

## Nordea Investment Management

# Execution Policy

January 2017

### 1. Purpose

Nordea Investment Management AB (NIM) and all its branches have adopted the following Execution Policy (Policy) in order to secure the best possible execution of client orders in financial instruments. The Policy applies to all clients, irrespective of their classification and is conditioned by their acceptance of this Policy.

The procedures set out herein constitute best execution in NIM's point of view.

NIM follows this Policy unless the client gives specific instructions about how its orders, or a specific trade, should be handled. Clients should be aware that such instructions might prevent NIM from taking the steps implemented in this Policy to obtain the best possible result.

Terms used in this Policy have the same meaning as defined in applicable local regulations.

### 2. Choice of brokers and venues for execution

NIM may either direct orders to be conducted at venues for execution by external brokers or choose to execute the orders by itself. NIM has access to a variety of different external brokers which operate in various venues for execution.

The broker will ensure best execution at applicable venues for execution in the form of a regulated market, a Multilateral Trading Facility (MTF), Over-The-Counter or another relevant trading venue.

Brokers are chosen based on a broker selection procedure, which encompasses price, execution and settlement, understanding of investment process etc.

When selecting the best broker or venue for execution, NIM will amongst other factors take into account:

- the size and nature of the order;
- the price at which it is likely to be executed at and the costs which will be incurred to the client;
- the speed and likelihood of both execution and settlement.

Normally, NIM will regard price and costs as being the most important factors. However, in the case of orders that due to e.g. their size, type or investment strategy may have an impact on either the prevailing price of the financial instrument or the markets on which it could be executed, other factors may take precedence to ensure the prompt execution of the order.

Orders which are large compared to the total turn-over in the market will as a general rule be directed, either directly or via an external broker, to the venue for execution with the best liquidity; i.e. the venue where a large order can be executed promptly with the least impact on the market price.

The speed or likelihood of execution or settlement may take precedence if there are significant differences in these factors depending on the broker or venue chosen.

Brokers are reviewed on a regular basis according to procedures.

## 2.1 Equal treatment of clients

All sufficient steps are taken under the best execution obligation to obtain best and equitable results for our clients. Availability, comparability and consolidation of data related to execution quality provided by the various brokers and execution venues are compared and analyzed enabling NIM to deliver the highest quality of execution for its clients. Stringent internal controls are in place to safeguard fair treatment of clients, and NIM will annually publish information on the quality of execution obtained on its top five trading venues based on volume by instrument class.

## 3. Execution

Depending on the instrument and the market in which the instruments are traded, different venues for execution may be available; NIM will choose the venue or broker which will ensure best execution for the specific trade in NIM's point of view.

### 3.1 Shares

This section applies to orders in shares admitted to trading on a regulated market or MTF, e.g. shares listed on the stock exchange.

#### 3.1.1 Algorithm trading facilities

NIM will use algorithm trading facilities from a large number of providers and will use a large variety of strategies depending on the size of the order, liquidity and other aspects of the order.

#### 3.1.2 Crossing networks

NIM utilizes crossing networks to cross block orders in order to minimise the market impact.

#### 3.1.3 Direct market access

NIM has via external brokers direct market access (DMA) admittance to a large number of venues for execution and will on a regular basis place orders at these venues through the brokers.

#### 3.1.4 Internal crossing

Internal crossing between NIM clients may be conducted either through brokers or on rare occasions directly by NIM. Internal crossing without using a broker may be conducted by NIM provided there is a case by case prior acceptance from the concerned clients.

When internal crossing is chosen for trading, information will be sought in the market on the level of the specific deal by the use of information channels, brokers and potential counterparties.

The execution price will be a product of available reference price information and other factors such as:

- Liquidity
- order size
- price developments in related products
- market price
- market conditions
- trade size and nature

### 3.2 Investment funds

NIM will execute orders regarding investment funds by placing the order with the fund management company, for execution in accordance with investment fund regulations or the equivalent. In case the fund is admitted to trading at a regulated market or MTF, see section 3.1.

### 3.3 Other financial instruments

This section applies to orders in the following financial instruments:

- bonds, treasury bills and other money market instruments;
- OTC derivatives;
- derivatives admitted to trading on a regulated market or MTF (e.g. options and futures listed on the derivatives exchange);
- other instruments created by an intermediary.

#### 3.3.1 Internal crossing

See section 3.1.4.

### 4. Order handling, aggregation and allocation

NIM will execute client orders promptly, fairly and expeditiously.

NIM may aggregate a client order with another client order if the aggregation of orders will work overall to the advantage of any clients whose order are to be aggregated. The aggregation could be dis-advantageous in relation to a specific order.

An aggregated order that has been executed in its entirety will be allocated on the average price. Where an allocated order only has been executed partly, NIM will seek allocation in accordance with best execution, equal treatment and on a pro-rata basis. Exemptions from the pro-rata allocation principle may be made in case the distribution would represent a too small exposure of a client portfolio.

### 5. Reservations

In the event of system disruption, irregularities break down or exceptional market conditions NIM may choose brokers or execute orders at other venues or subject to other considerations than set forth in this Policy.

### 6. Monitoring

NIM monitors compliance with the Policy on a regular basis.

### 7. Review

In order to ensure the best execution possible on a consistent basis, NIM will at least annually review this Policy, the methods and the execution venues used for execution, including broker firms to which NIM transmits orders for execution. Changes and up-dates will be published on the Nordea website and will come into effect from the day that they are published on the website.

### 8. List of selected brokers and venues for execution

The list of selected brokers and venues for execution can be found on Nordea's homepage [www.nordea.com](http://www.nordea.com) under "Our Services" – "Asset Management" – "Policies" – "NIM AB List of approved brokers"