

MORANT WRIGHT MANAGEMENT LIMITED

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Morant Wright Fuji Yield Fund August 2020 Newsletter

NAV at 28th August 2020: Yen: ¥1,222.45, Sterling: £11.80, US Dollar: \$12.31
Euro: €12.21, Swiss Franc: CHF7.88, Yen B shares: ¥1,077.26

	Month	Year to Date	Performance since inception	TOPIX Net TR since inception*	Inception date
Yen (unhedged)	+7.9%	-16.7%	+22.2%	+30.3%	4 Nov 2014
TOPIX Net Total Return	+7.3%	-5.6%			
Sterling (hedged)	+7.8%	-17.9%	+18.0%	+30.3%	4 Nov 2014
US Dollar (hedged)	+7.8%	-16.9%	+23.1%	+26.4%	28 Nov 2014
Euro (hedged)	+7.7%	-17.8%	+22.1%	+36.5%	7 Apr 2016
Swiss Franc (hedged)	+7.7%	-17.8%	-21.2%	-6.7%	11 Dec 2017
Yen B shares (unhedged)	+7.9%	-16.5%	+7.7%	+15.1%	12 Mar 2015

Sources: Bloomberg and Link Fund Solutions Ireland Limited (LFSI).

Performance and NAV given for accumulating shares; available distributing shares are shown overleaf

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

It was a strong month for the stock market helped by growing evidence that the economy is beginning to recover. The daily rate of Covid-19 infections has stabilised and so far there is little sign of stress on hospitals. As a result, there has been no tightening of related restrictions in Tokyo or nationwide. Industrial output jumped by 8% in July versus the previous month, partly because car production began to improve, although output is still 16% lower than a year ago. Domestic car sales in July fell by 20% year on year but that compares to declines of 27% and 42% in the previous two months. GDP for the April to June quarter showed a 7.8% decline quarter on quarter because of a sharp drop in consumption and exports. For the fiscal year as a whole Nomura is now expecting a 6.4% decline followed by a 4.8% recovery in the year to March 2022.

At the end of the month Prime Minister Abe announced that he would be resigning for health reasons. Mr. Abe is Japan's longest-serving prime minister, having been elected in December 2012, and was due to step down next year. The new leader of the LDP is expected to be elected by the party in mid-September. A recent poll by the Nikkei newspaper showed that 74% of the public support Abe's performance so it seems unlikely that any of the candidates will offer a significant shift in economic policy. The governor of the Bank of Japan, Mr. Kuroda, will remain in place until April 2023 which should ensure the continuity of monetary policy. Importantly for the market the momentum of corporate governance improvement is well established. The LDP enjoys a large majority in both the upper and lower houses of Parliament and although the two largest opposition parties have recently announced merger discussions their combined support is less than 5% according to an NHK poll.

All the company results for the April to June quarter have now been released and CLSA, Jefferies and Nomura have all suggested that the quarterly figures were better than consensus numbers. Aggregate sales fell by 17% and recurring (pre-tax) profits by 50%. For the year to March 2021, 70% of companies have now made forecasts, up from around half in May. The aggregate of those companies that have made forecasts is for a sales decline of 9% and a recurring profit decline of 25%, while dividends are expected to fall by 12%. The market also seemed to take comfort from seeing what will probably be the low point for quarterly profits.

So far this year foreigners have sold more than \$70bn of Japanese equities, so it was particularly heartening when Berkshire Hathaway revealed that it had bought stakes of over 5% in each of Japan's five largest trading companies for a combined total investment of \$6.2bn. The shares reacted positively to the news and to the related announcement that it might increase its holdings up to 10%. These companies have a lot of debt so are not part of our portfolio but it is nevertheless encouraging that some global investors are at last appreciating the considerable value in Japan.

We continue to see good potential in the portfolio, which stands at a prospective PER of 12x and a PBR of below 0.7x, and we expect that earnings should see a gradual recovery over the next few quarters. If you would like to deal in the Fund, please contact Link Fund Solutions Ireland (LFSI). Their telephone number is **+353 1 400 5300**.

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

The Fund is eligible for pensions and ISAs. Please contact Link Fund Solutions Ireland (LFSI) for details.

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

Morant Wright Fuji Yield Fund Information

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

Share types	Accumulating and Distributing
Share fees	1.0% Management Fee (all other shares) 0.75% Management Fee (Yen B shares) <i>No performance fee except Yen B shares</i>
Minimum investment	€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)

Fund administrator	Link Fund Administrator Ireland Limited (LFAI) 1 st 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 Reporting Fund by HMRC
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Dealing frequency	Daily
Deal cut-off point	11.00am (Irish time)
Valuation point	12.00pm (Irish time)
Settlement	T+4 (subscriptions/redemptions)

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
Mitsubishi UFJ Financial	3.2%
Sumitomo Mitsui Trust	3.2%
Inabata	3.2%
Sumitomo Mitsui Financial Group	3.1%
Honda Motor Co. Ltd	3.1%
Dai-ichi Life Holdings Inc	3.0%
Toda Corp	3.0%
Toyota Motor Corp	2.8%
Fuji Media Holdings	2.8%
Toyota Industries	2.8%
No. of Holdings	54
Fund AUM	\$188m

All performance information is calculated by Morant Wright Management Limited using share price data provided by Link Fund Solutions Ireland Limited (LFSI). Index data are taken from Bloomberg. Performance is based on the Fund NAV. Data are as at 28th August 2020.

Dividends

Ex-Dividend Date	30 Apr 2016	31 Oct 2016	28 Apr 2017	31 Oct 2017	27 Apr 2018	31 Oct 2018	26 Apr 2019	31 Oct 2019	30 Apr 2020
Euro Distributing share	0.1404	0.1064	0.1528	0.0969	0.1753	0.1353	0.2396	0.1470	0.1946
Euro Distributing (Unhedged) share					0.0551	0.0969	0.1653	0.1474	0.1693
Sterling Distributing (hedged) share	0.5322	0.0912	0.1495	0.1181	0.1854	0.1291	0.2318	0.0454	0.1836
Sterling Distributing (unhedged) share				0.0747	0.0551	0.1121	0.1786	0.1894	0.1745
Yen Distributing share	14.6482	11.3457	15.7944	12.9441	17.5837	12.8844	82.9239	14.7551	19.7063
Dollar Distributing (hedged) share	0.1405	0.1058	0.1509	0.1276	0.1760	0.1367	0.2338	0.1589	0.2139
Dollar Distributing (unhedged) share				0.0892	0.1054	0.1065	0.1462	0.1325	0.1629

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 Fund Solutions Ireland Limited (LFSI), 1st Floor, 2 Grand Canal Square, Dublin 2, Ireland or ourselves.

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