

MORANT WRIGHT

MANAGEMENT LIMITED

43 St James's Place, London, SW1A 1NS
Telephone: 020 7499 9980 Email: enquiries@morantwright.co.uk Website: www.morantwright.co.uk

MW Japan Fund March 2025 Newsletter

% Returns	Month	Year to date	Since Inception (A&B: 4 th August 1999) (C: 16 th April 2015)
MW Japan Fund A (\$)	+3.4%	+7.9%	+419.9%
MW Japan Fund B (\$)	+3.3%	+7.8%	+395.2%
TOPIX Net Total Return (\$)	+0.8%	+1.2%	+110.4%
MW Japan Fund C (\$ hedged)	+2.9%	+3.7%	+192.0%
TOPIX Net Total Return (¥)	+0.1%	-3.6%	+102.4%

Sources: Bloomberg and Waystone Management Company (IE) Limited

Topix Net Total Return rose +0.1% in local terms after a sharp fall on the final day of the month with the news that a 25% tariff on all cars exported to the USA will soon come into effect. The yield on the 10 year JGB hit 1.59%, its highest level since 2008.

February core inflation was higher than expected at 3%, above the BOJ's 2% target for the 35th consecutive month. Inflation looks likely to persist as Japan's largest trade union, Rengo, with 7m members won an average pay rise of 5.49%, up on last year's increase. The government also reported that land prices rose 2.7% nationwide, the largest increase since 1992, including an 11.8% rise in Tokyo.

Unwinding of strategic shareholdings in the Toyota Group continues. Toyota Industries will now reduce its stake in listed subsidiary Aichi Corp from 54% to 20%, selling a portion of shares back to Aichi Corp and some to trading company Itochu. There were governance improvements at Fuji Media as it announced it would cut the board from an unwieldy 17 directors to a majority independent board of 11 while also promising to re-examine its capital allocation practices. Net cash, investments and rental real estate are worth more than the market capitalisation so there is considerable scope for improvement. Yokohama-based bank Concordia Financial Group published a new medium-term plan committing to cut strategic shareholdings from 16% of net assets to less than 10% which would imply sales of roughly ¥80bn, almost 10% of the market capitalisation.

There were several encouraging shareholder returns announcements from other portfolio companies. Life insurer T&D Holdings amended its dividend policy, shifting from a dividend on equity to a 60% payout ratio citing growing confidence in its profit outlook. It raised next year's dividend from ¥80 to ¥120 while also announcing a ¥100bn share buyback, equivalent to 6% of its market capitalisation. TV Asahi hiked its dividend by ¥10 to ¥60 reflecting large gains on the sale of strategic shareholdings.

The number of listed companies in Japan declined last year for the first time thanks to buoyant M&A. The first quarter of 2025 showed a similar trend as the Nikkei newspaper reported a record high number of 31 delistings, consisting of 23 acquisitions and 8 management buy outs. This month saw a \$2.4bn bid from KKR and state-backed fund Japan Investment Corp for optical equipment maker Topcon at a 100% premium to the average price in the previous year. This came after activists urged the company to consider going private.

Bids are becoming increasingly competitive: Makino Milling has reportedly received two counter offers to Nidec's unsolicited takeover bid in December. The threat of an acquisition can also prove a powerful incentive for management to act as Seven & I Holdings announced plans for a ¥2trn share buyback, one of Japan's largest ever and worth 40% of its market capitalisation, as well as the sale of non-core businesses, to fend off the proposed acquisition by Canadian competitor Alimentation Couche-Tard.

Ian and Karin were both in Japan this month for company meetings. We continue to find attractively valued opportunities, frequently among domestic and mid cap stocks, where there is little or no research coverage. Meanwhile, net cash and investments are still worth over half the market capitalisation of our non-financial holdings, and there is clear scope to spin off non-core businesses to improve returns further.

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

Fund	
Fund size	\$89m
Number of holdings	59

Valuations	
Average PBR	0.84
Median EV/OP* (3/25e)	5.8
Weighted Average P/E (3/25e)	11.7
Net cash as % of market cap*	55%

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

Top Ten Holdings	% Fund
Sumitomo Mitsui Financial Group	3.6
Mitsubishi UFJ Financial Group	3.6
Nippon Television Network	3.4
Tokyo Broadcasting System	3.3
Dai-ichi Life Holdings Inc	3.3
Toyota Industries Corp	3.3
Sumitomo Mitsui Trust	3.3
Fuji Media Holdings	3.0
Kurabo Industries	3.0
Concordia Financial Group Ltd	2.6

Market Cap Breakdown	% Fund
Large cap (>\$5bn)	31.8
Mid cap (\$1-5bn)	43.8
Small cap (<\$1bn)	23.3
Cash	1.1

NAV at 31 st March 2025	
A Shares	\$51.40
B Shares	\$49.45
C Shares	\$292.04

Dealing	
If you would like to deal in the fund, please contact Waystone Management Company (IE) Limited. You can contact them by telephone on +353 1 400 5300 or by emailing wfs-investordealing@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	Offshore OEIC, domiciled in Ireland	Minimum investment	\$100,000 (across all shares)
Fund currency	US Dollar	Dealing frequency	Daily
Launch date	August 1999	Deal cut-off point	11.00am (Irish time)
Geographic exposure	100% Japanese equities	Valuation point	12.00pm (Irish time)
AMC/OCF	A Shares: 1.0% A Shares: 1.25%* B Shares: 1.0% B Shares: 1.25%* C Shares: 1.0% C Shares: 1.25%* *Fund charges capped at 1.25% by Investment Manager	Settlement	T+4 (subscriptions/redemptions)

Share types A Shares, B Shares, C Shares (hedged)

Fund administrator

Waystone Fund Administrators
(IE) Limited
35 Shelbourne Rd,
Ballsbridge,
Dublin 4,
D04 A4E0
Ireland
wfs-dublinta@waystone.com
Tel: +353 1 400 5300
Fax: +353 1 400 5350

Share Identifiers	Bloomberg code	SEDOL	ISIN
A Shares	MWJPNAI ID	BWCH400	IE00BWCH4002
B Shares	MWJPNBI ID	BWCH411	IE00BWCH4119
C Shares	MWJPNCI ID	BWCH422	IE00BWCH4226

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 Company (IE) Limited. Index data are taken from Bloomberg.

Performance is based on the Fund Nav and is shown net of charges. Data are as at 31st March 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 Company (IE) Limited or ourselves <https://www.morantwright.co.uk/mw-fuji-yield-fund>, along with the Fund Prospectus and the latest report and accounts. The Fund Manager, Waystone Management Company (IE) Limited, a company incorporated under the laws of Ireland having its registered office at 35 Shelbourne Rd, Ballsbridge, Dublin, D04 A4E0 Ireland which is authorised by the Central Bank of Ireland has appointed Morant Wright Management Limited as Investment Manager to this fund. Waystone Management Company (IE) Limited, has the right to terminate the arrangements made for the marketing of funds in accordance with the UCITS Directive. A summary of investors rights may be found here: <https://www.waystone.com/waystone-policies/>.

A copy of the firm's ADV2A Brochure is available at <https://adviserinfo.sec.gov/firm/summary/138189>

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