

MORANT WRIGHT

MANAGEMENT LIMITED

43 St James's Place, London, SW1A 1NS

Telephone: 020 7499 9980 Email: enquiries@morantwright.co.uk Website: www.morantwright.co.uk

Morant Wright Sakura Fund August 2025 Newsletter

% Returns	Month	Year to date	Since Inception (7 th May 2013) (Yen B: 17 th April 2018)
Yen (unhedged)	+6.2%	+21.7%	+309.3%
TOPIX Net Total Return	+4.5%	+11.7%	+226.3%
Euro (hedged)	+6.3%	+22.9%	+302.4%
Sterling (hedged)	+6.5%	+24.1%	+328.5%
Swiss Franc (hedged)	+6.1%	+21.2%	+268.0%
US Dollar (hedged)	+6.5%	+24.7%	+367.5%
Yen B shares (unhedged)	+5.9%	+20.2%	+140.0%

Performance given for accumulation shares

Sources: Bloomberg and Waystone Management Company (IE) Limited

TOPIX Net Total Return rose by 4.5% in local currency terms. Foreign investors remained buyers encouraged by continued progress on corporate governance as well as further M&A activity. GDP growth in the second quarter was slightly better than expected, showing annualised 1% quarter on quarter growth helped by stronger capital investment.

Earnings for the three months to end June were generally weaker for manufacturing companies as a combination of tariff impacts and a stronger yen against the dollar led to year on year declines, but were better for non-manufacturers. There were slightly more upward revisions than downward both for the portfolio and for the market overall while most forecasts were unchanged. Greater clarity over tariffs led to a downward revision by Toyota Motor, which had factored in only a month of tariffs, but an upward revision by Honda which had assumed a worst case scenario. Precision company Nikon cut its earnings forecast as it incorporated tariff-related costs as well as softer demand for high-end cameras. Sumitomo Electric revised up as demand in its automotive and communication cables businesses was better than anticipated.

Share buybacks continue apace. Specialty chemical company Adeka announced a buyback of up to 9.8% of shares outstanding while oil and gas company Inpex revised up earnings and announced a 4% buyback. Just under 50% of the fund holdings have announced buybacks so far this fiscal year compared to slightly over 40% this time last year. Interestingly, the Bank of Japan's Flow of Funds statistics showed that Japanese companies' financial surplus reached ¥25.6trn last fiscal year, a 20% increase year on year and the highest level in 11 years, suggesting there is considerable scope for shareholder returns to increase.

Blackstone announced a tender offer for Technopro Holdings, a technology focused staffing business. Rumours of the bid had been circulating for several months but the bid price of ¥4,870 is 60% higher than the price at the start of the year. Within the construction sector, Taisei has bid ¥1,750 per share for Toyo Construction which is more than twice book value. It was also reported that EssilorLuxottica is seeking to increase its stake in Nikon from 9% to 20%. Nikon has relatively low profits at present but makes a wide range of lens related products both for consumers and for capital goods such as semiconductor lithography equipment. There is speculation that Essilor may be trying to strengthen its capabilities in augmented reality glasses. Sompo Holdings, a non-life insurance company, has announced a bid for Bermuda based Aspen Insurance, which provides both casualty insurance and reinsurance. The bid price is 1.3x book value and a historic PER of just below 10x net earnings.

The stated price to book ratio of the portfolio is now around 1x. However, we think there is much further to go for three main reasons. Firstly, our companies (excluding financials) have net cash and investments worth over 40% of their market cap on average, underscoring the potential for greater shareholder returns. Secondly, we see considerable scope for margins and returns to improve because the trend towards restructuring which we have seen in the last few years is, if anything, accelerating. Thirdly, the valuations of our portfolio on many measures remain modest while the yen looks relatively depressed. We note that almost 40% of our holdings now have activists on the share register, and we too continue to engage regularly with our companies on all these issues.

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

Fund	
Fund size	\$1,576m
Number of holdings	67

Valuations	
Average PBR	1.03
Median EV/OP* (3/26e)	7.7
Weighted Average P/E (3/26e)	13.3
Net cash as % of market cap*	43%

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

Top Ten Holdings	% Fund
Sumitomo Electric Industries	4.0
Concordia Financial Group Ltd	3.5
Tokyo Broadcasting System	3.4
Nippon Television Network	3.4
Kinden	3.3
Sumitomo Mitsui Financial Group	3.2
Sumitomo Mitsui Trust	3.2
Honda Motor Co. Ltd	3.1
Mitsubishi UFJ Financial Group	3.1
Toyota Industries Corp	3.1

Market Cap Breakdown	% Fund
Large cap (>\$5bn)	55.8
Mid cap (\$1-5bn)	39.3
Small cap (<\$1bn)	2.1
Cash	2.8

NAV at 29 th August 2025	
Yen	¥4,093.00
Sterling	£42.85
US Dollar	\$46.75
Euro	€40.24
Swiss Franc	CHF36.80
Yen B	¥2,399.86

Dealing
The fund is now closed to new investors but existing investors can deal in the fund by contacting 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	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 in ¥, €, £ and \$	Dealing frequency	Daily
Launch date	May 2013	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%) 1.16% (JPY B Class: 0.91%)	Settlement	T+4 (subscriptions/redemptions)
Share types	Accumulation and Distributing	Fund administrator	Waystone Fund Administrators (IE) Limited 35 Shelbourne Rd, Ballsbridge, Dublin 4, D04 A4E0 Ireland wfs-dublinta@waystone.com Tel: +353 1 400 5300 Fax: +353 1 400 5350

Share Identifiers	Bloomberg code	SEDOL	ISIN
Euro Acc Hedged	MWSKEUR	B7ST847	IE00B7ST8472
Euro Dist Unhedged		BYWNV45	IE00BYWNV454
Yen Acc Unhedged	MWSKYEN	B9140F8	IE00B9140F89
Yen B Acc Unhedged	MWSKYBA	BF1FZN6	IE00BF1FZN69
Sterling Acc Hedged	MWSKSTL	B840XH9	IE00B840XH97
Sterling Dist Unhedged		BYWNV34	IE00BYWNV348
Swiss Franc Acc Hedged	MWSKCHF	B93V6N7	IE00B93V6N72
US Dollar Acc Hedged	MWSKUSD	B8JTQR2	IE00B8JTQR23
US Dollar Dist UnHedged	MWSUSDD	BYWNV56	IE00BYWNV561

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 at 29th August 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 at <https://www.morantwright.co.uk/morant-wright-sakura-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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