

CF Morant Wright Japan Fund September 2017 Newsletter

NAV at 29th September 2017: Accumulation: A Shares 391.84p, B Shares 420.78p
Income: A Shares 383.63p, B Shares 389.91p

£ Returns	Month	Year to date	Since Inception (23 rd May 2003)
A Shares	-0.2%	+8.4%	+291.8%
B Shares	-0.2%	+8.8%	+320.8%
TOPIX Net Total Return	-1.4%	+7.2%	+224.5%

Performance given for accumulation shares

Sources: Bloomberg and Capita Financial Managers

September saw TOPIX hit its highest level in two years as the stock market continued its steady rise. Over the month TOPIX increased by 3.5% in local terms. There was a clear distinction between defensive sectors, which underperformed, and cyclical sectors such as autos and machinery which generally performed well.

Taking advantage of his recovering approval ratings, Prime Minister Abe called a snap election for the Lower House to take place on 22 October. The LDP coalition currently controls two-thirds of the 475 seats. His manifesto includes a new spending package worth ¥2trn for education and childcare as well as a commitment to raising the consumption tax in 2019. Unexpectedly the official opposition, the Democratic Party of Japan, will not stand in the election. Instead their candidates will be allowed to stand for the Party of Hope, a newly-formed political party headed by the Governor of Tokyo, Yuriko Koike.

Economic data continue to be strong. Exports for August rose 10% year-on-year in volume terms which led to a trade surplus of ¥114bn. This strength in exports helped contribute to a rise of 5% in August industrial production. The latest CPI figures showed inflation reaching its highest growth in more than two years, with core CPI rising by 0.7%. Similarly, the latest annual land price survey showed commercial property prices increased for the second consecutive year, albeit by a modest 0.5%. The price rises were led by Tokyo, Osaka and Nagoya. The survey also showed that residential land prices continued to fall marginally, although the rate of decline has slowed.

The second public offering of Japan Post Holdings was announced and completed during the month. The ¥1.3trn sale was priced at the top end of the range, reflecting strong demand for the shares. After many months of discussions, Toshiba finally sold its flash memory business for \$18bn to a consortium led by Bain Capital, marking another significant deal by a private equity group in Japan. Kuraray announced the acquisition of US company Calgon Carbon for \$1.1bn, which it will add to its existing carbon business. Interestingly, Sompo Japan announced the sale of UK insurer Canopus for \$952m, a similar price to the price it paid to buy it in 2014. Earlier this year Sompo acquired Endurance, another overseas insurance company which has some overlapping businesses.

One of the fund's largest holdings is Toyota Industries, the former parent company of Toyota Motor and still one of its largest shareholders. The balance sheet is extremely strong, with net cash and securities of ¥1,251bn, equivalent to over 60% of its market cap. It also stands at a price-to-book ratio of only 0.9x. Yet it is also the world leader in two different products: air conditioner compressors, where it has a 43% global market share, and forklift trucks, in which it has 21%. Last fiscal year the company paid out 30% of profits in dividends and also bought back more than 1% of its shares.

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
	Arlington Business Centre
	Millshaw Park Lane
	Leeds LS11 0PA
	Tel: 0345 922 0044
	Fax: 0113 224 6001

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
Mitsubishi UFJ Financial Group	2.9
Sumitomo Mitsui Trust	2.8
Tokyo Broadcasting System	2.8
Sumitomo Mitsui Financial Group	2.8
Canon Marketing	2.7
Toyota Industries	2.7
Fuji Media	2.7
Kinden	2.7
Toda Corp	2.6
Sumitomo Electric Industries	2.5
Number of Holdings	55
Fund Size	£491m

Performance

	2016	2015	2014	2013	2012	Since inception (May 2003)
A Shares	+26.2%	+21.3%	+2.0%	+24.7%	-0.5%	+291.8%
B Shares	+26.8%	+21.9%	+2.5%	+25.4%	-0.1%	+320.8%
TOPIX Net Total Return	+24.0%	+16.6%	+2.3%	+23.9%	+3.5%	+224.5%

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 29th September 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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