

# MORANT WRIGHT MANAGEMENT LIMITED

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## Morant Wright Fuji Yield Fund March 2018 Newsletter

NAV at 29<sup>th</sup> March 2018: Yen: ¥1423.93, Sterling: £13.90, US Dollar: \$13.86  
Euro: €14.56, Swiss Franc: CHF9.44, Yen B shares: ¥1247.27

	Month	Year to date	Performance since inception	TOPIX Net TR since inception*	Inception date
Yen (unhedged)	-4.0%	-7.4%	+42.4%	+32.4%	4 Nov 2014
TOPIX Net Total Return	-2.9%	-5.5%			
Sterling (hedged)	-4.0%	-7.5%	+39.0%	+32.4%	4 Nov 2014
US Dollar (hedged)	-3.8%	-7.1%	+38.6%	+28.5%	28 Nov 2014
Euro (hedged)	-4.0%	-7.6%	+45.6%	+38.8%	7 Apr 2016
Swiss Franc (hedged)	-4.1%	-7.8%	-5.6%	-5.2%	11 Dec 2017
Yen B shares (unhedged)	-3.9%	-7.2%	+24.7%	+17.0%	12 Mar 2015

Sources: Bloomberg and Link Asset Services.

Performance and NAV given for accumulating shares; distributing shares are available in the same currencies

\* Performance of TOPIX Net TR index since inception is shown in yen

The Japanese market remained weak during March falling by 2.9% in local currency terms. Some commentators blamed the fall on a decline in Prime Minister Abe's approval rating as the Moritomo school scandal received more attention. The continued outperformance of defensive and growth segments of the market, however, suggest that probably a greater concern was the growing trade dispute between the US and China. Overseas investors continued to sell at a significant pace and have now sold nearly ¥8trn this year.

Following President Trump's announcement of tariffs on steel and aluminium, China has responded with a range of taxes on imports from the US such as wine and pork. The immediate impact of the steel and aluminium levy on Japan is negligible but the concern is for a potential escalation. Japan, perhaps because of its trade surplus with the US rather than its own tariff barriers, was not exempted from the US tariffs unlike other trading partners such as Canada, Mexico or the EU.

The initial indications are that this year's spring wage hikes have increased at a faster pace than last year. Toyota gave a 3.3% rise versus 3.0% last year and the Japanese Trade Union Confederation released data showing an increase, including seniority pay, of 2.42% versus 2.27%. Given the very tight labour market, this seems surprisingly modest. News about property prices remains positive. In 2017 annual land prices rose by 0.4% which is the strongest performance since 2008. As usual, the major metropolitan areas outperformed the countryside and commercial prices also outstripped residential. Despite the stronger yen versus the dollar, tourist numbers continue to climb. The number of foreign visitors to Japan in January and February rose by 15.7% compared with a year ago. This has helped department store sales which continue to grow, although other consumer indicators such as domestic car sales fell.

As most companies in Japan close their books at the end of March, this is typically a quiet month. There was an upward revision to earnings from Eizo Nanao and Hakuto raised its profits and dividend by approximately 15%. Hakuto's payout ratio is just over 30% so there should still be scope for more growth in the future. Disappointingly share buybacks have fallen for the second year in a row with 539 companies (672 last year) announcing ¥4.4trn in share buybacks (¥4.8trn). Following the rise in the market, it would appear that more companies are shifting the emphasis of shareholder returns to higher dividends.

As we approach the results season, most analysts are relaxed about the year which has just ended but have concerns over the likely rate of growth for the year ending March 2019. For most of the last fiscal year the yen was about ¥112 versus the dollar, as against the current rate of ¥106. On its own that move would probably only trim earnings estimates by around 4% but slowing global growth and the potential escalation of trade disputes could also lower expectations. These concerns appear to have been largely discounted in the valuations of the portfolio with the price to book now only a bit above 0.8x and the EV/OP (i.e. the net cash and securities adjusted PE before tax) less than 6x March 2018 profits. If you would like to deal in the Fund, please contact Link Asset Services. 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 Link Asset Services 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 Fuji Yield Fund Information

<b>Fund type</b>	UCITS OEIC, authorised in Ireland
<b>Fund currency</b>	Base currency: Japanese Yen Hedged classes available in £, \$, €, CHF Unhedged class available in ¥, €
<b>Launch date</b>	November 2014
<b>Geographic exposure</b>	100% Japanese equities

<b>Share types</b>	Accumulating and Distributing
<b>Share fees</b>	1.0% Management Fee (all other shares) 0.75% Management Fee (Yen B shares) <i>No performance fee except Yen B shares</i>
<b>Minimum investment</b>	€5,000 (Euro shares) ¥1,000,000 (Japanese Yen shares) US\$5,000 (US Dollar shares) £5,000 (Sterling shares) CHF5,000 (Swiss Franc shares)

<b>Fund administrator</b>	Link Asset Services 2 <sup>nd</sup> Floor, 2 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland <b>Tel: +353 1 400 5300</b> <b>Fax: +353 1 400 5350</b>
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<b>UK tax status</b>	Approved Reporting Fund by HMRC
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<b>Dealing frequency</b>	<b>Daily</b>
<b>Deal cut-off point</b>	<b>11.00am (Irish time)</b>
<b>Valuation point</b>	<b>12.00pm (Irish time)</b>
<b>Settlement</b>	<b>T+4 (subscriptions/redemptions)</b>

Share Class	ISIN	SEDOL	Bloomberg
Euro Accumulation Hedged	IE00BQ5BN330	BQ5BN33	MWFYEAH
Euro Distribution Hedged	IE00BQT49G37	BQT49G3	MWFYEDH
Euro Accumulation Unhedged	IE00BDRKVZ52	BDRKVZ5	MWFYEAU
Euro Distribution Unhedged	IE00BD1LVV03	BD1LVV0	MWFYEDU
Japanese Yen Accumulating Unhedged	IE00BQ5BN447	BQ5BN44	MWFYJAU
Japanese Yen Distributing Unhedged	IE00BQT49H44	BQT49H4	MWFYJDU
Japanese Yen B Accumulating Unhedged	IE00BV0LL840	BV0LL84	MWFJBUH
Sterling Accumulation Hedged	IE00BQ5BN223	BQ5BN22	MWFYGAH
Sterling Distribution Hedged	IE00BQT49F20	BQT49F2	MWFYGDH
Sterling Distribution Unhedged	IE00BYWNV678	BYWNV67	MWFYGDU
Swiss Franc Accumulation Hedged	IE00BQ5BN660	BQ5BN66	
Swiss Franc Distribution Hedged	IE00BQT49K72	BQT49K7	
US Dollar Accumulation Hedged	IE00BQ5BN553	BQ5BN55	MWFYUAH
US Dollar Distribution Hedged	IE00BQT49J67	BQT49J6	MWFYUDH
US Dollar Distribution Unhedged	IE00BD9BP985	BD9BP985	MWFYUSU

Top Ten Holdings	% Fund
Fuji Media Holdings	2.8
Sumitomo Mitsui Trust	2.8
Mitsubishi UFJ Financial	2.8
Sumitomo Electric Industries	2.8
MS&AD Insurance Group Holding	2.7
Sumitomo Mitsui Financial Group	2.6
Chudenko	2.6
Nissan Motor Co Ltd	2.5
Tokio Marine Holdings Inc	2.4
Inabata	2.3
<b>No. of Holdings</b>	<b>65</b>
<b>Fund AUM</b>	<b>\$250m</b>

All performance information is calculated by Morant Wright Management Limited using share price data provided by Link Asset Services. Index data are taken from Bloomberg. Performance is based on the Fund NAV. Data are as at 29<sup>th</sup> March 2018 and accurate as at that date.

## Dividends

Ex-Dividend Date	30 Apr 2015	31 Oct 2015	30 Apr 2016	31 Oct 2016	28 Apr 2017	31 Oct 2017
Dividend per Euro Distributing share	0.1176	0.1148	0.1404	0.1064	0.1528	0.0969
Dividend per Sterling Distributing (hedged) share	0.0055	0.0853	0.5322	0.0912	0.1495	0.1181
Dividend per Sterling Distributing (unhedged) share						0.0747
Dividend per Yen Distributing share	12.9089	11.4072	14.6482	11.3457	15.7944	12.9441
Dividend per Dollar Distributing (hedged) share	0.1286	0.1138	0.1405	0.1058	0.1509	0.1276
Dividend per Dollar Distributing (unhedged) share						0.0892

This document is issued and approved by Morant Wright Management Ltd. 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 any other regulatory information, which can be obtained from Link Asset Services, 2<sup>nd</sup> Floor, 2 Grand Canal Square, Dublin 2, Ireland or ourselves.

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