BEST EXECUTION POLICY OVERVIEW – PROFESSIONAL AND RETAIL CLIENTS

FRANKLIN TEMPLETON INVESTMENTS

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This overview of Franklin Templeton's Best Execution Policy outlines the process that Franklin Templeton Investment Advisers who are based in the European Economic Area and registered there to provide investment advisory and/or investment management services (EEA Adviser) will follow to achieve the best possible result when executing trades or transmitting orders for execution to a third party on your behalf.

SCOPE

By applying the execution factors detailed below, we shall take all sufficient steps to achieve the best possible result when we arrange on your behalf a transaction in financial instruments within scope of MiFID II, including without limitation:

- Transferable securities
- Money Market Instruments
- Units in Collective Investment Undertakings
- In scope derivatives

As further set out in Annex A of this document.

Note that where you provide us with specific instructions in relation to your order or any part of it, we will continue to seek best execution within those given parameters.

EXECUTION FACTORS

When dealing with an order, we will take a variety of factors into consideration to select the Execution Venue (as defined below), which is more likely to achieve the best possible result for you.

Price and cost of the transaction shall be key to selecting the appropriate Execution Venue when dealing on behalf of all of our clients.

When dealing on behalf of professional clients, we may also have regard to other execution factors to the extent that, in our reasonable opinion, they will be more instrumental than price and cost in obtaining the best possible result for you. These factors include but are not limited to the following.

- Market Impact cost.
- Likelihood of execution and settlement.
- Responsiveness, speed of execution, and consistency of service.
- Order size & liquidity considerations.
- Willingness of a broker to work an order.
- Willingness and ability to locate and/or commit capital to complete trades.
- Perceived ability of the broker to achieve the best price including the experience with the broker and past execution history.
- Knowledge of and access to the natural contra (opposing) side to the trade.
- Financial condition and stability of the broker.
- Trustworthiness & reputation specifically as it relates to prevention of information slippage and protection of confidential data.
- Ability and expertise in handling certain trading styles, strategies, instruments, and sectors of the market.
- Block trading and arbitrage capabilities.
- Sophistication of trading facilities.

- Back office capabilities including the quality of confirmations and account statements.
- Ability and willingness to correct errors.
- Access to underwritten offerings of fixed income securities (as it pertains to fixed income trading).
- Execution of an ISDA Master Agreement with our clients.

For each order, we shall assess the relative importance of each factor in light of:

- The characteristics of your order;
- The characteristics of the financial instruments to which that order relates, and
- The characteristics of the Execution Venues to which that order can be directed.

EXECUTION VENUES

For the purpose of the present Overview, "Execution Venues" shall include brokers.

In meeting our regulatory obligation to take all sufficient steps to obtain the best possible results for you, we may use one of the following Execution Venues:

- Regulated brokering firms, which may transact your orders on or off regulated markets
- Algorithmic trading
- Direct Market Access products
- Multilateral Trading Facilities
- Organised Trading Facilities

The execution venues used will be determined by the trader with the goal of implementing their strategy in the best possible way taking into account the characteristics of the financial instrument being traded. The Execution Venues we use is deemed to be commercially sensitive information; it is therefore not incorporated within this Overview. A list of Venues on which we place a significant reliance is available upon request. This list is not exhaustive and execution may occur on alternative Venues provided we select this Venue in accordance with our Best Execution Policy. We will also publish our top 5 trading venues by asset class annually at www.franklintempleton.co.uk. A breakdown of these asset classes is set out in Annex B of this document.

On occasion an order may be executed off market. Executing trades off market can involve certain risks which may include counterparty risk e.g. with the brokering firm if they operate a systematic internaliser platform, or risk relating to price discovery if the trade has not been put out to the whole of the market. As part of our best execution obligations we would only seek to allow executions off market where we believe this will obtain the best possible result for you.

MONITORING AND REVIEW

We shall monitor compliance with our Best Execution Policy in a manner appropriate to each financial instrument. This will include a periodic review of the execution venues used including factors such as overall cost, consistency of service, and execution quality.

We will review the effectiveness of our execution arrangements and Best Execution Policy at least annually and whenever a change, which is relevant to our ability to obtain the best possible result, occurs.

The present Overview shall be amended to reflect any adjustment identified as a result of such monitoring and review. The revised Best Execution Overview will be posted on Franklin Templeton's UK website, at www.franklintempleton.co.uk.

YOUR RIGHTS

- You may request further details on our Best Execution Policy
- You may ask us to demonstrate we have complied with our Best Execution Policy in relation to transactions executed on your behalf
- You may request we provide you with a written copy of this Overview, as and when it is amended

GLOSSARY OF TERMS[1]

Algorithmic Trading: Algorithmic trading is trading done using computer programmes applying algorithms, which determine various aspects including price and quantity of orders, and most of the time placing them without human intervention.

Arbitrage Capabilities: The ability to exploit differences in price that exist due to market inefficiencies, for example, buying an instrument on one market and simultaneously selling a similar instrument on another market.

Block Trading: Trading in a large quantity of a given stock or instrument (a large "block"). Block trades can be more difficult to execute than other trades and often expose a broker to more risk.

Collective Investment Undertakings: Any undertaking such as a Mutual Fund which allows investors to pool their money and invest the pooled funds, instead of buying securities directly as individuals.

Contracts for Difference: A contract between two parties, the buyer and seller, stipulating that the seller will pay to the buyer the difference between the current value of an asset and its value at a contracted point in the future. If the difference is negative, then the buyer pays instead to the seller.

Derivative: A financial instrument whose value depends on the value of some underlying asset or factor such as a stock price, interest rate, or exchange rate.

Direct market access (DMA): Participants require access to a market in order to trade on it. Direct market access refers to the practice of a firm who has access to the market allowing another 3rd party firm electronic access to the market via their own systems.

Forward: An agreement between two parties in which one party, the buyer, agrees to buy from the other party, the seller, an underlying asset at a later date for a price established at the start of the contract.

Financial Instrument: A financial instrument is an asset or evidence of the ownership of an asset e.g. a common stock or bond. It may also be a contractual agreement between two parties to receive or deliver another financial instrument e.g. a derivative contract.

Future: A variation of a forward contract that essentially has the same basic definition but with some additional features such as a clearinghouse guarantee against credit losses, daily settlement of gains and losses, and an organised trading facility.

ISDA Agreement: The ISDA master agreement is published by the International Swaps and Derivatives Association. The master agreement is a document agreed between two parties that sets out standard terms that apply to all the transactions entered into between those parties.

Market Impact Cost: The cost that a buyer or seller of stocks incurs while executing a transaction due to the prevailing liquidity conditions. It represents the cost of executing a transaction of a given security, with a specific predefined order size, at any given point in time.

Money Market Instruments: Debt issues with one year or less to maturity.

Option: A financial instrument that gives one party the right, but not the obligation, to buy or sell an underlying asset from or to another party at a fixed price over a specific period of time.

Swap: A derivative contract through which two parties exchange financial instruments. These instruments can be almost anything, but most swaps involve cash flows based on a notional principal amount that both parties agree to. The most common form of swap involves interest rates where the payments related to a variable interest rate are swapped for the payments related to a fixed interest rate.

Systematic Internaliser: Systematic internalisers (SIs), traditionally called market makers, are investment firms who could match "buy" and "sell" orders from clients in-house, provided that they conform to certain criteria. Instead of sending orders to a central exchange such as the London Stock Exchange, banks can match them with other orders on its own book.

Transferable Securities: Securities which are negotiable on capital markets such as shares in companies, depository receipts in respect of shares, or bonds and other forms of securitized debt.

Trading Venue: A trading venue is an official venue where securities are exchanged; it includes Multilateral Trading Facilities (MTF's), regulated markets, and Organised Trading Facilities (OTF's).

[1] Definitions have been sourced from both https://ec.europa.eu/info/system/files/glossary_en.pd and https://www.cfainstitute.org/learning/tools/glossary/Pages/index.aspx.

ANNEX A

MiFID II Financial Instruments

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).

ANNEX B

a) Equities – Shares & Depositary Receipts
    a. Tick size liquidity bands 5 and 6 (from 2000 trades per day)
    b. Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)
    c. Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)
b) Debt instruments
    a. Bonds
    b. Money markets instruments
c) Interest rates derivatives
    a. Futures and options admitted to trading on a trading venue
    b. Swaps, forwards, and other interest rates derivatives
d) Credit derivatives
    a. Futures and options admitted to trading on a trading venue
    b. Other credit derivatives
e) Currency derivatives
    a. Futures and options admitted to trading on a trading venue
    b. Swaps, forwards, and other currency derivatives
f) Structured finance instruments
g) Equity derivatives
    a. Futures and options admitted to trading on a trading venue
    b. Swaps and other equity derivatives
h) Securitized derivatives
    a. Warrants and Certificate derivatives
    b. Other securitized derivatives
i) Commodities derivatives and emission allowances derivatives
    a. Futures and options admitted to trading on a trading venue
    b. Other commodities derivatives and emission allowances derivatives
j) Contracts for difference
k) Exchange traded products (exchange traded funds, exchange traded notes and exchange traded commodities)
l) Emission allowances
m) Other instruments