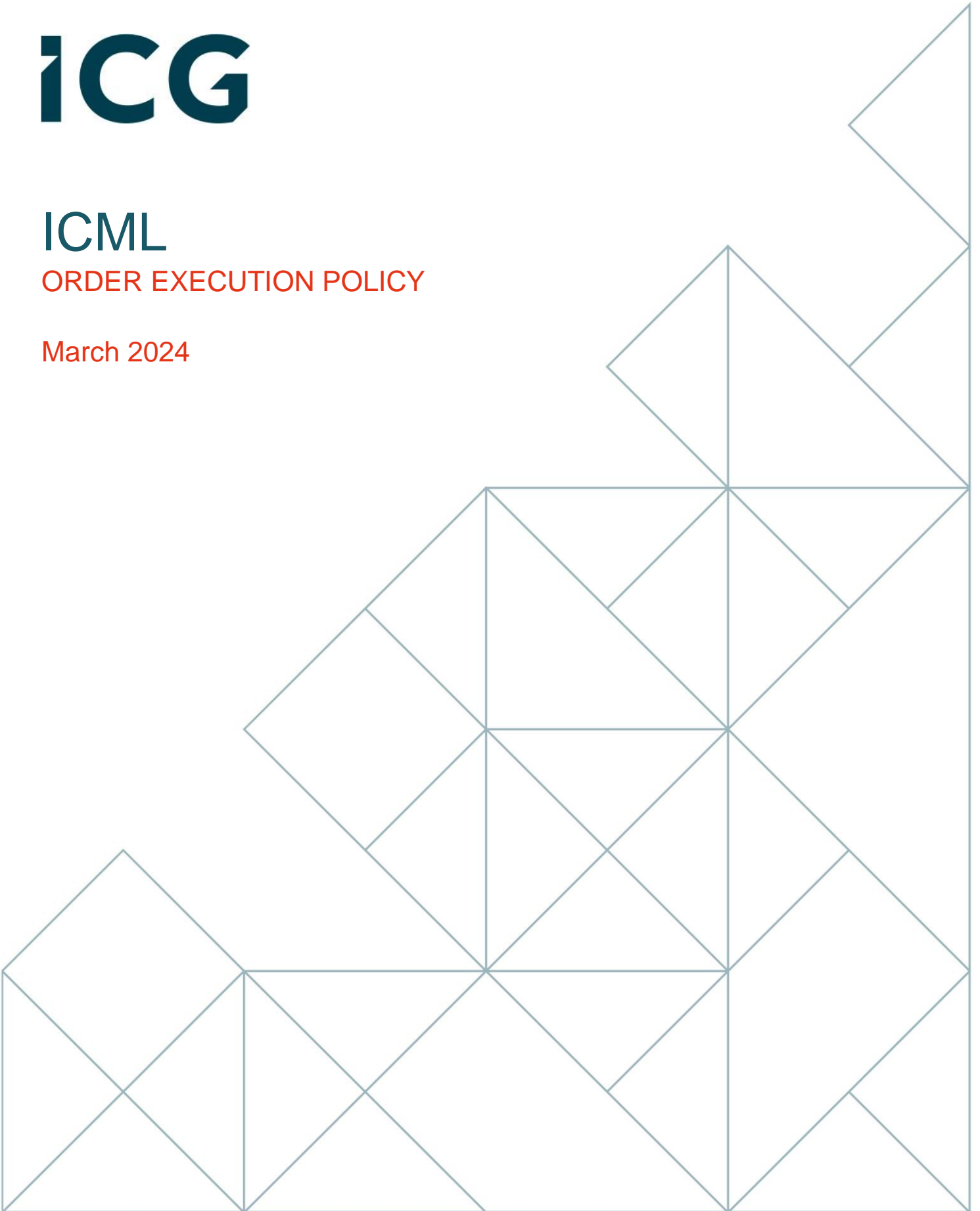


ICG

ICML

ORDER EXECUTION POLICY

March 2024



1. BACKGROUND

This document sets out the Order Execution Policy for Intermediate Capital Managers Limited ("ICML") and document its approach to providing Best Execution as required by the Markets in Financial Instruments Directive 2014/65/EU ("MiFID")

ICML is categorised as an "investment firm" under MiFID as it:

- manages a number of third-party funds;
- provides advice to the manager of certain third-party funds;
- manages on a discretionary basis a number of portfolios held by segregated mandate clients; and
- advises on and negotiates transactions in unlisted securities and, from time to time, listed securities.

Best Execution, under the MiFID requirements¹, is the requirement for ICML to take all sufficient steps to obtain the best possible result for the client when, in the course of undertaking certain regulated activities, it:

- a) executes orders in MiFID financial instruments² itself, either through a trading venue or with a liquidity provider (under the MiFID "Best Execution Regime"); or
- b) receives and transmits orders in MiFID financial instruments (under the MiFID "Best Interests Regime").

For the avoidance of doubt, loans are not MiFID financial instruments and, consequently, are not subject to Best Execution.

ICML undertakes financial instrument transactions, in both the primary and secondary markets, and may also execute derivatives contracts for the purpose of hedging risk in portfolios (in particular, to hedge foreign exchange and interest rate risk).

2. SCOPE OF THE POLICY

This Policy applies only to clients classified by ICML as Professional Clients, and to certain types of transactions in financial instruments. This Policy does not apply to business conducted with clients who ICML have categorised as Eligible Counterparties; accordingly, ICML will not owe Best Execution for transactions entered into with Eligible Counterparties.

¹ implemented in COBS 11.2A

² Equities (including shares and depositary receipts), bonds, money market instruments, interest rate derivatives, credit derivatives, credit default swaps, structured finance instruments, equity derivatives, exchange traded products, currency derivatives, securitised derivatives, commodities derivatives and emission allowance derivatives and emission allowances.

Best Execution Regime

ICML applies this Policy when executing all orders relating to funds and portfolios except where these concern extending, acquiring or selling mezzanine loans, senior debt or second-lien debt, as loans are not financial instruments.

ICML will, handle loan transactions in accordance with the duties it owes its clients.

The Best Execution Regime generally applies where ICML transacts with a liquidity provider, such as an investment bank trading for its own account in bonds or traded derivatives.

ICML will apply best execution in a manner that takes into account the different circumstances associated with the execution of orders pertaining to particular types of financial instruments. As a result, it is not possible for ICML to provide a uniform standard of execution across all investments.

Best Interests Regime

For a number of funds, ICML does not act as discretionary investment manager. Instead it provides a service to the fund's manager of investment advice and making arrangements for the fund to invest.

As part of advising on and negotiating transactions involving unlisted securities, ICML may bring together investors. This aspect of the service falls within the MIFID activity of "reception and transmission" of orders, and therefore falls within the Best Interests Regime.

Nevertheless, many of the requirements of the Best Interests Regime (such as requirements to identify the entities to which the investment firm transmits orders and to disclose annually its top five executing brokers) are not capable of being applied to transactions in unlisted securities. In relation to orders in unlisted securities ICML is therefore only be required to comply with Sections 4, 5 and 6 of this Policy.

3. METHODS OF EXECUTION

Subject to any specific instructions that may be given by ICML's client (see Section 8 below), ICML will seek to take all sufficient steps for ICML's clients by exercising its commercial judgment and drawing upon its trading experience and other expertise taking into account the Execution Factors listed in Section 4 below and having regard to the Execution Criteria described in Section 5.

As part of this process ICML executes orders directly on an Execution Venue, i.e. a place where the client's order is executed (as opposed to executing indirectly through a broker). Execution Venues include Trading Venues (i.e. European Regulated Markets, European Multilateral Trading Facility ("MTFs") or European Organised Trading Facility ("OTFs"), non-EU markets or exchanges), and Liquidity Providers (i.e. direct counterparties acting as principal).

ICML deals in portfolio instruments in the primary market and the secondary market (where the instruments, including derivatives, are generally traded OTC). As a result, and due to the to the Execution Factors and Execution Criteria set out below, ICML will only execute orders outside a Trading Venue where it has obtained the client's prior express consent (which may be in the form of a general agreement rather than on a transaction-by-transaction basis).

Clients should be made aware that there may be increased risk of counterparty default risk and of inefficient (or failure of) settlement, and where orders are executed outside a Trading Venue. Clients may request additional information about the consequences of executing orders outside a Trading Venue.

4. EXECUTION FACTORS

The Execution Factors which ICML may consider in relation to orders include, but are not limited to:

- price
- costs
- speed
- likelihood of execution and settlement
- size
- nature
- market conditions
- ability of the counterparty to execute in desired volume
- ability of the counterparty to act on confidential basis
- ability of the counterparty to act with minimum market impact
- counterparty risk assessment
- willingness and ability of the counterparty to make a liquid market
- operational coordination by the counterparty with the asset manager and client custodians
- counterparty reputation for ethical and trustworthy behaviour
- capabilities of automated trading systems
- whether appropriate documentation is in place to execute a transaction / the need to negotiate appropriate documentation
- the availability of efficient clearing and settlement systems

The relative importance of the Execution Factors will differ according to the investment and requirements of the underlying client.

5. EXECUTION CRITERIA

The Execution Criteria considered when determining the relative importance of the Execution Factors are the characteristics of:

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- the client
 - the order
 - the portfolio instruments or derivatives contracts that are the subject of that order
 - the Execution Venues to which that order can be directed
 - Market conditions

Where deemed appropriate, ICML will aggregate orders for clients which may result in the orders of clients being aggregated with the orders of other clients or associate companies. ICG has implemented an Aggregation and Allocation Policy that sets out how such aggregations are to be undertaken.

The Execution Factor of price will ordinarily merit a high relative importance in obtaining the best possible result taking into account the Execution Criteria. However, it may be determined that other qualitative factors are more important than price in obtaining the best possible execution result.

Further detail on the relative importance of the Execution Factors, in accordance with the Execution Criteria, is set out in [Appendix 1 \(Execution Factors\)](#).

6. CUSTOMISED OTC PRODUCTS

When executing orders or taking decisions to deal in customised OTC products, i.e. products which are bespoke, customised or involve some degree of negotiation between the parties, ICML will check the fairness of the price proposed to the client, by gathering market data used in the estimation of the price of such product and, where possible, by comparing this with similar or comparable products.

7. EXECUTION VENUES

ICML will select the Execution Venue that it considers to be most appropriate considering the Execution Factors and the Execution Criteria. As noted above, this may be either a Trading Venue or a Liquidity Provider.

Orders in the primary market will be executed wherever the transaction documentation is agreed; typically, the investment bank, lawyers or of one of the parties. Most orders in the secondary market and derivatives contracts are executed OTC or via an MTF (HY bonds, FX forwards and asset backed securities ("ABS")). This could mean that, for transactions executed in the primary market, in some cases there may only be one possible Execution Venue, namely, the investment bank acting as principal counterparty to the transaction.

In cases where a wider group of counterparties are known to make active markets in a portfolio instrument or derivatives contract, ICML may solicit competitive bids or offers bearing in mind that market quotes may disappear as time passes and markets move. In many markets, ICML obtains competitive prices over the telephone to determine the best available prices from numerous counterparties.

Portfolio instruments are typically traded less frequently and with fewer market makers than for exchange traded equities or investment grade fixed interest instruments. In some circumstances, ICML may be purchasing illiquid securities available only from the inventory of a limited number of counterparties. In such cases, competitive offerings are not possible.

ICML does not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular trading venue or execution venue which could infringe the requirements on conflicts of interests or inducements as set out in SYSC 10.1 and COBS 2.3A.

Before ICML executes an order with a Liquidity Provider, the Liquidity Provider undergoes fundamental review by Legal and Compliance. Once approval is given to the counterparty, they are monitored on an on-going basis. Where instructed by a client to do so, ICML may restrict its trading with certain counterparties.

In determining whether a Liquidity Provider is likely to enable ICML to obtain the best possible results for its clients, ICML will consider the following factors:

- whether the Liquidity Provider is subject to regulatory best execution requirements (e.g. MiFID);
- whether the Liquidity Provider will contractually undertake to provide best execution/comply with regulatory best execution requirements in relation to the relevant business; and
- whether the Liquidity Provider can demonstrate that it delivers a high level of execution quality for the kind of orders that ICML is likely to place with it.

ICG also maintains a list of Approved Counterparties, which it reserves the right to amend.

A list of Trading Venues on which ICML places significant reliance in respect of each relevant class of financial instruments, and the factors used to select Trading Venues and their relative importance, is set out in [Appendix 2 \(Trading Venues\)](#).

A list of Liquidity Providers, per relevant class of financial instruments, which ICML uses for the execution of orders, and the factors used to select Liquidity Providers, is set out in [Appendix 3 \(Liquidity Providers\)](#).

8. SPECIFIC CLIENT INSTRUCTIONS

In ICML's role as discretionary investment manager or adviser it will not normally accept or invite specific instructions from clients as to how an individual transaction should be effected. If ICML should accept such instructions from a client as to the execution of a transaction ICML will execute or place an order to execute the transaction in accordance with those specific instructions. Where a client's instruction relates to only part of the transaction, ICML will continue to apply this Policy to those aspects of the transaction not covered by the client's specific instructions.

Clients should be aware that where ICML accepts specific instructions in relation to the execution of a particular transaction this may prevent ICML from taking the steps set out in its Policy to obtain the best possible result in respect of the elements covered by those instructions.

ICML will not encourage clients to instruct ICML to execute an order in a particular way if the effect of that instruction is likely to prevent ICML from obtaining the best possible result for the client

9. MONITORING AND REVIEW

ICML will periodically review the effectiveness of its order execution arrangements and monitor the execution quality of the Execution Venues and Liquidity Providers identified in Appendices 2 and 3, respectively and, where appropriate, correct any deficiencies. In relation to Liquidity Providers, it will monitor pricing on Bloomberg's MTF.

ICML will also review the policy whenever a material change occurs that affects its ability to continue to obtain the best possible result for its clients. A material change is a significant event that could affect the Execution Factors. ICML will notify clients of any material changes to its order execution arrangements or this policy. Any such notification may be made via a website.

10. DISCLOSURE OBLIGATIONS

ICML is required to provide clients on an annual basis, for each class of financial instruments, in terms of trading volumes, the top five Execution Venues (which may be a mixture of Trading Venues and Liquidity Providers) where it executed client orders in the preceding year, along with information on the quality of execution obtained.

ICML will publish the disclosures in an annual report made available on its website.

11. Trade Errors

Trade Error: from time to time there may be an error when executing a client order (a "Trade Error"). Examples of Trade Errors include buying financial instruments instead of selling them (or vice versa), dealing in the wrong financial instrument, for the wrong account or in the wrong amount, delays in execution leading to erroneous pricing, and executing orders correctly but booking the transaction incorrectly.

Simply failing to achieve best execution on a single trade will not typically constitute a Trade Error.

Issues: Trade Errors potentially give rise to several issues. In particular, they may:

- engage ICML's contractual obligations to its clients, or give rise to liabilities in tort law;
- engage ICML's regulatory obligations in relation to client order handling;
- engage ICML's regulatory obligations in relation to conflicts of interest;
- engage ICML's fiduciary obligations to clients in relation to conflicts of interest and unauthorised profits; or
- require ICML to contact its insurers to discuss policy coverage.

Policy: it is ICML's policy that:

- all Trade Errors should be corrected within 30 calendar days, consistent with the orderly sale (and/or purchase, as applicable) of the financial instrument;
- ICML will use all reasonable efforts to recover any losses from Trade Errors caused by a trading venue or a counterparty from the trading venue or counterparty;
- all Trade Errors which result in a net loss for a client will be notified to the client as part of regular reporting;
- all Trade Errors shall be recorded by the deal teams in a Trade Error log. Compliance shall review and at least annually report to the Executive Committee on Trade Errors;
- there is no *de minimis* threshold for reimbursement;
- all Trade Errors and reasonably suspected Trade Errors where the value is above £10,000/€10,000/\$10,000 (depending on the currency of the financial instrument(s)) (a "Material Trade Error"), including where the Trade Error has or would result in a profit to the client, must be reported promptly to Compliance. Compliance will then undertake an assessment and determine what additional action, if any, is appropriate in the circumstances (see below).

Compliance assessment: upon receipt of the details of a Material Trade Error, Compliance will carry out an assessment based on factors which are likely to include:

- its nature (e.g. whether it is related to the execution of a trade or is purely an internal error which has not resulted and will not result in any loss or profit being sustained by the Client);
- its materiality in relation to the client;
- whether it has resulted or will result in a loss or a profit being sustained by a Client;
- whether it is a single error or whether there are related errors, including whether other errors have resulted or will result in a loss or a profit being sustained by a Client;
- whether the Client has been informed or is otherwise aware of its existence;
- its causes (e.g. whether it arose in good faith and whether it stemmed from a failure to exercise due skill and care); and
- whether it is a 'one off' or may be indicative of a systemic issue.

Compliance will document the assessment and its conclusion, determine how to address the Trade Error and ensure the 30-day time period is adhered to.

Compliance may also escalate the Material Trade Error. It would normally be appropriate to further escalate any Material Trade Errors in excess of £50,000/€50,000/\$50,000. All Material Trade Errors are escalated to the Executive Committee.

Outcome of assessment: ICML will seek to address the Trade Error appropriately, taking into account its legal and regulatory obligations. In general:

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- In situations involving a misallocation among two or more Clients, ICML will endeavour to place each of those Clients in the position that it would have been in had the error not occurred;
 - Except to the extent covered above, if a trade error (other than as a result of a misallocation among the Clients) resulted in a net gain for the Client, such gain will be retained by the relevant Client and no reimbursement will be required;
 - If the error did not arise from ICML's fraud, gross negligence or wilful misconduct, the loss will normally be borne by the Client;
 - If the error caused a loss to the Client and arose from ICML's fraud, gross negligence or wilful misconduct, ICML may be liable for the loss and the views of the legal department will be sought.

Monitoring: all Trade Errors and the handling of Trade Errors are reviewed periodically as part of ICG's Compliance Monitoring Programme and details are included in Compliance reporting to the board as appropriate.

APPENDIX 1

EXECUTION FACTORS

FINANCIAL INSTRUMENT	PRINCIPAL EXECUTION FACTORS
High yield bonds	For bonds ICML considers price, cost, likelihood of execution and settlement to be the principal execution factors in that order.
Privately traded shares	When negotiating deals relating to unlisted equities, ICML will seek to obtain the best transactional outcome for its client and the relevant underlying funds which will ultimately invest in the deal. The relative importance of the Execution Factors will depend on the particular deal, but on a privately negotiated deal ICML considers (a) price; (b) speed (i.e. the ability of the counterparty to negotiate transaction documents within the desired timescale); and (c) likelihood of execution and settlement (risk of deal failure) to be the principal Execution Factors
Interest rate derivatives	For interest rate swaps, ICML considers the principal Execution Factor to be price/cost.
Credit default swaps, and other credit derivatives	For credit default swaps and other credit derivatives, ICML considers the principal Execution Factor to be price/cost.

APPENDIX 2

TRADING VENUS

FINANCIAL INSTRUMENT	EXECUTION VENUES	FACTORS AFFECTING THE CHOICE OF TRADING VENUE
High yield bonds	Bloomberg MTF	ICML considers the following factors to be key in deciding on trading venue: <ul style="list-style-type: none"> • availability of participants on the MTF • costs • likelihood of execution • technical capabilities of the MTF
Interest rate derivatives	Bloomberg MTF	ICML considers the following factors to be key in deciding on trading venue: <ul style="list-style-type: none"> • availability of participants on the MTF • costs • likelihood of execution • technical capabilities of the MTF
Credit default swaps and other credit derivatives	Bloomberg MTF	ICML considers the following factors to be key in deciding on trading venue: <ul style="list-style-type: none"> • availability of participants on the MTF • costs • likelihood of execution • technical capabilities of the MTF

APPENDIX 3

LIQUIDITY PROVIDERS

FINANCIAL INSTRUMENT	LIQUIDITY PROVIDER	FACTORS AFFECTING THE CHOICE OF LIQUIDITY PROVIDER
Bonds	Aurel BGC Banco Bilbao Vizcaya Bank of America Merrill Lynch International Limited Barclays Capital Securities Limited BMO Capital BNP Paribas BTIG LIMITED Cantor Fitzgerald Europe Citigroup Global Markets limited Commerzbank AG COWEN AND COMPANY Credit Agricole Credit Agricole S.A. Credit Suisse International Deutsche Bank AG ELAVON FINANCIAL SERVICES GLOBAL LOAN AGENCY SERVICES Goldman Sachs International HSBC, Bank plc ING Bank N.V. Jefferies International Ltd JPMorgan Chase Bank NA KKR CAPITAL MARKETS MACQUARIE CAPITAL Mizuho International plc Morgan Stanley & Co International plc MUFG Securities Natixis Nomura International plc Octo Finances SA Oddo et Cie Pareto Securities AS RBC Europe Limited SC Lowy Scotia Capital (USA) Inc Societe Generale Stifel Nicolaus Europe Limited Sumitomo Mitsui Banking Corp THE BANK OF NEW YORK MELLON The Royal Bank of Scotland plc The Seaport Group Europe LLP UBS Limited Unicredit Bank AG Wells Fargo Securities International Wilmington Savings Fund	The typical factors affecting the choice are price, cost size of order and likelihood of execution and settlement

FINANCIAL INSTRUMENT	LIQUIDITY PROVIDER	FACTORS AFFECTING THE CHOICE OF LIQUIDITY PROVIDER
Interest rate derivatives	Aurel BGC Banco Bilbao Vizcaya Bank of America Merrill Lynch International Limited Barclays Capital Securities Limited BMO Capital BNP Paribas BTIG LIMITED Cantor Fitzgerald Europe Citigroup Global Markets limited Commerzbank AG COWEN AND COMPANY Credit Agricole Credit Agricole S.A. Credit Suisse International Deutsche Bank AG ELAVON FINANCIAL SERVICES GLOBAL LOAN AGENCY SERVICES Goldman Sachs International HSBC, Bank plc ING Bank N.V. Jefferies International Ltd JPMorgan Chase Bank NA KKR CAPITAL MARKETS MACQUARIE CAPITAL Mizuho International plc Morgan Stanley & Co International plc MUFG Securities Natixis Nomura International plc Octo Finances SA Oddo et Cie Pareto Securities AS RBC Europe Limited SC Lowy Scotia Capital (USA) Inc Societe Generale Stifel Nicolaus Europe Limited Sumitomo Mitsui Banking Corp THE BANK OF NEW YORK MELLON The Royal Bank of Scotland plc The Seaport Group Europe LLP UBS Limited Unicredit Bank AG Wells Fargo Securities International Wilmington Savings Fund	The typical factors affecting the choice are price, cost size of order and likelihood of execution and settlement
Credit default swaps and other credit derivatives	Aurel BGC Banco Bilbao Vizcaya Bank of America Merrill Lynch International Limited Barclays Capital Securities Limited BMO Capital BNP Paribas BTIG LIMITED Cantor Fitzgerald Europe Citigroup Global Markets limited Commerzbank AG COWEN AND COMPANY Credit Agricole	The typical factors affecting the choice are price, cost size of order and likelihood of execution and settlement

FINANCIAL INSTRUMENT	LIQUIDITY PROVIDER	FACTORS AFFECTING THE CHOICE OF LIQUIDITY PROVIDER
	Credit Agricole S.A. Credit Suisse International Deutsche Bank AG ELAVON FINANCIAL SERVICES GLOBAL LOAN AGENCY SERVICES Goldman Sachs International HSBC, Bank plc ING Bank N.V. Jefferies International Ltd JPMorgan Chase Bank NA KKR CAPITAL MARKETS MACQUARIE CAPITAL Mizuho International plc Morgan Stanley & Co International plc MUFG Securities Natixis Nomura International plc Octo Finances SA Oddo et Cie Pareto Securities AS RBC Europe Limited SC Lowy Scotia Capital (USA) Inc Societe Generale Stifel Nicolaus Europe Limited Sumitomo Mitsui Banking Corp THE BANK OF NEW YORK MELLON The Royal Bank of Scotland plc The Seaport Group Europe LLP UBS Limited Unicredit Bank AG Wells Fargo Securities International Wilmington Savings Fund	