

MORANT WRIGHT MANAGEMENT LIMITED

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LF Morant Wright Nippon Yield Fund December 2017 Newsletter

NAV at 29th December: Accumulation: A Shares 442.42p, B Shares 463.55p
Income: A Shares 365.46p, B Shares 383.00p

£ Returns	Month	Year to date	Since inception (1 st Oct 2008)
A Shares	+2.0%	+18.1%	+359.6%
B Shares	+2.1%	+18.6%	+381.1%
TOPIX Net Total Return	+0.9%	+15.3%	+138.5%

Performance given for accumulation shares

Sources: Bloomberg and Link Asset Services

The market rose for the fourth consecutive month and TOPIX finished the year up about 20% in local currency terms. The index appreciation has neatly matched the rise in corporate earnings. Over the year growth significantly outperformed value, which lagged the index, but our performance was helped by the strong showing of small and mid-cap stocks. For the year there was not much change in the yen which was up slightly versus the dollar but down a little against the euro and sterling.

Third quarter GDP data was revised upwards to a 2.5% increase versus the initial estimate of 1.4% largely on higher private capital investment. Exports remain robust showing a 5.5% volume increase year on year in November. The Bank of Japan's core CPI, excluding fresh food, rose 0.9% in November year on year and has gradually risen through most of the year, although still well below the BoJ's 2% target. The labour market continues to tighten with unemployment in November down to a 24-year low at 2.7% and the job-offers-to-applicants ratio reaching 1.56.

There are continued signs that activists are becoming more involved with Japanese companies. A Hong Kong-based fund has increased its stake in Katakura, a property rich textile company, from 3% to 7.9%. It had already submitted proposals to management at the AGM earlier in the year, but its enlarged stake will enable it to apply more pressure.

During the month the logistics and trucking company SG Holdings was listed with a ¥500bn market capitalisation, the largest IPO of the year. Helped by signs of rising freight prices it rose by 20% from its issue price. On the other hand, the construction sector was weaker as an investigation was launched into orders related to work on the MAGLEV project, the next generation of high speed rail. Four major contractors are being investigated for possible antitrust violations by the Japanese Fair Trade Commission.

It was encouraging to see the Norwegian sovereign wealth fund make its first direct purchase of Japanese real estate. Together with local partner Tokyu Land, who will own 30%, they spent over \$800m on five Tokyo properties which are a mixture of retail and residential space.

The greater emphasis on governance by institutional shareholders combined with the growing presence of activists and private equity looks likely to intensify the pressure on management to achieve better returns and to have more sensibly structured balance sheets. As a result of this, and the good environment for profit growth, we remain optimistic about the outlook for 2018. If you would like to deal in the Fund, please contact Link Asset Services. 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 Link Asset Services for details.

Your attention is drawn to the important regulatory information on the reverse of this document.

LF 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	CFMWNVALN
B Income	CFMWNVALN

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
Mitsubishi UFJ Financial		2.8
Sumitomo Mitsui Financial Group		2.7
Sumitomo Mitsui Trust		2.6
Tokio Marine Holdings Inc		2.6
Fuji Media Holdings		2.4
Sumitomo Electric Industries		2.4
Kyowa Exeo Corp		2.4
Honda Motor Co. Ltd		2.4
Toyota Industries		2.3
Toyota Motor Corp		2.3
Number of Holdings		68
Fund Size		£562m

Fund administrator	Link Asset Services Arlington Business Centre Millshaw Park Lane Leeds LS11 0PA Tel: 0345 922 0044 Fax: 0113 224 6001
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Performance

	2016	2015	2014	2013	2012	Since inception* (Oct 2008)
A Shares	+28.6%	+20.8%	+5.8%	+18.5%	+5.6%	+359.6%
B Shares	+29.3%	+21.4%	+6.3%	+19.1%	+6.2%	+481.1%
TOPIX Net Total Return	+24.0%	+16.6%	+2.3%	+23.9%	+3.5%	+138.5%

* 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 Link Asset Services. Index data are taken from Bloomberg. Performance is given in sterling terms based on the Fund NAV. Data are as at 31st December 2017 and accurate as at that date.

Dividends

Ex-Dividend Date	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	31 Oct 2017
Dividend per 'A' Income Share	5.2207	2.2185	2.6404	2.3072	2.8431	2.3347	3.7670	4.0977	4.1547	3.4595
Dividend per 'B' Income Share	5.3360	2.2749	2.7196	2.3828	2.9372	2.4158	3.9154	4.2679	4.3976	3.6235

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 Link Asset Services, PO Box 389, Darlington, DL1 9UF, or ourselves.

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