

MORANT WRIGHT MANAGEMENT LIMITED

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CF Morant Wright Nippon Yield Fund October 2017 Newsletter

NAV at 31st October: Accumulation: A Shares 431.62p, B Shares 451.87p
Income: A Shares 360.02p, B Shares 377.00p

£ Returns	Month	Year to date	Since inception (1 st Oct 2008)
A Shares	+5.3%	+15.2%	+348.4%
B Shares	+5.3%	+15.7%	+369.0%
TOPIX Net Total Return	+5.9%	+13.5%	+134.8%

Performance given for accumulation shares

Sources: Bloomberg and Capita Financial Managers

It was another good month for the Japanese stock market with TOPIX rising 5.4% in yen terms. Records have been broken with the Nikkei rising for 16 consecutive days, beating the 14 day gain which dates back to 1961, although the more broadly based TOPIX only managed to rise for 12 consecutive days. Foreigners have continued to buy on a large scale and have invested ¥5.3trn since they started buying in early September.

The result of the lower house election provided ample justification for Mr Abe's decision to call an early poll and thus his standing has increased both within the LDP and the country. The coalition retained its super (two-thirds) majority as the opposition was unable to offer any credible alternative policies with Ms. Koike's newly-formed "Party of Hope" running a particularly disappointing campaign. Abenomics will thus continue with a further ¥2trn economic stimulus package due by the end of the year. In addition, if the planned consumption tax goes ahead in October 2019 the proceeds would largely be used to support the economy rather than repaying debt. Given his strong position, the issue of constitutional reform, dear to Mr Abe's heart, is likely to receive considerable attention.

There has been a big increase in shareholder activism this month. Bain Capital launched a tender for advertising company Asatsu-DK at a premium of 15%, although there was criticism of the deal from the two largest shareholders including WPP which holds a 25% stake. KKR has raised its bid for Hitachi Kokusai Electric by 16% while a Hong Kong fund is urging shareholders to vote against the proposed merger of Alps and Alpine Electronics as it believes it undervalues Alpine. Private equity group MBK Partners has offered a 35% premium to take Kuroda Electric private and has the support of a number of shareholders and the Board. Two foreign shareholders have asked Tokyo Broadcasting System to sell some of its cross-shareholdings and return the proceeds to shareholders. In particular the company has a very large position in Tokyo Electron for historical reasons, representing over a third of its market cap.

So far, the interim results for the half year to September have been ahead of expectations and there have been a number of upward profit revisions for the full year including Denso, Aisan Industries and Sekisui Jushi. Toyota Industries revised up its profit forecast and, like many other companies, also increased its full-year dividend, which is now almost three times higher than the dividend paid five years ago. Share buybacks worth almost ¥600bn were announced during the month, a significant increase on last year, including Shimachu buying back 4.3% of its outstanding equity. Nomura has recently revised up its earnings expectations for TOPIX and is now forecasting EPS of ¥115 for 3/18 and ¥122 for 3/19. In both years ROE is forecast to be over 9%.

Sentiment in the stock market has definitely improved and this has more than outweighed the negative publicity surrounding the recent scandal at Kobe Steel. Our portfolio still trades below book value, with balance sheets supported by significant cash and investments. Despite this financial strength the P/E ratio is roughly in line with the market on 15 times. 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	CFMWNAA LN
B Accumulation	CFMWNBA LN
A Income	CFMWNYA LN
B Income	CFMWNYB LN

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
Sumitomo Mitsui Trust		2.9
Mitsubishi UFJ Financial Group		2.8
Sumitomo Mitsui Financial Group		2.7
Tokio Marine Holdings		2.6
Fuji Media Holdings		2.6
Toyota Industries		2.4
Tokai Rika		2.4
Toyota Motor Corp		2.4
Honda Motor		2.3
Sumitomo Electric Industries		2.3
Number of Holdings		65
Fund Size		£527m

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%	+348.4%
B Shares	+29.3%	+21.4%	+6.3%	+19.1%	+6.2%	+369.0%
TOPIX Net Total Return	+24.0%	+16.6%	+2.3%	+23.9%	+3.5%	+134.8%

* 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 October 2017 and accurate as at that date.

Dividends

Ex-Dividend Date	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	31 Oct 2017 (est)
Dividend per 'A' Income Share	5.2207	2.2185	2.6404	2.3072	2.8431	2.3347	3.7670	4.0977	4.1547	3.4622
Dividend per 'B' Income Share	5.3360	2.2749	2.7196	2.3828	2.9372	2.4158	3.9154	4.2679	4.3976	3.6263

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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