

MORANT WRIGHT MANAGEMENT LIMITED

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CF Morant Wright Japan Fund August 2017 Newsletter

NAV at 31st August 2017: Accumulation: A Shares 392.78p, B Shares 421.62p
Income: A Shares 384.54p, B Shares 390.68p

£ Returns	Month	Year to date	Since Inception (23 rd May 2003)
A Shares	+2.8%	+8.7%	+292.8%
B Shares	+2.8%	+9.0%	+321.6%
TOPIX Net Total Return	+1.9%	+8.7%	+229.0%

Performance given for accumulation shares

Sources: Bloomberg and Capita Financial Managers

TOPIX traded in a narrow range during August and finished almost unchanged in yen terms despite North Korea firing a test missile over northern Japan. Foreign investors have been consistent sellers over the last six weeks while the Bank of Japan and Japanese companies were steady buyers, as they have been for some time. Japan Post Bank, which currently only invests in equities through passive funds, announced plans to spend an initial ¥100bn buying directly.

Second quarter GDP growth produced a positive surprise, rising by 4% on an annualised basis led by private consumption and capital spending. This was the sixth consecutive quarter of growth. However, Tokyo has had 21 consecutive days of rain in August, one day short of the record set in 1977, which has raised concerns this might hurt domestic demand in the current quarter. Nationwide core CPI (which excludes fresh food) increased by 0.5% year-on-year in July, better than in June but still well below the Bank of Japan's 2% inflation target.

First quarter results were good and in aggregate 73% of companies exceeded consensus forecasts. Overall profit forecasts have been revised up by almost 2% even though revisions are unusual at this early stage of the financial year. Highlights from our portfolio included Fuji Machine, which reported good results and revised up for the full year, and Toyota Motor which also upgraded their forecasts. In addition, Toyota announced a new business alliance with Mazda which included buying a 5% stake. The two companies will establish joint production in the US and will collaborate on technologies for electric vehicles.

Share buybacks have fallen this year mainly due to the absence of a few large repurchases carried out in 2016. Since April, however, there has been a sharp rise in the number and value of buybacks and several more were announced with recent results. Sumitomo Warehouse announced a share buyback of 2.8% of the company while Fujifilm will repurchase nearly 4% of their shares. Fujifilm also released a new mid-term plan aimed at improving margins in the healthcare business and strengthening their document solutions segment, as well as committing to a shareholder return policy of ¥300bn over three years.

Valuations in the portfolio remain cheap and are well supported by strong balance sheets, where the average holding has around 45% of its market cap in net cash and investments. For example, one of the fund's largest holdings is Tokyo Broadcasting System, a TV broadcasting company. It owns valuable real estate in central Tokyo on which the company has large unrealised profits. Nonetheless, the shares stand at just 0.7x stated book value (excluding the gains on property) and the market cap is less than the cash and securities on the balance sheet. If you would like to deal in the Fund, please contact Capita Financial Managers Limited. Their telephone number is **0345 922 0044**.

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.

CF Morant Wright Japan Fund Information

Fund type	UK authorised OEIC
Fund currency	Sterling
Launch date	May 2003
Geographic exposure	100% Japanese equities

Share types	A Shares: Accumulation and Income
	B Shares: Accumulation and Income
Share fees	A Shares: 1.5% Management Fee
	B Shares: 1.0% Management Fee
	<i>No performance fees</i>

Minimum investment	£5,000 (A and B shares)
Dealing frequency	Daily
Deal cut-off point	12pm
Valuation point	12pm

Fund administrator	Capita Financial Managers 2 The Boulevard City West One Office Park Gelderd Road Leeds, LS12 6NT Tel: 0345 922 0044 Fax: 0113 224 6001
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Bloomberg Code	
A Accumulation	CFMWJAA LN
B Accumulation	CFMWJBA LN
A Income	CFMWJAI LN
B Income	CFMWJBI LN

SEDOL	
A Accumulation	3301001
B Accumulation	3301012
A Income	3359798
B Income	3359806

ISIN	
A Accumulation	GB0033010017
B Accumulation	GB0033010124
A Income	GB0033597989
B Income	GB0033598060

Top Ten Holdings	% Fund
Tokyo Broadcasting System	3.1
Fuji Media Holdings	3.0
Kinden	2.9
Sumitomo Mitsui Financial Group	2.9
Sumitomo Mitsui Trust	2.8
Canon Marketing	2.8
Mitsubishi UFJ Financial Group	2.7
Toyota Industries	2.7
Nippon Television Network	2.6
Toda Corp	2.5
Number of Holdings	54
Fund Size	£483m

Performance

	2016	2015	2014	2013	2012	Since inception (May 2003)
A Shares	+26.2%	+21.3%	+2.0%	+24.7%	-0.5%	+292.8%
B Shares	+26.8%	+21.9%	+2.5%	+25.4%	-0.1%	+321.6%
TOPIX Net Total Return	+24.0%	+16.6%	+2.3%	+23.9%	+3.5%	+229.0%

Performance given for accumulation shares

All performance information is calculated by Morant Wright Management Limited using share price data provided by Capita Financial Administrators Limited. Index data are taken from Bloomberg. Performance is given in sterling terms based on the Fund NAV. Data are as at 31st August 2017 and accurate as at that date.

This document is issued and approved by Morant Wright Management Limited 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 Managers Limited, Administration Office, 2 The Boulevard, City West One Office Park, Gelderd Road, Leeds, LS12 6NT or ourselves.

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