



ORDER EXECUTION POLICY

Zennor Asset Management LLP ("Zennor" or "the Firm") manages portfolios of investments on a discretionary basis for three clients; the **Zennor Japan Fund**, the **Zennor Japan Equity Income Fund** & the **Zennor Japan Special Situations Fund**. Zennor 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 Zennor's order execution policy, as required by MiFID2.

MiFID2 and Best Execution Obligations

Order Execution

1. As an investment manager, Zennor makes, and then gives effect to, portfolio management decisions to deal in financial instruments on behalf of clients for whom it acts as an investment manager. There are two methods of giving effect to those decisions that are distinguished for the purposes of the FCA Rules:
2. Zennor 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".
3. Zennor 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".
4. As an investment manager, Zennor 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:
 - a) to act in accordance with the best interests of the client; and
 - b) to take all reasonable steps to obtain the best possible result by reference to the "Execution Factors" (see below) for the client.

Currently, Zennor 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").

5. Zennor 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

6. In order to comply with the above obligations, Zennor 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.

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.

Overview of Zennor's Order Execution Policy and Procedures

- A. Zennor seeks to ensure compliance with the Best Execution obligation as required by FCA rules on all trades the Firm executes on clients' behalf. Zennor also seeks to ensure that the clients receive value for money on the dealing commission spent on their behalf. Zennor 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.
- B. All employees who are responsible for placing orders with brokers for execution 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 Zennor to comply with its obligations in relation to best execution.

- C. Zennor 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, Zennor will always prioritise the price achieved and the costs of execution.

Dealing Methodology

- D. Zennor deals on behalf of clients only in listed equities.
- E. 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 **Indirect Execution** below. It is Zennor'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.

- F. 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. Zennor will participate in IPO's, secondary offerings, or block trades where it considers that it is in its client's interests.
- G. 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.
- H. Quality of execution of trades is assessed on the day following execution by a fund manager and regularly by the Head of Trading by comparing the price achieved against the daily Volume Weighted Average Price ("VWAP") for the security.
- I. With a majority of brokers, we have agreed that they can execute trades at guaranteed VWAP (with exceptions).

Commission

- J. A standard rate of commission of 10bp is paid across all brokers on all accounts. Occasionally, this may be reduced, for example for program trades.
- K. 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.
- L. Zennor 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

- M. Zennor 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.
- N. Zennor will provide appropriate information to its clients on this policy and will make it available on its website. Zennor 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.

Indirect Execution

1. In choosing the approved brokers specified in the **Annex**, Zennor has taken care to select those brokers that, in its view, consistently provide a high-quality execution service.
2. When selecting brokers for order placement or transmission, Zennor may consider 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. Where Zennor places an order with a broker for execution by that broker, Zennor is not responsible for controlling or influencing the arrangements made by the broker relating to the execution of that order (i.e. Zennor does not control the broker's choice of execution venues, such as exchanges, multilateral trading facilities or internal dealing facilities). Zennor is not required to duplicate the efforts of the broker, to whom an order is passed, in ensuring the best possible result.
4. Zennor'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.

Client Consent and Notification

- Zennor has an obligation to provide clients with appropriate information on this policy. To comply with this obligation, Zennor has made a copy of this policy available on its website.
- To the extent that Zennor 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.
- Zennor 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.
- This information will be published annually on Zennor's website as of 31st December each year.

Monitoring and Reviewing this Policy

- a) Zennor has an obligation to monitor the effectiveness of its order execution arrangements and this policy. This obligation has been incorporated into Zennor's general Compliance Monitoring process.
- b) The monitoring process will involve on-going monitoring of all transactions by the fund managers and the Head of Trading 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.
- c) If the Head of Trading concludes that there was significant variation from the VWAP, he will record the reasons for this which may include liquidity or other market conditions.
- d) In addition, Zennor will, at least twice annually, review this policy and its execution arrangements. The review will focus on whether Zennor 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.
- e) In undertaking this review, Zennor will take into account: (i) the information required to be published annually by Brokers on the quality of the execution of transactions on that venue; and (ii) information that Zennor 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.
- f) Zennor 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.

Zennor Asset Management LLP,
January 2024

ANNEX

APPROVED BROKERS AND EXECUTION VENUES FOR JAPANESE EQUITIES:

- CLSA
- Tora
- Daiwa Capital Markets
- Goldman Sachs
- Ichiyoshi Securities
- JP Morgan Securities
- Liquidnet
- Morgan Stanley
- Mizuho International
- SBI Securities
- SMBC Nikko Capital Markets
- Tachibana Securities
- UBS
- BTIG
- Virtu
- Instinet

Zennor Asset Management LLP
January, 2024