

# MORANT WRIGHT MANAGEMENT LIMITED

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## Morant Wright Sakura Fund November 2018 Newsletter

NAV at 30<sup>th</sup> November 2018: Euro: €15.43, Japanese Yen: ¥1,626.59, Sterling: £15.57  
Swiss Franc: CHF15.06, US Dollar: \$16.03, Yen B shares: ¥964.83

Returns	Month	Year to date	Since Inception (7 <sup>th</sup> May 2013) (Yen B: 17 <sup>th</sup> Apr 2018)
Yen (unhedged)	+1.7%	-8.9%	+62.7%
TOPIX Net Total Return	+1.3%	-6.7%	+54.4%
Euro (hedged)	+1.6%	-9.3%	+54.3%
Sterling (hedged)	+1.6%	-8.8%	+55.7%
Swiss Franc (hedged)	+1.6%	-9.7%	+50.6%
US Dollar (hedged)	+1.9%	-7.4%	+60.3%
Yen B shares (unhedged)	+1.7%	N/A	-3.5%

Performance given for accumulation shares

Sources: Bloomberg and Link Asset Services

After the sharp fall in the stock market the previous month, November saw a modest recovery with TOPIX rising by 1.3% in yen terms.

Third quarter GDP data showed a contraction in the economy of 1.2% (annualised), although this mostly reflected the impact of natural disasters over the summer and was widely expected by economists. More recent economic data have pointed to a recovery, however, with industrial production up 4.2% year-on-year in October and exports increasing by 8.2%. Similarly, retail sales rose by 3.5% for the fastest pace of growth this year. Although unemployment rose slightly in October, this reflected an increase in the number of people seeking work so the number of workers employed has continued its steady rise. Inflation remains around 1% but anecdotally it was interesting to see the Salt Industry Centre of Japan announcing a price rise of 15% during November – its first price rise in almost 30 years!

It was announced that Osaka will host the 2025 World Expo which will be held on a man-made island just outside the city. Nomura estimate a direct investment of ¥125bn and total investment of up to ¥1trn. This will follow not long after the Rugby World Cup next year and the Tokyo Olympics in 2020, and comes as tourist numbers continue to grow. Despite a fall in September, not helped by the closure of Kansai Airport, October saw the number of overseas visitors grow by nearly 2%. Japan is on course to receive over 31m tourists in 2018 compared to a figure of only 8m ten years ago.

Corporate results for the six months to 30th September were more mixed than in recent years but aggregate recurring profits still grew by 10% and overall company forecasts were revised up modestly. However, consensus forecasts, which are higher than company estimates, have been revised down slightly. Road paving company Nippo revised down due to higher input costs which it has struggled to pass on to customers. Results for the banks were generally good, with Sumitomo Mitsui Trust and MUFG both revising up their full year forecasts. Both banks raised their dividends and MUFG also announced a buyback of 1.5% of their shares for ¥100bn.

We have met with a lot of companies recently and Denis has also just returned from a trip to Japan. The message from management about the outlook remains generally reassuring and the improvement in shareholder returns continues – share buybacks announced so far this fiscal year amount to ¥5trn, which is the highest total on record. There is much more that can be done, however, as many companies still have significant amounts of cash and securities on their balance sheets. For our portfolio, for example, the average net cash figure currently stands at over 60% of market cap (excluding financials). Valuations still look attractive with the portfolio standing below 0.8x price-to-book and interestingly it is also at a discount to the market on a P/E basis despite the cash backing. 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 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) £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 Tel: +353 1 400 5300 Fax: +353 1 400 5350
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UK tax status	Approved as a Reporting Fund by HMRC
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<b>Bloomberg Code</b>	
Euro Accumulating Hedged Class	MWSKEUR
Euro Unhedged Distributing Class	
Japanese Yen Accumulating Unhedged Class	MWSKYEN
Japanese Yen B Accumulating Unhedged Class	MWSKYBA
Sterling Accumulating Hedged Class	MWSKSTL
Sterling Unhedged Distributing Class	
Swiss Franc	MWSKCHF
US Dollar Accumulating Hedged Class	MWSKUSD
US Dollar Unhedged Distributing Class	
<b>SEDOL</b>	
Euro Accumulating Hedged Class	B7ST847
Euro Unhedged Distributing Class	
Japanese Yen Accumulating Unhedged Class	B9140F8
Japanese Yen B Accumulating Unhedged Class	
Sterling Accumulating Hedged Class	B840XH9
Sterling Unhedged Distributing Class	
Swiss Franc	B93V6N7
US Dollar Accumulating Hedged Class	B8JQR2
US Dollar Unhedged Distributing Class	
<b>ISIN</b>	
Euro Accumulating Hedged Class	IE00B7ST8472
Euro Unhedged Distributing Class	IE00BYWNV454
Japanese Yen Accumulating Unhedged Class	IE00B9140F89
Japanese Yen B Accumulating Unhedged Class	IE00BF1FZN69
Sterling Accumulating Hedged Class	IE00B840XH97
Sterling Unhedged Distributing Class	IE00BYWNV348
Swiss Franc	IE00B93V6N72
US Dollar Accumulating Hedged Class	IE00B8JQR23
US Dollar Unhedged Distributing Class	IE00BYWNV561

<b>Top Ten Holdings</b>	<b>% Fund</b>
Kinden	3.1
Tokio Marine Holdings	3.1
Sumitomo Mitsui Trust	2.9
Nippon Television Network	2.8
Sumitomo Electric Industries	2.8
Sumitomo Mitsui Financial Group	2.8
Tokyo Broadcasting System	2.7
Mitsubishi UFJ Financial Group	2.7
Kyocera	2.6
Toyota Industries	2.6
<b>Number of Holdings</b>	<b>63</b>
<b>Fund Size</b>	<b>\$1,026m</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 2018 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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