

MORANT WRIGHT MANAGEMENT LIMITED

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Morant Wright Fuji Yield Fund November 2018 Newsletter

NAV at 30th November 2018: Yen: ¥1,407.45, Sterling: £13.77, US Dollar: \$13.88
Euro: €14.36, Swiss Franc: CHF9.29, Yen B shares: ¥1,234.88

	Month	Year to date	Performance since inception	TOPIX Net TR since inception*	Inception date
Yen (unhedged)	+1.7%	-8.5%	+40.7%	+30.7%	4 Nov 2014
TOPIX Net Total Return	+1.3%	-6.7%			
Sterling (hedged)	+1.6%	-8.4%	+37.7%	+30.7%	4 Nov 2014
US Dollar (hedged)	+1.8%	-7.0%	+38.8%	+26.9%	28 Nov 2014
Euro (hedged)	+1.6%	-8.9%	+43.6%	+37.0%	7 Apr 2016
Swiss Franc (hedged)	+1.6%	-9.2%	-7.1%	-6.4%	11 Dec 2017
Yen B shares (unhedged)	+1.7%	-8.2%	+23.5%	+15.5%	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 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. 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 50% 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.

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

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
Sumitomo Mitsui Trust	2.9
Tokio Marine Holdings	2.7
Mitsubishi UFJ Financial Group	2.7
Sumitomo Densetsu	2.6
Sumitomo Mitsui Financial Group	2.6
Toyota Industries	2.6
Sumitomo Electric Industries	2.6
MS&AD Insurance Group Holdings	2.5
Hitachi Capital Corp	2.5
Canon Marketing	2.5
No. of Holdings	61
Fund AUM	\$249m

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 30th November 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, 2nd Floor, 2 Grand Canal Square, Dublin 2, Ireland or ourselves.

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