

MORANT WRIGHT

MANAGEMENT LIMITED

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Morant Wright Fuji Yield Fund October Newsletter

£ Returns	Month	Year to Date	Since Inception	TOPIX Net TR since inception**	Inception date
Yen (unhedged)	-2.0%	+21.8%	+63.9%	+66.5%	4 Nov 2014
TOPIX Net Total Return	-1.4%	+12.7%			
Sterling (hedged)	-2.0%	+21.4%	+57.6%	+66.5%	4 Nov 2014
US Dollar (hedged)	-2.1%	+21.7%	+65.3%	+61.6%	28 Nov 2014
Euro (hedged)	-2.1%	+21.1%	+62.3%	+74.5%	7 Apr 2016
Swiss Franc (hedged)	-2.1%	+21.0%	+4.7%	+19.2%	11 Dec 2017
Yen B shares (unhedged)	-2.0%	+22.0%	+44.9%	+47.1%	12 Mar 2015

Sources: Bloomberg and Link Fund Solutions Ireland Limited (LFSI).

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

Topix declined by 1.4% in local terms over the month while the yen fell sharply against both sterling and the US dollar. Expectations grew that short term interest rates would rise in the UK and US whereas no change is anticipated in Japan.

Economic news was mixed. Weak domestic spending in September reflected Covid restrictions while industrial output fell by 5.4% largely due to a 28% drop in car production. Car companies have been forced to reduce output sharply due to a combination of global semiconductor shortages and Covid related plant suspensions including at suppliers in Vietnam, Malaysia and Thailand.

It is still early in the results season for the first half to the end of September, but so far we have seen fewer positive surprises than the last few quarters. Nonetheless more companies are still revising their guidance up than down; for example, steel manufacturer Yamato Kogyo revised up for the second successive quarter while car parts supplier Tokai Rika revised down.

The outlook, however, looks brighter. The number of new Covid cases in Japan has fallen to only a few hundred per day over the past two weeks after the national state of emergency was ended on 30th September. This, combined with a vaccination rate of over 80% of the adult population, should be positive for domestic demand. Every month Toyota releases forecast production plans for the next three months which currently show a strong recovery. At its low in September, monthly production dropped by 39% to 513,000 units but is expected to rise sharply in October to 850,000-900,000 units with a further increase in November. Toyota cites an easing of the Covid related parts production problems in Asia as the main factor behind the improvement.

The takeover battle between Shinsei Bank and SBI continues. Shinsei's board has said that they would support the bid and consider abandoning their plan for a poison pill if the ¥2,000 bid price is revised to a "sufficient level" and the maximum number of shares for the bid is removed, i.e. not limiting SBI's ownership to 48% of the bank. Elsewhere, Oasis and other shareholders have publicly rejected the takeover offer by ENEOS for Nippo as they believe it does not fully reflect the value of the company.

The clear LDP victory in the election at the end of the month provides political continuity, while the moderate headwinds from semiconductor shortages and Covid restrictions seem likely to ease. Meanwhile the valuations of the fund remain highly attractive. We anticipate further improvements in dividends and share buybacks through the results season next month.

Stephen Morant, Ian Wright, Richard Phillips, Tom Mermagen, Andrew Millward,
 Denis Clough and Nick Sinclair

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 REGISTERED IN ENGLAND NUMBER 3692692

Fund	
Fund size	\$255m
Number of holdings	57

Valuations	
Average PBR	0.68
Median EV/OP* (3/22e)	3.5
Weighted Average P/E (3/22e)	10.0
Net cash as % of market cap*	61%

*Net cash (including investment securities) and EV/OP figures exclude financials

Top Ten Holdings	% Fund
Mitsubishi Ufj Financial	3.4
Inpex	3.3
Dai-ichi Life Holdings Inc	3.1
Sumitomo Mitsui Financial Group	3.1
Honda Motor Co. Ltd	2.9
Fuji Media Holdings	2.9
Sumitomo Mitsui Trust	2.8
Inabata	2.8
Infroneer Holdings	2.6
Sumitomo Electric Industries	2.6

Market Cap Breakdown	% Fund
Large cap (>\$5bn)	34.6
Mid cap (\$1-5bn)	38.4
Small cap (<\$1bn)	24.3
Cash	2.7

NAV at 29 th October 2021	
Yen	¥1,639.31
Sterling	£15.76
US Dollar	\$16.53
Euro	€16.23
Swiss Franc	CHF10.47
Yen B	¥1,448.83

Dealing
 If you would like to deal in the fund, please contact Link Fund Solutions. Their telephone number is 0345 922 0044

Please refer to the further fund details and important regulatory information on the reverse of this document

Fund Information		Dealing Information	
Fund type	UCITS OEIC, authorised in Ireland	Minimum investment	¥1,000,000 (Japanese Yen shares) US\$5,000 (US Dollar shares) £5,000 (Sterling shares) CHF5,000 (Swiss Franc shares)
Fund currency	Japanese Yen Hedged classes available in £, \$, €, CHF Unhedged classes available in in ¥, €, £ and \$	Dealing frequency	Daily
Launch date	November 2014	Deal cut-off point	11.00am (Irish time)
Geographic exposure	100% Japanese equities	Valuation point	12.00pm (Irish time)
AMC OCF	1.00% (JPY B Class 0.75%) 1.29% (JPY B Class: 1.04%)	Settlement	T+4 (subscriptions/redemptions)
Share types	Accumulation and Distributing	Fund administrator	Link Fund Administrator Ireland Limited (LFAI) 1st Floor, 2 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland Tel: +353 1 400 5300 Fax: +353 1 400 5350

Share Identifiers	Bloomberg code	SEDOL	ISIN
Euro Acc Hedged	MWFYEAH	BQ5BN33	IE00BQ5BN330
Euro Dist Hedged	MWFYEDH	BQT49G3	IE00BQT49G37
Euro Acc Unhedged	MWFYEAU	BDRKVZ5	IE00BDRKVZ52
Euro Dist Unhedged	MWFYEDU	BD1LVV0	IE00BD1LVV03
Yen Acc Unhedged	MWFYJAU	BQ5BN44	IE00BQ5BN447
Yen Dist Unhedged	MWFYJDU	BQT49H4	IE00BQT49H44
Yen B Acc Unhedged	MWFJBUH	BVOLL84	IE00BVOLL840
Sterling Acc Hedged	MWFYGAH	BQ5BN22	IE00BQ5BN223
Sterling Dist Hedged	MWFYGDH	BQT49F2	IE00BQT49F20
Sterling Dist Unhedged	MWFYGDU	BYWNV67	IE00BYWNV678
Swiss Franc Acc Hedged		BQ5BN66	IE00BQ5BN660
Swiss Franc Dist Hedged		BQT49K7	IE00BQT49K72
US Dollar Acc Hedged	MWFYUAH	BQ5BN55	IE00BQ5BN553
US Dollar Dist Hedged	MWFYUDH	BQT49J6	IE00BQT49J67

Ex-Dividend Date	31 Oct 2017	27 Apr 2018	31 Oct 2018	26 Apr 2019	31 Oct 2019	30 Apr 2020	30 Oct 2020	30 Apr 2021	29 Oct 2021
Euro Distributing (hedged)	0.0969	0.1753	0.1353	0.2396	0.1470	0.1946	0.1272	0.1929	0.1663
Euro Distributing (unhedged)		0.0551	0.0969	0.1653	0.1474	0.1693	0.1092	0.1589	0.1354
Sterling Distributing (hedged)	0.1181	0.1854	0.1291	0.2318	0.0454	0.1836	0.1244	0.1960	0.1637
Sterling Distributing (unhedged)	0.0747	0.0551	0.1121	0.1786	0.1894	0.1745	0.1179	0.1679	0.1387
Yen Distributing	12.9441	17.5837	12.8844	82.9239	14.7551	19.7063	12.9515	19.6050	17.2094
Dollar Distributing (hedged)	0.1276	0.1760	0.1367	0.2338	0.1589	0.2139	0.1397	0.2195	0.1888
Dollar Distributing (unhedged)	0.0892	0.1054	0.1065	0.1462	0.1325	0.1629	0.1095	0.1667	0.1402

TOPIX Net Total Return is used for the purpose of performance comparison only as it is a widely used benchmark which includes reinvestment of dividends (net of withholding tax) and which most closely reflects the type of companies in which the fund invests. All performance information is calculated by Morant Wright Management Limited using share price data provided by LFS. Index data are taken from Bloomberg. Performance is given in sterling terms based on the Fund NAV. Data are as at 29th October 2021 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 must read the KIID which can be obtained from LFSI or ourselves <https://www.morantwright.co.uk/mw-fuji-yield-fund>, along with the Fund Prospectus and the latest report and accounts. Please also refer to https://www.linkgroup.eu/media/1617/20210730-shareholder-rights-policy_final.pdf for a full summary of investor rights.

Link Fund Manager Solutions Limited, as UCITS Management Company, has the right to terminate the arrangements made for the marketing of funds in accordance with the UCITS Directive.

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