

SIMAL Information Handbook

Section 4.26 Trade Management Policy

September 2021

1. Introduction

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 Financial Services Council's ("FSC") Guidance Note No. 10.00 "Brokerage Arrangements" dated December 2006.

2. Acceptable Alternative Brokerage Arrangements

The FSC 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. Under no circumstances may such arrangements include any cash component.

3. Unacceptable Alternative Brokerage Arrangements

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

- software that assists in pre-trade analysis including technical analysis software, portfolio modelling software and stock quotations systems
- general travel, accommodation and entertainment costs
- 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
- custody services

4. Best Execution strategy

Best Execution 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.

The factors that impact upon execution include, but are not limited to:

- Market price
- Liquidity of the security
- Size and nature of the order
- Trading strategy adopted
- Execution capability of the broker/venue
- Financial status and solvency of the counterparty

SIMAL determines the relative importance of the execution factors by using its industry experience, expertise and judgement with the aim of achieving fair and expeditious execution of trades.

5. 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:

- Credit limits are allocated against all approved brokers
- An independent department retains responsibility for the allocation of goods and services received
- The goods and services are only applied for the benefit of the group of investors whose assets were used to generate the brokerage
- SIMAL's Compliance department periodically review the application of this policy.

6. 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 of compliance with the FSC Guidance Note 10

7. Ownership and document approval

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