

MORANT WRIGHT

MANAGEMENT LIMITED

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MW Japan Fund May 2026 Newsletter

% Returns	Month	Year to Date	Since Inception (A&B: 4 th August 1999) (C: 16 th April 2015)
MW Japan Fund A (\$)	+1.9%	+8.9%	+631.9%
MW Japan Fund B (\$)	+1.9%	+8.9%	+597.6%
TOPIX Net Total Return (\$)	+4.8%	+15.2%	+199.5%
MW Japan Fund C (\$ hedged)	+3.4%	+12.0%	+356.2%
TOPIX Net Total Return (¥)	+6.2%	+17.1%	+207.4%

Sources: Bloomberg and Waystone Management Company (IE) Limited

Topix continued to recover in May, rising 6.2% in yen terms to finish at an all-time high as foreign interest remained strong. The 10-year JGB yield reached 2.8%, its highest level in almost 30 years, on inflation concerns and expectations for further Bank of Japan rate hikes.

Prime Minister Takaichi announced a supplementary budget of just over ¥3trn to resume support for household electricity and gas bills, and to extend the petrol subsidies enacted in March. This can be funded without any revision of planned bond issuance thanks to Japan's shrinking fiscal deficit.

Results announcements for the year ending March 2026 have continued to impress. Aggregate recurring profit growth for the portfolio was 15% and a further rise of 5% is forecast for the fiscal year to March 2027. Speciality chemicals company Zeon reported operating profit growth of 24% and forecast further growth thanks to higher sales of optical films and battery materials. Regional bank Yokohama Financial announced upbeat results due to robust loan growth and expanding net interest margins.

Shareholder returns have been notably strong. Dividends for our portfolio grew 25% and almost every company increased its dividend. Dividend growth for March 2027 is forecast to be 11%. Trading company Inabata upgraded its shareholder returns policy to pay a dividend of 4.0-4.5% of equity while there were sizable share repurchases announced by Nihon Parkerizing (7% of shares outstanding) and TBS (4%). The latter also raised its medium term targets for selling cross-shareholdings. According to the Nikkei newspaper, buybacks announced by listed Japanese companies in the year reached a record ¥22.3trn, up 18% year on year, which marked the fifth consecutive annual increase. In the portfolio, 70% of companies announced buybacks last year at an average size of 4.5% of shares outstanding, and already more than 20% of holdings have declared buybacks since April.

More companies have received shareholder proposals ahead of the June AGM season. Kyocera, TBS and Sekisui Jushi are all facing proposals to buy back 10% of their outstanding shares. Kyocera has committed to sell another ¥125bn of its large shareholding in mobile carrier KDDI and is under growing pressure to make more reforms. Elsewhere, an activist is proposing that NHK Spring make its board majority independent and hold its AGM later in the summer so investors can review the annual report (Yuho) before voting. Several of our holdings have recently asked to arrange meetings to discuss our voting intentions, illustrating the growing pressure that boards are facing.

There is considerable scope for consolidation in Japan to improve margins, so it was interesting to see bearing manufacturers NSK and NTN announce plans to merge. The two companies, which are no.1 and no.2 in the domestic industry, generated operating margins of 3.9% and 3.8% respectively in the year just ended. The combined firm will be comparable in scale to Sweden's SKF, the global leader, which generates margins of almost 10%.

Pharmaceutical wholesaler Medipal announced a bid for its listed subsidiary Paltac at a 43% premium. Asset rich Japanese companies are attracting more attention from overseas funds, as Bain Capital has formed a new \$10.5bn Asia fund with plans to allocate half to Japan. Meanwhile, Berkshire Hathaway increased its holdings in Sumitomo Corp and Marubeni to above 10%, meaning it now owns more than 10% of all five major Japanese trading houses.

Underlying profit performance is healthy while balance sheets are strong with net cash and investments worth close to 50% of market cap at our non-financial holdings. Meanwhile, we expect more M&A to help realise the value in the fund.

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

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

Fund	
Fund size	\$91m
Number of holdings	55

Valuations	
Average PBR	0.99
Median EV/OP* (3/26e)	6.4
Weighted Average P/E (3/26e)	12.7
Net cash as % of market cap*	48%
*Net cash (including investment securities) and EV/OP figures exclude financials	

Top Ten Holdings	% Fund
The Hyakugo Bank Ltd	3.9
Sumitomo Mitsui Trust	3.4
Sumitomo Mitsui Financial Group	3.2
Tokyo Broadcasting System	2.9
Dai-Ichi Life Holdings Inc	2.9
Nippon Television Network	2.8
Kurabo Industries	2.8
Inpex	2.7
Yokohama Financial Group Inc	2.6
Japan Wool Textile	2.5

Market Cap Breakdown	% Fund
Large Cap (>\$10bn)	22.5
Mid Cap (\$2 - 10bn)	27.6
Small Cap (< \$2bn)	45.9
Cash	4.0

NAV at 29 th May 2026	
A Shares	\$72.35
B Shares	\$69.66
C Shares	\$456.19

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%* *Fund charges capped at 1.25% by Investment Manager	Settlement	T+4 (subscriptions/redemptions)

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

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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 29th May 2026 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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