

MORANT WRIGHT MANAGEMENT LIMITED

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Morant Wright Fuji Yield Fund July 2017 Newsletter

NAV at 31st July 2017: Yen: ¥1,317.50, Sterling: £12.87, US Dollar: \$12.72
Euro: €13.53, Yen B shares: ¥1,156.82

	Month	Year to date	Performance since inception	TOPIX Net TR since inception*	Inception date
Yen (unhedged)	+1.6%	+10.9%	+31.7%	+23.8%	4 Nov 2014
TOPIX Net Total Return	+0.4%	+7.6%			
Sterling (hedged)	+1.6%	+10.8%	+28.7%	+23.8%	4 Nov 2014
US Dollar (hedged)	+1.7%	+11.3%	+27.2%	+20.1%	28 Nov 2014
Euro (hedged)	+1.5%	+10.1%	+35.3%	+29.7%	7 April 2016
Yen B shares (unhedged)	+1.4%	+10.5%	+15.7%	+9.4%	12 Mar 2015

Sources: Bloomberg and Capita Financial Administrators (Ireland) Limited.

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 eked out a modest gain of 0.4% over the month in local currency terms. Once again, the yen strengthened against the dollar, continuing the trend of this year. This contrasts with recent years when a weak currency has been associated with a strong equity market.

The Japanese economy continues to perform well prompting the Bank of Japan to raise its expectations for real GDP growth in FY2017 and FY2018. However, it pushed out its hope of achieving its inflation target of 2% to sometime in FY2019 and lowered its forecast for CPI in FY2017 and FY2018. Yet the labour market remains very tight with unemployment falling to 2.8% and the ratio of job offers to applicants reaching another 40-year high. There were some signs of wages rising with the news that summer bonuses for service sector workers are up 5.5% y/y and that several companies are raising starting salaries for graduates. Mizuho Securities plans to raise starting salaries by 15%, Ajinomoto by 12% and Nippon Life will increase them for the first time in 12 years.

In spite of the encouraging news on the economy, PM Abe's approval rating continues to fall, reaching a record low for his current tenure of 26%. He was forced to appear in front of parliament to respond to allegations of cronyism relating to two land transactions. In addition, his Defence Minister resigned. The opposition party is also in disarray and, ironically, it was its leader who tendered her resignation at the end of the month!

Over a third of companies have now reported results for the first quarter and progress is encouraging with earnings up 41% in aggregate for March year end companies albeit in comparison with a weak quarter last year. Although progress towards full year targets is good, few companies have revised their forecasts. Exceptions include Tokai Rika and Denso, which both revised up.

JAFCO reported strong results but more importantly announced a major reorganisation of its cross-shareholdings. It will buy back over 13m shares (about 28% of the total) from Nomura Holdings and Nomura Research Institute and sell its stake in NRI back to the company. The net cost of the transaction still only represents around 40% of JAFCO's net cash. Similarly, Alps Electric has offered to buy in the 60% of Alpine which it does not own, valuing Alpine's shares at a 29% premium to the undisturbed price.

M&A activity remains robust. The value of deals in the second quarter was up over 21% y/y with the largest increase in the number of deals being in domestic companies buying other domestic companies. This follows a report highlighting the record number of 297 companies, both listed and unlisted, which were bought by private equity firms last year. Given the low valuations of the market, and more particularly our portfolio, we hope this trend continues. If you would like to deal in the Fund, please contact Capita Financial Managers (Ireland) Limited. 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 Capita Financial Managers Limited 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

Fund type	UCITS OEIC, authorised in Ireland
Fund currency	Base currency: Japanese Yen Hedged classes available in £, \$, €, CHF Unhedged class available in ¥, €
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	Capita Financial Managers (Ireland) 2 nd 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	
Euro Distribution Unhedged	IE00BD1LVV03	BD1LVV0	
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	
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	

Top Ten Holdings	% Fund
Sumitomo Densetsu	2.8
Sumitomo Mitsui Trust	2.7
Tokio Marine Holdings Inc	2.7
Sumitomo Mitsui Financial Group	2.7
Mitsubishi UFJ Financial Group	2.7
Fuji Media Holdings	2.7
Inabata	2.6
Sumitomo Electric Industries	2.6
Okumura Corp	2.6
Toyota Motor Corp	2.6
Number of Holdings	58
Fund Size	\$154m

All performance information is calculated by Morant Wright Management Limited using share price data provided by Capita Financial Administrators (Ireland) Limited. Index data are taken from Bloomberg. Performance is based on the Fund NAV. Data are as at 31st July 2017 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
Dividend per Euro Distributing share	0.1176	0.1148	0.1404	0.1064	0.1528
Dividend per Sterling Distributing share	0.0055	0.0853	0.5322	0.0912	0.1495
Dividend per Yen Distributing share	12.9089	11.4072	14.6482	11.3457	15.7944
Dividend per Dollar Distributing share	0.1286	0.1138	0.1405	0.1058	0.1509

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 Capita Financial Administrators (Ireland) Limited, 2nd Floor, 2 Grand Canal Square, Dublin 2, Ireland or ourselves.

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