

# MORANT WRIGHT MANAGEMENT LIMITED

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## Morant Wright Sakura Fund November 2017 Newsletter

NAV at 30<sup>th</sup> November 2017: Euro: €16.71, Japanese Yen: ¥1,752.98, Sterling: £16.76  
Swiss Franc: CHF16.39, US Dollar: \$16.96

Returns	Month	Year to date	Since Inception (7 <sup>th</sup> May 2013)
Yen (unhedged)	+1.5%	+19.6%	+75.3%
TOPIX Net Total Return	+1.5%	+20.0%	+62.9%
Euro (hedged)	+1.4%	+18.6%	+67.1%
Sterling (hedged)	+1.6%	+19.5%	+67.6%
Swiss Franc (hedged)	+1.4%	+18.3%	+63.9%
US Dollar (hedged)	+1.5%	+20.3%	+69.6%

Performance given for accumulation shares

Sources: Bloomberg and Link Asset Services

After the sharp rises in September and October the market increased by a more moderate 1.5% in local currency terms in November. There was some selling by foreign investors following their large purchases in recent months.

Half year company results to September showed an aggregate rise in recurring profits of 18% and EPS growth of 19%. As a consequence, consensus profit estimates continue to be revised up, with Daiwa joining Nomura in raising its forecasts. The upward revisions were spread across various industries and included car companies such as Toyota and Honda, both of which also announced share buy backs, as well as the construction companies Toda and Comsys. There were profit upgrades for two broadcasters, TBS and TV Asahi, despite a flat market for TV advertising. The increased earnings forecasts reflected conservative estimates at the start of the year as well as good cost control and, in the case of TBS, good performance in the non-broadcasting businesses.

Third quarter GDP grew for the seventh consecutive quarter, driven primarily by strength in investment and exports. This is the longest expansion since 2001, although inflation figures remain subdued. Abe is already talking about the need for higher wage growth in next spring's pay round but so far there is little evidence that the rhetoric is producing results despite an extremely tight labour market. The strength of investment both in Japan and in parts of Asia has helped some of the machinery companies and has led to some upward revisions in the sector, including Fuji Machine.

Private equity deals continue. The total value of deals announced so far this year has reached \$31bn which is triple the level of 2016. During the month KKR increased its offer price for Hitachi Kokusai for the second time. Perhaps encouraged by all this activity, Nomura have announced that they are setting up a ¥100bn fund to help companies with restructuring, succession planning and management buyouts. This marks a return to private equity for Nomura, having closed its department in 2014.

Whilst progress on dividends and share buy backs has been generally good in the last few years, one area where we have seen less change has been the unwinding of cross shareholdings. We were therefore heartened to see that Yamaha Corporation is selling part of its long-held stake in Yamaha Motor. The reason given is to improve capital efficiency and the announcement was accompanied by a share buy back.

We remain encouraged by the ongoing improvement in corporate profitability and the continued pressure on companies with excess cash to change their shareholder return policies. Despite the market rise, the fund's holdings (ex-financials) still have on average over 40% of their market capitalisation in net cash and investments, so we believe there is more to look forward to. 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 Sakura Fund Information

Fund type	Offshore OEIC, domiciled in Ireland
Fund currency	Base currency: ¥ Hedged classes available in: £, \$, €, CHF Unhedged class available in ¥
Launch date	May 2013
Geographic exposure	100% Japanese equities

Share types	Accumulation
Share fees	1% Management Fee (all shares) <i>No performance fees</i>
Minimum investment	€5,000 (Euro shares) ¥1,000,000 (Japanese Yen shares) £5,000 (Sterling shares) CHF5,000 (Swiss Franc shares) US\$5,000 (US Dollar shares)

Dealing frequency	Daily
Deal cut-off point	11.00am (Irish time)
Valuation point	12.00pm (Irish time)
Settlement	T+4 (subscriptions/redemptions)

Fund administrator	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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UK tax status	Approved as a Reporting Fund by HMRC
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<b>Bloomberg Code</b>	
Euro	MWSKEUR ID
Japanese Yen	MWSKYEN ID
Sterling	MWSKSTL ID
Swiss Franc	MWSKCHF ID
US Dollar	MWSKUSD ID
<b>SEDOL</b>	
Euro	B7ST847
Japanese Yen	B9140F8
Sterling	B840XH9
Swiss Franc	B93V6N7
US Dollar	B8JTQR2
<b>ISIN</b>	
Euro	IE00B7ST8472
Japanese Yen	IE00B9140F89
Sterling	IE00B840XH97
Swiss Franc	IE00B93V6N72
US Dollar	IE00B8JTQR23

Top Ten Holdings	% Fund
Tokyo Broadcasting System	3.5
Mitsubishi UFJ Financial Group	3.0
Toyota Industries	2.8
Sumitomo Electric Industries	2.7
Nippon Television Network	2.7
Kinden	2.6
Tokio Marine Holdings Inc	2.6
Fuji Media Holdings	2.6
Sumitomo Mitsui Financial Group	2.5
Sumitomo Mitsui Trust	2.5
<b>Number of Holdings</b>	<b>61</b>
<b>Fund Size</b>	<b>\$651m</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 as at 30<sup>th</sup> November 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 Full Fund Prospectus and Supplement, 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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