

Summary of Best Execution Arrangements

1. Purpose

In accordance with the market integrity rules ("Rules") made by ASIC in accordance with Part 7.2A of the Corporations Act, UBS Securities Australia Ltd ("UBSSA") must take reasonable steps to obtain the best outcome (or "best execution") for its clients when handling and executing client orders.

This statement discloses how, in general terms, our best execution obligation affects the handling and execution of client orders. Any material changes to this statement will be notified to you and made available on the website <https://www.ubs.com/global/en/investment-bank/australia/australia-investor-client-services.html>. You should refer to the website for the latest summary of our best execution arrangements.

This statement also contains information on how we meet our best execution obligation to you, our clients.

2. Scope

UBSSA's best execution arrangements apply where we execute orders to buy or sell Equity Market Products ("Orders") on behalf of a client.

"Equity Market Products" include:

- shares;
- interests in listed managed investment schemes (including exchange-traded funds);
- rights to acquire shares or interests in managed investment schemes under a rights issue; and
- CHESS Depository Interests ("CDIs") admitted to quotation on ASX.

UBSSA is acting "on a client's behalf" where UBSSA executes an Order on behalf of a client on one or both sides of a transaction.

3. Execution venues

3.1 General

In this document, "Order Books" has the same meaning as given in the Rules, and includes:

- ASX TradeMatch
- ASX Centre Point
- Chi-X Australia
- Chi-X Hidden

"Crossing System" means UBS PIN (ASIC identifier Code 1501), which is an automated service provided by UBSSA to clients that matches Orders with Orders of (a) other clients of UBSSA; or (b) any other person whose Orders access the automated service, otherwise than on an Order Book.

Where UBS PIN matches Orders, the transaction will be reported to a licensed market. Further information on UBS PIN can be found in the UBSSA Crossing System Information that is available at the link referenced above in paragraph 1 of this document.

UBSSA will route an Order to a particular Order Book or, if applicable, to UBS PIN in accordance with the best execution arrangements and Execution Criteria in section 4 below.

3.2 Venues available to different client types

UBSSA will route Orders directly to the Order Books of licensed markets.

However, some clients who deal directly with UBSSA and act as principal in their dealings with UBSSA may also be eligible to access UBS PIN.

If you are eligible, and **if you have elected** to access UBS PIN (and you have informed UBSSA of this election), UBSSA may also direct Orders to the Order Books of licensed markets as well as UBS PIN via a smart order router (as permitted under a pre-trade transparency exception).

If you **do not elect** to access UBS PIN, or if you are not eligible to access UBS PIN, your Orders will not be directed to UBS PIN. See section 7 for more information regarding specific instructions.

Please note, some client types (such as clients whose Orders are placed with UBSSA via an Intermediary¹ or clients who place Orders directly with UBSSA for certain UBS service offerings) are not eligible to access UBS PIN. Please contact your UBS representative or your Intermediary (as applicable) if you require clarification on the execution venues available to you.

4. Best execution arrangements

4.1 For clients whose Orders are placed with UBSSA via an intermediary, and unless otherwise notified by UBSSA – UBSSA will take reasonable steps to execute your Orders on the Order Books available to you on the basis of Best Total Consideration.

"Best Total Consideration" means the price of the Equity Market Product and the costs related to execution, including all transaction costs incurred by the client which are directly related to execution (for example, execution venue fees, clearing and settlement fees).

¹ An "intermediary" is typically a third party who has an arrangement with UBSSA under which UBSSA provides execution services directly to the clients of the intermediary. In this scenario, clients can only instruct UBSSA by giving an instruction to their intermediary.

Where there are not material differences in transaction costs between Order Books, Best Total Consideration will mean Best Price. Where the difference in transaction costs that are charged to you becomes material, UBSSA will take this into account.

“Best Price” means the best purchase or sale price of an Equity Market Product.

4.2 For clients who deal directly with UBSSA and act as principal in their dealings with UBSSA - UBSSA will execute your orders on the basis of Best Price (defined above).

In certain circumstances, Best Price may not provide the best outcome for these clients. In such cases UBSSA may have regard to other considerations, including:

- explicit and implicit costs (for example, transaction costs and market impact, respectively);
- likelihood of execution; and
- speed of execution.

UBSSA will consider the relative importance of these considerations having regard to:

- the client;
- the Order;
- the Equity Market Product the subject of the Order; and
- the Order Books or, if applicable, UBS PIN.

(collectively, “**Execution Criteria**”).

Note:

Where speed of execution is the most important consideration to you on a standing basis, the best outcome may be achieved by directing orders to a particular execution venue via certain components of the UBSSA automated trading system. If this is relevant to you, you should discuss the relevant requirements with your UBS representative.

5. Different execution venue trading hours

UBSSA intends to trade on Order Books during the ASX continuous trading session and, in the event that Order Books are open outside of the ASX continuous trading session UBSSA may trade on those venues only where;

- there is sufficient liquidity on the remaining execution venues to deliver best execution; or
- a client instruction directs UBSSA to do so (refer section 7).

6. Methods of execution

UBSSA will use a UBS developed automated trading system and smart order router as its primary execution tools. These systems are designed to deliver best execution by checking for the Best Price across all Order Books and, where applicable, UBS PIN.

For eligible clients, UBSSA offers a suite of algorithmic trading strategies which offer varying levels of interaction

which can be set according to the user's preference. For example, the algorithm can determine the price and quantity of the order and will determine the slices of the order to be sent to different Order Books according to the rules of the applicable trading strategy. Further information about UBS algorithmic trading strategies is available on request.

In certain circumstances, UBSSA may direct Orders manually to a specific Order Book. Such circumstances include, without limitation:

- the UBSSA trader determining on the basis of the Execution Criteria existing at the time the Order is placed that the best outcome for the client is likely to be achieved by manual order placement;
- where specific client instruction requires (refer section 7); and
- unavailability of the primary execution tools.

Price movement after order transmitted

UBSSA will not re-transmit an Order it has already placed on one Order Book if a better price subsequently becomes available on another Order Book.

Order routing logic where insignificant volume is available

UBSSA may elect to send all of an Order's volume to only one Order Book that offers the Best Price in situations where another Order Book also offers the Best Price, but only for an insignificant volume (for example, 10 shares).

Market outages

In the event an Order Book other than ASX Trade Match is closed, UBSSA will continue to trade. In the event ASX Trade Match is closed, UBSSA will continue to trade only where:

- there is sufficient liquidity on the remaining execution venues to deliver best execution; or
- a client instruction directs UBSSA to do so (refer section 7).

Limit orders

Limit Orders that cross the spread will be handled and executed according to the best execution arrangements of UBSSA. Limit Orders that do not cross the spread (namely, buy Orders priced at or lower than the best bid price and sell Orders priced at or higher than the best offer price), will be handled according to the best execution arrangements of UBSSA and will be placed on the relevant Order Book/s.

7. Specific instruction from a client

7.1 For clients whose Orders are placed with UBSSA via an intermediary and unless otherwise notified by UBSSA UBSSA is unable to accept specific instructions directing an Order to a particular execution venue.

7.2 For clients who deal directly with UBSSA only and act as principal in their dealings with UBSSA - Where you provide us with a specific instruction about how your Order should be executed, we will take reasonable steps to satisfy that instruction. However, you should be aware that a specific instruction may prevent us from obtaining the best outcome for you. Any specific instruction you give must be:

- clear and unambiguous; and

- provided on either an order-by-order basis or a standing basis for a period not exceeding 12 months.

If you are eligible to access UBS PIN and have elected not to opt-in, you will be required to review this election on an annual basis, as such an instruction may also prevent us from obtaining the best outcome for you.

UBSSA will periodically review standing instructions to ensure performance of the instruction remains possible.

8. Demonstration of compliance

Upon receipt of a reasonable request by a client, UBSSA will demonstrate to the client that its Order was executed in accordance with the best execution arrangements of UBSSA. Reasonable requests should be made within three business days after the Order being executed.

The information that may be provided to a client to demonstrate best execution of a transaction will depend on circumstances. Such evidence may include; the time at which an Order was received, UBSSA's information of the terms of an Order, a description of the process by which the Order was processed in the UBSSA order management system, prevailing market data that was available to UBSSA at the time the Order was processed, identification of the venue selected by UBSSA and the reason for selecting the venue.

UBSSA will respond within a reasonable time after receiving the request.

UBSSA must take reasonable steps to obtain the best outcome for its clients when handling and executing orders, but this does not guarantee the best outcome. Possible reasons for not achieving the best outcome include latency in the execution environment or infrastructure or market data.

For clients whose Orders are placed with UBSSA via an intermediary – your request must be directed to that intermediary.

9. Notification of changes

Where:

- there is a change to the execution venues set out in this statement;
- there is a change in the circumstances in which Orders may be transmitted to execution venues;
- there is a change to the definition of Equity Market Products covered by these best execution arrangements; or
- any other material change is made, you will be notified, and an updated version of this statement will be published on the website referenced in section 1.

This statement comes into effect on 7 May 2018.

Please contact your UBS representative or Intermediary (as applicable) if you require any further information or clarification.