

MORANT WRIGHT MANAGEMENT LIMITED

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Morant Wright Fuji Yield Fund September 2018 Newsletter

NAV at 28th September: Yen: ¥1,511.55, Sterling: £14.82, US Dollar: \$14.86
Euro: €15.45, Swiss Franc: CHF10.00, Yen B shares: ¥1,325.65

	Month	Year to date	Performance since inception	TOPIX Net TR since inception*	Inception date
Yen (unhedged)	+5.1%	-1.7%	+51.2%	+42.5%	4 Nov 2014
TOPIX Net Total Return	+5.4%	+1.7%			
Sterling (hedged)	+5.2%	-1.4%	+48.2%	+42.5%	4 Nov 2014
US Dollar (hedged)	+5.3%	-0.4%	+48.6%	+38.2%	28 Nov 2014
Euro (hedged)	+5.1%	-2.0%	+54.5%	+49.3%	7 Apr 2016
Swiss Franc (hedged)	+5.1%	-2.3%	+0.0%	+2.0%	11 Dec 2017
Yen B shares (unhedged)	+5.2%	-1.4%	+32.6%	+25.9%	12 Mar 2015

Sources: Bloomberg and Link Asset Services.

Performance and NAV given for accumulating shares; available distributing shares are shown overleaf

* Performance of TOPIX Net TR index since inception is shown in yen

September was a strong month for the Japanese stock market with TOPIX rising by around 5% in local currency terms. Overseas investors turned large buyers during the month, predominantly through the futures market. The Nikkei 225 reached a 27-year high.

As widely expected Prime Minister Abe was re-elected as LDP leader for a new three-year term to 2021. He secured 69% of the vote within his party and will become Japan's longest-serving prime minister if he completes his term of office. He also addressed the UN General Assembly in New York to advocate the benefits of free trade, emphasising the advanced negotiations to form a free trade zone within Asia.

Second quarter GDP growth was revised up to 3% from an initial 1.9% as capital investment was even stronger than previously assessed. Capex rose by 13% in Q2 and continues to grow; August machinery orders increased by 14%. Employment also remains buoyant, with last month's figures showing 66.6m people in work, exceeding the previous record in 1997. Interestingly, retail sales have also been stronger recently, increasing by 2.7% in August.

The real estate market remains robust. The latest government survey showed national land prices rising for the first time since 1991, led by large moves in the three major conurbations where prices have been rising for six years. Other big cities, such as Fukuoka, Hiroshima, Sendai and Sapporo, which are popular with overseas visitors, also saw increases. The most recent data for the Tokyo office market showed the vacancy rate down to 2.45% whilst average rents rose by 7% – the largest increase in 10 years.

Share buybacks have been an important part of corporate governance changes in Japan. So far this year the value of shares bought back by companies has risen by 37% compared to the previous year. This month saw a huge buyback by Kyorin Pharmaceutical which repurchased 24% of its shares, including the 19% stake held by its largest shareholder, Teijin. Like many stocks in Japan, Kyorin has a very strong balance sheet with net cash equivalent to just over half of its market cap. There was also an example of a Japanese company using its shares to make an acquisition, taking advantage of the change in tax rules from April; Taiyo Yuden announced that it would buy in the rest of its listed subsidiary Elna.

We have long argued that Japan offers exceptional opportunities for value investors. According to CLSA almost 40% of TOPIX companies trade below tangible book value, compared to around 10% for the UK, France and Germany and 3% for the US. For the portfolio, the valuation argument is even more compelling with over 80% of stocks standing below tangible book value. Furthermore, the balance sheets, as we have commented previously, are extremely strong with our companies having on average 50% of their market cap in net cash and investments. 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 Fuji Yield Fund Information

Fund type	UCITS OEIC, authorised in Ireland
Fund currency	Base currency: Japanese Yen Hedged classes available in £, \$, €, CHF Unhedged class available in ¥, £ and \$
Launch date	November 2014
Geographic exposure	100% Japanese equities

Share types	Accumulating and Distributing
Share fees	1.0% Management Fee (all other shares) 0.75% Management Fee (Yen B shares) <i>No performance fee except Yen B shares</i>
Minimum investment	€5,000 (Euro shares) ¥1,000,000 (Japanese Yen shares) US\$5,000 (US Dollar shares) £5,000 (Sterling shares) CHF5,000 (Swiss Franc shares)

Fund administrator	Link Asset Services 2 nd Floor, 2 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland Tel: +353 1 400 5300 Fax: +353 1 400 5350
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UK tax status	Approved Reporting Fund by HMRC
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Dealing frequency	Daily
Deal cut-off point	11.00am (Irish time)
Valuation point	12.00pm (Irish time)
Settlement	T+4 (subscriptions/redemptions)

Share Class	ISIN	SEDOL	Bloomberg
Euro Accumulation Hedged	IE00BQ5BN330	BQ5BN33	MWFYEAH
Euro Distribution Hedged	IE00BQT49G37	BQT49G3	MWFYEDH
Euro Accumulation Unhedged	IE00BDRKVZ52	BDRKVZ5	MWFYEAU
Euro Distribution Unhedged	IE00BD1LVV03	BD1LVV0	MWFYEDU
Japanese Yen Accumulating Unhedged	IE00BQ5BN447	BQ5BN44	MWFYJAU
Japanese Yen Distributing Unhedged	IE00BQT49H44	BQT49H4	MWFYJDU
Japanese Yen B Accumulating Unhedged	IE00BV0LL840	BV0LL84	MWFJBUH
Sterling Accumulation Hedged	IE00BQ5BN223	BQ5BN22	MWFYGAH
Sterling Distribution Hedged	IE00BQT49F20	BQT49F2	MWFYGDH
Sterling Distribution Unhedged	IE00BYWNV678	BYWNV67	MWFYGDU
Swiss Franc Accumulation Hedged	IE00BQ5BN660	BQ5BN66	
Swiss Franc Distribution Hedged	IE00BQT49K72	BQT49K7	
US Dollar Accumulation Hedged	IE00BQ5BN553	BQ5BN55	MWFYUAH
US Dollar Distribution Hedged	IE00BQT49J67	BQT49J6	MWFYUDH
US Dollar Distribution Unhedged	IE00BD9BP985	BD9BP985	MWFYUSU

Top Ten Holdings	% Fund
Mitsubishi UFJ Financial Group	2.9
Sumitomo Mitsui Financial Group	2.7
Sumitomo Electric Industries	2.7
Hitachi Capital Corp	2.7
Tokai Rika	2.6
MS&AD Insurance Group	2.6
Tokio Marine Holdings	2.6
Nissan Motor Co	2.5
Inabata	2.5
Toyota Industries	2.5
No. of Holdings	60
Fund AUM	\$263m

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 are as at 28th September 2018 and accurate as at that date.

Dividends

Ex-Dividend Date	30 Apr 2015	31 Oct 2015	30 Apr 2016	31 Oct 2016	28 Apr 2017	31 Oct 2017	27 Apr 2018
Dividend per Euro Distributing share	0.1176	0.1148	0.1404	0.1064	0.1528	0.0969	0.1753
Dividend per Sterling Distributing (hedged) share	0.0055	0.0853	0.5322	0.0912	0.1495	0.1181	0.1854
Dividend per Sterling Distributing (unhedged) share						0.0747	0.0551
Dividend per Yen Distributing share	12.9089	11.4072	14.6482	11.3457	15.7944	12.9441	17.5837
Dividend per Dollar Distributing (hedged) share	0.1286	0.1138	0.1405	0.1058	0.1509	0.1276	0.1760
Dividend per Dollar Distributing (unhedged) share						0.0892	0.1054

This document is issued and approved by Morant Wright Management Ltd. 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 any other regulatory information, which can be obtained from Link Asset Services, 2nd Floor, 2 Grand Canal Square, Dublin 2, Ireland or ourselves.

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