

MORANT WRIGHT MANAGEMENT LIMITED

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Morant Wright Fuji Yield Fund October 2017 Newsletter

NAV at 31st October 2017: Yen: ¥1,478.65, Sterling: £14.44, US Dollar: \$14.31
Euro: €15.18, Yen B shares: ¥1,293.86

	Month	Year to date	Performance since inception	TOPIX Net TR since inception*	Inception date
Yen (unhedged)	+4.8%	+24.4%	+47.9%	+36.0%	4 Nov 2014
TOPIX Net Total Return	+5.4%	+18.2%			
Sterling (hedged)	+4.8%	+24.4%	+44.4%	+36.0%	4 Nov 2014
US Dollar (hedged)	+4.9%	+25.2%	+43.1%	+31.9%	28 Nov 2014
Euro (hedged)	+4.8%	+23.6%	+51.8%	+42.5%	7 April 2016
Yen B shares (unhedged)	+4.8%	+23.5%	+29.4%	+20.1%	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

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 Tokai Rika, Aisan Industries and Chuo Spring. 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 TSI Holdings buying back 2% 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 (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	MWFYGAH
Sterling Distribution Hedged	IE00BQT49F20	BQT49F2	MWFYGDH
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	3.2
Sumitomo Mitsui Trust	2.9
Mitsubishi UFJ Financial Group	2.8
Sumitomo Mitsui Financial Group	2.7
Tokio Marine Holdings	2.6
Inabata	2.6
Fuji Media Holdings	2.5
Toyota Motor Corp	2.5
Tokai Rika	2.4
Toyota Industries	2.4
No. of Holdings	57
Fund AUM	\$176m

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

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