

MORANT WRIGHT MANAGEMENT LIMITED

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CF Morant Wright Nippon Yield Fund September 2017 Newsletter

NAV at 29th September: Accumulation: A Shares 409.96p, B Shares 429.00p
Income: A Shares 341.95p, B Shares 357.92p

£ Returns	Month	Year to date	Since inception (1 st Oct 2008)
A Shares	-0.1%	+9.4%	+325.9%
B Shares	-0.1%	+9.8%	+345.3%
TOPIX Net Total Return	-1.4%	+7.2%	+121.7%

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, Sompo 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 Sompo 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 Limited. Their telephone number is **0345 922 0044**.

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.

CF Morant Wright Nippon Yield Fund Information

Fund type	UK authorised OEIC
Fund currency	Sterling
Launch date	October 2008
Geographic exposure	100% Japanese equities

Bloomberg Code	
A Accumulation	CFMWNAALN
B Accumulation	CFMWNBALN
A Income	CFMWNVALN
B Income	CFMWNBYLN

Share types	A Shares: Accumulation and Income B Shares: Accumulation and Income
Share fees	A Shares: 1.5% Management Fee B Shares: 1.0% Management Fee <i>No performance fees</i>
Minimum investment	£5,000 (A and B shares)
Dividend Ex Dates	30 April, 31 October (interim)
Dividend Pay Dates	30 April, 31 December (interim)

SEDOL	
A Accumulation	B3WYRF4
B Accumulation	B42MKS9
A Income	B2R8390
B Income	B2R83B2
ISIN	
A Accumulation	GB00B3WYRF43
B Accumulation	GB00B42MKS95
A Income	GB00B2R83902
B Income	GB00B2R83B20

Dealing frequency	Daily
Deal cut-off point	12pm
Valuation point	12pm
Settlement	T+4 (subscriptions/redemptions)

Top Ten Holdings		% Fund
Mitsubishi UFJ Financial Group		2.9
Kyowa Exeo		2.8
Sumitomo Mitsui Financial Group		2.8
Sumitomo Mitsui Trust		2.8
Jafoo		2.7
Fuji Media		2.6
Toyota Motor		2.5
Tokai Rika		2.4
Toyota Industries		2.4
Honda Motor		2.4
Number of Holdings		64
Fund Size		£489m

Fund administrator	Capita Financial Managers Arlington Business Centre Millshaw Park Lane Leeds LS11 0PA
	Tel: 0345 922 0044
	Fax: 0113 224 6001

Performance

	2016	2015	2014	2013	2012	Since inception* (Oct 2008)
A Shares	+28.6%	+20.8%	+5.8%	+18.5%	+5.6%	+325.9%
B Shares	+29.3%	+21.4%	+6.3%	+19.1%	+6.2%	+345.3%
TOPIX Net Total Return	+24.0%	+16.6%	+2.3%	+23.9%	+3.5%	+121.7%

* Share price performance is for income units with dividends reinvested up to August 2010, and accumulation units thereafter

All performance information is calculated by Morant Wright Management Limited using share price data provided by Capita Financial Administrators Limited. Index data are taken from Bloomberg. Performance is given in sterling terms based on the Fund NAV. Data are as at 31st August 2017 and accurate as at that date.

Dividends

Ex-Dividend Date	30 Apr 2012	30 Apr 2013	31 Oct 2013	30 Apr 2014	31 Oct 2014	30 Apr 2015	31 Oct 2015	30 Apr 2016	31 Oct 2016	30 Apr 2017
Dividend per 'A' Income Share	5.1646	5.2207	2.2185	2.6404	2.3072	2.8431	2.3347	3.7670	4.0977	4.1547
Dividend per 'B' Income Share	5.2510	5.3360	2.2749	2.7196	2.3828	2.9372	2.4158	3.9154	4.2679	4.3976

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 Simplified or the Full Fund Prospectus, which can be obtained from Capita Financial Managers Limited, PO Box 389, Darlington, DL1 9UF, or ourselves.

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