

# MORANT WRIGHT MANAGEMENT LIMITED

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## Morant Wright Fuji Yield Fund April 2018 Newsletter

NAV at 27<sup>th</sup> April 2018: Yen: ¥1,503.49, Sterling: £14.68, US Dollar: \$14.65  
Euro: €15.37, Swiss Franc: CHF9.96, Yen B shares: ¥1,316.78

	Month	Year to date	Performance since inception	TOPIX Net TR since inception*	Inception date
Yen (unhedged)	+5.6%	-2.3%	+50.3%	+38.1%	4 Nov 2014
TOPIX Net Total Return	+4.3%	-1.4%			
Sterling (hedged)	+5.7%	-2.3%	+46.8%	+38.1%	4 Nov 2014
US Dollar (hedged)	+5.7%	-1.9%	+46.5%	+34.0%	28 Nov 2014
Euro (hedged)	+5.5%	-2.5%	+53.7%	+44.7%	7 Apr 2016
Swiss Franc (hedged)	+5.5%	-2.7%	-0.4%	-1.1%	11 Dec 2017
Yen B shares (unhedged)	+5.6%	-2.1%	+31.7%	+22.0%	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

It was a better month for the market as TOPIX rose steadily to register a gain of 4.3% in local currency terms. Foreigners, who had been large sellers of the market so far this year, turned net buyers whilst the Bank of Japan, which was a big buyer during the first quarter, only purchased general ETFs on three occasions. The yen weakened steadily against the dollar, falling from above ¥106/\$ at the start of the month to below ¥109/\$.

News on the economy remains encouraging. Japan recorded a sizeable current account surplus of ¥2trn in February and has now recorded a surplus every month since June 2014. Unemployment remains low at 2.5% and industrial production figures were ahead of expectations in March and suggest the steady growth is continuing. Even inflation is showing signs of picking up with the core CPI (ex-fresh foods) rising by 1% year-on-year in February and 0.9% in March, the highest level in three years. The suggestion that the BOJ will soon have to change its ultra-loose monetary policy has been firmly rebuffed by Governor Kuroda. The good economic news is partially offset by the continuing slide in PM Abe's popularity. It is now low enough to raise a question about his re-election at the LDP leadership contest in September.

The real estate market continues to perform well. In Tokyo's 23 wards the office vacancy rate fell to 2.8% in March, a ten-year low, and average rents rose by 5.2% yoy. This is partly because the supply of new offices was limited last year, with only 760,000m<sup>2</sup> of floorspace added compared to the 20-year average of 1.05m m<sup>2</sup>. In 2018 it is expected to reach 1.47m m<sup>2</sup>. Condominiums sold in the capital are up 19.8% yoy and the average price per square metre is up 14.8%. This is despite news that the Japanese population has recorded its seventh straight year of decline and has now fallen below 125m. Interestingly the foreign population was up 145,000 to 2.05m.

Companies have begun to report full year results and, whilst it is still early days, there are some interesting points. The first is the strength of the construction sector where the fund has a large position. Buoyant demand and favourable pricing has led to Okumura and Nishimatsu both revising up significantly. The auto sector has also had a good year as Honda and Denso's results illustrate, helped at the net profit level by US tax reforms. Their forecasts were more downbeat, however, based on assumptions of a decline in car production and a higher exchange rate of ¥105/\$.

For us the most significant trend is the continued increase in share buybacks and dividends. Honda and TSI Holdings both announced buybacks along with their full year results; TSI has now bought back 18% of its shares over the last two years. The list of dividend increases is long. Hakuto reported good results and raised its dividend substantially, which caused the shares to rise 15%. Chuo Spring and Daiichi Jitsugyo both also announced higher dividends.

M&A is another way in which value is being unlocked in Japan. Itochu has announced that it will make FamilyMart a consolidated subsidiary by increasing its shareholding to 50.1%, paying a 13% premium to a share price standing at an all-time high. Blackstone, the US private equity group, recently announced that it intends to spend nearly \$5bn buying Japanese companies over the next 3-5 years, which may accelerate this trend. We would hope that our portfolio of cash-rich companies, which still trades comfortably below book value, should be well placed to benefit from these trends of increasing shareholder returns and further M&A activity. 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.**

# 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 ¥, €, £ and \$
<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	MWFGYGAH
Sterling Distribution Hedged	IE00BQT49F20	BQT49F2	MWFGYGDH
Sterling Distribution Unhedged	IE00BYWNV678	BYWNV67	MWFGYGDU
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
Tokio Marine Holdings	2.9
Sumitomo Mitsui Trust	2.9
Mitsubishi UFJ Financial Group	2.8
Sumitomo Mitsui Financial Group	2.8
Sumitomo Electric Industries	2.7
MS&AD Insurance Group	2.7
Toyota Motor Corp	2.6
Chudenko	2.5
Nissan Motor Co	2.4
Fuji Media Holdings	2.4
<b>No. of Holdings</b>	<b>68</b>
<b>Fund AUM</b>	<b>\$286m</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 27<sup>th</sup> April 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	27 Apr 2018
Dividend per Euro Distributing share	0.1176	0.1148	0.1404	0.1064	0.1528	0.0969	0.1753
Dividend per Sterling Distributing (hedged) share	0.0055	0.0853	0.5322	0.0912	0.1495	0.1181	0.1854
Dividend per Sterling Distributing (unhedged) share						0.0747	0.0551
Dividend per Yen Distributing share	12.9089	11.4072	14.6482	11.3457	15.7944	12.9441	17.5837
Dividend per Dollar Distributing (hedged) share	0.1286	0.1138	0.1405	0.1058	0.1509	0.1276	0.1760
Dividend per Dollar Distributing (unhedged) share						0.0892	0.1054

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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