

MORANT WRIGHT MANAGEMENT LIMITED

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CF Morant Wright Nippon Yield Fund August 2017 Newsletter

NAV at 31st August: Accumulation: A Shares 410.40p, B Shares 429.29p
Income: A Shares 342.32p, B Shares 358.17p

£ Returns	Month	Year to date	Since inception (1 st Oct 2008)
A Shares	+2.3%	+9.5%	+326.3%
B Shares	+2.4%	+9.9%	+345.6%
TOPIX Net Total Return	+1.9%	+8.7%	+124.8%

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 Tokai Rika and Toyota Motor, both of which reported good results and revised up for the full year. 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. Shinko Shoji announced a share buyback of 9% of the company while Aoyama Trading will repurchase another 1%. Since announcing a new shareholder return policy in January 2015, Aoyama has carried out 12 share buybacks and acquired and cancelled 11% of their shares.

Valuations in the portfolio remain cheap and are well supported by strong balance sheets, where the average holding has around 40% of its market cap in net cash and investments. For example, one of the fund's largest holdings is Fuji Media, a TV broadcasting company which also has a large and profitable property portfolio. The shares stand at just 0.5x stated book value and the company has cash and securities on the balance sheet worth around 80% of the current market cap. 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 Nippon Yield Fund Information

Fund type	UK authorised OEIC
Fund currency	Sterling
Launch date	October 2008
Geographic exposure	100% Japanese equities

Bloomberg Code	
A Accumulation	CFMWNAALN
B Accumulation	CFMWNBALN
A Income	CFMWNYALN
B Income	CFMWNYBLN

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)
Dividend Ex Dates	30 April, 31 October (interim)
Dividend Pay Dates	30 April, 31 December (interim)

SEDOL	
A Accumulation	B3WYRF4
B Accumulation	B42MKS9
A Income	B2R8390
B Income	B2R83B2
ISIN	
A Accumulation	GB00B3WYRF43
B Accumulation	GB00B42MKS95
A Income	GB00B2R83902
B Income	GB00B2R83B20

Dealing frequency	Daily
Deal cut-off point	12pm
Valuation point	12pm
Settlement	T+4 (subscriptions/redemptions)

Top Ten Holdings		% Fund
Fuji Media Holdings		2.8
Kyowa Exeo Corp		2.8
Sumitomo Mitsui Financial Group		2.6
Sumitomo Mitsui Trust		2.6
Jafco Co Ltd		2.5
Toyota Motor Corp		2.5
Tokai Rika		2.4
Tokio Marine Holdings Inc		2.4
Okumura Corp		2.4
Sumitomo Electric Industries		2.4
Number of Holdings		64
Fund Size		£476m

Fund administrator	Capita Financial Managers Arlington Business Centre Millshaw Park Lane Leeds LS11 0PA
	Tel: 0345 922 0044
	Fax: 0113 224 6001

Performance

	2016	2015	2014	2013	2012	Since inception* (Oct 2008)
A Shares	+28.6%	+20.8%	+5.8%	+18.5%	+5.6%	+326.3%
B Shares	+29.3%	+21.4%	+6.3%	+19.1%	+6.2%	+345.6%
TOPIX Net Total Return	+24.0%	+16.6%	+2.3%	+23.9%	+3.5%	+124.8%

* Share price performance is for income units with dividends reinvested up to August 2010, and accumulation units thereafter

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.

Dividends

Ex-Dividend Date	30 Apr 2012	30 Apr 2013	31 Oct 2013	30 Apr 2014	31 Oct 2014	30 Apr 2015	31 Oct 2015	30 Apr 2016	31 Oct 2016	30 Apr 2017
Dividend per 'A' Income Share	5.1646	5.2207	2.2185	2.6404	2.3072	2.8431	2.3347	3.7670	4.0977	4.1547
Dividend per 'B' Income Share	5.2510	5.3360	2.2749	2.7196	2.3828	2.9372	2.4158	3.9154	4.2679	4.3976

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, PO Box 389, Darlington, DL1 9UF, or ourselves.

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