

TRADE MANAGEMENT POLICY

Purpose

Schroder Investment Management Australia Limited ("SIMAL") has a fiduciary and statutory duty to act in the best interests of its investors in respect of investment decisions made on their behalf. This policy is established in line with guidelines set out by the Investment and Financial Services Association's ("IFSA") Guidance Note No. 10.00 "Brokerage Arrangements" dated December 2006.

SIMAL's Alternative Brokerage Arrangements

IFSA defines "Alternative Brokerage Arrangements" to "include arrangements between investment managers and brokers for the provision of any goods or services that are beyond goods and services produced and supplied by the broker and directly linked to trading activity".

SIMAL allows an agreed proportion of total brokerage to be allocated to settle trades linked with acceptable Alternative Brokerage Arrangements. An acceptable Alternative Brokerage Arrangement may include an arrangement whereby SIMAL expenses are paid for by a broker or services are provided to SIMAL by such broker. The provision of such goods and services acquired through such arrangements must be reasonably expected to assist SIMAL in the provision of investment services to its investors. Under no circumstances may such arrangements include any cash component.

The list of products and services which may be purchased under such arrangements include:

- § third party research, political or economic analysis
- § software that assists in pre-trade analysis including technical analysis software, portfolio modelling software and stock quotations systems

This list provides an indication only of the typical type of product and services and is not exhaustive.

When considering the inclusion of products or services for such arrangements, the following are expressly prohibited by SIMAL's policy:

- § general travel, accommodation and entertainment
- § administrative computer software and hardware
- § membership fees to professional associations
- § office equipment
- § employee salaries
- § market data available from data service providers
- § services relating to the valuation or performance measurement of portfolios

Best Execution strategy

IFSA defines “Best Execution” to be “involves obtaining the most favourable on-going total cost for execution through assessing brokerage, spreads, market impact and speed of transacting with respect to the size and complexity of trades”.

To provide Best Execution:

(1) SIMAL takes reasonable care to ascertain the price which is the best available for the order in the relevant market at the time for transactions of the kind and size concerned taking into consideration

- Current market price;
- Market depth and natural pools of liquidity;
- Trading strategy adopted;
- Client restrictions or fund manager instructions;
- Reliability of the broker to fulfil their obligations; and
- Credit usage against internal credit limits.

(2) SIMAL executes the order at a price which is no less disadvantageous to an investor, unless reasonable steps have been taken to ensure that it would be in the investor's best interests not to do so.

Managing potential conflicts

There are two potential conflicts that could arise from the acceptance of Alternative Brokerage Arrangements:

1. SIMAL receives a benefit to the detriment of its investors.
2. Specific investors receive a benefit to the detriment of other investors.

The following controls are in place to prevent the above two conflicts arising:

- Brokers are approved and a credit limit is allocated.
- A department independent of the trading function is responsible for ensuring the provision of such goods and services is only applied for the benefit of the group of investors whose assets were used to generate the brokerage.
- SIMAL's Corporate Governance department will periodically independently review application of this policy.

Disclosure

Annual disclosure will be made to investors upon request and it may include the following:

- Information on all SIMAL's alternative brokerage arrangements,
- Information on the costs and the expected benefits of such arrangements; and
- A statement indicating whether SIMAL has complied with the IFSA Guidance Note 10 and if not, why not.

This policy is published on SIMAL's website.