

BROKERAGE ALLOCATION POLICY

Key terms

Term	Meaning
Alternative Brokerage Arrangement	Includes arrangements between the Company 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 or making decisions to trade.
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.
Broker	Broker refers to an agent who handles client orders for purchase or sale of securities, commodities, or other authorised instruments. The provision of this service attracts brokerage and/or incurs a spread.
Brokerage	Brokerage refers to the fee levied by the Broker for executing purchases or sales of securities as an agent
Execution	Execution refers to services provided by a Broker in arranging and settling a transaction or series of transactions initiated by the Investment Manager.
Research	Research refers to the production of information that can add value to investment or trading decisions by providing new insights that inform an Investment Manager when making such decisions about investors' portfolios. By way of illustration, this can include economic analysis, recommendations and forecast data.

Introduction

The Company has a fiduciary duty to act in the best interests of investors in making investment decisions on their behalf. The Company seeks to engage third parties who add value to its processes and to avoid conflicts that may arise from certain Alternative Brokerage Arrangements.

This policy outlines the methodology used by the Company in selecting Brokers, allocating trades, and accepting other Broker services.

This policy should be read in conjunction with the Company' Trading Policy and Best Execution Policy.

Brokerage allocation

Broker Review

The Company utilises several Brokers to execute trades for its portfolios. Trades are to be executed only by third-party, unaffiliated broker-dealers. Generally, the Company keeps itself free to seek best pricing, but primarily adheres to recognised brokers that have been verified

and listed on the Company' approved broker panel. Regular discussions are held to assess what value-add brokers are giving (for example the value of the research and corporate access provided), and this is considered in the brokerage allocation process.

In exceptional circumstances, dealing outside the broker panel may occur when:

there is a need to take advantage of liquidity not available within the broker panel; or
a broker not on the broker panel has provided a service that adds value to the Company' investment process.

Trades placed outside the broker panel requires pre-approval from the Portfolio Manager/Analyst or delegate in his absence.

Best Execution

When the Company is authorised to select the brokers to be used for the execution of client trading transactions, it seeks to achieve best execution for those transactions. Generally, this means the most favourable cost or net proceeds reasonably obtainable under the circumstances.

In evaluating whether it believes a broker can provide best execution for a client transaction, the Company will take into account a range of factors, which may include: execution capability; commission rate; trading experience, opportunities for price improvement; the speed and likelihood of successful execution; advice on improving order and execution efficiency; reliability in executing trades; record keeping and reporting of fills; order timing and size; capital commitment and recent order flow; capacity to handle unusual trading volume; swift resolution of trade errors and fairness in resolving disputes; confidentiality and discretion; knowledge of the other side of a trade, quality and cost of services available from an alternative broker.

This is further outlined in the company Best Execution Policy.

Monitoring of brokerage allocation

The Company monitors brokerage paid on a bi-annual basis. This enables the Company to review the performance of the Brokers based on the assessable criteria and effect any adjustments as required.

Broker service arrangements

The Company uses the following Broker arrangements to target both best execution and the receipt of value-add research. Acceptable broker service arrangements are listed on the company' approved broker panel.

Standard full-service brokerage

Standard full-service brokerage covers the provision of broker produced and supplied goods and services that are directly linked with the investment process.

The Company uses the following broker-produced goods and services:

- broker execution-only; and

- broker execution with in-house investment manager support services including broker research.

The receipt of these services from brokers is acceptable as the services are directly related to the provision of investment services to investors.

Acceptable Alternative Brokerage Arrangements

Alternative brokerage arrangements may include agreements with brokers that involve the allocation of certain commissions towards the purchase of third-party research, software or services that directly aid in the investment decision-making process. Where the Research, software or service is of "mixed use", the cost components that aid in the investment decision-making process are determined. If available, the components are valued according to billing invoices.

The Company may enter alternative brokerage arrangements of this nature, which include the use of third-party research. The Company considers these alternative brokerage arrangements to be acceptable as they provide a direct benefit to the company investment decision-making process.

Generally unacceptable Alternative Brokerage Arrangement

Broker produced and supplied, or broker purchased goods and services that do not directly aid the investment decision-making process are considered unacceptable for inclusion within an alternative brokerage arrangement.

Examples of unacceptable goods and services may include:

- services relating to the valuation or performance measurement of portfolios;
- subscriptions for non-market related newspapers or trade publications;
- general computer hardware or software subscriptions;
- free or subsidised office space;
- staff remuneration; and
- costs associated with attending general conferences and seminars.

Client Directed Brokerage

The Company may direct a portion of the brokerage associated with a Client's account to a nominated Broker at the direction of a Client where the Client receives a benefit in addition to execution services.

Monitoring and oversight

It is the ultimate responsibility of the Managing Director to target all the Company staff conduct themselves in accordance with this policy.

Broker commissions are reviewed bi-annually by the Company' Portfolio Manager/Analyst and investment team.