

MORANT WRIGHT

MANAGEMENT LIMITED

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WS Morant Wright Japan Fund April 2025 Newsletter

£ Returns	Month	Year to Date	Since Inception (23 rd May 2003)
B Accumulation	+0.8%	+3.8%	+584.3%
TOPIX Net Total Return	+1.4%	-0.5%	+374.0%

Sources: Bloomberg and Waystone Management (UK) Limited

TOPIX rose by 0.3% in local terms over the month. The stock market fell almost 15% in the days following the announcement of higher US trade tariffs, including the third largest daily percentage fall ever, before recovering steadily. The yen rose 5% against a generally weak dollar.

The proposed US tariff on Japanese exports was set at 24% for general goods and 25% for cars and steel. This came as a shock as Japan has an average import tariff of less than 2%. Encouragingly, Japan was the first country to secure face-to-face talks to negotiate a new agreement and a second round of discussions will take place shortly. Some portfolio holdings will be directly affected by the tariffs, particularly car and car parts companies, but the overall portfolio is more domestically exposed than the index. Financials also performed badly as the uncertainty over the economic effects means the Bank of Japan may be more cautious about implementing further rate rises.

Profits for the fiscal year ended March 2025 have so far mostly exceeded forecasts. Guidance for the current year is more difficult with some companies ignoring the effects of tariffs and others using extremely conservative assumptions. One exception has been the construction sector, where holdings such as Kandenko and Kinden are expecting strong profit growth to continue. Announcements about share buybacks and dividends, however, continue to support the positive case for Japanese equities: the value of buybacks for TOPIX companies in April tripled compared to last year. Amongst our holdings, there were large buybacks announced at Alps Alpine (7% of shares outstanding), Mitsubishi Logistics (6%) and Zeon (5%).

There were further developments at Fuji Media, a portfolio holding that has performed strongly this year as it reforms following a scandal. An activist has proposed replacing the whole board and will nominate 12 new directors at June's AGM. The company subsequently announced that the current President, who was to become Chairman, and three independent directors will resign. This will leave just one of the company's director candidates standing for re-election of the original 15. A Japanese investor also declared a new 12% stake in the company, becoming the third shareholder activist on the register.

There was significant M&A news during the month. Toyota Industries, which is one of the larger holdings in the fund, confirmed that it had received a takeover proposal from a special purpose vehicle related to Toyota Motor and its chairman, Akio Toyoda. The details have not yet been announced but the shares rose 29% in two days and the total value of the proposed deal (\$42bn) would make it one of the largest ever in Japan. Toyota Industries was the original parent company of Toyota Motor and remains its largest shareholder with a 9% stake as well as owning shares in other group companies, with the result that net cash and investments are worth 72% of its market cap. It also has two world-class businesses producing forklift trucks and car air conditioner compressors.

We are pleased to see the possible resolution of the extensive cross-shareholding and listed subsidiary issues on which we have previously engaged with the management of both Toyota Industries and Toyota Motor. This would represent a significant improvement at a group that had previously been reluctant to change. As the country's largest company, Toyota Motor is very influential within corporate Japan and we hope these governance changes will encourage further progress at other companies.

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

Fund	
Fund size	£680m
Number of holdings	63

Valuations	
Average PBR	0.86
Median EV/OP* (3/25e)	6.0
Weighted Average P/E (3/25e)	10.4
Net cash as % of market cap*	52%
*Net cash (including investment securities) and EV/OP figures exclude financials	

Top Ten Holdings	% Fund
Toyota Industries Corp	4.1
Tokyo Broadcasting System	3.7
Nippon Television Network	3.6
Sumitomo Mitsui Financial Group	3.3
Sumitomo Mitsui Trust	3.2
Mitsubishi UFJ Financial Group	3.2
Concordia Financial Group Ltd	3.2
Kinden	3.1
Dai-Ichi Life Holdings Inc	2.9
Honda Motor Co. Ltd	2.7

Market Cap Breakdown	% Fund
Large cap (>\$5bn)	48.6
Mid cap (\$1-5bn)	44.4
Small cap (<\$1bn)	4.9
Cash	2.1

NAV at 30 th April 2025	
B Accumulation	684.30p
B Income	571.19p

Dealing
If you would like to deal in the fund, please contact Waystone Management (UK) Limited. Their telephone number is **0345 922 0044** or by email ordergroup@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	UK authorised OEIC	Minimum investment	£5,000
Fund currency	Sterling	Dealing frequency	Daily
Launch date	May 2003	Deal cut-off point	12pm
Geographic exposure	100% Japanese equities	Valuation point	12pm
AMF	1.0%	Settlement	T+4 (subscriptions/redemptions)
OCF	1.16%	ACD	Waystone Management (UK) Limited
Share types	Accumulation and Income	Fund administrator	Waystone Fund Administrators Limited Central Square 29 Wellington Square Leeds, LS1 4DL wtas-investorservices@waystone.com Tel: 0345 922 0044 Fax: 0113 224 6001

Share Identifiers	Bloomberg code	SEDOL	ISIN
B Accumulation	CFMWJBA LN	3301012	GB0033010124
B Income	CFMWJBI LN	3359806	GB0033598060

Performance	2024	2023	2022	2021	2020	2019	Since inception (May 2003)
B Accumulation Shares	+18.8%	+21.4%	+4.3%	+6.3%	-6.3%	+10.8%	+584.3%
TOPIX Net Total Return	+10.1%	+12.3%	-5.0%	+1.9%	+9.1%	+15.2%	+374.0%

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 (UK) Limited. Index data are taken from Bloomberg. Performance is given in sterling terms based on the Fund NAV. Data are as at 30th April 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 (UK) Limited (<https://www.fundsolutions.net/uk/morant-wright-management-limited/ws-morant-wright-japan-fund/ws-morant-wright-japan-fund/>) or ourselves, along with the Fund Prospectus and the latest report and accounts.

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