

MORANT WRIGHT

MANAGEMENT LIMITED

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WS Morant Wright Nippon Yield Fund December 2025 Newsletter

£ Returns	Month	2025	Since Inception (1 st October 2008)
B Accumulation	+0.7%	+29.9%	+893.7%
TOPIX Net Total Return	-1.1%	+16.6%	+279.5%

Sources: Bloomberg and Waystone Management (UK) Limited

Topix Net Total Return rose 1% over the month in local terms bringing the return for the year to 25%. The yen strengthened marginally against the dollar in 2025 but was substantially weaker against both sterling and the euro. The fund's outperformance was helped by the strong performance of value over growth and of small and mid-cap stocks compared to large cap companies. The former was particularly evident in the second half of the year. Overseas investors were much more of a factor this year buying a cumulative ¥3.8trn although Japanese companies remain the largest buyers of the market through share buybacks worth over ¥10trn.

After a strong steer in a speech by Governor Ueda earlier in the month, the BoJ raised its policy rate by 25 basis points to 0.75% at its meeting on 19th December. Inflation has now been running ahead of the Bank's 2% target for over three years. With the yen still weak and major unions demanding another 5% uplift in wages, it is no surprise that Mr. Ueda's guidance was for further hikes, commenting that interest rates remain "accommodative". The market consensus is for more increases in the coming years.

Prime Minister Takaichi's cabinet approved a record ¥122.3trn (\$785bn) budget for the next fiscal year which will include a notable increase in defence spending. Tax cuts outweigh tax increases and there are concerns that her policies are too expansionary. However, we believe that rising bond yields are more a reflection of core inflation remaining above 2% rather than fiscal concerns. The 10-year JGB yield reached 2.05% having started the year at 1.07%. The 30-year yield is now 3.4% and Japanese government bonds have produced a negative return for a sixth consecutive year.

During the month we were able to meet the independent director at Toyota Industries who is the chair of the 'special committee' established to supervise the proposed takeover by Toyota Fudosan. We were encouraged by the fact that there appears to be scope for the offer price, which we consider to be far too low, to be revised up based on the increase in the share prices of many of Toyota Industries' equity holdings. Activist investor Elliott has increased its stake in the company to 5%.

Events at Fuji Media have taken an unusual turn: the Murakami family is considering an offer of ¥4,000/share to increase its stake to 33% in the hope of forcing greater change at the company. More broadly, M&A continues to gather pace with the Nikkei newspaper reporting that the value of deals announced in 2025 reached an all-time high of ¥46.9trn, up 97% on last year. Japan Petroleum announced it will spend \$1.3bn to acquire oil and gas assets in Colorado and Wyoming after recently recording a gain on the sale of its gas pipeline assets in Hokkaido. Sompo is making a further small push into the agricultural space by announcing a bid at a roughly 50% premium for Nōsōken, an operator of a platform for selling produce. Private equity groups remain active with Carlyle set to take Hōgy Medical private and KKR making a higher counter bid for Mandom, a maker of cosmetics products, in response to a proposed MBO by the founding family. There is growing foreign interest in the valuable real estate held by Japanese corporates, with brewer Sapporo Holdings announcing the sale of property assets for \$3.1bn to a private equity consortium.

With around 35% of their market cap represented by net cash and investments, our companies can continue with record levels of share buybacks which are helping to bolster earnings growth. With more opportunities for value to be crystallised and improving capital allocation, companies have further scope to be rated more highly.

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

Fund	
Fund size	£1,010m
Number of holdings	65

Valuations	
Average PBR	1.08
Median EV/OP* (3/26e)	9.3
Weighted Average P/E (3/26e)	13.6
Net cash as % of market cap*	35%

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

Top Ten Holdings	% Fund
Sumitomo Mitsui Financial Group	3.7
Sumitomo Mitsui Trust	3.3
Yokohama Financial Group Inc	3.3
Inpex	3.2
Sumitomo Electric Industries	3.1
Dai-ichi Life Holdings Inc	3.1
Mitsubishi UFJ Financial Group	2.9
Honda Motor Co. Ltd	2.8
Fuji Media Holdings	2.4
NHK Spring	2.4

Market Cap Breakdown	% Fund
Large cap (>\$5bn)	43.9
Mid cap (\$1-5bn)	48.4
Small cap (<\$1bn)	4.0
Cash	3.7

NAV as at 31 st December 2025	
B Accumulation	957.39p
B Income	612.26p

Dealing
If you would like to deal in the fund please contact Waystone Management (UK) Limited. Their telephone number is 0345 922 0044 and their email is wtas-Electronic.Dealing@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	October 2008	Deal cut-off point	12pm
Geographic exposure	100% Japanese equities	Valuation point	12pm
AMF	1.0%	Settlement	T+4 (subscriptions/redemptions)
OCF	1.14%	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	CFMWNBA LN	B42MKS9	GB00B42MKS95
B Income	CFMWNYB LN	B2R83B2	GB00B2R83B20

Performance (%)	2024	2023	2022	2021	2020	2019	Since inception (1 st October 2008)
B Accumulation Shares	+19.4	+18.9	+8.8	+11.6	-5.9	+11.9	+893.7
TOPIX Net Total Return	+10.1	+12.3	-5.0	+1.9	+9.1	+15.2	+279.5

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 31st December and accurate as at that date.

Dividends

Ex-Dividend Date	31 Oct 2020	30 Apr 2021	31 Oct 2021	30 Apr 2022	31 Oct 2022	30 Apr 2023	31 Oct 2023	30 Apr 2024	31 Oct 2024	30 Apr 2025	31 Oct 2025
Dividend per 'B' Income Share	4.1192	5.8480	5.0278	6.8290	5.631	7.0071	5.7134	7.0283	7.5343	8.8519	8.1266

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-nippon-yield-fund/ws-morant-wright-nippon-yield-fund/>) or ourselves, along with the Fund Prospectus and the latest report and accounts.

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