

Item 1 – Cover Page

## **ICON ASSET MANAGEMENT AG**

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Firm Brochure  
ADV Part 2A

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**This brochure provides information about the qualifications and business practices of Icon Asset Management AG (“Icon” or the “Firm”). If you have any questions about the contents of this brochure, please contact us via phone at +41 44 586 3629. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities agency.**

**Additional information about Icon is available on the SEC’s website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).**

**Icon is registering as an investment adviser with the SEC. Icon is a registered investment advisor. Registration as an investment advisor does not imply any level of skill or training.**

## Item 2 – Material Changes

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### **Material Changes since the Last Update**

The Firm is filing this Brochure as part of its initial filing with the SEC.

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## Item 4 – Advisory Business

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### **Firm Description**

Icon is based in Zurich, Switzerland and is organized as a corporation under the jurisdiction of Switzerland. The Firm is currently filing this brochure along with the Firm's Form ADV Part 1 as part of its initial registration with the Securities and Exchange Commission (the "SEC"). The Firm is registered with the Financial Services Standards Association ("VQF") in Switzerland. The VQF is a Swiss self-regulatory organization and is officially recognized, regulated and supervised by the Swiss Financial Market Supervisory Authority ("FINMA"). The Firm plans to submit an asset management application with FINMA in 2021.

Icon was established in March 2006 by Richard Toolen and his colleagues from Daiwa Securities (Europe) GmbH. Icon became regulated by the VQF in April 2007 in order to grow the Firm's business by managing outside capital. The VQF successfully audited Icon in April 2020 with no deficiencies noted and Icon remains a VQF member in good standing, with seven successful regulatory audits conducted and no client complaints.

Icon executed a joint venture agreement dated June 26, 2019, with Carmika Partners LLP ("Carmika"), a limited liability partnership located in London (the "Carmika Agreement"). In the Carmika Agreement, Icon agreed to include Carmika's strategies as part of Icon's official group of strategies offered to clients. Both parties also agreed to a fee sharing arrangement in which each party would receive a fee for marketing the Firm's combined strategies to new investors.

Icon executed a joint venture agreement dated August 27, 2018, with Elias Nechachby, an independent contractor located in Switzerland (the "Nechachby Agreement"). In the Nechachby Agreement, Icon agreed to include the MoSAIQ strategies as part of Icon's official group of strategies offered to clients. Both parties also agreed to a fee sharing arrangement in which each party would receive a fee for marketing the Firm's combined strategies to new investors.

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### **Principal Owner and Management Committee**

Richard T. Toolen is founder and Chief Executive Officer of Icon. Mr. Toolen is also Chairman of the Board of Directors of the Firm. The KayDo Family Trust holds 90% of the voting shares of the Firm. Mr. Toolen's wife and children are beneficial owners of the Trust. Mr. Toolen's shares are currently held in trust, however, for purposes of the Form ADV, Mr. Toolen is a controlling person of the Firm via the beneficial ownership of shares owned by Mr. Toolen's children and wife.

Mr. Philip O'Keefe, Esq. is Director and Chief Legal Officer and has a 5% ownership of the voting shares of the Firm and has no controlling interests. Mr. Suresh Krishnamurthy is Director, owns 5% of the voting shares of the Firm and has no controlling interests.

Icon has established an investment management committee that is headed by Mr. Toolen, Mr. Krishnamurthy and Mr. O'Keefe. All are also Icon Board Members.

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**Types of Advisory Services**

Icon offers three strategies which can be offered singularly or in combination with each other. The MoSAIQ ICON Carmika Market Neutral strategy, the MoSAIQ ICON Carmika Max Sharpe strategy and the MoSAIQ ICON Carmika Low Volatility strategy (together, the "Strategies"). Icon is responsible for all activities pertaining to the investment management of the Strategies.

The Strategies are currently offered via separately managed accounts ("SMAs") with an initial investment of \$10 million or higher, as well as Swiss certificates issued by Opus Chartered SA and Leonteq Securities otherwise known as actively managed certificates ("AMCs"). Icon does not manage a fund.

Opus Chartered S.A. in Luxembourg is the issuer of the AMCs and works with a German administrator to calculate the NAV. Baader Bank Germany is the calculation and payment agent for the AMCs. Interactive Brokers acts as Custodian for the AMCs and the SMAs. The SMA accounts are mainly family offices and trusts. The MoSAIQ ICON Carmika Market Neutral strategy is offered via the Market Neutral I AMCs and the Market Neutral II AMCs.

Icon also conducts marketing of the Strategies and determines client allocations (weightings), as well as overseeing the trade execution and risk management of the Strategies. Icon is also responsible for business development and client relationships.

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**Assets Under Management**

As of May 14, 2020, Icon had assets under management of \$37,000,000. All of the Firm's assets are attributable to non-U.S. clients. Client assets are held on a discretionary basis via a limited power of attorney. The Firm does not manage any wrap fee programs.

## Item 5 – Fees and Compensation

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**Fees**

Management Fees are negotiated on a case by case basis with each investor based on the size of their allocation, expected return, and risk tolerance. Icon currently levies a management fee of 2% and 20% Performance Fee on SMAs and AMCs.

Interactive Brokers provides daily NAV of the underlying AMC account. The calculation agent then debits the daily management and performance fees and publishes the net performance figure to Bloomberg and Telekurs. The Firm's administrator is involved in the valuation process by valuing some or all assets of the AMCs.

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**Fee Billing**

Investment management fees are billed quarterly, in arrears, for the AMC accounts meaning that Icon will invoice the client after each three-month billing period has ended. Fees are billed at the end of each calendar quarter based on the account balance on the last day of the quarter. The SMA accounts are assessed a monthly management fee.

## Item 6 – Performance-Based Fees and Side-By-Side Management

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Icon currently has a performance fee of 20% on SMAs and AMCs. The Firm's annual percentage of its performance fee is negotiable and is calculated using the net NAV with a high-water mark. The frequency of the payment and vesting schedule is monthly, quarterly or semi-annually as agreed with the client. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Icon's performance fees are billed semi-annually.

Icon does not participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

## Item 7 – Types of Clients

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### **Description**

Icon generally provides advisory services to pooled investment vehicles, family offices and trusts.

### **Account Minimums, Withdrawals and Redemptions**

Currently, clients can invest in the Strategies via SMAs and AMCs with a minimum initial subscription amount of \$200,000. The Strategies offer one class of units.

Subscriptions and redemptions in the AMCs can be made daily with a 20 basis points bid/ask spread to NAV. Furthermore, due to the use of SMAs, all proceeds from liquidated positions will immediately reflect in the client's own account. AMC redemptions will be processed and funds remitted to the bank account from which the initial subscription came.

## Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss

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### **Methods of Analysis**

The Portfolio Managers for the Strategies generate ideas from a variety of sources, including their own market trading experience, machine learning, A.I., research and research discussions with other industry participants. Investment ideas that align with a portfolio manager's own trading experience rank higher than ideas from external sources; however, all ideas are thoroughly tested before implementation. The typical flow involves first establishing an investment thesis, then, translating this thesis into code and then rigorously back-testing on historical data using multiple timeframes, instruments and parameters. The last testing stage is simulated trading using live price data and finally traded on a proprietary basis before being rolled out to clients.

Icon subscribes to third-party data providers and prime broker partners that provide research to Icon to facilitate trading ideas and new strategies. Icon combines these external analysis with internal proprietary sources.

Clients should understand that investing in securities involves risk of loss that clients should be prepared to bear.

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### **Investment Strategies**

The Strategies hedge their long cash equity exposure with short S&P 500 futures and long/short VIX futures positions through an automated systematic non-discretionary approach (via MATLAB). This long equity component is hedged through a dynamic permanent option hedging strategy. The investment objective is to achieve long-term positive absolute returns in all market conditions while maximizing the sharpe ratio and minimizing the drawdowns.

The portfolio manager executes the hedges based on the signals generated by a proprietary systemic algorithm that allows for stock selection that produces non-beta correlated returns and outperformance. The P&L from these hedges combined with the P&L from the cash equity positions form the total performance of the Strategies.

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### **Risk Management**

Aggregate risk is managed by Icon in several ways. Each SMA client specifies the risk and drawdown levels that the client is comfortable with which is memorialized in the investment management agreement. The algorithms within the strategies are then programmed to liquidate positions and risk when thresholds are reached. Prime Brokers and banks where the accounts are held provide a risk overlay also to ensure that the client account position and risk/drawdown thresholds are respected.

Finally, portfolio managers monitor all positions in real time to ensure adherence to the risk parameters. In the case of AMCs, this is done by the issuer, administrator, and custodian. While there is no official Risk Committee, the Board/Investment Committee currently fulfils this function.

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### **Investing Risk**

All investment programs have certain risks that are borne by the investor. **Investing in securities involves risk that you should be prepared to bear.** Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible or intangible events and conditions. This type of risk is caused by external factors independent of a security's underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When inflation is present, dollars spent in the future will not buy as much as today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as Exchange Rate Risk.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of



profitability than an electric company, for example, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Equity:** Equity investments generally refers to shares of stocks in return for receiving a prospective future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.
- **ETFs:** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

## Item 9 – Disciplinary Information

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### **Legal and Disciplinary**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the client's evaluation of their firm or the integrity of their management. Icon has no information applicable to this item.

## Item 10 – Other Financial Industry Activities and Affiliations

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### **Other Financial Industry Activities**

Icon advises on wealth management and structured products in association with Leonteq Securities, UBS Bank in Zurich, IG Bank Geneva, and Credinvest Bank in Lugano. Icon also arranges and advises on OTC commodity and currency transactions as well as direct investments into start-up companies.

## Item 11 – Code of Ethics, Personal Trading

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### **Code of Ethics**

As a registered member of the VQF, Icon is subject to the rules of professional conduct for the practice of asset management. The rules of professional conduct regulate the content of the asset management agreement and how it must be implemented where due attention is paid to the investor.

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### **Personal Trading**

The Firm requires permission for all staff wishing to trade in a personal account. To date, no staff member has engaged in personal trading. Personal assets are co-invested into the Strategies by Mr. Toolen, Mr. Elias Nechachby (MoSAIQ), Mr. Manjeet Mudan (Carmika) and Mr. Martin Vestergaard (Carmika).

## Item 12 – Brokerage Practices

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### **Broker-Dealer Selection**

For Icon's SMAs the executing broker and prime broker for each individual client would be the same brokerage firm. Brokers used currently are Interactive Brokers Zug and Morgan Stanley London.

As a fiduciary, Icon endeavors to act in its clients' best interests and seeks to obtain best execution.

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### **Directed Brokerage**

Icon has full discretionary authority to determine the broker-dealers/custodians to be used for a particular transaction.

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### **Order Aggregation and Allocation**

Currently all clients are invested in separately managed accounts and AMCs meaning that trades are allocated automatically by the executing broker, including partial or split fills.

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### **Soft Dollars**

Icon does not use any soft dollar services.

## Item 13 – Review of Accounts

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### **Periodic Reviews**

The Firm's compliance monitoring program includes monitoring of client onboarding, AML, regulatory reporting, investment mandate compliance, trading and operational systems, as outlined

and checked by the VQF. Frequency varies from ongoing daily monitoring of trading to annual monitoring for regulatory reporting.

Findings are either reported directly to Richard Toolen (responsible for compliance and AML) or to Stefan Herklotz (responsible for trading operations and risk management). Any concerns are escalated to the Investment Management Committee for further discussion and proposals for solutions.

## Item 14 – Client Referrals and Other Compensation

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### **Referrals**

Icon entered into a fee sharing arrangement with Carmika and MoSAIQ via two joint venture agreements, the Carmika Agreement and the Nechachby Agreement (see Item 4). Carmika and MoSAIQ (see Item 4) are businesses that support Icon in the management and execution of trading activities as well as raising AUM and finding new investors.

The Carmika Agreement and the Nechachby Agreement set forth the fee sharing details of referring clients to Icon. Under the terms of the Carmika and Nechachby Agreement, Icon will compensate Carmika and/or MoSAIQ if persons introduced by them become investors in the Strategies. Carmika and MoSAIQ may have a conflict of interest in advising prospective clients whether to engage with Icon.

## Item 15 – Custody

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### **Custody**

Icon does not maintain custody of client assets. SMA accounts and AMCs are maintained with Interactive Brokers ZUG or Morgan Stanley London, who are both qualified custodians.

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### **Account Statements**

Each custodian provides account statements directly to clients at their address of record on a quarterly basis, at a minimum. Clients should carefully review these statements.

## Item 16 – Investment Discretion

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### **Discretionary Authority for Trading**

Icon accepts discretionary authority to manage securities accounts on behalf of its clients. Icon has the authority to determine, without obtaining specific client consent, the type and amount of securities to be purchased or sold in a client's account.

Discretionary trading authority facilitates placing trades in client accounts on the client's behalf so that Icon may promptly implement the investment policies that the client has approved.

The Firm's discretionary authority regarding investments may however be subject to certain limitations. These limitations are recognized as the restrictions and prohibitions placed by the client on transactions in certain types of businesses or industries. All such restrictions are to be agreed upon in writing.

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**Limited Power of Attorney**

A limited power of attorney is a trading authorization for the purpose of investing and servicing a client's account. Clients sign a limited power of attorney so that Icon may execute trades on the client's behalf.

## Item 17 – Voting Client Securities

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**Proxy Votes**

Icon has an average holding period of equity positions from two days to two weeks and generally does not vote proxies.

## Item 18 – Financial Information

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**Financial Condition**

Registered investment advisers are required to provide certain financial information or disclosures about their financial condition. Icon has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.