

# MORANT WRIGHT MANAGEMENT LIMITED

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## Morant Wright Fuji Yield Fund January 2019 Newsletter

NAV at 31<sup>st</sup> January 2019: Yen: ¥1,305.82, Sterling: £12.79, US Dollar: \$12.93  
Euro: €13.31, Swiss Franc: CHF8.61 Yen B shares: ¥1,146.20

	Month	2018	Performance since inception	TOPIX Net TR since inception*	Inception date
Yen (unhedged)	+4.1%	-18.4%	+30.6%	+23.1%	4 Nov 2014
TOPIX Net Total Return	+4.9%	-16.3%			
Sterling (hedged)	+4.1%	-18.3%	+27.9%	+23.1%	4 Nov 2014
US Dollar (hedged)	+4.2%	-16.9%	+29.3%	+19.5%	28 Nov 2014
Euro (hedged)	+4.0%	-18.8%	+33.1%	+29.0%	7 Apr 2016
Swiss Franc (hedged)	+4.0%	N/A	-13.9%	-11.8%	11 Dec 2017
Yen B shares (unhedged)	+4.1%	-18.1%	+14.6%	+8.8%	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

After the sharp decline in December, the stock market started the new year with a modest recovery. Over the month TOPIX rose by 4.9% in local currency terms.

As expected, the Bank of Japan kept monetary policy unchanged at its most recent meeting. It also trimmed its inflation forecast although later in the month the preliminary core CPI measure for Tokyo (excluding fresh food) rose by 1.1% year-on-year, the highest increase for more than a decade. The labour market remains tight, with unemployment only 2.4% and the job offers-to-applicants ratio at 1.63x, just below the four-decade high recorded in September. The labour market would be even tighter were it not for the increasing number of foreign workers in Japan, which in October reached 2.2% of total employees.

There were two interesting pieces of news concerning shareholder activism. Olympus, in which ValueAct Capital has a 5% stake, announced a number of measures including the appointment of three new foreign directors, one of whom would be from ValueAct. The company also decided to split its medical device business into two divisions, one of which will be headquartered in the US, in order to achieve meaningful cost savings. Similarly, ShinMaywa has been under sustained pressure from Japanese activist Mr. Murakami, who has accumulated a 23% stake. The company recently announced a massive buyback of 28% of its shares as well as a further increase in the dividend.

Following on from the record level of M&A activity seen in 2018, there were several more deals announced during January. Interestingly, two of the recent deals involved private equity buyers. Bain made a bid for commercial printing company Kosaido at a 46% premium, although this is still well below book value. Carlyle and Nomura declared a joint bid for unlisted Orion Breweries, the fifth largest brewery in Japan. Nomura's investment comes from its ¥100bn fund to support rural companies facing issues of business succession. We were also encouraged to see Toppan Printing announce a sale of part of its stake in Recruit, where it was the largest shareholder. The share sale raised ¥29bn for Toppan, which not only trades below half of book but also less than the value of net cash and investments on its balance sheet.

Almost half of companies have so far reported third quarter earnings. One noticeable feature has been the impact of weak overseas demand on machinery and electronic component companies, particularly in China. Interestingly, the share price reaction to these downward revisions has been moderate. On the other hand, electrical engineer Kinden, which is very much focused on the domestic market, revised up its full year numbers.

Data from Nomura show that the value of share buybacks executed in 2018 rose by 49% year on year. Given the low valuation of the portfolio and that, on average, the companies have almost 60% of their market cap in net cash and investments, this is a very encouraging trend. 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.**

AUTHORISED AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY  
REGISTERED IN ENGLAND NUMBER 3692692

# Morant Wright Fuji Yield Fund Information

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

<b>Share types</b>	Accumulating and Distributing
<b>Share fees</b>	1.0% Management Fee (all other shares) 0.75% Management Fee (Yen B shares) <i>No performance fee except Yen B shares</i>
<b>Minimum investment</b>	€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)

<b>Fund administrator</b>	Link Asset Services 1 <sup>st</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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<b>UK tax status</b>	Approved Reporting Fund by HMRC
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<b>Dealing frequency</b>	<b>Daily</b>
<b>Deal cut-off point</b>	<b>11.00am (Irish time)</b>
<b>Valuation point</b>	<b>12.00pm (Irish time)</b>
<b>Settlement</b>	<b>T+4 (subscriptions/redemptions)</b>

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
Sumitomo Mitsui Trust	2.8
Tokio Marine Holdings	2.8
Sumitomo Mitsui Financial Group	2.7
Mitsubishi UFJ Financial Group	2.7
Sumitomo Electric Industries	2.7
Canon Marketing	2.6
Toyota Industries	2.6
MS&AD Insurance Group	2.6
Honda Motor	2.5
Nissan Motor	2.5
<b>No. of Holdings</b>	<b>61</b>
<b>Fund AUM</b>	<b>\$237m</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 are as at 31<sup>st</sup> January 2019 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	31 Oct 2018
Euro Distributing share	0.1176	0.1148	0.1404	0.1064	0.1528	0.0969	0.1753	0.1353
Sterling Distributing (hedged) share	0.0055	0.0853	0.5322	0.0912	0.1495	0.1181	0.1854	0.1291
Sterling Distributing (unhedged) share						0.0747	0.0551	0.1121
Yen Distributing share	12.9089	11.4072	14.6482	11.3457	15.7944	12.9441	17.5837	12.8844
Dollar Distributing (hedged) share	0.1286	0.1138	0.1405	0.1058	0.1509	0.1276	0.1760	0.1367
Dollar Distributing (unhedged) share						0.0892	0.1054	0.1065

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, 1<sup>st</sup> Floor, 2 Grand Canal Square, Dublin 2, Ireland or ourselves.

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