

Phillip Capital Limited ABN 14 002 918 247 AFSL 246827

The availability of additional exchange markets such as Cboe Australia Pty Ltd (Cboe) means that order processing is no longer limited to the ASX.

When PhillipCapital executes orders in relation to Equity Market Products on your behalf, we are under a regulatory duty to handle and execute client orders in accordance with the best execution obligation in Part 3.1 of the ASIC Market Integrity Rules (Securities Markets) 2017 (MIR).

The Best Execution Policy (Policy) is designed to allow us to meet our regulatory obligation to obtain the best outcome for our client orders (Best Execution). This applies to both Retail Clients and Wholesale Clients as defined in the Corporations Act 2001.

We may decline to accept instructions and orders from you as advised in our Terms and Conditions and in this Policy a reference to an order or an instruction is to an order or instruction which we accept from you. In handling and executing client orders, while we will take steps based on the resources available to us to satisfy our Best Execution obligations, we cannot guarantee that we will always be able to provide Best Execution for every order executed on your behalf, particularly where you give us specific instructions about all or part of your order.

If we execute an order through more than one transaction, then Best Execution in respect of that order should be assessed by reference to all the relevant transactions arising from the order, rather than in respect of each transaction separately.

Our commitment to provide you with Best Execution does not mean that we owe you any fiduciary responsibilities over and above the specific regulatory obligations placed upon us or as may be otherwise contracted between us.

## Specific instructions

We may accept specific instructions from you about how an order is to be executed however, such specific instructions you provide must be clear and unambiguous whether provided verbally, in writing or electronically. Where you are a Retail Client, any such instructions must be specific to a particular order. Where you are a Wholesale Client, any such instructions may be on an order-to-order basis or may be standing instructions. Any specific instructions must be initiated solely by you.

These specific instructions may be inconsistent with our Best Execution obligations and our view of Best Execution. Where this is the case, we will take reasonable steps to handle and execute the relevant order in a manner which satisfies your instructions. However, you should note that if you provide us with a specific instruction this may prevent us from taking the steps which have been

designed and implemented in our Policy to help obtain the best possible outcome for your orders. Giving us specific instructions as to execution may therefore adversely affect the execution outcome you receive.

Further, in following your instructions we will be deemed to have taken all reasonable steps to provide the best possible outcome in respect of the order or aspect of the order covered by your specific instructions. We will however, continue to comply with our Best Execution obligation for the remainder of the factors.

Where we execute an order for you, in the absence of specific instructions from you as to how an order is to be executed, we will take into consideration all factors that allow us to deliver Best Execution.

## Obligations to Retail Clients

Our obligation to a Retail Client is to take reasonable steps to obtain the best outcome for you. Unless you give instructions to the

contrary the best outcome means the best Total Consideration which is the purchase price at which an order is executed (for a buy order) plus transaction costs charged to you, or the sale price at which a sell order is executed less the transaction costs charged to you.

Generally, and subject to our consideration of the specific execution factors detailed below, where there are no material differences in transaction costs between execution venues, we will interpret total consideration solely as the best overall price across the execution venues on which we may execute orders.

Other factors: in addition to best overall price, we may take into account the following factors and give them precedence over the immediate price factors where they are instrumental in delivering the best possible outcome for you in terms of total cost to you:

- liquidity of the stock
- speed of execution
- the size and nature of your order
- the execution venues available and their trading status, and
- the impact on the market of your order, including the time of day when the order is received.

## Wholesale Clients

If a Wholesale Client doesn't provide specific instructions, we may consider the following factors to determine the manner in which the order will be executed, price, costs, speed, likelihood of execution or settlement, size and nature of order, execution venues available and their trading status, and any other relevant order consideration.

Wholesale clients may provide standing instructions or execution requirements which can include instructions to opt-out of our Best Execution Policy.

In certain circumstances, for some client orders, Equity Market Products or markets that we, in our absolute discretion, may decide that other factors are more important in determining the Best Execution outcome in accordance with our Policy.

Also there may be trade-offs where certain execution factors are considered as having higher importance over others in obtaining the best outcome. For example, if the likelihood of execution is considered the most important outcome, the trade-off may be price. Trade-offs may also occur where certain Equity Market Products are experiencing price volatility, in which case timeliness of execution may take priority and where certain Equity Market Products are experiencing low liquidity, execution itself may constitute Best Execution.

We will generally give price a higher relative importance when obtaining the best outcome but may also take into consideration a range of different factors.

We will determine the relative importance of each factor using the following criteria:

- your characteristics (including your regulatory client categorisation)
- the characteristics and nature of your order, including whether any specific instructions are given
- the characteristics of the Equity Market Products that are the subject of your order, and
- the characteristics of the execution venues to which your order can be directed.

## Relevant exchanges - execution venues

For each Equity Market Product in which we execute orders on behalf of clients or place or transmit orders to other entities for execution we have included in our Policy those Relevant Exchanges (sources of liquidity) that we consider enable

us to obtain Best Execution on a consistent basis. In meeting our obligation to obtain Best Execution we may use one or more of the following venue types when executing an order on your behalf:

- on an order book of a Relevant Exchange (including executing an order subject to the pre-trade transparency exception relating to Trades With Price Improvement). Where we are referring to executing client orders on an order book of a Relevant Exchange, we are referring to one or more exchanges for Equity Market Products to which PhillipCapital has access. PhillipCapital is currently a Participant of ASX with access to ASX TradeMatch and a Participant of Cboe with access to Cboe Trade
- under a pre-trade transparency exception in accordance with the MIR and the operating rules of a Relevant Exchange, orders may be matched and reported to the order book of a Relevant Exchange as Block Trades; Large Portfolio Trades; Trades With Price Improvement; Permitted Trades during the Post-Trading hours period; Permitted Trades during the pre-Trading hours period; and Out of Hours Trades. The circumstances in which this may occur include but are not limited to price improvement, volume improvement and/or managing market impact
- by placing the order with another broker or dealer for execution. In these circumstances, we will either determine the ultimate execution venue itself on the basis of the execution factors described above, and instruct the other broker or dealer accordingly, or PhillipCapital will satisfy itself that the other broker or dealer has arrangements in place to enable us to comply with our obligation to obtain the best possible outcome for the client.

We will assess which venues within this list are likely to provide the best possible outcome for clients on a product-by-product basis. Please note, in assessing order books of a Relevant Exchange, we are limited to only reviewing orders which are made transparent to the market as part of our overall assessment of the venues.

In certain Equity Market Products, there may be only one execution venue, and in executing a trade in such circumstances, we will do so on that venue.

## How the Best Execution obligation affects the handling and execution of client orders

### Day orders

A Day Order is an order that is only valid on and for the day it is entered. Day Orders will only be valid between the hours of 10 AM and 4:10 PM EST. A Day Order received prior to the opening of the principal marketplace at 10 AM EST (currently the ASX or Cboe) will not route to an alternative marketplace. Instead the order will route into the opening sequence of the principal marketplace. If received after the opening of the principal marketplace, the order will be entered into the "best market" at the time of entry.

"Best market" is defined as the market with the best bid (buy price) or offer (sell price) and/or best historical liquidity and where the trader feels the order has the highest probability of execution. From there, the order will trade on any marketplace that PhillipCapital has access to and/or can access for the purpose of best execution. Any remaining unfilled amounts from your Day Orders will not be automatically moved to another marketplace after the close of the principal marketplace. A new order is required to participate in any other marketplace that may still be open for trading.

### Special terms and all or none orders

Orders with specific terms that are not immediately executable in the principal marketplace such as minimum size orders or All-or-None ("AON") will be posted to the Special Terms Market of an exchange or

ATS that supports the respective order type.

### Good til cancelled orders (GTC)

All GTC orders will remain until traded or otherwise instructed by you.

### Market orders (MO)

A MO is when the client has instructed a dealer to buy or sell at whatever prices available are in the marketplace to help ensure a complete and full fill. These orders require immediate completion. A market order received prior to the opening of the principal marketplace at 10 AM EST will not book to an alternative marketplace. Instead, it will book into the opening sequence of the principal marketplace.

If received after the opening of the principal marketplace, the order will be entered into the "best market" at the time of entry. "Best market" is defined as the market with the best bid (buy price) or offer (sell price) and/or best historical liquidity and where PhillipCapital feels the order has the highest probability of being executed. From there, the order will trade on any marketplace PhillipCapital has access to and/or can access for the purpose of best execution.

The order will expire, if not filled in full, on the market where the last portion of the order remains live until that marketplace closes. In the case of an order where the last portion remains on the ASX, this will expire at 4:12 PM EST.

### Market on close orders (MOC)

A MOC order must trade on the close, at the calculated closing price, of the principal marketplace. Currently the ASX is the only marketplace that offers a MOC facility. All MOC orders will therefore be entered into the ASX, as the principal marketplace. Please be advised that this is an anonymous price facility. Therefore you do not know the price at which you will be executed until after execution has completed.

### Limit orders (LO)

Limit orders are allowed but may, by the nature of a limit order, negate execution; for further details of this facility, please contact your PhillipCapital adviser.

A limit order has a specific minimum sale price or maximum purchase price provided by the client. A limit order received prior to the opening of the principal marketplace at 10 AM EST will not book to an alternative marketplace.

Instead, they will book into the opening sequence of the principal marketplace. On or after 10 AM EST, if a limit order is not immediately executable on any marketplace, the client may designate their marketplace of choice for booking of the un-executable order.

If the client does not direct the un-executable order to a specific marketplace, the order will be entered into the "best market" at the time of entry. "Best market" is defined as the market with the best bid (buy price) or offer (sell price) and/or best historical liquidity and where PhillipCapital feels the order has the highest probability of being executed.

From there, the order will trade on any marketplace PhillipCapital has access to and/or can access for the purpose of best execution. Any portion of the order not filled, remains in the market at the limit price until filled.

### Policy amendments

PhillipCapital may, at its discretion and without prior or subsequent notice to you, amend or remove any part of this Policy at any time to reflect changes in our practices, and/or applicable laws and regulations. The latest version of this Policy and a complete listing of all exchanges to which PhillipCapital has access will be maintained on our website [www.phillipcapital.com.au](http://www.phillipcapital.com.au).

Please check this Policy on our website from time to time to ensure that you are aware of any changes or updates to the Policy which will be indicated by the date noted in the footer of the document.

Any material changes made to our Best Execution Policy will be notified to our clients by electronic communication and/or on our website. If you do not have access to electronic communication or our website, you may request a copy of this Policy by contacting us.

## Other matching mechanisms

<b>Block trades</b>	<p>The transaction is a crossing in a single stock - that is, PhillipCapital matches two orders off an order book of a licensed market either:</p> <ul style="list-style-type: none"> <li>- on behalf of both buying and selling clients to the transaction.</li> <li>- on behalf of a buying or selling client on one side of the transaction and as principal on the other side, where the resulting transaction would result in a purchase or sale for a total consideration of not less than \$1 million.</li> </ul> <p>In order to meet the \$1 million threshold, one side of the transaction may include a number of orders from one or more clients, provided the other side of the transaction is PhillipCapital as principal or as agent on behalf of one client.</p>
<b>Large portfolio trades</b>	<p>The transaction is a crossing and there is a purchase or sale of at least 10 different securities under a single agreement between the buyer and seller where:</p> <ul style="list-style-type: none"> <li>- the aggregated consideration is not less than \$5,000,000; and</li> <li>- the consideration for each different security is not less than \$200,000.</li> </ul>
<b>Trades at or within spread</b>	<p>The transaction is entered into:</p> <ul style="list-style-type: none"> <li>- by matching of orders on an order book of a licensed market; or</li> <li>- off-order book as a crossing.</li> </ul> <p>At a price (at the time of execution) that is:</p> <ul style="list-style-type: none"> <li>- the best bid or offer;</li> <li>- at a price step which is both above the best bid and below the best offer; or</li> <li>- at the midpoint of the best bid and best offer.</li> </ul> <p>For the purposes of this exception, the reference price for determining whether a trade is at or within the spread is either:</p> <ul style="list-style-type: none"> <li>- for transactions on an order book of a licensed market - an appropriate reference price; or</li> <li>- for transactions entered into off an order book - the reference price must be the consolidated best available bid and best available offer across all order books of licensed markets, whether or not PhillipCapital has access to all of the order books.</li> </ul> <p>The midpoint is not limited to the standard tick sizes for the security.</p> <p>This exception means, for example, that where the spread (i.e. the difference between the best bid and best offer) is a single price step (e.g. \$5.01 and \$5.02), the trade must be done at either:</p> <ul style="list-style-type: none"> <li>- the best available bid or offer (i.e. \$5.01 or \$5.02); or</li> <li>- at the midpoint (i.e. \$5.015).</li> </ul>
<b>Permitted trades during post-trading hours period</b>	<p>The transaction occurs in the period from the earliest time that trading hours end on any market until 30 minutes after the latest time that trading hours end on any market and it:</p> <ul style="list-style-type: none"> <li>- completes an order received before the end of continuous trading (or if there is an auction at the end of trading hours, prior to that auction) on the market;</li> <li>- comprises a bona fide hedge;</li> <li>- completes an order that narrowly missed execution during an auction at the end of trading hours for a market;</li> <li>- rectifies an error; or</li> <li>- results in the transaction being sold by a nominee that holds the securities on behalf of a fund manager to another nominee that</li> </ul>
<b>Permitted trades during pre-trading hours period</b>	<p>The transaction is a crossing that occurs in the period three hours before the start of trading hours on the listing market until 15 minutes before the start of trading hours on that market:</p> <ul style="list-style-type: none"> <li>- which involves overseas resident clients on each side of the transaction, or an overseas resident client on one side with PhillipCapital as principal on the other; and</li> <li>- where a market maintained by a recognised stock exchange in the overseas client's (or one of the overseas client's) country of residence is open for trading at the time. The list of recognised stock exchanges is maintained by the ASX and is available on its website.</li> </ul> <p>This exception is intended to prevent all trading for domestic clients and between market participants before the opening of markets to ensure maximum demand and supply in the opening auction and to minimise opportunities for regulatory arbitrage between transactions done on a licensed market and outside trading hours.</p>
<b>Out of hours trading</b>	<p>A transaction that is executed after the end of the post-trading hours period and before the start of the pre-trading hours period on the next trading day. If the transaction is on behalf of a client, the transaction must be a crossing and the order must be received from the client during this period.</p> <p>During this period, transactions can occur between any parties without constraint on price and size.</p>