

Order Execution Policy and Report

Morant Wright Management Limited (“the Firm” or “MWML”) manages portfolios of investments on a discretionary basis for two UK domiciled UCITS (the LF Morant Wright Japan Fund and the LF Morant Wright Nippon Yield Fund), two Irish domiciled UCITS (the Morant Wright Sakura Fund and the Morant Wright Fuji Yield Fund) and one Irish domiciled Alternative Investment Fund (the MW Japan Fund) as well as a number of segregated institutional client portfolios (together, “clients”).

MWML is authorised and regulated by the Financial Conduct Authority (“FCA”) and is an investment firm subject to the requirements of the FCA rules that implement the Markets in Financial Instruments Directive and Markets in Financial Instruments Regulation (together, “MiFID2”), including the best execution rules. This document sets out MWML’s order execution policy, as required by MiFID2.

1. MiFID2 and best execution obligations

Order execution

1.1 As an investment manager, MWML makes, and then gives effect to, portfolio management decisions to deal in financial instruments on behalf clients for whom it acts as investment manager. There are two methods of giving effect to those decisions that are distinguished for the purposes of the FCA Rules:

1.2 MWML can place an order with a third party (e.g. a stockbroker or investment bank) for that third party to execute on behalf of the relevant client. Such third parties are referred to in this Disclosure Statement as “Brokers”.

1.3 MWML can execute the relevant transaction on behalf of the relevant client directly with a counterparty or on an exchange or other trading system. The counterparty, exchange or trading system with whom the Investment Manager chooses to execute such a transaction is referred to in this summary as an “Execution Venue”.

1.4 As an investment manager, MWML is required either: (i) when directly executing orders with or on an Execution Venue on behalf of the relevant client or (ii) when placing orders with Brokers for execution by that Broker on behalf of the relevant client, both:

- (i) to act in accordance with the best interests of the client; and
- (ii) to take all reasonable steps to obtain the best possible result by reference to the “Execution Factors” (see below) for the client.

Currently, MWML only executes orders through Brokers and does not execute transactions on behalf of its clients directly with a counterparty or on an exchange or other trading system (known as “direct execution”).

1.5 MWML shall, on request from a client, demonstrate that it has executed orders on behalf of that client in accordance with the Best Execution Obligation.

Mifid execution factors and criteria

1.6 In order to comply with the above obligations, MWML must take all sufficient steps to obtain the best possible result for its clients, taking into account the “execution factors” specified by MiFID2. The specified execution factors are:

- price;
- costs;
- speed;
- likelihood of execution and settlement;
- size;
- nature; or
- any other consideration relevant to execution of the order.

1.7 The relative importance of the execution factors must be determined by reference to the "execution criteria" which are:

- the characteristics of the client, including the categorisation of the client as retail or professional;
- the characteristics of the client order,
- the characteristics of the financial instrument that are the subject of that order; and
- the characteristics of the Brokers and/or Execution Venues to which that order can be directed.

2. Overview of MWML's order execution policy and procedures

2.1 MWML seeks to ensure compliance with the Best Execution obligation as required by FCA rules on all trades the Firm executes on clients' behalf. MWML also seeks to ensure that the client receives value for money on the dealing commission spent on their behalf. MWML has implemented this policy to enable the Firm to comply with the obligation to take all sufficient steps to obtain the best possible result for its clients.

2.2 All MWML employees who are responsible for placing orders with brokers for execution (the fund managers) must ensure that they act in accordance with the requirements and guidance set out in this policy.

The Annex

This policy must be read in conjunction with the attached Annex. In particular, the Annex identifies each approved Broker and the factors affecting the choice of Broker. The Brokers identified have execution arrangements that will enable MWML to comply with its obligations in relation to best execution.

2.3 MWML gives effect to decisions to deal on behalf of professional clients only (as defined in MiFID2). This means that the Firm is entitled to assess the best possible result for its clients in terms of the various execution factors and not simply on the basis of the total consideration (price and cost). Nevertheless, Morant Wright will always prioritize the price achieved and the costs of execution.

Dealing methodology

2.4 MWML deals on behalf of clients only in listed Japanese equities. MWML does not use derivatives in the management of clients' accounts. (Forward foreign exchange contracts are used to hedge the currency exposure of some share classes of the Sakura, Fuji Yield and MW Japan Funds. This is carried out by Bank of New York Mellon under the authority of the directors of each fund and the scrutiny of the Morant Wright Compliance Officer.)

2.5 All orders to buy and sell such securities are placed by the Firm on a discretionary basis. Orders are placed with one of the Brokers on the Firm's approved list chosen according to the criteria set out in Section 3 below. It is MWML's expectation that orders are executed on the exchange which provides the greatest pool of liquidity and hence the most efficient price formation in the security concerned. Normally, this will be the Tokyo Stock Exchange. Choice of Execution Venue is the responsibility of the Broker to whom the order is given, subject to the requirement to provide Best Execution at all times.

2.6 All orders are placed on an agency basis. Orders are placed either with a specific price limit or at the Broker's careful discretion. In all cases, the terms of the order are that the Broker must provide Best Execution. It is extremely rare for MWML to participate in IPO's, secondary offerings or block trades, although the Firm will do so where it considers that it is in its client's interests.

2.7 Client orders may be aggregated with those of other clients for execution where the Firm reasonably believes that this is in the overall best interests of clients. Intended allocation of all orders is recorded in advance. Where there is only partial execution of orders, allocation is on a pro rata basis, rounded where necessary to take account of the trading lot size of the security in question.

2.8 Quality of execution of trades is assessed on the day following execution by a fund manager and regularly by the Compliance Officer by comparing the price achieved against the daily Volume Weighted Average Price (“VWAP”) for the security.

2.9 With a majority of brokers we have agreed that they will execute trades at guaranteed VWAP (with exceptions). Analysis has shown that in terms of price received this is of overall advantage to the client.

Commission

2.10 A standard rate of commission of 0.08% is paid across all brokers on all accounts. Occasionally, this may be reduced, for example for block trades.

2.11 The total amount of commission paid inevitably varies due to client inflows/outflows and bull and bear market conditions. The total amount of commission paid to brokers is kept under regular review.

2.12 Commission is paid purely for execution. Morant Wright pays for all third party research and corporate access out of its own resources.

Specific instructions from clients as to how to execute an order

2.13 MWML manages all accounts on an entirely discretionary basis and does not accept specific instructions from a client when placing an order with, or transmitting an order to, another entity for execution, as to how to execute an order.

Review of the policy

2.14 MWML will review this policy, and its order execution arrangements, at least twice annually and whenever a material change occurs that affects the firm's ability to continue to obtain the best possible result for its clients on a consistent basis.

Provision of information to clients and obtaining client consent

2.16 MWML will provide appropriate information to its clients on this policy and will make it available on its web-site. MWML will also monitor, on a regular basis, the effectiveness of the policy and, in particular, the execution quality of the brokers identified in that policy and, where appropriate, correct any deficiencies.

3. Indirect execution

3.1 In choosing the approved brokers specified in the Annex, MWML has taken care to select those brokers that, in its view, consistently provide a high quality execution service..

3.2 When selecting brokers for order placement or transmission, MWML may take into account the following qualitative factors (amongst others):

- Accurate and timely execution, settlement, clearance
- Reputation, financial strength and stability
- Block trading and block positioning capabilities
- Willingness to execute difficult transactions
- Access to underwritten offerings and secondary market trades
- Ongoing reliability
- Overall costs of a trade including commissions, mark-ups, markdowns or spreads
- Nature of the security and the available markets
- Execution over a desired timeframe for the transaction
- Size of the trade and ability to fill trades in staged orders
- Anonymity of trading activity

3.3 Where MWML places an order with a broker for execution by that broker, MWML is not responsible for controlling or influencing the arrangements made by the broker relating to the execution of that order (i.e. MWML does not control the broker's choice of execution venues, such as exchanges, multilateral trading facilities or internal dealing facilities). MWML is not required to duplicate the efforts of the broker to whom an order is passed in ensuring the best possible result.

3.4 MWML's policy is therefore to ensure that the brokers included in the Annex are the ones who will assist it to comply with its best execution obligations (by delivering the best possible result) and that orders are passed to those brokers in accordance with the policy.

3.5 It is the Firm's policy never to cross stock between accounts purely by internal transfer. Crosses are always put through a broker at market price at a reduced rate of commission.

Cross trades may only be conducted with the approval of the firm's compliance office who must be sent a brief note by the appropriate fund manager detailing the rationale for the trade.

4. Client consent and notification

4.1 MWML has an obligation to provide clients with appropriate information on this policy. In order to comply with this obligation, MWML has made a copy of this policy available on its web-site.

4.2 To the extent that MWML makes any material changes to this policy (whether pursuant to the review process or otherwise), it is obliged to notify the changes to its clients. Compliance will ensure that such notifications are made.

4.3 MWML is required to summarise and make public on an annual basis the top five (or such lesser number as it may use) Brokers to which the Firm transmits orders for execution, in terms of trading volumes, in the preceding year, including information on the quality of execution obtained.

4.4 This information will be published annually on MWML's website as at 31st January each year.

5. Monitoring and reviewing this policy

5.1 MWML has an obligation to monitor the effectiveness of its order execution arrangements and this policy. This obligation has been incorporated into MWML's general Compliance Monitoring process.

5.2 The monitoring process will involve on-going monitoring by the fund managers and administrative and the Compliance Officer of all transactions to ascertain whether the best possible result was obtained in respect of those transactions. Normally, the volume weighted average price (vwap) for the relevant day will be the benchmark against which this will be measured.

5.3 If the Compliance Officer concludes that there was significant variation from the vwap, he will record the reasons for this which may include liquidity or other market conditions.

5.4 In addition, MWML will, at least twice annually, review this policy and its execution arrangements. The review will focus on whether MWML would obtain better results for its clients if it were to include additional or different brokers, assign a different relative importance to the execution factors and/or modify any other aspects of this policy and/or its execution arrangements.

5.5 In undertaking this review, MWML will take into account: (i) the information required to be published annually by Brokers on the quality of execution of transactions on that venue; and (ii) information that MWML is required to publish annually on the top five Brokers to whom it has transmitted orders for execution, including information on the quality of execution obtained.

5.6 MWML will also review this policy and/or its execution arrangements whenever a material change occurs that could affect its ability to obtain the best possible result for the execution of its clients' orders.

ANNEX

APPROVED BROKERS AND EXECUTION VENUES FOR JAPANESE EQUITIES

During H2 2020 MWML used the following Brokers and Execution venues for Japanese Equities

Broker	Region/Market	Percentage of trades by value
Japan	MUFG Securities EMEA U7M81AY481YLIOR75625	30.6%
Japan	SMBC Nikko Capital Markets G7WFA3G3MT5YHH8CHG81	20.2%
Japan	Mizuho International 213800HZ54TG54H2KV03	19.1%
Japan	Tachibana Securities 353800WM9GXGM1QDQT58	17.4%
Japan	Daiwa Capital Markets MIM2K09LFYD4IB163W58	12.7%

During H1 2021 MWML used the following Brokers and Execution venues for Japanese Equities

Broker	Region/Market	Percentage of trades by value
Japan	MUFG Securities EMEA U7M81AY481YLIOR75625	44.0%
Japan	SMBC Nikko Capital Markets G7WFA3G3MT5YHH8CHG81	22.1%
Japan	Daiwa Capital Markets MIM2K09LFYD4IB163W58	11.8%
Japan	Tachibana Securities 353800WM9GXGM1QDQT58	11.2%
Japan	Mizuho International 213800HZ54TG54H2KV03	10.9%

As a prerequisite, MWML will only place orders with brokers of sound reputation, financial strength and stability.

The execution factors applicable to all brokers in order of importance are the price which is likely to be obtained, cost of commission and other charges (if any) and likelihood of execution and efficiency of settlement.

Morant Wright Management Limited
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