

MORANT WRIGHT

MANAGEMENT LIMITED

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Morant Wright Sakura Fund May 2025 Newsletter

% Returns	Month	Year to date	Since Inception (7 th May 2013) (Yen B: 17 th April 2018)
Yen (unhedged)	+5.4%	+6.3%	+257.3%
TOPIX Net Total Return	+5.1%	+1.6%	+196.8%
Euro (hedged)	+5.5%	+7.0%	+250.6%
Sterling (hedged)	+5.7%	+7.5%	+271.2%
Swiss Franc (hedged)	+5.3%	+6.1%	+222.1%
US Dollar (hedged)	+5.7%	+7.9%	+304.3%
Yen B shares (unhedged)	+5.4%	+5.7%	+110.9%

Performance given for accumulation shares

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 5% growth forecast 12 months ago. Dividend growth was exceptionally strong, seeing a 26% rise. In addition, 70% of fund holdings announced share buybacks during the year with an average size of over 6% of shares outstanding.

Unsurprisingly, forecasts are a mixed bag given tariff uncertainties. Recurring profits for the portfolio are expected to fall by 1%, comparing favourably to the 4% decline forecast for TOPIX. Shareholder returns, however, continue to impress with forecast dividend growth of 9%. We are barely two months into the new financial year but already almost 40% of holdings have announced buybacks with an average size of 4.3%. 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 insurers Sampo and MS&AD announced dividend increases and buybacks 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. Similarly, electronics company Kyocera, which is also subject to activist pressure, will sell some of its large holding in KDDI back to the telecoms company and is preparing for the disposal of its non-core medical business.

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	\$1,406m
Number of holdings	67

Valuations	
Average PBR	0.92
Median EV/OP* (3/26e)	6.8
Weighted Average P/E (3/26e)	12.3
Net cash as % of market cap*	48%

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

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

Market Cap Breakdown	% Fund
Large cap (>\$5bn)	50.4
Mid cap (\$1-5bn)	46.1
Small cap (<\$1bn)	1.9
Cash	1.6

NAV at 30 th May 2025	
Yen	¥3,573.16
Sterling	£37.12
US Dollar	\$40.43
Euro	€35.06
Swiss Franc	CHF32.21
Yen B	¥2,109.43

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	1.20% (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-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 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 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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