

MORANT WRIGHT

MANAGEMENT LIMITED

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WS Morant Wright Japan Fund February 2026 Newsletter

£ Returns	Month	Year to Date	Since Inception (23 rd May 2003)
B Accumulation	+14.3%	+21.1%	+932.3%
TOPIX Net Total Return	+11.6%	+16.0%	+544.3%

Sources: Bloomberg and Waystone Management (UK) Ltd

The Topix Net Total Return Index rose 10.5% in local terms supported by a decisive election outcome, positive results from companies and foreign buying.

Prime Minister Takaichi and the Liberal Democratic Party won a resounding victory in the lower house election. The result marked the LDP's largest majority since its foundation in 1955 and the first time a single party has secured a two-thirds majority in postwar history. This will allow the government to pass legislation even if it is rejected by the upper house where it lacks a majority.

Companies have finished reporting results for the period ending December 2025. It was an overwhelmingly positive quarter for profit forecasts among our holdings which have steadily edged up as the fiscal year has progressed. Companies in the fund now expect recurring profit to rise 8% and EPS to rise 11%, exceeding the growth estimates for Topix. Shareholder returns continue to improve, with dividends now forecast to grow by 13% and almost 70% of the fund's holdings having announced share buybacks with an average size of 5.3%.

Among our holdings, construction company Toda Corp reported nine-month operating profit growth of 136%, raised its dividend forecast and announced plans to repurchase 2.3% of outstanding shares. Dai-Ichi Life raised its profit and dividend forecasts thanks to larger than expected gains on the sale of its cross-shareholdings. Most dramatically, Fuji Media bought back 30% of its outstanding shares following activist pressure. It also raised its dividend from ¥75 to ¥125 and promised to raise it again to ¥200 next year, while also agreeing to sell all or part of its real estate business. We took advantage of the share buyback to tender all our shares.

There were several other positive announcements from portfolio companies. Electronics conglomerate Kyocera intends to sell another ¥250bn of its shares in KDDI, a Japanese telecoms operator, and will use the proceeds for additional buybacks. It will also appoint a majority of external directors at the upcoming AGM. Chemicals company Toagosei published a new management plan committing to a 90% total payout ratio to reduce the build up of equity capital while simultaneously announcing a 2% buyback. TV Asahi announced a new 40% dividend payout policy and modest plans to reduce its cross-shareholdings; unremarkable in the context of the portfolio but notable for a company that has long been resistant to change.

The FSA published its proposed revisions to the Corporate Governance Code which included several positive changes to improve board accountability. Companies will be encouraged to make external directors available to meet with shareholders, publish their annual securities report (Yuho) well before the AGM and explain how the board will respond when company proposals face significant shareholder opposition.

Recent analysis from Jefferies shows the average Japanese company operates in 2.3 different industries compared to 1.5 in the US and Europe, indicating a much higher degree of diversification. We therefore continue to see considerable scope for companies to improve returns by addressing overcapitalised balance sheets and improving the focus of business portfolios.

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

Fund	
Fund size	£1,122m
Number of holdings	64

Valuations	
Average PBR	1.30
Median EV/OP* (3/26e)	10.5
Weighted Average P/E	16.1
Net cash as % of market cap*	37%

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

Top Ten Holdings	% Fund
Sumitomo Metal Mining Co	3.2
Yokohama Financial Group	3.2
Sumitomo Mitsui Financial	3.1
Dai-Ichi Life Holdings Inc	3.0
Sumitomo Mitsui Trust	3.0
Japan Post Insurance Co Ltd	2.9
Inpex	2.9
Nippon Television Network	2.9
Honda Motor Co. Ltd	2.8
Tokyo Broadcasting System	2.8

Market Cap Breakdown*	% Fund
Large Cap (>\$10b)	45.6
Mid Cap (\$2b - \$10b)	41.9
Small Cap (< \$2b)	8.9
Cash	3.6

NAV at 27 th February 2026	
B Accumulation	1,032.25p
B Income	845.47p

Dealing
If you would like to deal in the fund, please contact Waystone Management (UK) Ltd. 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	1.15%	ACD	Waystone Management (UK) Limited
Share types	Accumulation and Income	Fund administrator	Waystone Fund Administrators Limited Central Square 29 Wellington Square Leeds, LS1 4DL 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	2025	2024	2023	2022	2021	2020	Since inception (May 2003)
B Accumulation Shares	+29.3%	+18.8%	+21.4%	+4.3%	+6.3%	-6.3%	+932.3%
TOPIX Net Total Return	+16.6%	+10.1%	+12.3%	-5.0%	+1.9%	+9.1%	+544.3%

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 27th February 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 (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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