Broker Selection

Policy

Broker Selection Policy

1.   Purpose

This policy governs the process of selection of intermediaries to our Broker Panel. Approved brokers can be used to place security trades on behalf of Fisher Funds' portfolios.

2.   Equity Securities

We review and make broker selection decisions against the following criteria:
- research capability, coverage and access to research analysts or teams;
- ability to access international research, including relevant industry analysis;
- idea generation including stock selection;
- investment banking and equity capital markets capability, including primary and secondary issuance and block trades;
- ability to execute difficult trades;
- ability to access liquidity;
- execution and settlement speed; and
- reputation and trust, including their ability to maintain confidentiality regarding our market activities.

New Zealand and Australian portfolio managers evaluate brokers periodically using the first four criteria, and make recommendations to the Head of Trading (HoT) for inclusion on the Broker Panel. The HoT evaluates brokers using the final four criteria and allocates future brokerage across the Broker Panel.

Brokerage percentage targets are compared to actual targets on a periodic basis (usually quarterly) and adjusted where it is considered necessary. Actual brokerage paid is recorded continually in the Accumulation of Broker Commission file. Managers will update the file with targeted percentages and the HoT will monitor progress during the calendar year and allocate trades in order to converge on these targets over time.

Investor clients are treated fairly when allocating trades and all share the benefits of negotiated commission rates.

3.   International portfolios

We use separate brokers for trade execution and research depending on their specialisation. Some of the brokerage paid is allocated to execution expenses and the balance is allocated for research. This is either by trading directly with a broker or paying via a Commission Sharing Agreement. The criteria used for paying for research services, are the same as in the New Zealand and Australian portfolios.

4.   Fixed Interest securities

We use a global selection of investment and retail banks for fixed income trading. Brokers are assessed on similar criteria to that used for equity securities however the transaction pricing associated with fixed interest securities differs significantly. With the absence of clearly defined brokerage charges in fixed interest execution, pricing is a major consideration in transaction decisions.

5.   Over-the-counter derivatives

Over-the-counter (OTC) derivative counterparties are selected on the basis of expertise, transaction pricing and creditworthiness. We will consider potential counterparty credit exposure when selecting counterparties for a particular transaction.

6.   Foreign Exchange

Foreign exchange transactions are executed by a panel of brokers through the FXGO platform.   Brokers are assessed on similar criteria to that of OTC derivatives, with pricing a major consideration in transaction decisions.

7.   Exchange Traded Derivatives

Exchange traded derivatives carry very little counterparty credit exposure risk due to the presence of the clearinghouse. Therefore brokers are selected on the basis of expertise. Fisher Funds currently use Goldman Sachs for exchange traded derivatives.

8.   Review of policy

The Broker Selection Policy will be reviewed annually or more frequently if required. This Policy is subject to change at any time.

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Revised: Mark Brighouse	Date: Apr 2011, Mar 2012, Aug 2013, Sep 2015
Revised: Angela Quirk	Date: Aug 2016
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