

MORANT WRIGHT

MANAGEMENT LIMITED

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Morant Wright Fuji Yield Fund July 2024 Newsletter

% Returns	Month	Year to Date	Since Inception	TOPIX Net TR since inception*	Inception date
Yen (unhedged)	+1.7%	+29.3%	+220.1%	+145.8%	4 Nov 2014
TOPIX Net Total Return	-0.5%	+19.3%			
Sterling (hedged)	+2.1%	+32.8%	+232.0%	+145.8%	4 Nov 2014
US Dollar (hedged)	+2.3%	+33.3%	+254.8%	+138.5%	28 Nov 2014
Swiss Franc (hedged)	+1.8%	+30.2%	+106.0%	+76.0%	11 Dec 2017
Yen B shares (unhedged)	+2.1%	+29.4%	+177.6%	+117.2%	12 Mar 2015

Sources: Bloomberg and Waystone Management Company (IE) Limited
 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 fell by 0.5% in local terms. This small change belies the dramatic moves of both the index and the yen during July which have continued into August. TOPIX surpassed its 1989 high hitting 2,929 on 11th July. The currency initially remained weak, reaching ¥161/\$ at one point, a 38 year low, despite intervention by the authorities. Sentiment then turned, possibly because speculative short yen positions were the second largest since the record set in 2007. The currency began to appreciate and ended the month at ¥150.5.

The Bank of Japan surprised most economists by raising interest rates from a range of 0-0.1% to 0.25%, which only 26% of forecasters were anticipating. It also outlined plans to halve the purchase of JGBs from ¥6trn a month to under ¥3trn by April 2026. It believes the risks to inflation over the next two years are to the upside, but it emphasised flexibility in policy to deal with events as they unfold.

Japan's unemployment rate (seasonally adjusted) fell slightly to 2.5% in June, while the job openings-to-applicants ratio was 1.23x. The Japanese government agreed to hike the minimum average hourly pay by 5% to ¥1,054, the largest annual rise on record.

Although it is early days, the tone of the first quarter results announcements has been generally positive. Electrical engineering company Kandenko announced a strong first quarter with profits up 53% year on year on the back of increased renovation work. Canon Marketing Japan, which reported second quarter results, revised up full-year sales forecasts on the back of stronger revenue from its higher margin IT business, which is now almost 50% of total sales. It also announced a huge share buyback, 17% of shares outstanding, the majority of which is being purchased from its parent company Canon. Canon Marketing will remain a subsidiary of Canon for now, but the decline in the number of parent-subsidiary listings continues; the Nikkei reported that the total fell to 190 as at March 2024, down 10% on the previous year and half of the peak level in 2007.

The unwinding of cross-shareholdings continues apace. There was a placing of 5.7% of Honda shares sold by the non-life companies and several banks. Toyota Motor announced it will buy back ¥800bn (\$5.2bn) of its stock from major Japanese banks and insurers through a tender offer at a discount. Toyota and Denso also announced that they will reduce their holdings in another group company, Aisin. According to TSE data, companies excluding financial institutions sold ¥2.6trn (\$16.6bn) of shares in the first half of the year, up 53% from the same period last year.

Elsewhere, Honda, Nissan and Mitsubishi announced a planned strategic partnership. Tohokushinsha, a film and TV distribution company, received a bid from an activist to take the firm private.

The valuation of our portfolio remains attractive at a time when interest rates are starting to normalise. Our cash rich companies are continuing to improve their returns to shareholders and increase their ROE.

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

Fund	
Fund size	¥363m
Number of holdings	59

Valuations	
Average PBR	0.92
Median EV/OP* (3/25e)	6.6
Weighted Average P/E (3/25e)	12.0
Net cash as % of market cap*	43%

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

Top Ten Holdings	% Fund
Sumitomo Mitsui Financial Group	3.7
Mitsubishi UFJ Financial Group	3.7
Sumitomo Mitsui Trust	3.6
Dai-ichi Life Holdings Inc	3.6
Concordia Financial Group Ltd	3.2
Fuji Media Holdings	3.1
Honda Motor Co. Ltd	2.9
Inpex	2.8
Tsubakimoto Chain Co	2.5
NHK Spring	2.4

Market Cap Breakdown	% Fund
Large cap (>\$5bn)	33.7
Mid cap (\$1-5bn)	48.1
Small cap (<\$1bn)	16.7
Cash	1.5

NAV at 31 st July 2024	
Yen	¥3,200.58
Sterling	£33.20
US Dollar	\$35.48
Swiss Franc	CHF20.60
Yen B	¥2,775.67

Dealing
 If you would like to deal in the fund, please contact Waystone Management Company (IE) Limited. You can contact them by telephone on +353 1 400 5300 or by emailing investordealing@linkgroup.ie.

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) €5,000 (Euro shares)
Fund currency	Japanese Yen Hedged classes available in £, \$, €, CHF Unhedged classes available 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%) 1.28% (JPY B Class: 1.03%)	Settlement	T+4 (subscriptions/redemptions)
Share types	Accumulation and Distributing	Fund administrator	Link Fund Administrator Ireland Limited (LFAI) (A Waystone Group Company) 35 Shelbourne Rd, Ballsbridge, Dublin 4, D04 A4E0 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	MWFYCAH	BQ5BN66	IE00BQ5BN660
Swiss Franc Dist Hedged	MWFYCDH	BQT49K7	IE00BQT49K72
US Dollar Acc Hedged	MWFYUAH	BQ5BN55	IE00BQ5BN553
US Dollar Dist Hedged	MWFYUDH	BQT49J6	IE00BQT49J67
US Dollar Dist Unhedged	MWFYUDU	BD9BP98	IE00BD9BP985

Ex-Dividend Date	26 Apr 2019	31 Oct 2019	30 Apr 2020	30 Oct 2020	30 Apr 2021	29 Oct 2021	28 Apr 2022	28 Oct 2022	28 Apr 2023	31 Oct 2023	30 Apr 2024
Euro Distributing (hedged)	0.2396	0.1470	0.1946	0.1272	0.1929	0.1663	0.2372	0.2173	0.2523	0.2400	0.3130
Euro Distributing (unhedged)	0.1653	0.1474	0.1693	0.1092	0.1589	0.1354	0.1869	0.1681	0.1873	0.1603	0.1972
Sterling Distributing (hedged)	0.2318	0.0454	0.1836	0.1244	0.1960	0.1637	0.2344	0.2086	0.2541	0.2418	0.3182
Sterling Distributing (unhedged)	0.1786	0.1894	0.1745	0.1179	0.1679	0.1387	0.1880	0.1726	0.1968	0.1656	0.2020
Yen Distributing	82.9239	14.7551	19.7063	12.9515	19.6050	17.2094	23.7748	22.8376	26.0838	24.2228	32.3163
Dollar Distributing (hedged)	0.2338	0.1589	0.2139	0.1397	0.2195	0.1888	0.2706	0.2597	0.2868	0.2859	0.3650
Dollar Distributing (unhedged)	0.1462	0.1325	0.1629	0.1095	0.1667	0.1402	0.1828	0.1494	0.1734	0.1512	0.1844

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 Waystone Management Company (IE) Limited. Index data are taken from Bloomberg. Performance is given in sterling terms based on the Fund NAV. Data are as at 31st July 2024 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 Waystone Management Company (IE) Limited or ourselves <https://www.morantwright.co.uk/mw-fuji-yield-fund>, along with the Fund Prospectus and the latest report and accounts. The Fund Manager, Waystone Management Company (IE) Limited, a company incorporated under the laws of Ireland having its registered office at 35 Shelbourne Rd, Ballsbridge, Dublin, D04 A4E0 Ireland which is authorised by the Central Bank of Ireland has appointed Morant Wright Management Limited as Investment Manager to this fund. Waystone Management Company (IE) Limited, has the right to terminate the arrangements made for the marketing of funds in accordance with the UCITS Directive. A summary of investors rights may be found here: <https://www.waystone.com/waystone-policies/>

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