

# MORANT WRIGHT

## MANAGEMENT LIMITED

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### WS Morant Wright Japan Fund August 2025 Newsletter

£ Returns	Month	Year to Date	Since Inception (23 <sup>rd</sup> May 2003)
B Accumulation	+6.1%	+20.3%	+692.9%
TOPIX Net Total Return	+4.6%	+10.8%	+427.9%

Sources: Bloomberg and Waystone Management (UK) Limited

TOPIX Net Total Return rose by 4.5% in local currency terms. Foreign investors remained buyers encouraged by continued progress on corporate governance as well as further M&A activity. GDP growth in the second quarter was slightly better than expected, showing annualised 1% quarter on quarter growth helped by stronger capital investment.

Earnings for the three months to end June were generally weaker for manufacturing companies as a combination of tariff impacts and a stronger yen against the dollar led to year on year declines, but were better for non-manufacturers. There were slightly more upward revisions than downward both for the portfolio and for the market overall while most forecasts were unchanged. Greater clarity over tariffs led to a downward revision by Toyota Motor, which had factored in only a month of tariffs, but an upward revision by Honda which had assumed a worst case scenario. Precision company Nikon cut its earnings forecast as it incorporated tariff-related costs as well as softer demand for high-end cameras. Sumitomo Electric revised up as demand in its automotive and communication cables businesses was better than anticipated.

Share buybacks continue apace. Specialty chemical company Adeka announced a buyback of up to 9.8% of shares outstanding while oil and gas company Inpex revised up earnings and announced a 4% buyback. Just over 50% of the fund holdings have announced buybacks so far this fiscal year compared to slightly over 40% this time last year. Interestingly, the Bank of Japan's Flow of Funds statistics showed that Japanese companies' financial surplus reached ¥25.6trn last fiscal year, a 20% increase year on year and the highest level in 11 years, suggesting there is considerable scope for shareholder returns to increase.

Blackstone announced a tender offer for Technopro Holdings, a technology focused staffing business. Rumours of the bid had been circulating for several months but the bid price of ¥4,870 is 60% higher than the price at the start of the year. Within the construction sector, Taisei has bid ¥1,750 per share for Toyo Construction which is more than twice book value. It was also reported that EssilorLuxottica is seeking to increase its stake in Nikon from 9% to 20%. Nikon has relatively low profits at present but makes a wide range of lens related products both for consumers and for capital goods such as semiconductor lithography equipment. There is speculation that Essilor may be trying to strengthen its capabilities in augmented reality glasses. Sampo Holdings, a non-life insurance company, has announced a bid for Bermuda based Aspen Insurance, which provides both casualty insurance and reinsurance. The bid price is 1.3x book value and a historic PER of just below 10x net earnings.

The stated price to book ratio of the portfolio is now around 1x. However, we think there is much further to go for three main reasons. Firstly, our companies (excluding financials) have net cash and investments worth over 40% of their market cap on average, underscoring the potential for greater shareholder returns. Secondly, we see considerable scope for margins and returns to improve because the trend towards restructuring which we have seen in the last few years is, if anything, accelerating. Thirdly, the valuations of our portfolio on many measures remain modest while the yen looks relatively depressed. We note that almost 40% of our holdings now have activists on the share register, and we too continue to engage regularly with our companies on all these issues.

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

Fund	
Fund size	£784m
Number of holdings	63

Valuations	
Average PBR	1.02
Median EV/OP* (3/26e)	7.5
Weighted Average P/E (3/26e)	13.4
Net cash as % of market cap*	43%

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

Top Ten Holdings	% Fund
Nippon Television Network	3.5
Tokyo Broadcasting System	3.5
Kinden	3.3
Mitsubishi UFJ Financial Group	3.3
Sumitomo Electric Industries	3.3
Sumitomo Mitsui Financial Group	3.2
Sumitomo Mitsui Trust	3.2
Concordia Financial Group Ltd	3.2
Toyota Industries Corp	3.1
Honda Motor Co. Ltd	3.0

Market Cap Breakdown	% Fund
Large cap (>\$5bn)	55.1
Mid cap (\$1-5bn)	39.0
Small cap (<\$1bn)	2.9
Cash	3.0

NAV at 29 <sup>th</sup> August 2025	
B Accumulation	792.85p
B Income	649.39p

Dealing
If you would like to deal in the fund, please contact Waystone Management (UK) Limited. Their telephone number is <b>0345 922 0044</b> or by email <a href="mailto:ordergroup@waystone.com">ordergroup@waystone.com</a>

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	1.15%	ACD	Waystone Management (UK) Limited
Share types	Accumulation and Income	Fund administrator	Waystone Fund Administrators Limited Central Square 29 Wellington Square Leeds, LS1 4DL <a href="mailto:wtas-investorservices@waystone.com">wtas-investorservices@waystone.com</a> 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%	+692.9%
TOPIX Net Total Return	+10.1%	+12.3%	-5.0%	+1.9%	+9.1%	+15.2%	+427.9%

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 29<sup>th</sup> August 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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