

# MORANT WRIGHT MANAGEMENT LIMITED

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## Morant Wright Fuji Yield Fund January 2018 Newsletter

NAV at 31<sup>st</sup> January 2018: Yen: ¥1,527.98, Sterling: £14.93, US Dollar: \$14.84  
Euro: €15.65, Swiss Franc: CHF10.16, Yen B shares: ¥1,337.82

	Month	2017	Performance since inception	TOPIX Net TR since inception*	Inception date
Yen (unhedged)	-0.7%	+29.5%	+52.8%	+41.6%	4 Nov 2014
TOPIX Net Total Return	+1.1%	+21.8%			
Sterling (hedged)	-0.6%	+29.5%	+49.3%	+41.6%	4 Nov 2014
US Dollar (hedged)	-0.6%	+30.7%	+48.4%	+37.4%	28 Nov 2014
Euro (hedged)	-0.7%	+28.3%	+56.5%	+48.4%	7 Apr 2016
Swiss Franc (hedged)	-0.7%	N/A	+1.6%	+1.4%	11 Dec 2017
Yen B shares (unhedged)	-0.5%	+28.4%	+33.8%	+25.1%	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

TOPIX made a strong start to the year and was up by more than 5% at one stage before falling in the last week of the month as the yen strengthened against the dollar. The market ended up just over 1% in local currency terms. Having largely ignored a stronger yen-dollar rate last year, the market was less forgiving about a 3% move in January although it remains close to the rate assumed by most Japanese companies of around ¥110/\$. The fund had a difficult month with most of our stocks underperforming, notably construction-related companies such as Nippon Road and Sumitomo Densetsu. The index was led by a small group of stocks which included Nintendo and robotics names such as Fanuc and SMC.

Having risen steadily over the last 12 months, December's CPI data (ex-fresh foods) showed a rise of 0.9% year-on-year. The rate of increase remains well below the Bank of Japan's 2% target, despite being helped by a stronger oil price, but Prime Minister Abe is still determined to raise inflation. During the month he asked the influential Keidanren business lobby for their support in raising wages by 3%. Some companies have already co-operated with Orix, the financial services company, announcing that it would increase monthly base wages for 10,000 employees by an average 3.3% from April this year. Elsewhere, it was encouraging to see industrial production rise 4.2% in December which was ahead of expectations and up on the 3.6% increase in November. Machine tool orders were up a staggering 48% year-on-year in December and 32% for the whole of 2017, an all-time high.

Private equity buyouts reached a record \$23.6bn in 2017 although this includes the substantial purchase of Toshiba's memory chip business which has not yet completed. Without the Toshiba deal, the total was \$5.7bn which is lower than 2016 but well above the average over the last decade. The head of Bain Capital, which has been very active in 2017, believes that there will be a significant increase in private equity deals over the coming years as companies look to reform their businesses. More generally, M&A remains robust with Fujifilm announcing a merger with its long-time US partner, Xerox. The mechanics of the deal are complex because of the joint ownership of Fujifilm's subsidiary Fuji Xerox but Fujifilm will not be paying any cash and will end up with 50.1% of the combined entity. It was also encouraging to see Japanese asset manager Sparx becoming more vocal about one of their holdings during the month. Sparx has proposed two shareholder resolutions at Teikoku Sen-I, a specialty fibre manufacturer, which included a trebling of the dividend.

Companies have begun to report third quarter earnings numbers. Most companies have left full year expectations unchanged although Kinden, a domestically focused construction company, did revise up modestly. Canon Marketing Japan, which reported full year earnings, had good results and also raised the dividend from ¥50 to ¥60 to maintain its payout ratio above 35%.

There are signs that individual investors are becoming more interested in equities. Sales of the latest Japanese Company Handbook ("shikiho"), which contains data on all listed companies, are up 50% year-on-year. Nikko Asset Management's Global Robotics Equity fund, which was only launched in August 2015, is on track to exceed ¥1tn in assets in February. Greater domestic participation, together with more active M&A, should create a positive tailwind for the market which is currently on 1.4x book. Our portfolio is considerably cheaper and still trades well below book value. 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
Sumitomo Mitsui Trust	2.8
Mitsubishi UFJ Financial Group	2.8
Sumitomo Mitsui Financial Group	2.7
Chudenko	2.7
Fuji Media Holdings	2.6
Nissan Motor	2.5
Sumitomo Electric Industries	2.5
Tokio Marine Holdings	2.5
Hitachi Capital Corp	2.4
Okumura Corp	2.4
<b>No. of Holdings</b>	<b>61</b>
<b>Fund AUM</b>	<b>\$254m</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 31<sup>st</sup> January 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 Simplified or the Full Fund Prospectus, 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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