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### Best Execution Policy

Revised on June 1, 2018



### Macquarie Capital Securities (Japan) Limited

This Best Execution Policy sets forth our policy and execution methodology for client execution on the best terms in accordance with Article 40-(2)-1 of the Financial Instruments Exchange Act (hereinafter, "FIEA").

Upon acceptance of a client order for securities listed on a securities exchange within Japan, and in the absence of a client instruction regarding execution, we will endeavour to execute that order in accordance with the following policy:

#### 1. Securities covered

(1) Shares of stock, bonds with stock acquisition rights (convertible bonds), ETFs (beneficiary certificates in investment trusts linked to a stock index), REITs (investment certificates in real estate investment trusts) which are listed on a financial instruments exchange in Japan, as well as, securities constituting "listed share certificates, etc.", as prescribed under Article 16-6 of the FIEA Enforcement Order.

(2) "Securities Handled" such as Phoenix issues and bonds with stock acquisition rights (Convertible Bonds) etc. as set forth in Item (4) or Article 67-18 of the FIEA.

#### 2. Best execution methodology

(1) Listed stocks etc.

(1)-1 At the time an order is received from a client, unless there is an overall agreement between the client and Macquarie Capital Securities (Japan) on instruction regarding the execution method or any specific client instruction regarding the execution method on an individual trade basis, Macquarie Capital Securities (Japan) Limited (hereinafter, the "company") will send an order to selected financial instruments exchanges designated in section (1)-2 below. For those orders received from a client after financial instruments exchange auction session, the company will brokerage the order once the auction session on the financial instruments exchange reopens.

(1)-2 Agency orders to be brokeraged to domestic financial instruments exchanges described in section (1)-1 above will be executed as follows:

(a) Where the securities are listed on financial instruments exchange (single listing) the company will brokerage the order to that exchange;

(b) Where the security is listed on multiple exchanges (multiple listing), the company will determine the financial instruments exchange where to place the order for which

price information displayed when the securities code for the relevant issue is input and searched on the data terminal of Bloomberg at the time of executing (said market being the market that is selected using the calculation method prescribed by Bloomberg as having the greatest trading volume in a certain period). Further details regarding this determination are available to clients upon request to the company.

(c) If the company is not a participating member nor has any membership for the financial instruments exchanges selected in (a) or (b) above, the company will brokerage the order to that financial instruments exchange through an exchange participating member with whom the company has an agreement to liaise brokerage to that financial instruments exchange.

## (2) Securities Handled (Phoenix issues)

In principle, the company will not accept orders for Securities Handled. However, if the company receives a sell order from a client, the company will brokerage the order to a financial instruments broker that can solicit investment in these issues.

If there is only one financial instruments broker soliciting this issue, the company will brokerage the order to that financial instruments broker. If there is more than one financial instruments broker that can solicit this issue, the order will be brokerage to the financial instruments broker offering the indicative price most favorable to the client at that time. Please note there are securities that the company will not accept the orders.

## 3. Reasons for selecting the relevant execution method

### (1) Listed Stocks etc.

A financial instruments exchange market concentrates the demand of many investors, and in comparison with an off exchange trade is superior marketplace in terms of liquidity, execution probability, execution speed and so on. The company has therefore determined that execution on an exchange is the most reasonable for a client.

If certain securities are listed on more than one financial instruments exchange, the company has determined that it would be most reasonable for the client to execute the order on the securities exchange that has the highest liquidity.

### (2) Securities Handled

In principle, the company will not accept orders for Securities Handled.

However, the company believes it is important to satisfy the needs of the clients who wish to dispose these securities held from when still listed as quickly as possible. It is believed that placing sell orders for these securities to a financial instruments broker that can solicit these investments and has high concentration of orders will secure higher probability of settlement and increase the possibility of total disposal of the client's securities.

## 4. Other

(1) Notwithstanding 2 above, we will execute the following types of transactions as indicated below:

(1)-1 A transaction in which an overall agreement is in place between the client and the company or the company's foreign affiliates regarding instruction on the execution method or where a client has specified the method of execution (i.e. by requesting that the company or the company's foreign affiliates acts as a direct

counterpart, or the company acts as an intermediary for crossing the order with another client's, or by requesting the company to execute the order on a specified exchange or PTS (Proprietary Trading System) or specific time frame of order execution, or execution through the usage of company's SOR (Smart Order Router) and so on.:

Execution based on overall agreement or execution as instructed

(1)-2 Odd-lot shares or shares less than a trading unit:

The company becomes the counterpart in the execution (however, there might be cases where the company cannot become a counterpart for the execution) or the company shall place such orders with the financial instruments dealer that handles odd-lot shares or the shares in a quantity that is less than a trading unit.

(2) In some cases as a result of a system failure or otherwise we may have no alternative but to execute an order using a method other than the method that we have selected based on this best execution policy. In such cases, we will endeavor to execute on the best terms possible.

<p>The duty of best execution not only relates to price but involves the consideration of various factors including cost, speed and certainty of execution. That a trade appears after the fact not to have been executed at the best possible price does not by itself necessarily constitute a violation of the duty of best execution.</p>
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