

# MORANT WRIGHT MANAGEMENT LIMITED

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## Morant Wright Fuji Yield Fund February 2018 Newsletter

NAV at 28<sup>th</sup> February 2018: Yen: ¥1,482.88, Sterling: £14.47, US Dollar: \$14.40  
Euro: €15.17, Swiss Franc: CHF9.84, Yen B shares: ¥1,298.49

	Month	Year to date	Performance since inception	TOPIX Net TR since inception*	Inception date
Yen (unhedged)	-3.0%	-3.6%	+48.3%	+36.4%	4 Nov 2014
TOPIX Net Total Return	-3.7%	-2.7%			
Sterling (hedged)	-3.1%	-3.7%	+44.7%	+36.4%	4 Nov 2014
US Dollar (hedged)	-3.0%	-3.5%	+44.0%	+32.3%	28 Nov 2014
Euro (hedged)	-3.1%	-3.8%	+51.7%	+42.9%	7 Apr 2016
Swiss Franc (hedged)	-3.1%	-3.8%	-1.6%	-2.4%	11 Dec 2017
Yen B shares (unhedged)	-2.9%	-3.4%	+29.8%	+20.5%	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

In common with other stock markets globally, Japanese equities were weak in February with TOPIX falling by 3.7% in local terms. However this decline was mitigated by the yen which continued to strengthen against other major currencies. Selling by overseas investors increased. They have been consistent sellers since the first week of the year and in aggregate have sold more than ¥5trn in the futures and cash markets, more than double the net buying carried out last year. Interestingly, the short selling ratio has been above 40% for 21 consecutive trading days. Domestic individual investors have been net buyers along with the Bank of Japan's ongoing ETF purchases.

Mr. Kuroda has been nominated for a second five-year term as governor of the Bank of Japan. The new term begins in April and he will be the first governor to serve two terms since 1961. Two new deputies have also been nominated, Mr. Amamiya and Mr. Wakatabe, both of whom are strong supporters of a loose monetary policy. Although inflation has failed to reach the 2% target, the current rate of price rises is significantly higher than when Kuroda was appointed in 2013. GDP for the fourth quarter grew by 0.5% for the eighth consecutive quarter of growth – the longest expansion since 1989.

The number of people employed in Japan has grown by just over 3m between 2012 and 2017. Over that time the number of foreign workers has almost doubled, growing by roughly 600,000 to 1.28m, and they now represent some 2% of the workforce. The latest meeting of the Council on Economic and Fiscal Policy indicated that a team led by the Economic Revitalisation Minister would look at ways of increasing the number of foreign workers further, particularly those with specialist skills.

Third quarter company results showed healthy growth. In aggregate, TOPIX companies grew sales by 9% and recurring profits by 14%, and full year profit guidance was revised up by another 2%. The US tax cuts provided a one-off boost for many companies, particularly car companies such as Toyota, Nissan and Honda. The ongoing improvement in corporate governance was apparent again, with many companies announcing share buybacks and several raising their dividend. Amongst our holdings, Concordia bought back shares and elsewhere there were large repurchases announced by Kirin and NTT. Arguably the most interesting news was the 10% share buyback announced by Coca-Cola Bottlers Japan, allowing its second largest shareholder Ricoh to tender its 8% stake – a shareholding worth \$500m that it has held for decades.

The market has fallen 7% from its recent peak in mid-January. Meanwhile corporate profits continue to grow steadily, despite the strengthening currency. The portfolio now stands well below tangible book value and on an EV/OP ratio of below 6 times. The arguments that we have made many times before – improving corporate governance and a sharper focus on shareholder returns – remain intact. 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 ¥, €
<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	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
Fuji Media Holdings	2.7
Sumitomo Mitsui Trust	2.7
Sumitomo Mitsui Financial Group	2.6
Sumitomo Electric Industries	2.6
Chudenko	2.6
Mitsubishi UFJ Financial	2.6
Nissan Motor Co Ltd	2.5
Tokio Marine Holdings Inc	2.4
Okumura Corp	2.4
MS&AD Insurance Group Holdings	2.4
<b>No. of Holdings</b>	<b>62</b>
<b>Fund AUM</b>	<b>\$256m</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 28<sup>th</sup> February 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
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 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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