

MORANT WRIGHT

MANAGEMENT LIMITED

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WS Morant Wright Nippon Yield Fund May 2025 Newsletter

£ Returns	Month	Year to Date	Since Inception (1 st October 2008)
B Accumulation	+3.9%	+6.5%	+714.9%
TOPIX Net Total Return	+3.6%	+3.1%	+235.4%

Sources: Bloomberg and Waystone Management (UK) Limited

TOPIX Net Total Return rose 5.1% in local terms, entirely making up its decline following the US tariff announcements. Inflation was 3% in April, far above the Bank of Japan's 2% target. Long term bond yields have risen sharply with the 30 year JGB yield reaching 3%, in part because life insurance companies are now buying fewer long dated bonds having largely closed their duration mismatches.

Companies finished reporting results to the end of March which for most marks the end of their financial year. Recurring profits for the portfolio rose by 13%, a considerable increase on the initial 7% growth forecast 12 months ago. Dividend growth was exceptionally strong, seeing a 23% rise. In addition, almost 70% of fund holdings announced share buybacks during the year with an average size of just under 6% of shares outstanding.

Unsurprisingly, forecasts are a mixed bag given tariff uncertainties. Recurring profits for the portfolio are expected to fall by 1%, comparing favourably to the 4% decline forecast for TOPIX. Shareholder returns, however, continue to impress with forecast dividend growth of 9%. We are barely two months into the new financial year but already one-third of holdings have announced buybacks with an average size of 4.1%. SMBC Nikko has calculated that share buyback announcements have totalled ¥11 trillion, or approximately \$75 billion, since April.

Notable examples among our holdings include life insurers Dai-ichi Life and T&D Holdings which hiked their dividends and also plan to repurchase 5.4% and 10% of their outstanding shares respectively. Property and casualty insurers Sampo and MS&AD announced dividend increases and buybacks too.

Elsewhere, specialty chemicals maker Kureha introduced a new 5% dividend on equity putting the shares on a prospective yield of roughly 8%, while simultaneously announcing a buyback worth 11% of outstanding shares. There were also positive announcements from Sumitomo Warehouse, which brought forward the planned sale of its cross-shareholdings, and Honda, which adopted a new 3% dividend on equity policy to ensure a stable payout despite the uncertain operating environment.

We are approaching the AGM season and there has been a noticeable increase in companies requesting meetings with us to discuss how we intend to vote. This reflects the escalation of activism and the growing likelihood that investors, both international and domestic, will support shareholder proposals. CLSA reports that 162 companies are facing shareholder proposals this summer, marking a new record. In the face of an activist proposal to replace the board, TV company Fuji Media has overhauled its capital allocation policies to sell ¥100bn of strategic shareholdings and will use the proceeds to buy back shares. Similarly, electronics company Kyocera, which is also subject to activist pressure, will sell some of its large holding in KDDI back to the telecoms company and is preparing for the disposal of its non-core medical business.

There has been a flurry of takeovers announced this month. NTT Docomo is offering a 49% premium to acquire SBI Sumishin Net Bank for ¥420bn, while NTT has offered to buy out the minorities at listed subsidiary NTT Data. Bain plans to fund a ¥100bn management buyout at logistics company Nissin, marking the 12th MBO of the year, compared to 18 in all of 2024. Among our holdings, the Nikkei reported more details about the proposed acquisition of Toyota Industries via an SPC, likely to be Japan's largest ever buyout with a formal bid expected as soon as this month.

Companies are under increasing pressure to maximise value for shareholders which we expect to have a positive effect on our portfolio of asset rich and undervalued stocks.

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

Fund	
Fund size	£811m
Number of holdings	65

Valuations	
Average PBR	0.89
Median EV/OP* (3/26e)	6.8
Weighted Average P/E (3/26e)	12.0
Net cash as % of market cap*	42%

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

Top Ten Holdings	% Fund
Sumitomo Mitsui Financial Group	3.7
Sumitomo Mitsui Trust	3.6
Dai-ichi Life Holdings Inc	3.6
Honda Motor Co. Ltd	3.3
Mitsubishi UFJ Financial Group	3.3
Concordia Financial Group Ltd	3.2
Sumitomo Electric Industries	3.1
Inpex	2.7
T&D Holdings Inc	2.7
Fuji Media Holdings	2.6

Market Cap Breakdown	% Fund
Large cap (>\$5bn)	38.1
Mid cap (\$1-5bn)	55.3
Small cap (<\$1bn)	4.4
Cash	2.2

NAV as at 30 th May 2025	
B Accumulation	785.13p
B Income	509.13p

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 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	October 2008	Deal cut-off point	12pm
Geographic exposure	100% Japanese equities	Valuation point	12pm
AMF	1.0%	Settlement	T+4 (subscriptions/redemptions)
OCF	1.16%	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	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	+714.9%
TOPIX Net Total Return	+10.1	+12.3	-5.0	+1.9	+9.1	+15.2	+235.4%

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 May 2025 and accurate as at that date.

Dividends

Ex-Dividend Date	30 Apr 2020	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 (Est.)
Dividend per 'B' Income Share	6.2359	4.1192	5.8480	5.0278	6.8290	5.631	7.0071	5.7134	7.0283	7.5343	8.8519

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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