



Best Execution & Order Allocation Policy

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1. INTRODUCTION

In line with the FCA Principle Six, ICMIM will act in accordance with the best interests of its Clients, and take all reasonable steps to obtain the best possible result, taking into account the execution factors detailed in the policy section.

1.1. Scope

This policy applies to the trading decisions that ICMIM carries out for the funds that it manages (i.e. its Clients). In the case of discretionary management, this policy applies to Professional Clients only, as ICMIM is not authorised to conduct regulated activities with Retail Clients. The policy covers all Financial Instruments.

1.2. Purpose

Under the FCA regulations ICMIM is required to establish and implement effective arrangements for complying with the obligations to 'take all reasonable steps to obtain the best possible result for our clients when executing orders' and placing orders with other entities for execution.

As an approved full-scope UK AIFM, ICMIM has a duty to act in the best interest of the funds for which ICMIM manages when executing decisions to deal on behalf of the funds in the context of the portfolio management.

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

- 'place or transmit' – where ICMIM places a decision to deal on behalf of one of the funds and transmits an order to the appointed administrator of the fund for execution;
- 'execution venue transactions' – where ICMIM executes a decision to deal on behalf of one of the funds directly with an execution venue; or
- 'non-execution venue transactions' – which relates to the purchase or sale of assets outside of an execution venue (i.e. unlisted entities).

2. POLICY

For most trades ICMIM does not execute orders itself resulting from investment decisions relating to the portfolios under management, as the orders are placed with the administrator to execute through their network of Brokers. For all other trades, ICMIM will take sufficient steps to ensure best execution is achieved.

As a general principle, ICMIM contracts with third-parties who are subject to MiFID and are thus subject to the requirement for best execution of orders. On exception, trades may be executed with a non-EEA counterpart 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.

2.1. Execution factors

The following factors will be considered when selecting entities to execute orders on behalf of ICMIM clients (i.e. the funds 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.

ICMIM 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.

2.2. Execution Criteria

When ICMIM places or transmits an order for execution it will take account of the execution factors relevant to that order. Ordinarily, price will merit 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 professional (for the avoidance of doubt, ICMIM 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.

2.3. Trade Execution

2.3.1. Placing/Transmitting Orders

Where ICMIM places or transmits an order to the appointed administrator, the administrator is subject to the best execution requirements and shall provide best execution accordingly. ICMIM transmits trades by uploading the transactions on to the internal order management systems used by the appointed administrators. The order is then picked up by the dealing desk at the administrator and executed in line with their best execution policies. All appointed administrators are EEA regulated and captured by MiFID II requirements for best execution.

2.3.2. Execution Venues

Where ICMIM executes orders, it will choose an execution venue which enables it to obtain on a consistent basis the best possible result for the execution of client orders.

2.3.3. Non-Execution Venues

Where ICMIM invests directly into unlisted investments, the investments will be documented with negotiated agreements, which will be in line with the best interests of the clients.

2.4. Quality of Execution

Potential orders are generated following detailed analysis of potential investee companies using an internal analytical database which produces financial and performance ratios for individual companies on a peer group basis. When a company is deemed to be undervalued and fulfil the other requirements as set by the client then an order is generated by ICMIM and executed by the administrator.

When executing orders, or placing or transmitting orders for buying or selling investments on behalf of its clients, ICMIM 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. ICMIM 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 is executed over-the-counter (OTC).

All orders executed on-exchange are generally not of a size that would have market impact. ICMIM considers that execution at the limit order price generally represents best execution.

Where ICMIM 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, ICMIM 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, ICMIM 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.

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

2.5. Monitoring

ICMIM monitors on a regular basis (and at least annually or whenever a material breach occurs) the effectiveness of its execution arrangements for each instrument traded in order to identify and, where appropriate, correct any deficiencies. Based on the risk and impact on the client, ICMIM will monitor the effectiveness of the execution arrangements through evaluation of its controls for achieving best execution and through sample checks e.g. by comparing the trade price with the intra-day price movement to assess the execution provided by the broker.

The portfolio manager is in a position to check fills in real time and would identify any orders executed that do not appear to achieve best execution.

In addition, ICMIM conducts 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 ICMIM will do business with. ICMIM continuously monitors commission rates across all markets to ensure that it obtains the best rates for its clients.

2.6. ICMIM Client Categorisation

ICMIM intends to only route orders to FCA/EU authorised brokers which agree to categorise ICMIM as a professional client. Professional clients are owed a duty of best execution by such broker firms and EU regulators, including the FCA, allow firms submitting orders to place a high degree of reliance on the broker's obligation to provide best execution when complying with their own overarching best execution obligation.

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

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

2.7. Aggregation and Allocation

Any order aggregated in accordance with COBS 11.3.7A will be allocated fairly. In the interest of cost and efficiency, ICMIM may, in trading fixed income securities, determine that its funds/client 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. ICMIM 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 fixed income security, the investment team at ICMIM will determine the quantity of the particular security that is to be allocated to each individual fund/client 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 fixed income 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.

2.8. Consent

Where ICMIM intends to effect trades for its clients outside a regulated market or MTF (in financial instruments that are admitted to trading on a regulated market or an MTF), ICMIM will ask that the client provides consent for this within the client documentation. For all other trades, it is deemed that the client had agreed to the order execution agreements set out in this policy by their continued course of dealing with ICMIM (unless we receive specific objections from the client).

2.9. One off approval process

In order to ensure best execution, ICMIM reserves the right to use counterparties 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,

3. RECORD KEEPING

ICMIM is required to retain and maintain records of the transactions in order to meet regulatory requirements. Records will be retained as follows:

- (i) Transactions executed on behalf of the funds – retained indefinitely
- (ii) Supporting analysis and reports of transactions – 5yrs from date of completion of transaction
- (iii) Investment analyst meeting and trade approvals – 5yrs from the date of completion of the sale off the transaction
- (iv) Board Reports – retained indefinitely

In the event that a fund appoints a new AIFM/Investment Manager to replace ICMIM, all remaining records will be held for a period of 5yrs from the replacement date.

4. GLOSSARY

4.1. Abbreviations

Abbreviations to be included in table below

Abbreviation	Description
AIF	Alternative Investment Fund
AIFM	Alternative Investment Fund Manager
AIFMD	Alternative Investment Fund Manager Directive
FCA	Financial Conduct Authority
ICMIM	ICM Investment Management Limited
MiFID	Markets in Financial Instruments Directive
MTF	Multilateral Trading Facility
OTC	Over The Counter