

MORANT WRIGHT

MANAGEMENT LIMITED

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WS Morant Wright Japan Fund September 2025 Newsletter

£ Returns	Month	Year to Date	Since Inception (23 rd May 2003)
B Accumulation	+1.7%	+22.4%	+706.6%
TOPIX Net Total Return	+2.5%	+13.6%	+440.8%

Sources: Bloomberg and Waystone Management (UK) Limited

TOPIX Net Total Return increased by 2.8% in September in local terms and reached a new high during the month.

Prime Minister Ishiba resigned as LDP leader, taking responsibility for July's election defeat and his weak approval ratings. This paves the way for a leadership election on 4th October and a new prime minister. There are five candidates standing, of which the front-runners appear to be Ms. Sanae Takaichi, who would be Japan's first female leader, and Mr. Shinjiro Koizumi, son of a former prime minister. The main concern identified in opinion polls is inflation, but any new policies would need parliamentary support from opposition parties after the loss of the government's majority.

The Bank of Japan kept monetary policy unchanged at its September meeting as expected. The decision was not unanimous, however, with two board members voting for a rate rise to tackle inflation. August CPI excluding fresh food rose by 2.7% and has exceeded the 2% target level every month since March 2022. Expectations for a rate rise in the future have therefore risen slightly. The BOJ also announced that it would start selling its ETF holdings. Governor Ueda commented that the BOJ expects to take more than 100 years to sell its entire holding, which is currently worth around ¥75trn. The announced pace of selling is estimated to account for less than 0.1% of current trading volume.

The latest data on land prices showed a rise of 1.5% nationwide in the first half of the year and a much larger increase of 4.3% in the three main cities of Tokyo, Osaka and Nagoya. Over the same period, foreign investment in real estate totalled \$7.8bn according to data from property services company CBRE. The Tokyo office market remains attractive: the vacancy rate was only 2.9% in August and rent per square foot in Tokyo is about 20% cheaper than New York in dollar terms, according to real estate firm Jones Lang LaSalle. The continued positive news on real estate has focused investor attention on underused property at Japanese companies, which can often be a source of significant "hidden" value. At portfolio holding Mitsubishi Logistics, for example, the gain on property not recorded on the balance sheet is equivalent to two-thirds of its market cap.

In the portfolio, TV broadcaster Fuji Media announced an updated "Reform Action Plan". The company now aims to achieve ¥250bn in share buybacks by March 2030, equivalent to one-third of its market cap, and announced a partial sale of shares in Toei Animation worth ¥30bn. TBS Holdings, another TV broadcaster held in the fund, announced it was booking a gain of ¥39bn on a sale of shares. Elsewhere, Sony listed its wholly-owned subsidiary Sony Financial while Seven & I Holdings announced the sale of a retail subsidiary to a US private equity firm in order to focus on its core convenience store chain Seven-Eleven.

Our recent meetings have confirmed that our holdings continue to make the necessary changes to slim down balance sheets and raise ROE. Our companies have net cash and investments worth over 40% of their market cap on average (excluding financials) which shows the potential for further dividend increases and share buybacks. Meanwhile, an increasing number of companies are contemplating other ways of unlocking value, such as the sale of real estate and non-core businesses.

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

Fund	
Fund size	£865m
Number of holdings	65

Valuations	
Average PBR	1.01
Median EV/OP* (3/26e)	8.3
Weighted Average P/E (3/26e)	13.6
Net cash as % of market cap*	43%

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

Top Ten Holdings	% Fund
Tokyo Broadcasting System	3.3
Nippon Television Network	3.3
Mitsubishi UFJ Financial Group	3.2
Sumitomo Mitsui Financial Group	3.0
Sumitomo Electric Industries	3.0
Sumitomo Mitsui Trust	3.0
Concordia Financial Group Ltd	2.9
Honda Motor Co. Ltd	2.9
Kinden	2.9
Toyota Industries Corp	2.9

Market Cap Breakdown	% Fund
Large cap (>\$5bn)	54.0
Mid cap (\$1-5bn)	39.2
Small cap (<\$1bn)	2.7
Cash	4.1

NAV at 30 th September 2025	
B Accumulation	806.64p
B Income	660.68p

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	1.15%	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	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%	+706.6%
TOPIX Net Total Return	+10.1%	+12.3%	-5.0%	+1.9%	+9.1%	+15.2%	+440.8%

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 September 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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