



Best Execution and Order Handling & Allocation Policy

Natixis Investment Managers International Distribution

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1. Scope and purpose of this Policy

This policy sets out the arrangements that Natixis Investment Managers International (“the Firm”) follows to discharge its regulatory obligations in relation to the execution (or transmission to a third party for execution) of orders in financial instruments as well as the prompt, fair and expeditious execution of orders in financial instruments on behalf (and in the best interest) of the UCITS funds and AIFs (each further referred to as a “Fund”) delegated to various Investment Managers (“IMs”).

2. Policy owner

This Policy is owned by the Firm’s Chief Compliance Officer (“CCO”).

3. Policy review and approval

This Policy is reviewed at least every year or whenever a material change occurs following a change in regulations and is approved by the governance of the Firm.

4. Regulatory basis and requirements

The Firm is regulated as a management company by the Autorités des Marchés Financiers (AMF) and delegates or sub-delegates investment management powers to IMs of Funds domiciled in Luxembourg, Ireland, France and the UK. Therefore, it is bound to respect certain requirements set out in regulation issued by the Commission de Surveillance du Secteur Financier (“CSSF”), the Central Bank of Ireland (“CBI”) and the Autorité des marchés financiers (“AMF”) as summarized in the table below:

Jurisdiction	Regulator	Regulation Best execution and order handling & allocation
EUROPEAN UNION	ESMA	UCITS Directive - Commission Directive 2010/43/EU: section 3 – Best Execution section 4 – Handling of orders AIFM Directive - Commission Delegated Regulation (EU) No 231/2013: Articles 27, 28, 29
LUXEMBOURG	CSSF	CSSF Regulation 10-4: - Section 3 – Best execution Section 4 – Handling of orders
FRANCE	AMF	RG AMF – Book III, Title I ter, Chapter IV: - Section 2 – Handling and executing orders
IRELAND	CBI	S.I. No. 352/2011 - European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011: Schedule 5: Conduct requirements applicable to Management Companies
UNITED KINGDOM	FCA	FCA Handbook – COBS 11.2 and 11.3



5. Best Execution of orders for Funds

5.1. Execution factors

The Firm must take all reasonable steps to obtain the best possible result, when executing or placing orders to deal on behalf of the Funds it manages. To achieve this, it requires the IMs to have policies and procedures in place which take into account, the following execution factors:

- Price
- Costs
- Speed
- Likelihood of execution and settlement
- Order size and nature
- Any other consideration relevant to the execution of order

However, the relative importance of the above execution factors will be determined by:

- The objectives, investment policy and risks specific to the Fund, as indicated in the prospectus or the fund rules, Articles of Association of the Fund or offering documents
- The characteristics of the order
- The characteristics of the financial instruments – which may include not only the type of instrument or asset class but also its liquidity and other market characteristics
- The characteristics of the execution venues to which the order can be directed to

The applicable commissions and costs that are to be borne by a Fund associated with using a particular execution venue or broker must be considered in assessing whether the best possible result has been achieved for the Fund. Neither the Firm nor its IMs may structure charges or commissions in such a way as to discriminate between execution venues or brokers to the detriment of a Fund.

5.2. Execution venues

Execution venues include regulated markets, multilateral trading facilities, market makers or other liquidity providers. For orders executed by IMs on behalf of the Firm's Funds, the execution venues chosen must be those likely to achieve the best possible result for the Funds having regard to the execution factors. For each financial instrument there must be a sufficient choice of venues to facilitate best execution, taking account the nature of the instrument and market concerned.

The IMs are required to maintain a central list of all execution venues for the purposes of the best execution arrangements.

5.3. Broker selection

IMs who place orders to deal on behalf of Funds with brokers for execution must, for each class of instrument, identify the entities with which orders may be placed. The Firm ensures that the IMs have implemented procedures for the selection, approval and monitoring of these entities they wish to do business with, which are consistent with this Policy and that prior due diligence has been conducted to the satisfaction of the IM. The Firm also reviews each IM's list of brokers and reserves the right to instruct that particular entities are removed from the list. The IMs are required to maintain a central list of all brokers used for the purposes of the best execution policy arrangements.

To the extent permitted by the rules/regulations in the jurisdiction in which the Funds are domiciled, the IMs may accept inducements such as goods or services (often referred to as "soft dollar commissions" or "soft commissions") from certain brokerage firms which provide these services in addition to routine order execution in compliance with conflicts of interest provisions.



The precise nature of such services will vary but may include (i) research related to the economy, industries or a specific company, (ii) investment related hardware or software, (iii) electronic and other types of market quotation information systems, or (iv) financial or economic programs and seminars. Such services will usually be backed by specific arrangements which mention calculation methods for fees and commissions (prohibition of rebates); and have the goal to improve the IMs' service quality in the best interest of the Funds and the Funds' investors. Where the IM executes an order on behalf of a Fund through such a broker or other person, passes on that person's charges to the Fund, and receives in return goods or services additional to that execution service, it will seek to ensure that such additional goods and services benefit the Fund or comprise the provision of research.

The IMs will integrate these services into their broker evaluation and selection for best execution.

5.4. Counterparty selection for Over-the-Counter transactions

The Firm has developed its own principles regarding the selection of a counterparty involved in OTC derivatives, REPO or Securities lending transactions:

> An ISDA Master Agreement or equivalent must be in place (except for FX forwards with maturity of less than 30 days). The counterparty must be a highly qualitative institution (creditworthiness). The counterparty must adhere to MiFid compliant best execution practice. The counterparty must segregate collateral when used.

Assessment of the counterparty's servicing, operating and reporting quality must be made in accordance to the Firm's Counterparties accreditation and monitoring procedure or the equivalent procedure at the level of the IM depending on the case described below:

1/ Case where the contractual relationship is between the IM and the counterparty

The Firm ensures that the IMs have implemented procedures for the selection, approval and monitoring of counterparties and it oversees that the IMs' Counterparty Selection policies comply with the principles above.

In addition, the Firm requires that the IMs communicate upon the approval of a new counterparty or a change to the existing status of a counterparty.

The IMs are required to maintain a global list of all counterparties contracted by them for the purposes of the best execution policy arrangements.

2/ Case where the contractual relationship is between the Firm and the counterparty (only applicable to certain legacy Funds).

Since the Firm is contracting with the counterparty in such case, the Firm must assess the counterparty risk and manage any risks related to money laundering and terrorism financing.

In such case, any request for counterparty accreditation must have been validated by the IM managing such legacy Funds and that have initiated the accreditation request first, according to the IM's own procedures (i.e. risk, compliance and/or middle office validation) and be eligible for OTC market Operations as per the Firm's Counterparties accreditation and monitoring procedure.

Once the counterparty is accredited, the authorization to deal is subject to the execution, by the Firm and the counterparty, of an adequate standard legal framework in addition to a collateral management process which is either:

- directly included in the ISDA for the repos or reverse-repos;
- included in a specific annex for OTC derivatives not eligible for clearing : Credit Support Annex (CSA) ;
- provided in a long form confirmation including the CSA and the applicable parameters.



5.5. Best execution of orders controls

The Firm expects the IMs to establish controls in relation to the following items:

- Retrospective reviews by the IMs of the execution performance of orders on a representative sample basis. Reviews must have regard to the execution factors in this Policy and the objectives and characteristics of orders.
- Where orders to deal have been placed with brokers to be executed, reviews of brokers by the IMs to demonstrate that the broker has executed orders in accordance with its best execution policy. Reviews by the IMs of their execution arrangements – these reviews must be conducted on a best-effort basis at least annually and results detailing the aspects reviewed and criteria applied must be recorded. Issues resulting from these reviews should be reported to the Firm, as appropriate.
- Continual monitoring by the IMs of the performance of brokers and execution venues for: execution quality; counterparty and settlement risks; errors and breaches; regulatory record.

6. Order Handling & Allocation for the Funds

6.1. Executing orders promptly and in sequential order

Portfolio transactions on behalf of the Funds must be executed sequentially and promptly once the investment decision has been made, and unless the characteristics of an order or prevailing market conditions make it impracticable to do so. Where because, for example, of size, liquidity, market capacity or limit orders there is a justified reason for delaying transactions or executing them out of turn, an explanation must be included with the IM's records. The IMs shall ensure that financial instruments or sums of money, received in settlement of executed orders are promptly and correctly delivered to the account of the appropriate Fund.

6.2. Fair allocation of aggregated orders

Where transactions are aggregated over more than one Fund or with those of its other clients or with managed portfolios of other third parties, the following conditions must be met:

- The IM must be able to show, for each aggregated order, that it would be unlikely that the aggregation would work to the overall disadvantage of any Funds or clients on behalf of whom the transaction is being executed.
- The IM must be able to show that aggregated transactions, including those which have been only partially executed, have been promptly allocated in accordance with its policy.
- The IM's internal order allocation policy and procedures must detail in sufficiently precise terms how the fair allocation of aggregated orders is to be achieved and include the items stipulated below.

The IM's order allocation procedure must include the following:

- A requirement to define in advance the expected allocation of orders.
- A requirement that the allocation of an aggregated transaction must be on a pro-rata basis except where this would be impracticable and the reasons for the exception can be fully and reasonably explained such as in a statement in sufficiently precise terms as to how the volume and price of orders may influence exceptions to the principle of allocating on a pro rata basis. For example, this could be the case where the value of a resultant holding may be inconsistent with a Firm Fund's investment objectives, liquidity and risk profile or investment and borrowing powers.
- An obligation to make a record of the reasons why an aggregated transaction has not been allocated on a pro rata basis.
- A process that prevents the reallocation of orders, in a way that is detrimental to the Funds and the Funds' investors.



6.3. Preventing misuse of information

The Firm and those acting on its behalf (i.e., the IM) must not misuse information relating to pending orders in the Funds. Any use of information relating to a pending order for a Fund in order to deal for another client, or for the IM's own account, will be considered to be misuse of that information. Those dealing for the Funds must also take account of other regulation and legislation relating to market abuse.

6.4. Record keeping which demonstrates fair dealing

All portfolio transactions must be promptly, accurately and securely recorded in accordance with the IM's record-keeping policy and the terms of the Investment Management Delegation Agreement ("IMDA") between the Firm and the IM. The recordings must be kept long as the IMDA is in effect and after the termination of the IMDA, for a period of no less than five (5) years or more at the request of the competent authority. Records must be capable of demonstrating adherence to this policy.

7. Controls by the Firm

Applying its governance and oversight processes to this Policy, the Firm has adopted the following supervisory measures where dealing is undertaken on its behalf by IMs:

- In concluding an investment management delegation agreement with an IM, the Firm will review the IM's best execution of orders, accreditation/selection of brokers and counterparties, collateral (if any) as well as any order handling and allocation policies and procedures to assess that they are reasonable and consistent with the Firm's policy.
- An IM must notify the Firm immediately of significant changes and/or breaches of its policy and procedures or the principles set out in this Policy in relation to best execution of orders as well as order handling and allocation. Breaches will be escalated internally within the Firm as appropriate. Any changes and/or breaches must also be disclosed and included in the IM's Quarterly Investment Management Report ("QIMR").
- As part of its field review work, the Firm will review the operation of the IMs' policies and procedures to ensure that the IMs continue to follow the Firm's policy.

ADDITIONAL NOTES

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