



# ICM Global Funds Pte Ltd

## Best Execution Policy and Order Management

June 2022



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## Document Management Sheet

### Document Owner

ICMGF Board of Directors

### Document Review and Approval

The Director delegates the responsibility of maintaining the manual to the Compliance Officer and, accordingly, no revisions may be made to this policy except if amendments are made by the Compliance Officer or the Head of Compliance.

Material changes, due to the regulation and Group's policy, to this document shall be presented to Directors of ICM Global Fund (ICMGF) for prior acceptance, any other changes made by the compliance officer will be tabled to the Board for adoption at least on an annual basis

The Compliance Officer is responsible for updating this manual as and when required:

- In the instance of internal changes affecting the manual
- In the instance of changes in applicable law and/or regulation
- In the instance of changes in applicable ICM Group or other related policies
- As a result of a policy review being undertaken

The manual is reviewed by the Singapore Compliance Officer and reported to the Board for adoption on an annual basis.

### Review Cycle

The last review date was: NA

The next review date is: June 2023

### Documentation Classification

Internal – not for external distribution

### Version Control

Version	Reason for change	Date
1.0	Initial report – Keow Yeong Fai	3 June 2022



## Section A - Introduction

In line with ICMGF's principal, ICMGF will act in accordance with the best interests of its clients.

### 1. Approval Level

The policy is owned by the ICMGF Board of Directors, and no revisions may be made to this policy except for amendments made by or as approved by the Document Owner. However, the Board delegates the responsibility of maintaining the manual to the Compliance Officer and, accordingly, no revisions may be made to this policy except if amendments are made by the Compliance Officer or the Head of Compliance.

Material changes, due to local regulation and/or ICM policy, to this document shall be presented to Directors of ICM Global Fund (ICMGF) for prior acceptance, any other changes made by the compliance officer will be tabled to the Board for adoption at least on an annual basis. For the avoidance of doubt, where there is a conflict between local regulation and ICM policy, the local regulation shall prevail.

When this policy is updated, details of the changes are recorded in the version control and the revised version will be published on the firm's shared drive.

### 2. Scope

This policy applies to the trading decisions that ICMGF carries out for the funds or accounts that it manages (i.e., its clients).

The policy covers all Financial Instruments managed by ICMGF.

### 3. Purpose

Under the Notice SFA 04-N16 - Execution of Customers' Orders, ICMGF is required to establish and implement written policies and procedures:

- (a) to place or execute or both, as the case may be, customers' orders on the best available terms; and
- (b) to place or execute, or both, as the case may be, comparable customers' orders in accordance with the time of receipt of such orders.

Hence, ICMGF seeks to 'take all reasonable steps to obtain the best possible result for our clients when executing orders' and placing/executing clients' orders in accordance with the time of receipt of comparable orders.

This policy sets out the arrangements employed by ICMGF where it acts in the following circumstances:

- 'place or execute' – where ICMGF places a decision to deal on behalf of the managed funds and transmits an order to a broker/dealer for execution to obtain best possible result or directly in execution venue where it is interest of the fund to do so;
- 'execution venue transactions' – where ICMGF executes a decision to deal on behalf of one of the funds directly in an execution venue or via an approved broker/dealer;
- 'non-execution venue transactions' – which relates to the purchase or sale of assets outside of an execution venue (i.e. unlisted entities)
- 'Order handling' – which relates to ICMGF dealing practices



## **Section B – Governance Structure**

### **4. Governing Body**

The Governing Body/Directors of ICMGF are charged with the overall oversight of the trading activities undertaken by ICMGF as part of the investment management activities.

### **5. Investment Management**

The investment management team members are responsible for the day-to-day activities for managing the funds and executing orders in line with the 'Best Execution' requirements.

### **6. Compliance Officer**

The Compliance Officer, as a second line of defence, monitors for compliance and effectiveness with Best Execution policies and procedures by conducting sampling test on a half yearly basis according to the Compliance program.



## Section C – Best Execution Policy

### 7. Policy

ICMGF managed funds or accounts invest mainly in unlisted investment products, accordingly, execution does not take place on any execution venue and is subjected to the negotiation between ICMGF portfolio manager with the investee company's management. Nevertheless, ICMGF is still obligated that the execution of such instruments is based on best available terms for the funds or accounts.

Where products are executed on an execution venue or via broker/dealer on a regulated market or a multi-lateral trading facility, or with a counterparty/broker/dealer in an OTC market, ICMGF will take sufficient steps to ensure best execution is achieved.

As a general principle, ICMGF shall contract with brokers/dealers which are subject to best execution practices and/or regulations including MAS' Guidelines and Notice on Execution of Customers' Orders or MiFID. Depending on where ICMGF could obtain consistent best execution, trades may be place or executed via a non-Singapore broker/dealer or two or more brokers/dealers where market volatility management is key. Such circumstances may be where the portfolio has a significant holding (+10%); the dealing size is well above the market depth; the market in the shares is volatile and needs active management; or it is in a different time zone.

#### 7.1 Execution factors

The following factors will be considered when selecting broker/dealer/counterparty to execute orders on behalf of ICMGF clients (i.e. the funds or accounts for which it manages):

- Price;
- Costs;
- Speed of execution;
- Liquidity;
- Likelihood of settlement;
- Size/Nature of order; and
- any other consideration relevant to the order.

ICMGF will exercise its discretion in determining the relative importance of the above factors based on its experience and professional judgment, considering the execution criteria below.

#### 7.2 Execution Criteria

When ICMGF places or transmits an order for execution it will take account of the execution factors relevant to that order. Ordinarily, while price merits a high relative importance but, in some circumstances, the firm may appropriately determine that other factors are equally as important by reference to the following criteria:

- (a) the objectives, investment policy and risks specific to the fund, as indicated in the funds rules or articles of association, prospectus or offering documents of the funds;
- (b) the characteristics of the client including the categorisation of the client as retail or accredited or institutional (for the avoidance of doubt, ICMGF cannot deal with retail clients);
- (c) the characteristics of the client order e.g. whether it is a market order or a limit order, the size of the order and any potential impact on the market;
- (d) the characteristics of financial instruments that are the subject of that order; and
- (e) the characteristics of the execution venues to which that order can be directed.

#### 7.3 Trade Execution

##### 7.3.1 Placing/Transmitting Orders



Where ICMGF places or transmits an order to a broker/dealer, the broker/dealer is subject to the best execution requirements and shall provide best execution accordingly. ICMGF portfolio team shall check the intended order for correctness and accuracy against investment guidelines/restrictions before placing the order to the broker(s)/dealer(s).

#### 7.3.2 Execution Venues

Generally, trade orders that are executed on stock exchanges, ICMGF shall place or transmits the order to a broker/dealer for execution. However, ICMGF in some circumstances, may choose an execution venue including dark pools, liquidity providers and market makers which it believes could obtain the best possible result on a consistent basis for executing client orders than if it were to place or transmits order via a broker/dealer.

#### 7.3.3 Non-Execution Venues

Where ICMGF invests directly into unlisted investment products, e.g., private equity products, unlisted notes, etc., execution of such investments will be documented with negotiated agreements, which will be in line with the best interests of the clients.

### 7.4 Quality of Execution

#### 7.4.1 Unlisted investments

Investing unlisted investments, the portfolio team shall conduct in-depth analysis of potential investee companies, assessing as well as negotiate the deal for on best available terms for the fund(s)/account(s) prior to finalizing the contract. Exiting unlisted investments depends on the portfolio team's exit strategy, for example, through an initial public offering listing on stock exchange(s), trade sale or private placement. Where exit strategy via a non-IPO, the portfolio team shall negotiate with potential buyer(s) directly or ascertain that the private placement deal is in line with the best interests of our clients.

For exit strategy via IPO, ICMGF shall engage the investee company senior management or its appointed adviser as well as other investors of the investee company to derive a price which is in line with the best interests of our clients.

ICMGF does not conduct cross trading of unlisted investment for the funds/accounts under its management.

#### 7.4.2 Listed investments

Though the firm is unlikely to trade in listed investment, except where the listed vehicle presents a good investment opportunity, for example, if it is deemed to be undervalued or the expected rate of return is superior to existing plausible investments on the horizon, the portfolio team may not actively pursue listed investment.

Nevertheless, when executing orders, or placing or transmitting orders for buying or selling investments on behalf of its clients, ICMGF takes all reasonable steps to achieve the best overall result (best execution). The nature of the order, the appropriate broker (where relevant) and the relevant market are always considered. ICMGF uses its knowledge, experience and judgement to ensure that trade execution for our clients takes into consideration the relevant execution factors and execution criteria outlined above whether the transaction takes place on a regulated market, a multi-lateral trading facility or alternative trading system.

All orders executed on-exchange are generally not of a size that would have market impact. ICMGF considers that execution at the limit order price generally represents best execution. All orders should be placed with the broker/dealer/counterparty timely upon receipt.

Where there is a single listing (primary exchange only), then only that venue can and will be used for the formation of the firm best execution price.



#### Cross Trades and off market transactions

Cross trades between ICMGF funds and/accounts can only be undertaken where:

- the sale and purchase decisions are in the best interests of both clients and is within the investment objectives and is permitted of both clients;
- the trades are executed on arm's length terms, either at prevailing market value or at volume weighted average price (VWAP) for that day of execution as determined and agreed by the respective fund/account portfolio manager(s) prior to execution;
- the reason for such trades is documented prior to execution;
- such activity, where relevant, shall be disclosed to the client;

Situations may arise where it may be in the interests of the funds/accounts managed by ICMGF to buy or sell a security "off-market", e.g., "married deals". However, in such cases it is important that the transaction are conducted at an arm's length basis and at a best available terms in line with our client's interest.

Portfolio manager shall seek prior approval from any director or compliance officer prior to conducting cross trading or off-market transactions.

#### 7.4.3 Over-the-counter (OTC) instruments

Generally, ICMGF does not transact in OTC instruments. Where ICMGF engages in OTC transactions on behalf of its clients, depending on the nature or liquidity of the instrument, there may be only a single market price available from a single counterparty. This will particularly be the case where the transaction is highly structured or customised. In these circumstances, ICMGF will use its experience and skill in agreeing the terms with the counterparty and comply strictly with the suitability requirements in order to ensure that the client achieves the best possible result for the transaction. Where there are a number of available sources for an OTC product, ICMGF will take reasonable steps to research the market in order to identify the best possible result for its clients, although it is important to state that the OTC markets are not as transparent as regulated markets, and fast-moving OTC markets may result in the speed with which the transaction can be completed taking precedence over a longer search for a cheaper price.

#### 7.4.4 Collective Investment Scheme

Subject to the Fund's investment objective, strategy, and restrictions, where ICMGF managed fund/account invests in another collective investment scheme, the order shall be place before the scheme's order cut-off time on the relevant dealing day. The best execution price applied shall be the scheme's Net Asset Value and price calculation per unit by the relevant scheme's administrator/custodian for that dealing day. Where ICMGF managed fund/account invest in a scheme which are related to ICM Group, ICMGF shall ensure that there is no double-charging of fees.

Note: ICMGF's commitment to obtaining the best possible result for client orders does not mean that ICMGF owes its clients fiduciary responsibilities beyond the specific regulatory obligations placed upon ICMGF or as may be otherwise contracted with ICMGF.

#### 7.5 Monitoring

Based on the risk and impact on the client, ICMGF portfolio team monitors on a periodic basis (at least annually or whenever a material breach occurs) to ensure the effectiveness of its execution arrangements for each instrument traded in order to identify and, where appropriate, correct any deficiencies. ICMGF Compliance officer also monitors the effectiveness of the execution arrangements through evaluation of its controls for achieving best execution through selecting samples for testing.

In addition, ICMGF may conduct an annual review of its brokers' performance which includes an examination of the execution of orders and the extent to which a broker obtained the best result for our clients. Any broker that does not consistently achieve best execution for our clients is removed from the list of brokers that ICMGF will



do business with. ICMGF continuously monitors commission rates across all markets to ensure that it obtains the best rates for its clients.

#### 7.6 Comparable Order Handling

Whilst ICMGF does not envisage receiving different clients' orders at different time, ICMGF has a duty to act in the best interest of all the funds for which ICMGF manages when executing decisions to deal on behalf of the funds in the context of the portfolio management. Accordingly, all comparable orders from eligible fund(s)/account(s) shall be aggregated as an order for execution. Subsequent comparable order, subject to existing order is not fully executed and such order is received within the 30 minutes from the initial order placement, or where the portfolio manager believes that it is not feasible or not in the interest of customer to do so, the subsequent order shall be amalgamated to the initial order, otherwise, the subsequent client order shall be treated as a separate transaction placed with a broker/dealer for execution. Subsequent order should have the same characteristics of the initial order and with same execution strategy. For the avoidance of doubt, this paragraph does not apply to unlisted investment.

To ensure that all funds/accounts are treated fairly, we will allocate all order executions proportionally to all eligible funds/accounts' intended quantities in accordance with its Aggregation and Allocation procedures.

#### 7.7 One off approval process

To ensure best execution, ICMGF reserves the right to use broker/dealer/counterparty for listed investments/OTC products that are not included in the approved list. This may be required where the portfolio manager wishes to deal in a geographical location which is not covered by the existing counterparts or an execution strategy that the portfolio manager believes it is in the best interest for the clients.

The portfolio manager should seek approval from any of the Directors of ICMGF or the Compliance Manager prior to execution.

#### 7.8 Disclosure

ICMGF shall disclose Best Execution Policy in writing to all our clients via electronic means or, where relevant, direct clients to the firm's established mode of communication for relevant disclosure.

#### 7.9 Broker Selection

ICMGF intends to only route orders to broker/dealer which has in place policies and procedure to provide best execution to its clients. Example of factors that ICMGF may use in selecting broker/dealer/ counterparty includes:

- Asset class coverage
- Execution capability
- Pricing and sourcing capability
- Financial and Capital adequacy
- Liquidity provision
- Service quality
- Operational capability
- Responsiveness
- Reputation, including regulatory status and licensing
- Anti-financial crime

Where ICMGF deals with brokers who are not subject to a regulatory obligation to provide best execution, ICMGF will require the broker to agree to a contractual provision to provide the Firm with best execution.



In all cases, ICMGF will monitor the performance of all its brokers/dealers/counterparties whether they owe a regulatory or contractual obligation to provide best execution to ICMGF and will not continue to submit orders to brokers which do not provide best execution on a consistent basis.

#### 7.10 Roles and Responsibility

##### 7.10.1 Investment Management Function

Responsible for:

- Submitting trade for execution in a timely manner.
- Checking Fills in real time to identify any executed orders that do not meet Best Execution.
- Notifying the Compliance Function of any identified breaches.

##### 7.10.2 Compliance Function

Responsible for:

- Providing advice on regulatory requirements.
- Conducting periodic testing in line with the Compliance Monitoring Programme.
- Investigating any identified breaches.

### Section D – Order Management

#### 8. Aggregation and Allocation

Any order aggregated will be allocated fairly to all eligible accounts in the same order. In the interest of cost and efficiency, ICMGF may, in trading securities, determine that its funds/accounts are best served by placing a single order of the same security for a number of portfolios as opposed to placing individual orders in the same security for each portfolio. ICMGF will then allocate this individual order proportionately across each individual fund/client account. Any such allocation will be made in a fair and equitable manner.

In accordance with the above, the following policies will be adopted:

- (1) In advance of placing an order for a particular security, the investment team at ICMGF will determine the quantity of the particular security that is to be allocated to each individual fund/account, taking into account the fund/account size, fund strategy, risk tolerance, asset allocation considerations and any specific requirements or restrictions put in place.
- (2) If the specific order for the security is executed in full, then the intended allocation as set forth by the investment management team should not be altered from the original allocation unless there has been a material change in the circumstances or mandate between the time the order was placed and the time the order was received.
- (3) If the specific order is not executed in full, the investment manager will allocate the amount actually obtained to each fund/client account in the same proportions that would have applied if the order had been executed in full.
- (4) In either event outlined above, either a full execution or a partial execution of the order, the allocation of the security will be recorded on the transaction record for each fund/client account and indicated to the settlement agent as soon as execution is notified by the broker.

#### 9. Dealing Records

All trade orders should be recorded for audit trail purposes and to demonstrate that ICMGF ensure dealing is fair, in a timely fashion and aims at achieving best possible outcomes for all eligible funds/accounts.

The dealing records must include:



- Prior to placement – trade date, name of the investment product (if applicable – SEDOL or CUSPID or any identifier), the name of eligible fund/account investing in the product, intended order quantity for each fund/account, whether it is a buy or sell order, limit price and name of broker/dealer/ counterparty; and
- Upon execution and notification – the actual allocation to each eligible fund/account, executed price, explanation for re-allocation, if appropriate.
- Please indicate if this is a cross trade or off-market transaction.

The dealing records should capture the following time:

- The decision date and time of order received
- The time an order is placed with the broker/dealer/counterparty
- The time an order is executed (the time when the broker confirms the order has been executed)

#### 10. Restriction on trading outside investment guidelines

All transactions must be made only in accordance with the investment objectives and must comply with any investment limits or restrictions agreed according to the client's investment management agreement or fund's information memorandum or offering document or where applicable, rules and regulations governing the fund.

#### 11. House Account

ICMGF does not conduct any proprietary trading.

#### 12. Short selling

ICMGF does not conduct short selling for the funds/accounts under management.

#### 13. Soft commission and commission sharing arrangement

No soft commission or commission sharing arrangement with any broker/dealer has been established. Prior to establishing such arrangement, the portfolio management team shall seek prior approval from a director and Compliance Officer.

#### 14. Record Keeping

ICMGF is required to retain and maintain records of the transactions in order to meet regulatory requirements. Records will be retained in accordance with the Record Keeping practices as follows:

- Dealing Records – 5 years from the date of transaction
- Supporting analysis and reports of transactions – 5yrs from date of completion of transaction
- Investment analyst meeting and trade approvals – 5yrs from the date of completion of the sale off the transaction