

# CAPITA

## CF Morant Wright Japan Fund

Interim Unaudited Report and Financial Statements  
31 October 2013

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 J.E. Millan

#### INVESTMENT MANAGER

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## ACD'S REPORT

### FOR THE HALF YEAR ENDED 31 OCTOBER 2013

#### AUTHORISED STATUS

CF Morant Wright Japan Fund ('the Fund') is an open-ended investment company with variable capital incorporated in England and Wales under registered number IC000223 and authorised by the Financial Conduct Authority.

It is a 'UCITS Scheme' and the currency of the Fund is pounds sterling.

Shareholders are not liable for the debts of the Fund. Shareholders are not liable to make any further payment to the Company after they have paid the price on purchase of the shares.

#### INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Fund is longer term capital growth principally through diversified investment in Japanese equities and related instruments. There may be times in light of adverse conditions when the Investment Manager will wish to hold positions in collective investment schemes, money market instruments and warrants.

#### CAPITA FINANCIAL MANAGERS LIMITED

*ACD of CF Morant Wright Japan Fund*  
18 December 2013

#### INVESTMENT MANAGER'S REPORT

Over the six months the 'A' shares have declined by 1.1% and the 'B' shares by 0.8% which compares with the TOPIX Total Return Index which fell by 0.7%\*. In local terms the Index rose by 3.4%\* but the yen continued to fall against sterling from ¥151.1\* to ¥157.3\*. The stock market peaked on 22 May before retreating as international worries over tapering of Quantitative Easing in the US and the underlying rate of economic growth in China surfaced. As these fears have abated the market has recovered.

Prime Minister Abe's three arrows, introduced after his election victory last December, are designed to invigorate the Japanese economy and end deflation. The first arrow, which in the short term is probably the most important, is bold monetary policy. An inflation target of 2% was soon announced by the Bank of Japan and in order to meet it the new Governor, Mr Kuroda, announced a significantly looser policy aiming to double the monetary base by the end of 2014.

This looser monetary policy is being aided by the second arrow, a supportive fiscal policy. The ¥10.4 trillion fiscal package passed earlier this year is contributing to the good growth being seen in the Japanese economy which expanded at about 4% per annum in the first half of the year, although the third quarter figure, which still showed growth, was some what slower. The rise in the consumption tax from 5% to 8% has been confirmed for the 1 April and domestic demand is likely to be strong ahead of it. Details of a further package amounting to some ¥5 trillion will be given soon and this will help to offset the slowdown expected after the implementation of the increase.

The coalition parties had a comfortable victory in the upper house election in July which means that there should be a period of political stability as they hold control of both houses of parliament. This should allow Mr Abe to implement his third arrow of growth strategies, as a further election is not required for another three years.

So far, details of the growth strategies are sketchy, perhaps because they are more controversial. Japan has entered into talks to join the Trans-Pacific Partnership and there are discussions about increasing female participation in the labour force. Other issues include greater labour deregulation, the general restarting of nuclear power plants and the introduction of casino resorts and special economic zones. There is also the possibility of cuts in corporation tax.

The outlook for corporate earnings is good and profits are forecast to reach record levels this financial year. Further growth is anticipated next year. Dividends are being raised too and share buybacks are once again increasing. Cash flow remains strong and the corporate sector is in a very healthy position. The property market is recovering with price rises now appearing in major cities which should help asset values. Banks are healthy and willing to lend.

The market trades at roughly 1.3 times book value – a low rating historically. The market has been dominated by foreign investors. Recently there has been more sign of individual interest as sales of investment trusts have started to pick up but from a very low base. The equity yield of 1.6% appears attractive against both 10 year government bonds yielding 0.6% and the negligible return on cash. Individuals still have high cash holdings and as sentiment improves it is to be hoped that money switches into equities. The introduction of Nippon Individual Savings Accounts on 1 January 2014, which give tax advantages, will further assist the situation.

*\* Source of data: Bloomberg. The Investment Manager uses the TOPIX Total Return Index for comparison only. No benchmark is required to be disclosed as per the Prospectus.*

We are fully invested in a cash rich, largely domestic portfolio which stands below book value. We believe this will prove rewarding in the longer term, particularly if Mr Abe's policies prove successful and eradicate deflation. The hosting of the Olympics in 2020 should boost domestic sentiment but in the shorter term the attitude of foreign investors still dominates market movements.

MORANT WRIGHT MANAGEMENT LIMITED  
Investment Manager  
20 November 2013

## FUND INFORMATION

### PERFORMANCE RECORD

#### 'A' Income shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2008	186.71	127.29	–
2009	190.54	152.43	0.6263
2010	205.33	172.81	–
2011	205.44	166.37	0.3556
2012	196.52	172.03	0.8322
2013*	241.63	180.21	0.8819

#### 'A' Accumulation shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2008	186.94	127.44	–
2009	191.47	152.62	0.3975
2010	206.32	173.65	–
2011	206.44	167.18	0.3573
2012	197.87	173.92	0.9077
2013*	245.16	182.20	0.9969

#### 'B' Income shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2008	189.89	129.32	0.8403
2009	193.57	155.16	1.4822
2010	208.46	175.66	0.7812
2011	209.27	169.59	1.2966
2012	200.37	175.04	1.8257
2013*	245.50	183.49	1.8601

PERFORMANCE RECORD (continued)

'B' Accumulation shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2008	192.17	130.87	0.6618
2009	197.56	157.02	1.4641
2010	213.55	179.99	0.7203
2011	214.43	173.77	1.3541
2012	206.73	182.25	1.9071
2013*	257.57	191.05	1.9096

\* To 31 October 2013.

NET ASSET VALUE

Date	Share Class	Net Asset Value £	Shares in Issue	Net Asset Value pence per share
30.04.11	'A' Income	7,262,179	4,012,001	181.01
	'A' Accumulation	13,179,342	7,230,259	182.28
	'B' Income	90,419,211	49,217,484	183.71
	'B' Accumulation	361,792,889	190,848,230	189.57
30.04.12	'A' Income	5,693,409	3,054,045	186.42
	'A' Accumulation	11,196,496	5,938,562	188.54
	'B' Income	135,634,195	71,695,459	189.18
	'B' Accumulation	390,091,629	197,953,168	197.06
30.04.13	'A' Income	3,227,740	1,398,250	230.84
	'A' Accumulation	19,062,268	8,136,540	234.28
	'B' Income	136,819,636	58,353,282	234.47
	'B' Accumulation	457,438,991	185,901,302	246.07
31.10.13	'A' Income	2,632,289	1,151,493	228.60
	'A' Accumulation	14,072,606	6,065,363	232.02
	'B' Income	151,594,973	65,121,142	232.79
	'B' Accumulation	531,397,996	217,513,005	244.31

RISK WARNING

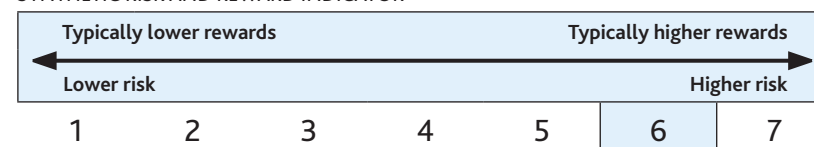
An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

ONGOING CHARGES FIGURE

Expense Type	31.10.13 %		30.04.13 %	
	'A'	'B'	'A'	'B'
ACD's periodic charge	1.50	1.00	1.50	1.00
Other expenses	0.16	0.16	0.17	0.17
Ongoing charges figure	1.66	1.16	1.67	1.17

The Ongoing Charges Figure represents the total operating expenses of the Fund expressed as a percentage of the average net assets over a 12 month period.

SYNTHETIC RISK AND REWARD INDICATOR



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

The Fund has been classed as 6 because its volatility has been measured as above average to high.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

DISTRIBUTIONS

There were no distributions during the interim period.

FUND PERFORMANCE TO 31 OCTOBER 2013 (%)

	6 months	1 year	3 years	5 years
CF Morant Wright Japan Fund				
'A' Shares	(1.05)	31.22	29.26	55.33
'B' Shares	(0.80)	31.88	31.20	59.23

The performance of the Fund is based on the published price per Accumulation share which includes reinvested income.

PORTFOLIO STATEMENT  
AS AT 31 OCTOBER 2013

Holding	Portfolio of Investments	Value £'000	Total Net Assets 31.10.13 %	30.04.13 %
1,200,000	APPAREL MANUFACTURERS Wacoal Holdings Corporation	7,986	1.14	0.26
700,000	AUTO/TRUCK PARTS Alpine Electronics	5,258	0.75	
260,000	Denso Corporation	7,761	1.11	
950,000	NGK Spark Plug Company	13,452	1.92	
2,300,000	Sumitomo Electric Industries Company	21,391	3.06	
675,000	Toyota Industries Corporation	18,436	2.64	
	TOTAL AUTO/TRUCK PARTS	66,298	9.48	10.27
4,350,000	BANKS Mitsubishi UFJ Financial Group	17,110	2.45	
600,000	Sumitomo Mitsui Financial Group	17,929	2.56	
5,500,000	Sumitomo Mitsui Trust Holdings	16,784	2.40	
	TOTAL BANKS	51,823	7.41	6.73
1,700,000	BUILDING – RESIDENTIAL/ COMMERCIAL PanaHome Corporation	7,140	1.02	
1,600,000	Sekisui House	14,221	2.03	
1,750,000	Sumitomo Forestry Company	12,634	1.81	
	TOTAL BUILDING – RESIDENTIAL/ COMMERCIAL	33,995	4.86	5.21
625,000	BUILDING & CONSTRUCTION Aica Kogyo Company	7,954	1.14	
1,177,000	Nippo Corporation	13,702	1.96	
775,000	Takasago Thermal Engineering Company	4,022	0.57	
3,100,000	Toda Corporation	7,021	1.00	
	TOTAL BUILDING & CONSTRUCTION	32,699	4.67	4.62
1,050,000	CHEMICALS Adeka Corporation	7,661	1.09	
2,200,000	Asahi Kasei Corporation	10,398	1.49	
750,000	Lintec Corporation	9,659	1.38	
2,000,000	Nippon Shokubai Company	15,239	2.18	

Holding	Portfolio of Investments	Value £'000	Total Net Assets	
			31.10.13 %	30.04.13 %
	CHEMICALS (continued)			
1,550,000	Sekisui Chemical Company	11,181	1.60	
2,600,000	Toagosei Company	7,291	1.04	
3,000,000	Toyo Ink SC Holdings Company	9,478	1.35	
	TOTAL CHEMICALS	70,907	10.13	10.67
	COSMETICS & PERSONAL CARE			
540,000	Pola Orbis Holdings	11,357	1.62	1.99
	DISTRIBUTION			
1,300,000	Canon Marketing Japan	10,821	1.55	
1,250,000	Hitachi High-Technologies Corporation	17,843	2.55	
	TOTAL DISTRIBUTION	28,664	4.10	4.61
	ELECTRONIC & ELECTRICAL EQUIPMENT			
1,000,000	Toshiba TEC Corporation	3,819	0.55	
1,300,000	Ushio	10,161	1.45	
	TOTAL ELECTRONIC & ELECTRICAL EQUIPMENT	13,980	2.00	1.85
	ENGINEERING			
550,000	Chudenko Corporation	5,628	0.81	
2,070,000	Kinden Corporation	14,091	2.01	
	TOTAL ENGINEERING	19,719	2.82	2.46
	HOME DECORATION PRODUCTS			
380,000	Sangetsu Company	6,232	0.89	1.13
	IMPORT/EXPORT			
1,300,000	Nagase & Company	10,045	1.44	1.73
	INSURANCE			
900,000	NKSJ Holdings	14,417	2.06	
775,000	Tokio Marine Holdings	15,734	2.25	
	TOTAL INSURANCE	30,151	4.31	4.06

Holding	Portfolio of Investments	Value £'000	Total Net Assets	
			31.10.13 %	30.04.13 %
	MACHINERY			
1,450,000	Amada Company	7,736	1.11	2.09
	MEDIA			
1,200,000	Fuji Media Holdings	14,830	2.12	
1,600,000	Nippon Television Holdings	18,210	2.60	
1,500,000	Tokyo Broadcasting System Holdings	12,247	1.75	
	TOTAL MEDIA	45,287	6.47	7.41
	MEDICAL INSTRUMENTS			
110,000	Fukuda Denshi Company	2,938	0.42	0.45
	MISCELLANEOUS MANUFACTURERS			
1,800,000	Citizen Holdings Company	7,937	1.13	
735,000	Glory	11,322	1.62	
	TOTAL MISCELLANEOUS MANUFACTURERS	19,259	2.75	2.93
	OIL & GAS			
2,375,000	INPEX Corporation	17,056	2.44	–
	PHARMACEUTICALS & BIOTECHNOLOGY			
2,000,000	Medipal Holdings Corporation	16,774	2.40	
1,200,000	Mitsubishi Tanabe Pharma Corporation	10,521	1.50	
	TOTAL PHARMACEUTICALS & BIOTECHNOLOGY	27,295	3.90	3.54
	PHOTO EQUIPMENT & SUPPLIES			
1,150,000	FujiFilm Holdings Corporation	17,452	2.49	2.14
	RETAIL			
400,000	AOKI Holdings	8,260	1.18	
700,000	Aoyama Trading Company	11,067	1.58	
1,900,000	H2O Retailing Corporation	10,029	1.43	
450,000	Matsumotokiyoshi Holdings Company	9,435	1.35	
500,000	Shimachu Company	7,546	1.08	
450,000	XEBIO Company	6,047	0.87	
	TOTAL RETAIL	52,384	7.49	7.80

Holding	Portfolio of Investments	Value £'000	Total Net Assets	
			31.10.13 %	30.04.13 %
2,000,000	STEEL Yodogawa Steel Works	5,621	0.80	0.79
1,500,000	STORAGE/WAREHOUSE Mitsubishi Logistics Corporation	12,914	1.85	
1,800,000	Sumitomo Warehouse Company (The)	6,521	0.93	
	TOTAL STORAGE/WAREHOUSE	19,435	2.78	3.18
880,000	TECHNOLOGY IT Holdings Corporation	7,872	1.12	
550,000	Kyocera Corporation	17,691	2.53	
	TOTAL TECHNOLOGY	25,563	3.65	3.50
1,250,000	TELECOMMUNICATIONS COMSYS Holdings Corporation	10,777	1.54	–
350,000	TEXTILES Katakura Industries Company	2,578	0.37	
1,300,000	Kuraray Company	9,468	1.35	
	TOTAL TEXTILES	12,046	1.72	2.41
925,000	TRANSPORT Hitachi Transport System	9,137	1.31	
2,550,250	Kamigumi Company	13,785	1.97	
2,000,000	Seino Holdings Company	12,270	1.75	
	TOTAL TRANSPORT	35,192	5.03	6.99
	Portfolio of investments	681,897	97.46	98.82
	Net other assets	17,801	2.54	1.18
	Net assets	699,698	100.00	100.00

All investments are ordinary shares listed on a regulated market.

SUMMARY OF MATERIAL PORTFOLIO CHANGES  
FOR THE HALF YEAR ENDED 31 OCTOBER 2013

Total purchases for the half year	£123,868,479
Major purchases	Cost £'000
INPEX Corporation	17,386
Mitsubishi UFJ Financial Group	10,069
COMSYS Holdings Corporation	9,613
Matsumotokiyoshi Holdings Company	7,698
Medipal Holdings Corporation	7,311
Wacoal Holdings Corporation	6,642
Tokyo Broadcasting System Holdings	6,158
Sekisui House	4,927
Mitsubishi Logistics Corporation	4,750
Kurita Water Industries	3,984
Nippon Television Holdings	3,981
Hitachi High-Technologies Corporation	3,338
NKSJ Holdings	3,066
IT Holdings Corporation	2,981
Tokio Marine Holdings	2,554
FujiFilm Holdings Corporation	2,382
Lintec Corporation	2,157
Toyota Industries Corporation	2,063
Kyocera Corporation	1,977
Citizen Holdings Company	1,906



**Total sales for the half year** **£43,508,416**

<b>Sales</b>	<b>Proceeds £'000</b>
Yamato Holdings Company	9,369
NGK Spark Plug Company	6,922
Kurita Water Industries	6,724
Amada Company	5,110
Asahi Kasei Corporation	4,973
Fuji Media Holdings	3,310
Toho Company	2,683
Toyota Industries Corporation	2,079
Nippon Television Holdings	1,774
Toshiba TEC Corporation	564

The summary of material portfolio changes represents the 20 largest purchases and all of the sales during the half year.

## DIRECTOR'S STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

N. BOYLING

CAPITA FINANCIAL MANAGERS LIMITED  
ACD of CF Morant Wright Japan Fund  
18 December 2013

INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
STATEMENT OF TOTAL RETURN  
FOR THE HALF YEAR ENDED 31 OCTOBER 2013

	31.10.13	31.10.12
£'000	£'000	£'000
Income:		
Net capital losses	(8,176)	(34,441)
Revenue	5,458	6,004
Expenses	(4,013)	(3,093)
Finance costs: Interest	(1)	–
Net revenue before taxation	1,444	2,911
Taxation	(390)	(422)
Net revenue after taxation	1,054	2,489
<b>Total return before distributions</b>	<b>(7,122)</b>	<b>(31,952)</b>
Finance costs: Distributions	–	–
<b>Change in net assets attributable to shareholders from investment activities</b>	<b>(7,122)</b>	<b>(31,952)</b>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS  
FOR THE HALF YEAR ENDED 31 OCTOBER 2013

	31.10.13	31.10.12
£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>	<b>616,549</b>	<b>542,616</b>
Amounts receivable on issue of shares	154,804	26,543
Amounts payable on cancellation of shares	(64,533)	(34,811)
	90,271	(8,268)
Change in net assets attributable to shareholders from investment activities	(7,122)	(31,952)
<b>Closing net assets attributable to shareholders</b>	<b>699,698</b>	<b>502,396</b>

The above statement shows the comparative closing net assets at 31 October 2012 whereas the current accounting period commenced 1 May 2013.

BALANCE SHEET  
AS AT 31 OCTOBER 2013

	31.10.13	30.04.13
£'000	£'000	£'000
<b>ASSETS</b>		
<b>Investment assets</b>	681,897	609,298
<b>Other assets</b>		
Debtors	6,945	8,665
Cash and bank balances	16,228	2,863
<b>Total other assets</b>	23,173	11,528
<b>Total assets</b>	<b>705,070</b>	<b>620,826</b>
<b>LIABILITIES</b>		
<b>Other liabilities</b>		
Creditors	(2,512)	(2,330)
Bank overdrafts	(2,860)	(849)
Distribution payable on Income shares	–	(1,098)
<b>Total other liabilities</b>	<b>(5,372)</b>	<b>(4,277)</b>
<b>Total liabilities</b>	<b>(5,372)</b>	<b>(4,277)</b>
<b>Net assets attributable to shareholders</b>	<b>699,698</b>	<b>616,549</b>

1. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 April 2013 and are described in those annual financial statements.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Management Association in October 2010.

GENERAL INFORMATION

VALUATION POINT

The valuation point of the Fund is 11.00am on each business day. Valuations may be made at other times under the terms contained within the Prospectus.

BUYING AND SELLING SHARES

The ACD will accept orders to deal in the shares on normal business days between 8.30am and 5.30pm. Instructions to buy or sell shares may be either in writing to 2 The Boulevard, City West One Office Park, Gelderd Road, Leeds LS12 6NT, or by telephone on 0845 922 0044. A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

PRICES

The most recent prices of shares are published in the *Financial Times* under the heading Capita Financial Managers, are available on the website of the Investment Management Association at [www.fundlistings.com](http://www.fundlistings.com) under the heading Capita Financial Managers, by calling 0845 922 0044 during the ACD's normal business hours and on our website, [www.capitafinancial.com](http://www.capitafinancial.com), by following the link 'Fund Information'.

OTHER INFORMATION

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office. Copies of these may be obtained upon application and, excepting the Instrument of Incorporation, can be found on our website, [www.capitafinancial.com](http://www.capitafinancial.com), by following the link 'Fund Information'.

Shareholders who have any complaints about the operation of the Fund should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

DATA PROTECTION ACT

Shareholders' names will be added to a mailing list which may be used by the ACD, its associates or third parties to inform investors of other products by sending details of such products. Shareholders who do not want to receive such details should write to the ACD requesting their removal from any such mailing list.



