients. Client orders are handled and executed in accordance with NTGIL’s Order Execution Policy and subject to NTGIL’s requirements to achieve best execution.

NTGIL executed and/or transmitted for execution client orders in the following classes of financial instruments (as defined under MiFID II) during 2020:

- Equities (Shares and Depository Receipts)
- Debt Securities (Bonds and Money Market Instruments)
- Derivatives (Currency Derivatives and Equity Derivatives)
- Securities Financing Transactions (Tri-party Reverse Repurchase agreements)

For each instrument class, the following documents detail the top five firms to which NTGIL transmitted orders and, where applicable, the top five venues on which NTGIL executed client orders.

- 2020 Order Execution Report- Equities
- 2020 Order Execution Report- Fixed Income
- 2020 Order Execution Report - Derivatives
- 2020 Order Execution Report - Securities Financing Transactions

MANAGEMENT OF CONFLICTS OF INTERESTS

Northern Trust’s European entities, including NTGIL, maintain effective arrangements for identifying and managing potential and actual Conflicts of Interest (“Conflicts”) and inducements. The Northern Trust EMEA Conflicts of Interest Policy & Inducements Policy is designed to help meet those obligations.

The Policy applies to all employees and others acting on behalf of an Northern Trust group entity who is assigned to work or provide services to Northern Trust EMEA, whether located inside or outside the region. A conflict may arise within Northern Trust's business areas in the course of providing services:

- Between our own business interests and those of our clients; and
- Between the interests of our clients

CLOSE LINKS AND COMMON OWNERSHIPS

Through its group structure Northern Trust Corporation is a leading provider of investment management, asset and fund administration, banking solutions and fiduciary services. The Northern Trust Company (TNTC) is the principal subsidiary of Northern Trust Corporation. Subsidiaries and affiliations include banks, trust companies, and financial institutions and the firms which comprise our asset management business, collectively referred to as Northern Trust Asset Management.

Northern Trust Asset Management is composed of Northern Trust Investments, Inc., Northern Trust Global Investments Limited, Northern Trust Fund Managers (Ireland) Limited, Northern Trust Global Investments Japan, K.K., NT Global Advisors, Inc., 50 South Capital Advisors, LLC, Belvedere Advisors LLC and investment personnel of The Northern Trust Company of Hong Kong Limited and The Northern Trust Company. Equity and derivative orders for NTGIL clients may be transmitted to affiliated entities Northern Trust Investments Inc. or the Northern Trust Company Hong Kong Limited, both of which act as agent and transmit the order to an approved external broker or trading venue for execution. The firms handle such orders in accordance with the NTGIL Order Execution Policy. We may also trade with TNTC for Spot FX instruments in line with our order execution policy. Northern Trust Securities, Inc. (NTSI) and Northern Trust Securities LLP (NTS) are NTGIL's indirect affiliates (outside of Northern Trust Asset Management) and operate as broker/dealers. NTGIL does not send any client orders to be traded through or by either firm.

ARRANGEMENTS WITH EXECUTION VENUES RELATING TO PAYMENTS, DISCOUNTS, REBATES OR NONMONETARY BENEFITS

A type of potential conflict that may arise is where Northern Trust EMEA pays or receives a fee, commission or nonmonetary benefit in connection with the provision of services to a client (collectively called "inducements").

NTGIL is prohibited from paying/providing or accepting/receiving an inducement unless it is a fee, commission or nonmonetary

benefit:

- That is designed to enhance the quality of service provided to clients; and
- Does not impair compliance with the duty of the manager to act honestly, fairly, professionally in the best interests of the clients;
- Or is a payment or benefit that is necessary for the provision of service, e.g. custody fees, investment management fees.

Where NTGIL provides portfolio management services, further restrictions apply.

NTGIL has specific arrangements with the following execution venues to receive access to the systems for the purposes of trade execution. The arrangements are not contingent on the provision of any levels of business.

- FXConnect
- FXAll
- MarketAxess
- TradeWeb

In line with MiFID inducements provisions, NTGIL is permitted to accept a good or service deemed to be a minor-non monetary benefit. This includes hospitality of a reasonable de-minimis , such as food and drink during business meals, a conference or seminar.

CHANGES OF EXECUTION VENUES/ FIRMS TO WHICH ORDERS ARE TRANSMITTED DURING 2020

Two new brokers were approved as counterparties for our securities financing transactions (reverse repurchase agreements) were added in 2020. No brokers which were previously approved as counterparties were removed during 2020. No other changes to add or remove execution venues, brokers or counterparties were made during the year.

TREATMENT OF DIFFERENT CLIENT CLASSIFICATIONS

NTGIL only services professional clients, therefore the same order execution arrangements apply for all client orders for each class of financial instrument. NTGIL does not execute client orders for retail clients

USE OF DATA OR TOOLS RELATING TO QUALITY OF EXECUTION

NTGIL monitors execution quality and the extent to which the best possible execution result for client orders has been achieved. NTGIL employs analytical techniques to contribute to monitoring execution results when executing transactions on behalf of the client. This includes technologies such as transaction cost analysis systems for equities, FX and fixed income. Currently this monitoring uses the following system tools; ITG for Equities, Derivatives and FX trading and Tradeweb for fixed income.

These analytical tools are used at all stages of the execution process and give the ability to assess expected costs, analyse the cost of execution during the performance of a trade, and then to assess an execution after the event.

Following the start of publication of reports required under Commission Delegated Regulation (EU) 2017/575 'RTS 27 reports' in June, NTGIL reviewed the range of reports produced by trading venues, systematic internalisers and other liquidity providers to consider how such data could be utilised in monitoring execution quality. As a result of the wide range and inconsistent presentation and formats, as well as the sheer volume of data produced within the reports, we concluded that at present the reports did not add sufficient value to monitoring of execution quality over existing tools. This is particularly the case given the FCA's ongoing consultation looking at abolishing the requirement for firms to produce RTS 27 reporting '...given concerns that have been expressed around the value these reports bring to the market and to consumers, and the burdens involved in producing them'¹

¹ FCA Statement on Supervisory Flexibility on RTS 27 reports published 19/03/2021

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