

# MORANT WRIGHT

## MANAGEMENT LIMITED

43 St James's Place, London, SW1A 1NS  
 Telephone: 020 7499 9980 Email: [enquiries@morantwright.co.uk](mailto:enquiries@morantwright.co.uk) Website: [www.morantwright.co.uk](http://www.morantwright.co.uk)

### Morant Wright Sakura Fund January 2025 Newsletter

% Returns	Month	2024	Since Inception (7 <sup>th</sup> May 2013) (Yen B: 17 <sup>th</sup> April 2018)
Yen (unhedged)	+1.2%	+29.0%	+240.1%
TOPIX Net Total Return	+0.1%	+20.0%	+192.5%
Euro (hedged)	+1.4%	+32.9%	+232.1%
Sterling (hedged)	+1.5%	+34.0%	+250.6%
Swiss Franc (hedged)	+1.1%	+30.1%	+207.0%
US Dollar (hedged)	+1.5%	+33.6%	+280.3%
Yen B shares (unhedged)	+1.0%	+28.3%	+101.7%

Performance given for accumulation shares  
 Sources: Bloomberg and Waystone Management Company (IE) Limited

The equity market traded within a relatively narrow range during the month while Japanese government bond yields rose to their highest level in 14 years. The yen strengthened slightly but persistent weakness has made Japan a popular place for tourists: there were 37m foreign visitors in 2024, up 47% yoy, considerably higher than the previous record number of 31.9m in 2019.

The Bank of Japan (BOJ) raised its policy rate (overnight call rate) by 0.25% to 0.50%. Unlike the move last summer this had been well signalled and had little market impact. The accompanying Outlook Report was relatively hawkish with the BOJ revising up its inflation forecasts to above their target of 2% for the next three years citing labour shortages as a key upside risk to prices.

Japan's unemployment rate remained low at 2.4% in December, with total employment reaching a new record for the third consecutive month. Notably, employment among 15–24-year-olds saw a strong uptick. Base wages rose 2.7% in November, the largest increase in over 30 years. Aeon, the supermarket chain and the largest employer of part-time workers, is set to increase part time wages by 7%, the same as last year. Meanwhile, the number of foreign nationals working in Japan surged by 250,000 to 2.3 million, the largest year-on-year increase since records began in 2000.

We recently met with senior management of our two city bank holdings, MUFG and SMFG. Both highlighted expanding net interest margins following rate hikes and emphasised that achieving a price to book of 1x is “just the beginning.” The expectation is for the BOJ to continue normalising interest rates and eventually raise them to 1% which bodes well for their profits.

Fuji Media, in which we are invested, saw its share price surge 27% during the month. The company has been embroiled in a scandal involving employee misconduct and an alleged cover up with the subsequent press conference described as a “car crash”. Two directors have resigned so far and customers have been cancelling advertising contracts resulting in a downward revision to profits. We have engaged with the company for many years regarding capital management and board governance, voting against the re-election of directors. The scandal has raised hopes for a corporate governance overhaul and major strategic change. The stock still only trades at 0.5x book value, with net cash covering nearly 60% of its market capitalisation. This news has also led to speculation that other TV companies might come under pressure to realise their undervalued assets.

Last year was a record for Japan-related M&A, partly fuelled by private equity firms acquiring non-core assets as companies sharpen their focus on capital efficiency. This month Bain bid for aircraft parts manufacturer JAMCO and an activist launched an unsolicited tender offer to raise its stake in a JREIT. Recent transactions involving Sapporo and Seibu Holdings have highlighted the valuable real estate held within some Japanese companies.

The unwinding of cross-shareholdings is opening up shareholder registers with, for example, a large placing of Murata shares this month. Companies are increasingly conscious of their share prices announcing share buybacks at an unprecedented rate. NISAs are proving popular with ¥11.9trn invested in 2024 of which 38% was invested in Japanese shares.

In a recent interview with the Financial Times, Takeshi Niinami, president of Suntory and chairman of the Japan Association of Corporate Executives, suggested that Japan is reaching “a tipping point” and predicted that activism, private equity investment and domestic consolidation would continue. From a balance sheet perspective, the average net cash to market capitalisation in the portfolio remains over 50%, underscoring the potential for greater shareholder returns. In addition, we see considerable scope for operating margins to improve. We believe corporate Japan is still in the early stages of a multi-year transformation which will result in a significant re-rating of our portfolio.

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

Fund	
Fund size	\$1,301m
Number of holdings	66

Valuations	
Average PBR	0.90
Median EV/OP* (3/25e)	6.6
Weighted Average P/E (3/25e)	11.6
Net cash as % of market cap*	51%

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

Top Ten Holdings	% Fund
Sumitomo Mitsui Financial Group	3.8
Mitsubishi UFJ Financial Group	3.5
Sumitomo Mitsui Trust	3.4
Tokyo Broadcasting System	3.4
Honda Motor Co. Ltd	3.3
Concordia Financial Group Ltd	3.2
Dai-ichi Life Holdings Inc	3.2
Sumitomo Electric Industries	3.2
Toyota Industries Corp	3.0
Nippon Television Network	2.9

Market Cap Breakdown	% Fund
Large cap (>\$5bn)	40.0
Mid cap (\$1-5bn)	54.7
Small cap (<\$1bn)	3.8
Cash	1.5

NAV at 31 <sup>st</sup> January 2025	
Yen	¥3,401.25
Sterling	£35.06
US Dollar	\$38.03
Euro	€33.21
Swiss Franc	CHF30.70
Yen B	¥2,017.01

**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](mailto: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 ¥, €, £ 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	1.00% (JPY B Class: 0.75%)	Settlement	T+4 (subscriptions/redemptions)
OCF	1.20% (JPY B Class: 0.95%)		
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 31<sup>st</sup> January 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/>.

Copyright 2025. All rights reserved.