

# Manulife Investment Management (Europe) Limited

Order Execution Policy

Statement

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## INTRODUCTION

This Statement relates to Manulife Investment Management (Europe) Limited ("Manulife IM Europe"). Manulife IM Europe manages portfolios of investments on a discretionary and advisory basis for investment funds, external segregated portfolio clients and other affiliates that are part of the Manulife Group of companies (together, "client" or "clients"). Manulife IM Europe also provides trade execution services to certain affiliated companies. In this capacity, Manulife IM Europe is required to take all sufficient steps to ensure the best possible outcomes for our clients when executing orders on their behalf. Manulife IM Europe is authorised and regulated by the Financial Conduct Authority ("FCA") and is an investment firm subject to the requirements of the Markets in Financial Instruments Directive II ("MiFID II").

Any references to "we", "us" or "our" relate to Manulife IM Europe. References to "you" or "your" relate to clients of Manulife IM Europe.

## SCOPE

This Statement forms part of Manulife IM Europe's obligations relating to MiFID II and Chapter 11.2A of the Financial Conduct Authority's Conduct of Business Sourcebook. It provides you with disclosure of our business practices relating to best execution.

## REVIEW OF BEST EXECUTION

We will keep our best execution policy under constant review and carry out a formal review at least annually.

## BEST EXECUTION CRITERIA

Before utilising a broker or venue for execution, we will consider whether the broker or venue has appropriate systems and controls, policies and procedures in place to ensure to ensure likelihood of execution and settlement, and whether appropriate information is available to allow us to monitor our best execution obligations.

When executing orders on your behalf, we will consider the execution factors described below. This basic obligation applies equally where the firm receives and transmits an order in the context of a non-discretionary client relationship.

- Price
- Costs of execution
- Speed of execution
- Likelihood of execution and settlement
- Size of orders and the relevant markets
- nature of the market
- any other consideration relevant to the order

The relative importance of these factors is determined by reference to prescribed execution criteria, being:

- The characteristics of the client
- the characteristics of the client order (including the size and nature of the order)
- the characteristics of the financial instruments that are the subject of that order
- the characteristics of the execution venues to which that order can be directed

Not all these criteria will be relevant in each case.

Any reference in this policy to an execution on a venue means an execution by a broker, selected by us, on a venue rather than us executing directly.

### **BEST EXECUTION – CLIENT**

We do not have any retail clients. In respect of professional clients (as defined in MiFID II) we owe best execution obligations where the client is legitimately relying on us in relation to the execution of the transaction. Due to the nature of our business and clients we will always owe our professional clients a duty of best execution.

## **BEST EXECUTION - SPECIFIC TYPES OF INSTRUMENTS**

### **Equities**

For orders in equities we do not consider to be large in size for the particular market or equity, we will generally consider that price is the most important execution factor. For example, to achieve a good price, the broker will need to work orders competently. Our assessment of their ability will be based on our experience of their service. However, other execution factors are considered as appropriate for the size and nature of the relevant order, and one or more of these other factors may displace price as the most important factor. For large orders, Manulife IM Europe may also regard certainty of execution, reduction of market impact and speed of execution as key factors for consideration.

The equity trading teams regularly review and negotiate, as necessary, commissions with brokers and dealers with whom they trade. The teams, however, are not obligated to choose the counterparty offering the lowest available commission rate if, in their reasonable judgment, there is a material risk that the overall outcome for the client from the transaction might be less favourable than may be obtained elsewhere, or if other considerations dictate using a different counterparty. Negotiated commission rates will vary in response to the overall execution requirements of the transaction.

In some circumstances, Manulife IM Europe may discuss with a client the importance of a factor, e.g. confidentiality requirements. The choice of execution provider would, in such circumstances, be determined by the relative importance of the factors as discussed with the client.

### **Fixed Income**

The firm has arrangements with multiple Brokers in relation to the execution of orders placed by Manulife IM Europe in fixed income securities. For orders in fixed income securities, Manulife IM Europe will generally consider price to be the most important factor. However, due to the large variance in liquidity across fixed income instruments, it is sometimes necessary in illiquid markets to place the highest priority on likelihood of execution.

In seeking best execution, the fixed income traders will generally solicit bids from brokers/dealers. The trader has the discretion to determine which brokers/dealers will be used. If a single broker/dealer provides the only bid or offer, the trader will assess whether the bid or offer is reasonable and may make the determination based on the prices of similar securities, if applicable and feasible. Trading activity is reviewed by the portfolio managers and traders on a frequent basis.

Manulife Investment Management maintains and periodically updates a list of approved trading counterparties. Traders and portfolio managers may execute trades only with pre-approved broker-dealer/counterparties. The Brokerage Practices Committee, through a delegation from the Operating Committee, reviews and approves all

broker-dealers/counterparties.

## **Exchange Traded Derivatives**

The firm has arrangements with multiple Brokers in relation to the execution of orders placed by Manulife IM Europe in exchange traded derivatives. Given the highly liquid nature of this market, we will generally consider price to be the most important factor in delivering best execution to our clients.

## **OTC Derivatives**

All derivatives must be traded according to the terms of industry standard legal documentation. As with the process for fixed income securities, the way in which a derivatives trade is executed will be dependent on the size of the transaction and the liquidity available for the specific instrument concerned. As Over the Counter (OTC) products are not executed on any exchange, it is vital that Manulife IM Europe has the most appropriate counterparties available to source the liquidity that we require to execute trades on behalf of our clients. When trading over the counter, Manulife IM Europe is deemed to be executing the trade itself and does not rely on any Broker to provide best execution. Subject to any transaction specific issues highlighted by a consideration of the execution factors and the execution criteria, we would generally consider price to be the most important factor in executing a transaction.

## **Collective Investment Undertakings**

Open-ended investment companies, including exchange traded funds (ETFs) that are listed and traded on a regulated market are treated as equities.

In relation to other funds where there is no secondary market, it is almost invariably the case that Manulife IM Europe will place an order for the purchase or sale of units with the operator or manager of the fund. In this respect, certainty of execution (i.e. the ability to execute the order) is the most important factor.

## **Securities Financing Transactions**

These are generally executed on a mutual bilateral basis and are therefore subject to specific terms including a credit assessment and a suitable collateral arrangement. In reaching such an agreement Manulife IM Europe would ensure that the best possible terms were agreed on behalf of the relevant client.

## **SPECIFIC CLIENT INSTRUCTIONS**

In general, as discretionary portfolio manager, Manulife IM Europe will make all dealing decisions itself and will therefore control the allocation of orders among executing Brokers. Manulife IM Europe does not generally take instructions from clients in that respect. However, when Manulife IM Europe receives specific instructions from its clients, it is required to follow any such instructions even if this impairs our ability to take the steps required to obtain the best possible result for that transaction. We would, however, continue to provide best execution in relation to any part of the order to which the client has not provide specific instructions.

## ORDERS EXECUTED OUTSIDE A REGULATED MARKET, MTF OR OTF

From time to time, an approved Broker may execute orders outside of a Regulated Market, MTF or OTF to provide Best Execution to us. Where we execute orders under your specific instruction to execute outside a Regulated Market, MTF or OTF, we will ensure we have obtained your consent to do so.

Where orders are executed as such, this creates an element of counterparty risk. This risk is mitigated through our broker approval and due diligence process.

## BROKER APPOINTMENT AND ONGOING DUE DILIGENCE

Manulife IM Europe has an approved list of brokers and other counterparties who can be used for trading. These trades are done on an agency basis. A documented process is followed for the approval of all new brokers and counterparties which will include appropriate regulatory checks and a review of relevant documentation including their execution policy. Oversight and approvals are undertaken at Group level by the Manulife Brokerage Practices Committee.

In approving new brokers and performing periodic reviews to monitor their performance, we must ensure that they are, and continue to be, capable of enabling us to deliver the best possible result for our clients. In conducting this exercise, Manulife IM Europe will conduct an annual broker review and an initial due diligence assessment of each of its brokers.

Our policy is to take sufficient steps to determine that when transmitting or placing an order with another entity to execute, or executing a client order directly with a counterparty, that entity has arrangements that will enable us to comply with our best execution obligations to you.

We will look to obtain and review appropriate information on our brokers' execution policies and execution arrangements and ensure that we are treated as a Professional Client of that entity. In the case of entities which are not subject to MiFID II, we must take sufficient steps to satisfy ourselves that the entity has execution arrangements that allow them to comply with the overarching best execution requirement. If we cannot satisfy ourselves of the above matters, it is our policy not to use that entity.

## MONITORING TRADING COSTS

In selecting a broker, dealer or trading venue, traders consider a wide range of available alternatives in seeking best execution. We are required to act in accordance with the best interests of its clients when placing orders for execution. In order to comply with this obligation, Manulife IM Europe will take all sufficient steps to obtain the best possible result for its clients. We will monitor on a regular basis the effectiveness of this policy and in particular the execution quality of the brokers (and venues chosen by brokers) chosen to execute.

The Firm's Brokerage Practices Committee is responsible for providing periodic oversight of the Firm's equity trade execution. As a key tool to assist the Brokerage Practices Committee in evaluating equity trade execution quality on a regular basis, the Firm uses independent trade execution evaluation tools. These provide detailed trade execution analysis and data, which is reviewed by the Brokerage Practices Committee and discussed with portfolio management teams and traders, as necessary and appropriate.

The trading teams regularly review and negotiate, as necessary, commissions with brokers and dealers with whom they trade. The teams, however, are not obligated to choose the counterparty offering the lowest available commission rate if, in their judgment, there is a material risk that the overall outcome for the client from the transaction might be less favourable than may be obtained elsewhere, or if other considerations dictate using a different counterparty. Negotiated commission rates will vary in response to the overall

execution requirements of the transaction.

In seeking best execution, the traders have a variety of venues available for execution. Traders may, at their discretion, utilise the execution services of a broker, broker algorithms or permitted electronic crossing networks, which give the trader additional options when searching for liquidity and the ability to trade block positions in a more efficient manner. In selecting a counterparty and the type of service offered, traders consider the full range available to them to seek best execution.

## ANNUAL CLIENT REPORTING

We are required to publish on an annual basis the top five venues or brokers where client orders have been executed during the previous year and the outcomes achieved for each type of financial instrument where orders have been completed during that period. The purpose of this report is to disclose our most significant brokers or venues for each type of financial instrument traded, to explain why those brokers were chosen and to describe whether we intend to continue to use those brokers in the future.

This report will also contain a detailed summary of the analysis and conclusions that Manulife IM Europe has drawn from the monitoring of the results that have been achieved for clients as well as a description of any close links or conflicts of interest with any execution venue.

## ORDER ALLOCATION AND AGGREGATION

We have an order allocation policy in place to ensure fair and reasonable treatment of all clients while carrying out client orders. This policy governs how transactions are aggregated, executed and allocated fairly across client portfolios. This allows us to maximise economic advantage on your behalf, ensure aggregated orders are allocated to you fairly and proportionately, and to ensure no client is disadvantaged in the process.

## DELEGATION ARRANGEMENTS

In certain circumstances, we may transmit orders for execution to affiliates within the Manulife Investment Management Group e.g. in the United States of America and Hong Kong. This is done to facilitate delivery of best execution, leverage local experience, and/or ensure speed of execution.

Where we do so, we ensure that the affiliate has similar local regulatory obligations in relation to order execution. We also monitor the affiliate's delivery of best execution in accordance with this Statement, our internal policies and procedures on best execution to ensure our clients best interests are met.

## ANNEX – EXECUTION VENUES AND BROKERS

### Regulated Markets

Country	Market
Australia	ASX - ALL MARKETS
Austria	WIENER BOERSE AG
Belgium	EURONEXT - EURONEXT BRUSSELS
Brazil	BM&FBOVESPA S.A. - BOLSA DE VALORES, MERCADORIAS E FUTUROS
Canada	THE MONTREAL EXCHANGE / BOURSE DE MONTREAL
Canada	TORONTO STOCK EXCHANGE
Canada	TSX VENTURE EXCHANGE
China	SHANGHAI STOCK EXCHANGE
Colombia	BOLSA DE VALORES DE COLOMBIA
Czech Republic	PRAGUE STOCK EXCHANGE
Denmark	NASDAQ COPENHAGEN A/S
Finland	NASDAQ HELSINKI LTD
France	EURONEXT - EURONEXT PARIS
Germany	EUREX DEUTSCHLAND
Germany	XETRA
Great Britain	ICE FUTURES EUROPE - FINANCIAL PRODUCTS DIVISION
Great Britain	LONDON STOCK EXCHANGE
Greece	ATHENS EXCHANGE S.A. CASH MARKET
Hong Kong	HONG KONG EXCHANGES AND CLEARING LTD
India	NATIONAL STOCK EXCHANGE OF INDIA
Indonesia	INDONESIA STOCK EXCHANGE
Ireland	IRISH STOCK EXCHANGE - ALL MARKET
Israel	TEL AVIV STOCK EXCHANGE
Italy	ELECTRONIC SHARE MARKET
Italy	ITALIAN DERIVATIVES MARKET
Japan	OSAKA EXCHANGE
Japan	TOKYO STOCK EXCHANGE
Japan	TOKYO STOCK EXCHANGE JASDAQ
Malaysia	BURSA MALAYSIA
Mexico	BOLSA MEXICANA DE VALORES (MEXICAN STOCK EXCHANGE)
Netherlands	EURONEXT - EURONEXT AMSTERDAM
New Zealand	NEW ZEALAND EXCHANGE LTD
Norway	OSLO BORS ASA
Philippines	PHILIPPINE STOCK EXCHANGE, INC.
Poland	WARSAW STOCK EXCHANGE/EQUITIES/MAIN MARKET
Portugal	EURONEXT - EURONEXT LISBON
Singapore	SINGAPORE EXCHANGE
Singapore	SINGAPORE EXCHANGE DERIVATIVES CLEARING LIMITED
South Africa	JOHANNESBURG STOCK EXCHANGE
South Korea	KOREA EXCHANGE (KOSDAQ)
South Korea	KOREA EXCHANGE (STOCK MARKET)





Spain	BOLSA DE MADRID
Spain	MEFF FINANCIAL DERIVATIVES
Sweden	NASDAQ STOCKHOLM AB
Switzerland	SIX SWISS EXCHANGE
Switzerland	SIX SWISS EXCHANGE - BLUE CHIPS SEGMENT
Taiwan	TAIPEI EXCHANGE
Taiwan	TAIWAN STOCK EXCHANGE
Thailand	STOCK EXCHANGE OF THAILAND
USA	BATS Z-EXCHANGE
USA	CBOE FUTURES EXCHANGE
USA	CHICAGO BOARD OF TRADE
USA	CHICAGO MERCANTILE EXCHANGE
USA	ICE FUTURES U.S.
USA	NASDAQ CAPITAL MARKET
USA	NASDAQ/NGS (GLOBAL SELECT MARKET)
USA	NASDAQ/NMS (GLOBAL MARKET)
USA	NEW YORK STOCK EXCHANGE, INC.
USA	NYSE ARCA
USA	NYSE MKT LLC



### **Multi-Lateral Trading Facilities**

London Stock Exchange Non-AIM MTF  
Cboe Europe Equities MTF  
Turquoise Plato  
UBS MTF  
Aquis MTF  
Turquoise Lit  
London Stock Exchange AIM MTF  
SIGMA X MTF  
Liquidnet Europe Equities  
Bloomberg MTF  
FX Connect MTF

### **Equity Brokers**

Bank of America Merrill Lynch  
Barclays Capital  
China Intl Cap Corp  
Citigroup  
CLSA Securities  
Credit Suisse  
Deutsche Bank  
Goldman Sachs  
Goodbody Stockbroker  
HSBC Securities  
Instinet, LLC  
Instinet, LLC  
ITAU BBA Securities  
Jefferies LLC  
Morgan Stanley  
Renaissance Capital Limited  
Sanford Bernstein  
UBS Financial

### **Fixed Income Brokers**

Australia and New Zealand Banking Group Ltd  
Bank of America Merrill Lynch  
Barclays Capital Securities Limited  
Banco Bilbao Vizcaya Argentaria, S.A.  
Banca IMI S.p.a  
BNP Paribas  
Cantor Fitzgerald & Co.  
Commonwealth Bank of Australia  
Canadian Imperial Bank of Commerce  
Citigroup



Danske Bank A/S  
Davy Securities Limited  
Goldman Sachs  
HSBC Securities  
Jefferies LLC  
Mizuho Securities  
Morgan Stanley  
National Australia Bank Limited  
Nykredit Bank A/S  
RBC Capital Markets LLC  
Royal Bank of Scotland plc  
Abbey National Treasury Svcs  
Scotia Capital  
Toronto Dominion Bank  
Westpac Banking Corporation

### **Derivatives Brokers**

Australia and New Zealand Banking Group  
Bank of America Merrill Lynch  
Bank of Montreal  
Citigroup  
Deutsche Bank AG  
Goldman Sachs  
HSBC Securities  
JP Morgan Securities  
Lloyds Bank plc  
Morgan Stanley  
Nomura  
Royal Bank of Canada  
Royal Bank of Scotland plc  
The Bank of Nova Scotia  
Societe Generale  
State Street Corp  
State Street  
Standard Chartered Bank  
Sucden Financial Limited  
The Toronto Dominion Bank  
US Bank National Association



### Important Information

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