



**CITI GLOBAL TRANSACTION SERVICES (GTS)
SECURITIES FINANCE**

**CASH INVESTMENT DESK
BEST EXECUTION DESK POLICY**

As of 14 February 2012

This GTS Securities Finance Desk Policy (the "Desk Policy") forms part of the General Policy. The General Policy sets out the general basis on which Citi Markets & Banking (we refer to ourselves in this policy as "Citi", "we" or "us") will provide "best execution" as required by the European Union's Markets in Financial Instruments Directive ("MiFID"), the U.K. Financial Services Authority (the "FSA") and all other relevant regulators in the EEA. This Desk Policy establishes the additional requirements that are applicable where GTS Securities Finance is carrying out cash investment.

The Desk Policy is divided into five sections:

- Scope and Purpose
- Achieving Best Execution
- Compliance with Client instructions
- Choosing an Execution Venue
- Contact Details

I. Scope and Purpose

We value our relationship with all of our clients, and we strive in all cases to act reasonably, in a prompt, fair and expeditious manner, when executing orders for clients. Where we are providing portfolio management services to our clients, we are required under MiFID to establish and comply with a policy on best execution. The purpose of this Desk Policy is to fulfil that obligation. Even where the formal Desk Policy does not apply, however, we believe that we provide excellent service to our clients.

The Desk Policy applies when we provide a portfolio management service to you where we execute our decisions to deal in relation to investment of your cash in any of the financial instruments covered by MiFID. This will be the case when we act as your agent under the terms of our Securities Lending Authorisation Agreement ("SLAA") or Directed Agent Investment Services Master Agreement ("DAISMA"). Your consent to this Desk Policy is provided separately under the SLAA or DAISMA, as applicable.

II. Achieving Best Execution

We will take all reasonable steps to achieve the best possible result for executing transactions pursuant to decisions to deal as part of our portfolio management service by following our Desk Policy. "Best execution" means that:

- this Desk Policy is designed to achieve the best result on a consistent basis across all orders for any financial instrument (as defined under MiFID) executed by us for our clients;
- we are committed to complying with the Desk Policy and to monitor its effectiveness on an ongoing basis. Review of the Desk Policy will take place at least annually and also whenever a material change occurs that affects our ability to continue to obtain the best possible results for you.

Best execution does not necessarily apply to individual transactions and does not necessarily mean that a better price or other terms could not have been obtained in some manner with respect to a particular transaction.

In achieving best execution, we take into account a number of factors. These include:

- price;
- costs;
- speed;
- likelihood of execution and settlement (liquidity);
- size;
- nature;
- type and characteristics of financial instrument;
- characteristics of the possible execution venues; and
- any other consideration relevant to the execution of the order.

While price is generally a key factor, the overall value to a client of a particular transaction may be impacted by other factors. The importance of the factors will vary depending on:

- the terms of your SLAA or DAISMA cash investment guidelines;
- the characteristics of the financial instruments to which your SLAA or DAISMA cash investment guidelines refer; and
- the characteristics of the venue (if there is more than one) where we are able to execute your transaction.

Most of the financial instruments covered by the SLAA or DAISMA cash investment guidelines are not admitted to trading on a regulated market and as such transactions in respect of such instruments will be executed outside a regulated market or an MTF, i.e. over-the-counter with approved counterparties (or designated dealers).

Sometimes we may make a decision to deal but pass the transaction to another Citi entity or a third party to execute. In such cases, our Best Results policy will apply.

We will execute transactions in respect of our decisions to deal relating to your portfolio, which are comparable with those of other clients, promptly. Unless the characteristics of the prevailing market conditions make it impracticable, or a client's

interests require otherwise, these transactions will then be executed in sequential order. Such executions will be carried out in accordance with the time that we deem a decision to deal in a particular financial instrument is practical.

Where Citi reasonably believes that it is in the overall best interests of clients, we may execute our decisions to deal in respect of your portfolio in aggregation with our decisions to deal in relation to another client's portfolio. Citi will do so only if it is unlikely that aggregation will work overall to your disadvantage. However, aggregation may work to your disadvantage in relation to a particular transaction. This represents our Order Allocation policy.

III. Compliance with Client instructions

Should your SLAA or DAISMA cash investment guidelines allow for you to send us a specific instruction, we will execute the transaction pursuant to that instruction. In the context of such an instruction, this Desk Policy will not apply.

IV. Choosing an Execution Venue

Unless you instruct otherwise, we will follow your SLAA or DAISMA cash investment guidelines in determining which venue to use for executing your transaction. When purchasing financial instruments, we will use one of the following dealers:

- Bank of America Securities Limited
- Barclays Bank Plc
- BNP Paribas SA
- CALYON, London
- Citibank International plc
- Citigroup Global Markets Limited
- Cooperatieve Centrale Raiffeisen-Boerenleenbank BA
- Credit Suisse Securities (Europe) Limited
- Deutsche Bank AG, London Branch
- Goldman Sachs International
- Merrill Lynch International
- Morgan Stanley & Co. International plc
- Newedge Group (UK branch)
- Nomura International plc
- The Royal Bank of Scotland plc, London
- Société Générale, Paris
- Tradition London Clearing Ltd
- Tullett Prebon (Europe) Ltd

In cases where we have a choice of venue, we will endeavour to choose the best venue for the transaction taking into account factors such as price, depth of liquidity, market volatility, speed and cost of execution and creditworthiness of counterparties.

We will update this Desk Policy whenever a material change occurs that affects our ability to continue to obtain the best possible results for you on a consistent basis using the venues stated.

V. Contact Details

If you have queries about this Desk Policy or Citi's compliance with the Desk Policy, please contact any of the below-mentioned people:

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