# GO ETF Solutions LLP

## Best Execution & Order Handling Policy

Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best Execution policy</td>
<td>3</td>
</tr>
<tr>
<td>The Order Handling Process</td>
<td>6</td>
</tr>
<tr>
<td>Monitoring and Review</td>
<td>9</td>
</tr>
<tr>
<td>Appendix 1: List of Approved Counterparties</td>
<td>10</td>
</tr>
<tr>
<td>Appendix 2: Updates to the Best Execution and Order Handling Process</td>
<td>11</td>
</tr>
</tbody>
</table>

registered as a limited liability partnership in England with registration number OC329482 and authorised and regulated by the Financial Conduct Authority
1. Best Execution Policy

Introduction
This document covers the best execution policy employed in respect of the sub-funds (each a “Sub-Fund”) of the Legal & General UCITS ETF plc (the “Issuer”) (this “BE Policy”).

Purpose
The Market in Financial Instruments Directive 2014 (65/EC) (“MiFID II”) requires GO ETF Solutions LLP (“GO ETF”), in common with other firms covered by MiFID, to take all sufficient steps to obtain the best possible result when executing orders for clients. MiFID requires firms to have an order execution policy in place setting out how they intend to meet the requirements of MiFID in relation to client orders and to provide their clients with information on their respective order execution policies.

In addition, S.I. No. 352/2011 - European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (the “UCITS Regulations”) sets out the requirements with respect to best execution in relation to the execution of decision to deal on behalf of UCITS and the placing of orders to deal on behalf of UCITS with other entities for execution. Section 15(1) of Schedule 5 of the UCITS Regulations provides that a policy allowing the best possible result to be obtained for UCITS orders shall be established and implemented. The UCITS Regulations refers to the obligations of the management company in respect of best execution, however, as the manager, LGIM ETF Managers Limited, has delegated all duties in respect of investment management to GO ETF, the obligations in respect of best execution have been delegated to GO ETF and therefore this BE Policy has been prepared, and is maintained, by GO ETF.

Scope
The objective to deliver the obligations under MiFID and the UCITS Regulations ties in with GO ETF’s obligations under the FCA principles and any separate fiduciary duties or contractual obligations that GO ETF owes to its clients. This policy applies only to clients that have been classified as “Professional Clients” and only to dealings in financial instruments where GO ETF places orders on their behalf.

Best Execution Obligations and Relevant Factors
This policy explains the factors that GO ETF will consider when executing orders. It is designed to achieve the best possible result for the client on a consistent basis taking into account price, costs, speed, likelihood of execution and settlement, order size and nature, or any other consideration relevant to the execution of the order. The relative importance of such execution factors will be determined by reference to the following criteria as set out in COBS 11.2.A.8 and section 14(a) of Schedule 5 of the UCITS Regulations:

- the characteristics of the client including the categorization of the client as retail or professional;
• the characteristics of the client order, including where the order involves a securities financing transaction (SFT);

• the characteristics of the financial instruments that are subject to that order; and

the characteristics of the execution venues to which that order can be directed.

Client Classification

GO ETF manages each of the Sub-Funds of the Issuer on behalf of its manager, GO ETF Management Limited (the “Manager” or the “client”). The client has been classified as a professional client of GO ETF. The nature of the client is such that its directors are fully aware of the risks, nature and types of the instruments in which GO ETF invests on their behalf in connection with the assets of the Issuer. The client compensates GO ETF through the payment of an investment management fee based on the value of the Sub-Fund. Therefore, GO ETF and its personnel have a direct interest in ensuring the best possible execution for the client.

Client Order

The nature of the investment activities performed by GO ETF on behalf of the client is such that each order is either a subscription or redemption of shares in a Sub-Fund of the Issuer. The characteristics of each subscription order will be the same and the characteristics of each redemption order will also be the same.

Financial Instruments

Swap Backed Sub-Funds - Derivatives

Whether the order is a subscription or redemption, there will usually be a swap transaction and a reverse repurchase agreement connected to such order. Depending on the execution venue (as further set out below), such transaction may also include the use of money market funds for the purpose of efficient portfolio management.

Physically Backed Sub-Funds – Physical Securities

GO ETF directly purchases or sells the underlying securities (e.g. equities) of the index tracked by the physically backed Sub-Funds in line with the investment policy and the investment objective of the relevant Sub-Fund.

Execution Venues

There are a range of sources that GO ETF may access when executing orders on behalf of the client. These sources are known as “execution venues”. For the purposes of clarity, an ‘execution venue’ includes a regulated market, an MTF, an OTF, an SI, a market maker or other liquidity provider or an entity that performs a similar function in a third country to the function performed by any of the foregoing.

The Issuer has entered into swap agreements and repurchase agreements with a number of counterparties (as set out in Appendix 1) and GO ETF may execute orders with one or more of these execution venues when trading derivatives. In respect of trading transferable securities, GO
ETF will utilise a broker. Broker selection will be carried out in line with the broker onboarding policy maintained by Compliance. Where GO ETF places an order with a Broker, GO ETF is not responsible for controlling or influencing the arrangements made by the Broker relating to the execution of that order (e.g. GO ETF does not control the Broker’s choice of execution venues, such as exchanges, MTFs or internal dealing facilities). GO ETF is not required to duplicate the efforts of the Broker to whom an order is passed in ensuring the best possible result. When choosing which venue to execute orders with, GO ETF will take into account (in no particular order):

- price;
- size;
- cost;
- ability to execute (legal and operational setup);
- depth of services provided, including back office and processing capabilities;
- settlement;
- settlement efficiency;
- likelihood of execution;
- likelihood of settlement;
- expertise of the counterparty;
- trading insights;
- liquidity insights;
- market knowledge;
- value-added services (such as relationships and orders from market makers);
- authorised participant who has bought or sold the corresponding ETF trade;
- effect on liquidity of the relevant Sub-Fund; and
- the first-in first-out rule for swap unwinds.

With respect to orders for financial instruments on behalf of the client, swaps are fixed at its closing price based on movements of the underlying index, while reverse repurchase agreements and money market funds are priced based on the notional amount invested. Although COBS 11.2A.9 reminds us of the relative importance of ‘price’ as an execution factor, the best possible price (or more accurately, the lowest cost for obtaining exposure to the relevant index) may not always represent best execution when viewed in conjunction with the factors set out above. In some circumstances, there will only be a very limited number of venues through which an order
for financial instruments can be executed. In such case, best execution is demonstrated through achieving the desired order on behalf of the client using GO ETF’s judgment as investment manager with reference to the above factors and at a price/cost that is deemed appropriate.

One of the more prominent factors for consideration when choosing an execution venue is whether the authorised participant which brings the corresponding ETF trade can also be used as the execution venue, as the price, cost and the speed of execution will be more consistent where the authorised participant is used compared with another execution venue. However, in certain circumstances relating to some financial instruments and/or markets, GO ETF may decide that other factors may be more important in determining the best possible execution result in accordance with this order execution policy.

Notification to client of changes to the Policy and execution arrangements

GO ETF will notify the client of any material changes to this BE Policy and will provide relevant information or a summary of this policy to a client to demonstrate conformity with the order execution policy, along with the list of top five execution venues for each financial instrument.

Upon request from a client, GO ETF shall provide its clients or potential clients with information about entities where the orders are transmitted or placed for execution.

GO ETF will also make public on its website on an annual basis a list of the top five execution venues or investment firms for each financial instrument. This will be in terms of trading volumes where GO ETF transmitted or placed client orders for execution in the preceding year in accordance with the technical standards for each financial instrument it trades.

The format for disclosure is outlined in the attached technical standards - http://ec.europa.eu/transparency/regdoc/rep/3/2016/EN/3-2016-3337-EN-F1-1-ANNEX-1.PDF

GO ETF will also publish on its website an annual assessment of the execution quality obtained on all execution venues for each class of financial instrument. The information includes, for each class of financial instruments, a summary of the analysis and conclusions drawn from the detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year including:

- an explanation of the relative importance GO ETF gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;
- generally, GO ETF does not charge its clients for the placing of orders and costs paid to the execution venue will relate entirely to the associated execution costs. However, in rare instances this is not fitting, the firm will notify its client;
- an explanation of the factors that led to a change in the list of execution venues listed in the execution policy, if such a change occurred; and
- an explanation of how GO ETF has used any data or tools relating to the quality of execution.

Reports should be made public on or before 30th of April following the end of the period to which the report relates.
2. The Order Handling Process

This section sets out how the swap orders and reverse repurchase agreements are handled and under what legal terms.

Trades can only be executed with the counterparties set out in Appendix 1 and the following legal documentation must be in place with each:

- International Swap Dealers Association (ISDA) with Credit Support Annex (CSA);
- Global Master Repurchase Agreement; and
- Swap Confirmation Agreement

Orders are transacted promptly and in the sequence in which they are received. There may be a delay in the execution of an order when the characteristics of the order or prevailing market conditions make it impracticable to execute the order, or the interests of the client require it.

GO ETF only has one client and does not aggregate the orders of this client with any other transactions. The procedure for GO ETF client orders is as follows:-

Swap Creation Rules

Swap creations are generally allocated to the swap counterparty who is also the authorised participant that placed the subscription for shares in the relevant Sub-Fund of the Issuer. However, from time to time, counterparties that are setup for trading will submit their swap spreads for each Sub-Fund (these are based on the index that the Sub-Fund tracks and these do not rebalance more frequently than quarterly) to ensure they remain competitive to market pricing. It is important to have multiple counterparties available to trade the swaps in order to diversify counterparty risk across counterparties. As it ensures consistency across counterparties and reduces the risk in the event of a counterparty default, this may justify situations where the spread used is higher than that bid. However, this is not currently a risk with existing spreads as these are matched at the cheapest at the time of writing. For any uncovered swap creations (i.e. where an authorised participant brings in the subscription but does not want the swap order), this would be allocated out to one of the other swap counterparties that have been set up and ready to trade (with reference to the order execution policy).

Swap Close-Out Rules

On a dealing day, swap close-outs are allocated on a first-in first-out (“FIFO”) basis across all swap counterparties in the relevant Sub-Fund. Close-outs are allocated based on the earliest swap trades in place. If two swaps were created on the same day, then the close-out is allocated to the authorised participantswap counterparty that placed the redemption order. In the event an ETF trade is received below the minimum redemption amount, the swap counterparty under FIFO is not obliged to accept the swap. In this situation, GO ETF will reject the ETF trade unless an alternative swap counterparty will accept the redemption.
GO ETF has considered the FCA rules on client limit orders and trade reporting and concluded that they are not relevant to the business of the client or GO ETF. For clarification, GO ETF complies with the EMIR swap reporting rules.

GO ETF staff may, from time to time, make errors with respect to orders executed for its client. GO ETF's general policy is to detect and reverse such errors where possible. GO ETF determines that where an order is executed in error but is otherwise consistent with the client's investment objectives, GO ETF may, in some cases, allow the order to stand.

**Reverse Repos**

Total return index swaps are used by the Sub-Funds of the Issuer to achieve its investment objective. In the event that the swap is unfunded, then approximately 93% of the available subscription proceeds from a subscription are placed into a reverse repo with the same counterparty as the swap and then managed through a tri-party agreement with the Issuer’s custodian. All repo fees are identical across the platform.

**Money Market Funds**

The money market funds are chosen and reviewed periodically and used to manage the cash of the Issuer. Orders for such money market funds are executed solely through Bank of New York Mellon's account service where the Issuer has a cash and securities account. This account was chosen because of its ability to provide an automated service as this reduces the chance for human error which may arise if this process was performed manually. The choice of money market funds is based upon, in order of importance:

- compliance with UCITS investment restrictions;
- performance based on highest average historical return; and
- Assets under Management (AuM).

**Physically Backed Sub-Funds**

As set out below, there are two types of trading that may occur; (i) trading where GO ETF has full discretion on where to direct orders and (ii) Directed Trades. For trades where GO ETF has full discretion, these will be routed to a single broker based on pre-agreed execution rates and methods and will be in line with the best execution section above. This is not reviewed on a trade-by-trade basis initially because there is not sufficient volume to spread trades across brokers. As a result, GO ETF has approached a number of brokers and pre-agreed rates and the method of execution (always targeting the closing price).

Directed trades are when the AP directs GO ETF to trade with a certain broker. To be clear, this is effectively an in specie trade, as if the AP was directly transferring the securities for the ETF and vice versa. However, it is structured as a separate ETF trade and a separate trade for the underlying exposure. For directed trades, the full costs of using a specific broker are passed back to the AP who has chosen the broker. Therefore GO ETF is indifferent as to what those costs may be. This is because the understanding is that the AP and the broker in question agree execution
between themselves. Where the AP directs to itself, GO ETF would look to trade the underlying with no commissions and at the closing price (to match the NAV).

FX trades will be done by BNY Mellon. There are restrictions on certain countries where the custodian must be able to see the corresponding matched security trade. Therefore GO ETF do not have full choice as to the entity which can be used in these countries. In addition, BNY Mellon are able to handle the settlement instructions of the FX trades without further action from GO ETF, which reduces operational risk. Therefore, the initial preference will be to use BNY Mellon and best execution will be reviewed periodically. All FX will be targeted at the 4pm WM UK rate to match the NAV.

As a connected party, transactions with BNY Mellon are carried out at arm’s length and in the best interest of the client.
3. Monitoring and Review

GO ETF will review and monitor the effectiveness of this policy at least annually or when there is a material change with a view to identifying and, where appropriate, correcting any deficiencies revealed by the review. GO ETF will continue to monitor and assess the execution venues and brokers to whom they transmit orders with the aim of providing the client with the best possible result.

The compliance monitoring process will involve a periodic review by compliance of a random sample of transactions to ascertain whether the best possible result was obtained in respect of those transactions.

Compliance has set out various factors that will identify transactions that require further investigation to determine whether Best Execution was achieved.

For transactions where price was the most important execution factor, this will involve a review of prices that were available at the time of execution. Where better prices than the price obtained were available, compliance will discuss this with the relevant member of staff who effected the transaction and determine whether, bearing in mind the other factors that the portfolio manager/trader considered to be of importance (e.g. size and nature of order) at the time, the best result was nevertheless achieved.

Where another execution factor was the most important (e.g. speed of execution), compliance will consider whether the best possible result was achieved in terms of that factor and again whether, bearing in mind the other factors that the portfolio manager considered to be of importance at the time (e.g. price, size and nature of order), the best result was nevertheless achieved.

Compliance, as owner of the monitoring policy, may make changes to this policy depending upon the outcome of the monitoring process. The monitoring of the adherence to this policy and the record keeping forms part of the Compliance Monitoring Programme performed by Compliance.
## Appendix 1- List of Approved Counterparties

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Reference Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merrill Lynch International</td>
<td>GGDZP1UYGU9STUHRDP48</td>
</tr>
<tr>
<td>Citigroup Global Markets Limited</td>
<td>XKZZJZF41MRHTR1V493</td>
</tr>
<tr>
<td>Barclays Bank PLC</td>
<td>G5G5EF7VJP5I7OUK5573</td>
</tr>
<tr>
<td>Goldman Sachs International</td>
<td>W22LROWP2IHZNBB6K528</td>
</tr>
<tr>
<td>Credit Suisse Securities (Europe) Limited</td>
<td>DL6FFRRLF74S01HE2M14</td>
</tr>
<tr>
<td>HSBC Bank PLC</td>
<td>MP6I5ZY2BEU3UXPYFY54</td>
</tr>
<tr>
<td>BNY Mellon Capital Markets EMEA Ltd</td>
<td>21380005FBGOWU89LN14</td>
</tr>
<tr>
<td>Jefferies International Limited</td>
<td>S5THZMDUJCTQZBTRVI98</td>
</tr>
<tr>
<td>Jefferies LLC</td>
<td>S8PU97L1C0WSRCWADL48</td>
</tr>
</tbody>
</table>