LEVEL ONE DISCLOSURE

Franklin Templeton Investment Management Ltd

June 2020

This document applies to the business of Franklin Templeton Investments Management Limited, and Franklin Templeton Fund Management Limited (each referred to hereinafter as Franklin Templeton Investments' or 'FTI' in this document). This document relates to all business areas within Franklin Templeton Investments and to all financial instruments.

This document provides the disclosure required by Level One of the Investment Management Association's Pension Fund Disclosure Code and of the Collective Investment Schemes (CIS) Disclosure Code of the Investment Management Association and Depositary and Trustee Association, the aim of which is to provide information on how investment managers make choices between trading counterparties and execution venues. In achieving this, we disclose information regarding our internal policies and procedures on the management of costs incurred on behalf of clients.

1. SELECTION PROCESS

a) Execution venues and factors

Franklin Templeton Investments always acts in the best interests of all its clients when selecting the trading method and venue it deems most appropriate. We believe that centralised order-driven liquidity pools offer the most effective trading venues, but that increased liquidity and reduced impact can also be achieved through other venues as noted below.

FTI continually evaluate new trading methods and execution venues against those it currently utilises to ensure we continue to provide our clients best execution. FTI has in place a best execution policy which is subject to review on a yearly basis, or at any time where there may be a material changes to our processes. This policy is tested on a continuous basis to ensure the policy is being adhered to and FTI are seeking best execution at all times. Further oversight is provided by our MIFID Best Execution Committee and our Global Trading Oversight Committee. These committees are responsible for ensuring that all traders follow procedures consistent with our objective to achieve "best execution." They set the process that all traders follow, monitor the activity post trade, and measure performance across multiple execution benchmarks.

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 our clients.
Price and cost of the transaction shall be key to selecting the appropriate Execution Venue. However, 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:

- 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 side.
- 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.

An execution venue (such as the London Stock Exchange) means a regulated market, a multilateral trading facility (MTF), a systematic internaliser, or a market maker or other liquidity provider or an entity that performs a similar function. A MTF is a system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract. A systematic internaliser is an investment firm, which, on an organised, frequent and systematic basis, deals on own account by executing client orders outside a regulated market or a MTF.
In meeting our regulatory obligation to take all sufficient steps to obtain the best possible results, we may use one of the following Execution Venues:

- Regulated brokering firms, which may transact orders on or off[1] regulated markets
- Algorithmic trading
- Direct Market Access products
- Multilateral Trading Facilities (MTF's) including Organised Trading Facilities (OTF's)

b) Trading methods

We will consider on a transaction-by-transaction basis all relevant factors (price, costs, speed and likelihood of execution and settlement, size and nature of order) when choosing both an execution venue and the method of trading that will be most appropriate for our clients' best interests at that time.
We deal with brokers in different ways, both in their capacity as Agent and Principal. They act as Agent when they work orders for us by interacting directly on order books and when they cross stock from other clients and us. They act as Principals when we use their capital commitment. ECN's can minimise the cost of trading but may not provide sufficient volume to complete the order. Trading with brokers may incur greater commission costs but provide a more flexible environment to minimise the opportunity costs of trading.

c) Broker selection and review

It is the responsibility of the traders to determine which brokers, within the universe of qualified brokers, will provide the best execution for any particular transaction. There are many potentially relevant circumstances to consider in making broker selections. Moreover, since circumstances vary from trade to trade, there is no single rule that can be strictly applied to guide the trader to choose a particular broker for each and every trade.

The trader's instincts, knowledge, and experience must be considered and will generally override any predetermined notion for choice of brokers. For example, the broker able to provide the best execution on a particular trade might not be in the qualified broker universe, thus the trader must have the freedom to use brokers outside the universe on a documented exception basis. Another example is when the broker selected charges a commission that is higher than what other brokers might charge for the same trade. The commission rate is only one factor that the trader needs to consider in evaluating which broker can provide best overall execution for a particular trade and a higher commission may be outweighed by other considerations relevant to the quality of the execution received.

[1] Where the client has approved the concept of trading outside regulated markets

For equities, there is daily monitoring of Transaction Cost Analysis (TCA) to review both the performance of internal traders and external brokers. FTI utilises the TCA application provided by Virtu ITG Europe to measure market impact and opportunity costs in major equity markets. This enables us to provide transaction-by-transaction analysis of our trading against benchmarks. The data from this is reviewed by our Global Trading Oversight Committee who ensures that any significant deviation from the agreed targets is investigated, justified and documented.

Twice per year, the trading team for each trade location determines which brokers have provided the best combination of high-quality execution and low relative commission rates with the view towards maximizing value for the Adviser's clients. Each trading team will evaluate and rank each broker based on multiple criteria in order to determine those who have delivered the best overall trading service. A Broker Evaluations form, which may be revised from time to time, will be used for this purpose. An average of each team's rankings will then be used to determine the broker's appropriate rank on each trading desk's broker universe. Each Adviser will report its rankings to FTI's Global Trading Oversight Committee.

For Fixed income trading broker monitoring involves monitoring of turnover levels and market share, which is reviewed by the Global Trading Oversight Committee. We also utilise Virtu ITG Europe's post trade TCA tool to evaluate quality of execution and review a number of qualitative and quantitative metrics as part of our MIFID Best Execution Committee oversight.

2. VARIATIONS IN RATES OF COMMISSION

FTI has an equity commission negotiation process. All commissions are regarded as being negotiable and there are different rates for different regions. Typically, the less liquid a market, the more commission we may have to pay to execute transactions.

Commission rates can vary between brokers and venues depending upon FTI's negotiated rates and the possible level of overall business we do with each broker. Programmess can normally be executed for less than traditional single-stock transactions, and larger transactions can sometimes be negotiated at a lower cost. Trades executed through electronic means or crossing networks will generally carry a lower commission rate than trades through a traditional broker. In addition, the maximum and minimum rates differ from country to country. On each trade, commission rate is one of the factors we use in determining if we will execute through that broker, and one of many factors we have outlined in our Best Execution policy as to why we would execute with a particular intermediary.
Indicative basis point commission levels are shown below

	Developed Equity Market	Emerging Market Equity	Frontier Market Equity
EMEA	7bps to 15bps	20bps to 24bps	50bps – 150bps
Asia-Pacific	6bps to 20bps	6bps to 30bps	20bps to 50bps
Americas	8bps to 24bps	13bps to 30bps	n/a

The trend in average global commission rates for FTI has been on a steady decrease since 1994.

3. COMMISSION RECAPTURE

FTI participates in clients' commission recapture programmes where it is directed to do so by clients. However, whenever there is a specific instruction from the client in relation to the order, we will execute the order following the specific instruction and in doing so will have fulfilled our best execution obligation to the client. Where the client's instructions relate to specific aspects of the order, we will operate in accordance with our Order Execution Policy in respect of those aspects of the order not covered by a specific client instruction. We should acknowledge that any specific instructions may prevent us from taking the steps that we have designed and implemented in our policy to obtain the best possible result. However, we will take all sufficient steps to achieve best execution within the parameters given by the client.

4. DEALING EFFICIENCY MONITORING

As noted previously in the broker selection and review section, the Global Trading Oversight Committee (GTOC) and MIFID Best Execution Committee (MBEC) is responsible for overseeing all aspects of our trading functions to (i) ensure that policies and procedures are adequately and consistently applied throughout the organisation and (ii) review qualitative and quantitative metrics and ensure we are taking all sufficient steps to achieve best execution for our clients.

5. CONFLICTS OF INTEREST

FTI is responsible for ensuring that its systems, controls and procedures are robust and adequate to identify and manage any conflicts of interest that may arise. In general, FTI arranges its business to minimise the potential for such conflicts of interest and where they do arise, it manages such conflicts to ensure that its own interests are never put ahead of those of its clients, and that one group of clients is not treated more favourably than another.

FTI has established policies & procedures which are designed to identify on an on-going basis any conflicts of interest that may arise. Rigorous controls and procedures are implemented to ensure that the interests of the client are never compromised.

A summary of FTI Conflicts of Interest Policy is readily available from the website (www.franklintempleton.co.uk) This details the types of conflict that may arise and how they are managed should they occur. This process is overseen by the Global Compliance department.
Records of the key conflicts of interest are maintained by the Global Compliance department for five years from the date the conflict is reported.

6. DERIVATIVES

FTI use of derivatives is managed in line with the fund prospectus, client agreement, relevant regulatory restrictions, and any internal controls implemented by our Complex Securities Review Committee (CSRC). The majority of FTI's derivatives activity relates to hedging of risk exposures, cash flow management and the facilitation of asset allocation decisions with some trades carried out for efficient portfolio management purposes. FTI, through the CSRC, operates an approval process for derivative instruments and only instruments that have been internally approved may be used.

7. ACCESS TO AND ALLOCATION OF INITIAL PUBLIC OFFERINGS AND UNDERWRITING

FTI participation in IPO's must be pre-approved by the Investment Compliance department. Investment Compliance will review the terms of each IPO as detailed in the relevant prospectus and confirm the eligibility of any funds wishing to participate. IPO allocation must adhere to the guidelines laid out in our Trade Allocation policy. Investment Compliance will review trade allocation on a quarterly basis to ensure trades are being allocated on a fair and equitable basis.

FTI, in the normal course of business do not engage in underwriting. If for any reason FTI wished to engage in an underwriting it would require preapproval from the Legal department.

8. CUSTODY SERVICES

FTI does not provide Custody services to any of its clients, clients are required to appoint their own Custodian directly.

9. PLACING OF DEPOSITS

Where FTI has responsibility for the management of portfolio cash, this may be achieved through either a spread of money market assets and/or through a relevant fund. For direct cash management, FTI aims to have a diverse placement strategy with monies generally only placed with approved counterparties. It should be noted, however, that the client's Statement of Investment Principles, or relevant portfolio guidelines, agreed with the client, can dictate where money market assets are utilised, which credit ratings apply and what concentration is appropriate. FTI works with its clients in setting guidelines that meet client risk tolerance and are workable from a fund management point of view. Money market instruments are acquired on a best execution basis within the terms of individual client mandates.

10. FOREIGN EXCHANGE TRANSACTIONS

All sufficient efforts are used to ensure that any foreign exchange transactions arranged by FTI for the customer are executed on the best terms available, conducted on a timely basis, and transacted with approved institutions. Before dealing, counterparty limits are checked. These institutions will be major market participants that have a commitment to the market and provide regular, competitive quotes across all the major currencies. Quotes must be available at all times during London trading hours. In order to ensure a competitive market, FTI maintains relationships with a number of market participants.

11. MIFID – THE MANAGER'S EXECUTION POLICY

FTI must establish and implement a policy to allow us to obtain the best possible result in accordance with our best execution obligations. We are also required to provide our clients with appropriate information on our Best Execution Policy.

A summary of FTI's Best Execution Policy is readily available on FTI's website, www.franklintempleton.co.uk We will monitor the effectiveness of our execution arrangements and policy in order to identify and, where appropriate, correct any deficiencies as part of our regular monitoring programme. We will assess on a regular basis whether the brokers on our approved list continue to provide for the best possible result or whether we need to make changes to our arrangements. We will monitor the execution quality of the approved brokers as part of the broker review process.

In addition, we will review our execution policy and order execution arrangements annually or whenever a material change occurs that affects our ability to continue to obtain the best possible result for the execution of orders on a consistent basis as noted in our policy. A material change is likely to include, for example, the introduction of a regulated market, which then becomes the dominant source of liquidity in a particular instrument. It is unlikely to include the removal of a single counterparty from the list of approved execution venues.