

MORANT WRIGHT

MANAGEMENT LIMITED

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Morant Wright Sakura Fund June 2025 Newsletter

% Returns	Month	Year to date	Since Inception (7 th May 2013) (Yen B: 17 th April 2018)
Yen (unhedged)	+1.2%	+7.5%	+261.4%
TOPIX Net Total Return	+1.9%	+3.6%	+202.6%
Euro (hedged)	+1.2%	+8.3%	+254.7%
Sterling (hedged)	+1.4%	+8.9%	+276.2%
Swiss Franc (hedged)	+1.1%	+7.2%	+225.5%
US Dollar (hedged)	+1.5%	+9.4%	+310.1%
Yen B shares (unhedged)	+1.3%	+7.0%	+113.6%

Performance given for accumulation shares

Sources: Bloomberg and Waystone Management Company (IE) Limited

TOPIX Net Total Return rose by 1.9% in local terms. Overseas investors have been net buyers of Japanese equities for each of the last eleven weeks but have still been net sellers in aggregate so far this year.

Core inflation rose by 3.7% in May, the highest level in two years. Particularly noticeable for consumers has been the price of rice which has doubled over the last year to an all-time high. The newly appointed agriculture minister, Mr Koizumi, has taken a series of measures to reduce the rice price, including releasing some of the government's stockpile, which has led to an improvement in Prime Minister Ishiba's popularity from a very low base ahead of upper house elections later this month. The government has also proposed a ¥20,000 payment to all individuals and an additional ¥20,000 to low income households.

About 60% of listed Japanese companies held their AGMs in June. At Taiyo Holdings, a chemicals company with a \$3bn market cap, the president failed to achieve 50% approval from shareholders and as a result lost his job. Taiyo had received several buyout offers but major shareholders, including the founding family, had become frustrated that these were not being properly considered. This is a rare event in Japan as change often happens before the AGM takes place, as was the case at portfolio holding Fuji Media where President Shimizu was the only existing director to be re-appointed alongside 10 new directors, including 6 external candidates. Having spoken to the company at length ahead of the AGM, we voted against the president and in favour of some of the candidates proposed by an activist investor as we believe that much more can be done to address Fuji Media's excessive holdings of cash and investment securities. Pressure from an activist also led to chemicals company Kureha announcing a 21% buyback carried out off-market, into which we sold most of the portfolio's holding.

A formal takeover bid was announced for Toyota Industries, the former parent company and largest shareholder of Toyota Motor. The \$34bn bid is being made by unlisted Toyota Fudosan and equates to the current book value, a lower price than had been previously rumoured. The takeover is being used as an opportunity for Toyota Motor and other group companies to buy back their shares and tidy up cross-shareholdings. We believe that the bid undervalues the company considerably, however, and have written to both Toyota Industries and Toyota Motor to voice our specific concerns. We also raised various issues with the takeover process in a recent meeting with Mr. Yamaji, head of the Tokyo Stock Exchange.

Mr. Yamaji has been responsible for the TSE's measures to improve the ROE and PBR of Japanese companies which has prompted so much positive change in the last two years. Interestingly, he believes that we are only 15% to 20% through the process, a view that he also discussed with the Nikkei newspaper in a recent interview. He felt that Japanese companies had broadly accepted this initiative, which builds on the foundations of the Japanese Corporate Governance and Stewardship Codes established ten years ago. Further evidence came from recent figures which showed listed companies sold around ¥4trn of cross-held shares in the year ending March 2025, a record high. Firms also sold off around 420 of their subsidiaries and business units over the year, an encouraging sign that companies are increasingly focusing on their core businesses.

Japan saw a record \$232 billion of M&A deals in the first half of 2025, more than three times in the same period last year. Valuations and financing costs remain low and there are still plentiful opportunities to buy companies with cash rich balance sheets. Our companies have net cash and investments worth almost half of their market cap on average (excluding financials), while the average P/E is still below 12x. We also believe, like Mr. Yamaji, that the improvements in corporate governance have got much further to go.

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

Fund	
Fund size	\$1,408m
Number of holdings	66

Valuations	
Average PBR	0.92
Median EV/OP* (3/26e)	6.8
Weighted Average P/E (3/26e)	11.9
Net cash as % of market cap*	47%
*Net cash (including investment securities) and EV/OP figures exclude financials	

Top Ten Holdings	% Fund
Tokyo Broadcasting System	3.7
Toyota Industries Corp	3.5
Nippon Television Network	3.4
Sumitomo Electric Industries	3.4
Sumitomo Mitsui Trust	3.3
Concordia Financial Group Ltd	3.3
Sumitomo Mitsui Financial Group	3.3
Kinden	3.2
Mitsubishi UFJ Financial Group	3.1
Honda Motor Co. Ltd	3.1

Market Cap Breakdown	% Fund
Large cap (>\$5bn)	53.8
Mid cap (\$1-5bn)	41.8
Small cap (<\$1bn)	2.0
Cash	2.4

NAV at 30 th June 2025	
Yen	¥3,614.43
Sterling	£37.62
US Dollar	\$41.01
Euro	€35.47
Swiss Franc	CHF32.55
Yen B	¥2,136.27

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 ¥, €, £ 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	1.16% (JPY B Class: 0.91%)		
Share types	Accumulation and Distributing	Fund administrator	Waystone Fund Administrators (IE) Limited 35 Shelbourne Rd, Ballsbridge, Dublin 4, D04 A4E0 Ireland wfs-dublnta@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 30th June 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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