

MORANT WRIGHT

MANAGEMENT LIMITED

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MW Japan Fund May 2025 Newsletter

% Returns	Month	Year to date	Since Inception (A&B: 4 th August 1999) (C: 16 th April 2015)
MW Japan Fund A (\$)	+4.3%	+18.1%	+469.1%
MW Japan Fund B (\$)	+4.3%	+18.1%	+442.5%
TOPIX Net Total Return (\$)	+4.5%	+10.7%	+130.1%
MW Japan Fund C (\$ hedged)	+5.6%	+10.7%	+211.5%
TOPIX Net Total Return (¥)	+5.1%	+1.6%	+113.4%

Sources: Bloomberg and Waystone Management Company (IE) Limited

TOPIX Net Total Return rose 5.1% in local terms, entirely making up its decline following the US tariff announcements. Inflation was 3% in April, far above the Bank of Japan's 2% target. Long term bond yields have risen sharply with the 30 year JGB yield reaching 3%, in part because life insurance companies are now buying fewer long dated bonds having largely closed their duration mismatches.

Companies finished reporting results to the end of March which for most marks the end of their financial year. Recurring profits for the portfolio rose by 12%, a considerable increase on the initial 6% growth forecast 12 months ago. Dividend growth was exceptionally strong, seeing a 32% rise. In addition, 64% of fund holdings announced share buybacks during the year with an average size of 6% of shares outstanding.

Unsurprisingly, forecasts are a mixed bag given tariff uncertainties. Recurring profits for the portfolio are expected to fall by 2%, comparing favourably to the 4% decline forecast for TOPIX. Shareholder returns, however, continue to impress with forecast dividend growth of 12%. We are barely two months into the new financial year but already 34% of holdings have announced buybacks with an average size of 3.2%. SMBC Nikko has calculated that share buyback announcements have totalled ¥11 trillion, or approximately \$75 billion, since April.

Notable examples among our holdings include life insurers Dai-ichi Life and T&D Holdings which hiked their dividends and also plan to repurchase 5.4% and 10% of their outstanding shares respectively. Property and casualty insurer Sompo announced a dividend increase and buyback too.

Elsewhere, specialty chemicals maker Kureha introduced a new 5% dividend on equity putting the shares on a prospective yield of roughly 8%, while simultaneously announcing a buyback worth 11% of outstanding shares. There were also positive announcements from Sumitomo Warehouse, which brought forward the planned sale of its cross-shareholdings, and Honda, which adopted a new 3% dividend on equity policy to ensure a stable payout despite the uncertain operating environment.

We are approaching the AGM season and there has been a noticeable increase in companies requesting meetings with us to discuss how we intend to vote. This reflects the escalation of activism and the growing likelihood that investors, both international and domestic, will support shareholder proposals. CLSA reports that 162 companies are facing shareholder proposals this summer, marking a new record. In the face of an activist proposal to replace the board, TV company Fuji Media has overhauled its capital allocation policies to sell ¥100bn of strategic shareholdings and will use the proceeds to buy back shares.

There has been a flurry of takeovers announced this month. NTT Docomo is offering a 49% premium to acquire SBI Sumishin Net Bank for ¥420bn, while NTT has offered to buy out the minorities at listed subsidiary NTT Data. Bain plans to fund a ¥100bn management buyout at logistics company Nissin, marking the 12th MBO of the year, compared to 18 in all of 2024. Among our holdings, the Nikkei reported more details about the proposed acquisition of Toyota Industries via an SPC, likely to be Japan's largest ever buyout with a formal bid expected as soon as this month. A white knight has also emerged for Makino Milling, which was subject to an unsolicited takeover bid late last year.

Companies are under increasing pressure to maximise value for shareholders which we expect to have a positive effect on our portfolio of asset rich and undervalued stocks.

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

Fund	
Fund size	\$97m
Number of holdings	60

Valuations	
Average PBR	0.89
Median EV/OP* (3/26e)	6.1
Weighted Average P/E (3/26e)	12.3
Net cash as % of market cap*	50%

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

Top Ten Holdings	% Fund
Toyota Industries Corp	3.9
Tokyo Broadcasting System	3.5
Nippon Television Network	3.5
Mitsubishi UFJ Financial Group	3.4
Sumitomo Mitsui Financial Group	3.4
Sumitomo Mitsui Trust	3.3
Kurabo Industries	3.2
Dai-ichi Life Holdings Inc	3.1
Honda Motor Co. Ltd	2.6
Fuji Media Holdings	2.5

Market Cap Breakdown	% Fund
Large cap (>\$5bn)	37.6
Mid cap (\$1-5bn)	39.8
Small cap (<\$1bn)	22.3
Cash	0.3

NAV at 30 th May 2025	
A Shares	\$56.26
B Shares	\$54.17
C Shares	\$311.51

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 wfs-investordealing@waystone.com	

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

Fund Information		Dealing Information	
Fund type	Offshore OEIC, domiciled in Ireland	Minimum investment	\$100,000 (across all shares)
Fund currency	US Dollar	Dealing frequency	Daily
Launch date	August 1999	Deal cut-off point	11.00am (Irish time)
Geographic exposure	100% Japanese equities	Valuation point	12.00pm (Irish time)
AMC/OCF	A Shares: 1.0% A Shares: 1.25%* B Shares: 1.0% B Shares: 1.25%* C Shares: 1.0% C Shares: 1.25%*	Settlement	T+4 (subscriptions/redemptions)

*Fund charges capped at 1.25% by Investment Manager

Share types A Shares, B Shares, C Shares (hedged)

Fund administrator

Waystone Fund Administrators (IE) Limited
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Share Identifiers	Bloomberg code	SEDOL	ISIN
A Shares	MWJPNAI ID	BWCH400	IE00BWCH4002
B Shares	MWJPNBI ID	BWCH411	IE00BWCH4119
C Shares	MWJPNCI ID	BWCH422	IE00BWCH4226

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 based on the Fund Nav and is shown net of charges. Data are as at 30th May 2025 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/>.

A copy of the firm's ADV2A Brochure is available at <https://adviserinfo.sec.gov/firm/summary/138189>

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