

Morant Wright Sakura Fund May 2026 Newsletter

% Returns	Month	Year to Date	Since Inception (7 th May 2013) (Yen B: 17 th April 2018)
Yen (unhedged)	+5.3%	+18.6%	+455.2%
TOPIX Net Total Return	+6.2%	+17.1%	+327.5%
Euro (hedged)	+5.4%	+19.2%	+450.3%
Sterling (hedged)	+5.5%	+20.0%	+494.2%
Swiss Franc (hedged)	+5.2%	+18.1%	+395.1%
US Dollar (hedged)	+5.5%	+20.0%	+548.5%
Yen B shares (unhedged)	+5.4%	+18.3%	+223.4%

Performance given for accumulation shares
 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 17% and a further rise of 10% 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 23% 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 Amada (8% 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, almost 70% of companies announced buybacks last year at an average size of 5.3% of shares outstanding, and already 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 40% 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**

Fund	
Fund size	\$2,081m
Number of holdings	69

Valuations	
Average PBR	1.21
Median EV/OP* (3/27e)	8.7
Weighted Average P/E (3/27e)	13.5
Net cash as % of market cap*	37%
*Net cash (including investment securities) and EV/OP figures exclude financials	

Top Ten Holdings	% Fund
Honda Motor Co. Ltd	3.4
Sumitomo Mitsui Financial Group	3.4
Dai-ichi Life Holdings Inc	3.2
Sumitomo Mitsui Trust	3.2
Yokohama Financial Group Inc	3.2
Mitsubishi Gas Chemical Co	3.1
Mitsubishi UFJ Financial Group	2.9
Japan Post Insurance Co Ltd	2.8
Inpex	2.7
NHK Spring	2.7

Market Cap Breakdown	% Fund
Large Cap (>\$10b)	40.1
Mid Cap (\$2b - \$10b)	45.8
Small Cap (< \$2b)	10.0
Cash	4.1

NAV at 29 th May 2026	
Yen	¥5,551.96
Sterling	£59.42
US Dollar	\$64.85
Euro	€55.03
Swiss Franc	CHF49.51
Yen B	¥3,233.69

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-investordealings@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 OCF	1.00% (JPY B Class: 0.75%) 1.13% (JPY B Class: 0.88%)	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 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 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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