

# Revised SFC Fund Manager Code of Conduct Independent Valuation Review

The revised SFC's Fund Manager Code of Conduct ("FMCC") which came into effect on 17 November 2018 requires that a fund manager to perform a **periodic review (at least annually)** of their valuation policies, procedures and processes. This review should be performed by a **competent and functionally-independent third party**.

As fund managers' fees are typically charged based on the fund's valued asset size, this requirement serves to mitigate any conflict of interest.

## Key Requirements For Fund Manager

### Fund Portfolio Valuation (Paragraphs 5.3.1-5.3.7 of revised FMCC)

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| Establishment of valuation policies and procedures   | Periodic review (at least annually) of valuation policies and methodologies  |
| Description of process on handling valuation exceptions such as pricing overrides and errors in the policies | Valuation of fund assets on regular basis in line with the dealing frequency |
| Disclosure of valuation and dealing frequency, and valuation basis to fund investors                         | Selection and monitoring on any third party valuation service providers      |

## How Deloitte Can Help

Our experienced advisory teams can support your needs by conducting independent assessment of a fund manager's investment valuation policy:

- 1 *Ascertain whether the entity has established valuation policies and procedures to ensure compliance with the revised FMCC*
- 2 *Perform gap analysis on existing valuation policies and identify any irregularities*
- 3 *Assess and test whether the valuations are consistently applied with the designated methodologies and to fund assets of similar types*
- 4 *Review whether disaster recovery and business continuity policies and procedures are in place for valuation process in case of emergency or service disruption*
- 5 *Provide recommendations for improvements on any irregularities identified*

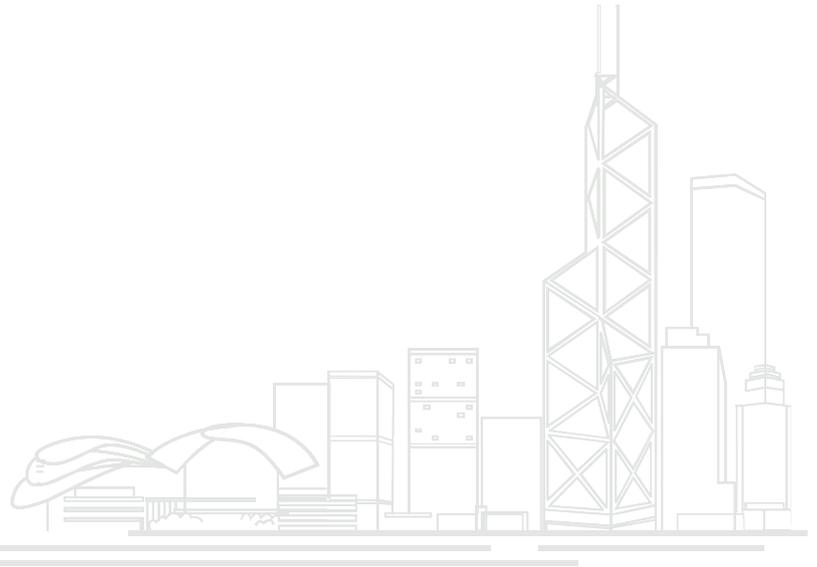


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