Morant Wright Management Limited

The UK Stewardship Code

August 2015

Statement of Compliance

Morant Wright Management Limited ("Morant Wright" or "the Firm") is a specialist Japan investment manager founded in 1999 whose clients consist of:

- an Irish incorporated umbrella fund, Morant Wright Funds (Ireland) plc with 2 UCITS sub-funds, the Sakura Fund and the Fuji Yield Fund
- an Irish authorised OEIC, the MW Japan Fund
- 2 UK authorised UCITS, the CF Morant Wright Japan Fund and the CF Morant Wright Nippon Yield Fund
- a number of segregated institutional accounts

Morant Wright was founded with the purpose of investing in undervalued Japanese equities which offer clients the potential for long-term capital growth without undue risk. The Firm has developed a value based investment approach which seeks to minimise the risk of capital loss.

Given that the Firm invests only in the shares of Japanese companies, it is not possible for Morant Wright to comply with all aspects of the UK Stewardship code. Nevertheless, the Firm acknowledges the importance of the Code's Principles and its wider objectives. The following paragraphs set out the way in which our investment approach adheres to the objectives of the Code in the context of our exclusive focus on Japanese equities.

Principle 1

Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities

All investment decisions are taken, and all accounts are managed, by the fund managers on a collective basis. No one account is the responsibility of any one fund manager. This encourages collective responsibility to all clients and a long-term approach to investment. All the Firm's fund managers have many years' experience of investing in Japan (from at least 15 years to over 30 years) and in many cases long familiarity with the companies in which the Firm invests.

The Firm follows a bottom up, value orientated approach to investment. The emphasis is on preservation of capital and avoidance of risk.

Initial screening of potential companies for investment is carried out from brokers' research, company news and our own experience and in-house data base. This is followed by is detailed analysis of a company's balance sheet, looking in particular at the Price to Book Ratio and Enterprise Value to Operating Profit: consideration is given to the quality of the company's business franchise and the attitude of management to shareholder value and to the long-term development of the business. Wherever possible before investing we will seek to have contact with management either through a company visit in Japan or London or a conference call.

All managers travel regularly to Japan to meet with company management. In addition, many meetings with companies are held in London. Further on-going contact with management is made through conference calls.

Each client portfolio is actively managed and continually monitored. Weekly equity review meetings which all fund managers attend provide a forum for more formal review of stocks and of client portfolios.

Principle 2

Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

Morant Wright maintains a conflicts of Interest Policy which details the steps taken to identify and then eliminate or mitigate potential conflicts of interest.

The Policy requires that Morant Wright seeks to act in the best interests of its clients at all times. In the event that a conflict arises Morant Wright will put its clients' interests before its own.

MWML's sole business activity is discretionary investment management undertaken on behalf of clients. The same investment approach, that of long-term value investment based on detailed fundamental research, is applied to all accounts. Morant Wright's business therefore gives rise to few conflicts between itself and its clients or between its various clients.

Nevertheless, Morant Wright has taken measures to eliminate as far as possible those conflicts of interest which could arise between itself and its clients. These measures include:

- Morant Wright acts only in an agency capacity. Under the terms of its authorisation, it is prohibited from dealing as principal and will not do so under any circumstances.

- The Firm determines on an annual basis the overall amount of commission it is prepared to pay for brokers' research. This is then allocated across the brokers on the Firm's approved list on the basis of the quality of the product provided which is monitored on a regular basis. Commission is paid to brokers solely according to the quality of their research and their execution and for no other service. Morant Wright does not enter into soft commission or similar arrangements with brokers.

- Morant Wright does not accept excessive hospitality or gifts from third parties. All gifts or hospitality above a nominal amount must be declared to the Compliance Officer.

- Morant Wright agrees all fees and other charges in advance with its clients and does not seek additional or hidden remuneration.

- Morant Wright prohibits personal account dealing by all staff in Japanese equities and requires the prior permission of the Compliance Officer before personal account dealing is undertaken in funds investing in Japan, including those managed by the Firm.

- Morant Wright's policies on remuneration and equity participation are designed to encourage long-term decision making both in investment management and in the development of the business. No employee is remunerated according to the investment performance of any fund in order to remove any incentive to favour one fund over another.

Morant Wright seeks to achieve equal treatment between its clients. Measures to achieve this include:

- All investment decisions are taken in the light of the mandate agreed with the client or set out in the fund prospectus.

- All investment decisions are taken by the fund managers on a collective basis. No manager is assigned to a particular fund or client.

•	Intended allocations for all bargains are written down in advance on the dealing sheets. Where the bargain is not executed in full it is automatically allocated between clients on a pro rata basis by the Linedata dealing and management system (rounding up or down as appropriate for odd lots). Executions are entered into the firm's dealing system by back office staff who are independent of the fund manager.

Morant Wright employees do not hold directorships in other financial services companies, or companies in which the Firm invests. Morant Wright employees do not have significant external business interests.

Principle 3

Institutional investors should monitor their investee companies

As described in Principle 1, fund managers monitor on a daily basis all news items which may affect the companies in which we are invested. Company results are reviewed in detail.

Research and market information provided by brokers is used to provide additional coverage.

The Firm keeps a full record of every meeting (which number approximately 200 annually) which it has held with companies in Japan and London and of all conference calls. These records go back to the Firm's inception in 1999.

Principle 4

Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.

Four of the Firm's five funds are UCITS and the fifth, the MW Japan Fund, is managed on the same lines as the other four. The UCITS directive prohibits a UCITS from having significant influence over any company in which it invests.

Additionally, for prudential reasons, the Firm has a self-imposed guideline of not owning more than 5% of any share class of any company across all its funds. Where this guideline is exceeded (eg because of market movement), the Firm will seek to reduce the position at a time when it is in the interests of its clients to do so.

Analysis of the aggregated positions across all clients is carried out daily on the Firm's Linedata system to ensure that a position of significant influence is not reached.

Principle 5

Institutional investors should be willing to act collectively with other investors where appropriate.

The Firm would be ready to act in collaboration with other investors where it was considered in the interests of the Firm's clients to do so.

However, it must be recognised that the scope for collaborative action is limited for a number of reasons, including:

- as mentioned above, the Firm's policy of not holding more than 5% of a share class of a company across all accounts means it does not have a position of significant influence
- the Firm's distinctive investment approach means that Morant Wright tends to invest in small and mid-cap companies which have fewer foreign shareholders than larger companies

- the particular nature of the shareholder structure of many Japanese companies which have substantial cross-shareholdings.

Principle 6

Institutional investors should have a clear policy on voting and disclosure of voting activity

Voting decisions are made by the fund managers in the best interests of the Firm’s clients.

Requests for voting instructions are sent to the Firm by the clients’ custodians and responses sent via the Proxyedge system. The Firm keeps a full record all instructions given.

Principle 7

Institutional investors should report periodically on their stewardship and voting activities.

While a consistent advocate that Japanese management should place greater emphasis to the interests of shareholders, particularly in the area of returning surplus capital to them, the Firm does not seek actively to influence the operation of companies in which it invests. It believes that the effectiveness of its long-term investment approach is the issue of primary concern to its clients.

Nevertheless, a full record of voting history is available to any client who requests it.

The Firm updates this statement annually and it, too, is available on request.

AADMcK

August 2015