

MORANT WRIGHT MANAGEMENT LIMITED

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Morant Wright Sakura Fund September 2017 Newsletter

NAV at 29th September 2017: Euro: €15.76, Japanese Yen: ¥1,652.11, Sterling: £15.78
Swiss Franc: CHF15.46, US Dollar: \$15.96

Returns	Month	Year to date	Since Inception (7 th May 2013)
Yen (unhedged)	+5.1%	+12.7%	+65.2%
TOPIX Net Total Return	+4.2%	+12.1%	+52.3%
Euro (hedged)	+5.0%	+11.8%	+57.6%
Sterling (hedged)	+5.0%	+12.5%	+57.8%
Swiss Franc (hedged)	+5.0%	+11.6%	+54.6%
US Dollar (hedged)	+5.1%	+13.2%	+59.6%

Performance given for accumulation shares

Sources: Bloomberg and Capita Financial Managers

September saw TOPIX hit its highest level in two years as the stock market continued its steady rise. Over the month TOPIX increased by 3.5% in local terms. There was a clear distinction between defensive sectors, which underperformed, and cyclical sectors such as autos and machinery which generally performed well.

Taking advantage of his recovering approval ratings, Prime Minister Abe called a snap election for the Lower House to take place on 22 October. The LDP coalition currently controls two-thirds of the 475 seats. His manifesto includes a new spending package worth ¥2trn for education and childcare as well as a commitment to raising the consumption tax in 2019. Unexpectedly the official opposition, the Democratic Party of Japan, will not stand in the election. Instead their candidates will be allowed to stand for the Party of Hope, a newly-formed political party headed by the Governor of Tokyo, Yuriko Koike.

Economic data continue to be strong. Exports for August rose 10% year-on-year in volume terms which led to a trade surplus of ¥114bn. This strength in exports helped contribute to a rise of 5% in August industrial production. The latest CPI figures showed inflation reaching its highest growth in more than two years, with core CPI rising by 0.7%. Similarly, the latest annual land price survey showed commercial property prices increased for the second consecutive year, albeit by a modest 0.5%. The price rises were led by Tokyo, Osaka and Nagoya. The survey also showed that residential land prices continued to fall marginally, although the rate of decline has slowed.

The second public offering of Japan Post Holdings was announced and completed during the month. The ¥1.3trn sale was priced at the top end of the range, reflecting strong demand for the shares. After many months of discussions, Toshiba finally sold its flash memory business for \$18bn to a consortium led by Bain Capital, marking another significant deal by a private equity group in Japan. Kuraray announced the acquisition of US company Calgon Carbon for \$1.1bn, which it will add to its existing carbon business. Interestingly, Sampo Japan announced the sale of UK insurer Canopus for \$952m, a similar price to the price it paid to buy it in 2014. Earlier this year Sampo acquired Endurance, another overseas insurance company which has some overlapping businesses.

One of the fund's largest holdings is Toyota Industries, the former parent company of Toyota Motor and still one of its largest shareholders. The balance sheet is extremely strong, with net cash and securities of ¥1,251bn, equivalent to over 60% of its market cap. It also stands at a price-to-book ratio of only 0.9x. Yet it is also the world leader in two different products: air conditioner compressors, where it has a 43% global market share, and forklift trucks, in which it has 21%. Last fiscal year the company paid out 30% of profits in dividends and also bought back more than 1% of its shares.

If you would like to deal in the Fund, please contact Capita Financial Managers (Ireland) Limited. Their telephone number is **+353 1 400 5300**.

Stephen Morant, Ian Wright, Richard Phillips, Tom Mermagen, Andrew Millward and Denis Clough

The Fund is eligible for pensions and ISAs. Please contact Capita Financial Managers Limited for details.

Your attention is drawn to the important regulatory information on the reverse of this document.

AUTHORISED AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY
REGISTERED IN ENGLAND NUMBER 3692692

Morant Wright Sakura Fund Information

Fund type	Offshore OEIC, domiciled in Ireland
Fund currency	Base currency: ¥ Hedged classes available in: £, \$, €, CHF Unhedged class available in ¥
Launch date	May 2013
Geographic exposure	100% Japanese equities

Share types	Accumulation
Share fees	1% Management Fee (all shares) <i>No performance fees</i>
Minimum investment	€5,000 (Euro shares) ¥1,000,000 (Japanese Yen shares) £5,000 (Sterling shares) CHF5,000 (Swiss Franc shares) US\$5,000 (US Dollar shares)

Dealing frequency	Daily
Deal cut-off point	11.00am (Irish time)
Valuation point	12.00pm (Irish time)
Settlement	T+4 (subscriptions/redemptions)

Fund administrator	Capita Financial Managers (Ireland) 2 nd Floor, 2 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland Tel: +353 1 400 5300 Fax: +353 1 400 5350
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UK tax status	Approved as a Reporting Fund by HMRC
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Bloomberg Code	
Euro	MWSKEUR ID
Japanese Yen	MWSKYEN ID
Sterling	MWSKSTL ID
Swiss Franc	MWSKCHF ID
US Dollar	MWSKUSD ID
SEDOL	
Euro	B7ST847
Japanese Yen	B9140F8
Sterling	B840XH9
Swiss Franc	B93V6N7
US Dollar	B8JTQR2
ISIN	
Euro	IE00B7ST8472
Japanese Yen	IE00B9140F89
Sterling	IE00B840XH97
Swiss Franc	IE00B93V6N72
US Dollar	IE00B8JTQR23

Top Ten Holdings	% Fund
Mitsubishi UFJ Financial Group	3.0
Tokyo Broadcasting System	2.9
Nippon Television Network	2.8
Toyota Industries	2.8
Sumitomo Electric Industries	2.8
Kinden	2.7
Fuji Media Holdings	2.7
Sumitomo Mitsui Trust	2.7
Toda Corp	2.7
Sumitomo Mitsui Financial Group	2.6
Number of Holdings	61
Fund Size	\$600m

All performance information is calculated by Morant Wright Management Limited using share price data provided by Capita Financial Managers (Ireland) Limited. Index data are taken from Bloomberg.

Performance is based on the Fund nav data as at 29th September 2017 and accurate as at that date.

This document is issued and approved by Morant Wright Management Limited which is authorised and regulated by the Financial Conduct Authority.

Disclaimer

Please remember that past performance is not a guide to future performance. The value of the Fund and any income from it can fall as well as rise as a result of both market and currency fluctuations and investors may not get back the amount originally invested. Investors must be willing to accept some risk to their capital. Consequently, the fund may be suitable for investors who are looking to set aside their capital for the longer term (i.e. at least 5 years).

Before making an investment in the Fund you are strongly advised to read the Full Fund Prospectus and Supplement, which can be obtained from Capita Financial Managers (Ireland) Limited, 2nd Floor, 2 Grand Canal Square, Dublin 2, Ireland or ourselves.

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