

MORANT WRIGHT

MANAGEMENT LIMITED

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Morant Wright Fuji Yield Fund February 2024 Newsletter

| % Returns | Month | Year to Date | Since Inception | TOPIX Net TR since inception* | Inception date |
|-------------------------|-------|--------------|-----------------|-------------------------------|----------------|
| Yen (unhedged) | +5.2% | +13.5% | +180.9% | +133.1% | 4 Nov 2014 |
| TOPIX Net Total Return | +4.9% | +13.1% | | | |
| Sterling (hedged) | +5.6% | +14.3% | +185.8% | +133.1% | 4 Nov 2014 |
| US Dollar (hedged) | +5.7% | +14.4% | +204.5% | +126.2% | 28 Nov 2014 |
| Swiss Franc (hedged) | +5.3% | +13.7% | +79.9% | +66.9% | 11 Dec 2017 |
| Yen B shares (unhedged) | +5.2% | +13.5% | +143.5% | +105.9% | 12 Mar 2015 |

Sources: Bloomberg and Waystone Management Company (IE) Limited
 Performance and NAV given for accumulating shares; available distributing shares are shown overleaf

* Performance of TOPIX Net TR index since inception is shown in yen

The price weighted Nikkei 225 finally exceeded its 1989 all-time high on 22nd February. The more representative market capitalisation weighted Topix rose 4.9% in yen terms over the month but was still 7% below its peak. Foreign investors continue to be net buyers, though at a slower pace than January.

Results at our companies for the period ending December 2023 were overwhelmingly positive. In aggregate, they have raised forecasts for recurring profit and EPS growth to 16% and 19% respectively. Notable results included Tokai Rika which upgraded forecasts thanks to a recovery in auto production at its main customer Toyota Motor, where hybrid vehicles now make up a third of vehicles sold.

Many companies within the portfolio also raised their dividends which in aggregate are now forecast to grow by 12% for the year ending March 2024. Furthermore, over half of holdings have announced share buybacks so far this fiscal year. Speciality chemicals company Toagosei for instance announced a dividend hike and a share buyback for 4.3% of shares outstanding, which was in line with its 100% shareholder return policy adopted following an activist shareholder proposal last year. Components maker NHK Spring announced a 5.3% buyback following a ¥15bn gain on the sale of cross-shareholdings, while machinery manufacturer Sumitomo Heavy is to undertake its first ever substantial repurchase for 3.3% of its shares. The TV broadcasters jumped after Nippon Television Holdings said it would start paying dividends to foreign investors who hold unregistered shares above the 20% foreign ownership threshold. This will also make it much easier for NTV to buy back shares and the company has announced a 2% buyback, its first since 2009.

The Nikkei reported that the FSA has urged Japan's non-life insurers to accelerate the sale of cross-shareholdings to eliminate potential conflicts. Their share prices rose significantly as a result and it was therefore an interesting time for us to meet Sampo's CFO in London. We were subsequently pleased to see Sampo announce it would sell all of its shareholdings by fiscal 2030. At March 2023 these cross-shareholdings were worth ¥1.2trn, roughly 40% of the market capitalisation, though the current value is probably higher. Their sale will free up large amounts of capital to fund shareholder returns and other investments. Given the FSA's move, other financial institutions may find negotiations to unwind cross-shareholdings easier.

The Tokyo Stock Exchange continues to promote better governance standards. We are delighted that President Yamaji is visiting our office this week to exchange views. This month the TSE published examples of best practice for companies disclosing plans for raising their PBRs. We were pleased to see several of our holdings singled out for praise including Concordia Financial, Inpex, and Inabata. A further announcement stated that from April 2025 Prime Index companies must start releasing financial results in English at the same time as the Japanese versions.

Andrew's meetings in Japan last week and others in London have confirmed that Japanese management is increasingly responsive to investor feedback and the TSE initiatives. Many examples of positive outcomes following our engagement can be found in our 2023 Engagement Report which is now available on our website.

Net cash is worth 42% of the market capitalisation at our non-financial holdings and earnings multiples remain modest. Over half of our stocks have disclosed plans to address their undervaluation and momentum is building behind unlocking the considerable value in the portfolio.

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

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 REGISTERED IN ENGLAND NUMBER 3692692

| Fund | |
|--------------------|-------|
| Fund size | £348m |
| Number of holdings | 59 |

| Valuations | |
|------------------------------|------|
| Average PBR | 0.88 |
| Median EV/OP* (3/24e) | 6.3 |
| Weighted Average P/E (3/24e) | 11.5 |
| Net cash as % of market cap* | 42% |

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

| Top Ten Holdings | % Fund |
|---------------------------------|--------|
| Mitsubishi UFJ Financial Group | 3.4 |
| Sumitomo Mitsui Financial Group | 3.4 |
| Fuji Media Holdings | 3.1 |
| Honda Motor Co. Ltd | 3.0 |
| Sumitomo Mitsui Trust | 3.0 |
| Kandenko | 2.8 |
| Dai-ichi Life Holdings Inc | 2.8 |
| Concordia Financial Group | 2.6 |
| Inpex | 2.6 |
| MS&AD Insurance Group | 2.3 |

| Market Cap Breakdown | % Fund |
|----------------------|--------|
| Large cap (>\$5bn) | 32.6 |
| Mid cap (\$1-5bn) | 48.6 |
| Small cap (<\$1bn) | 16.9 |
| Cash | 1.9 |

| NAV at 29 th February 2024 | |
|---------------------------------------|-----------|
| Yen | ¥2,809.27 |
| Sterling | £28.58 |
| US Dollar | \$30.45 |
| Swiss Franc | CHF17.99 |
| Yen B | ¥2,434.85 |

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 investordealing@linkgroup.ie.

Please refer to the further fund details and important regulatory information on the reverse of this document

| Fund Information | | | Dealing Information | |
|---------------------|---|--|---------------------|---|
| Fund type | UCITS OEIC, authorised in Ireland | | Minimum investment | ¥1,000,000 (Japanese Yen shares) US\$5,000 (US Dollar shares) £5,000 (Sterling shares) CHF5,000 (Swiss Franc shares) €5,000 (Euro shares) |
| Fund currency | Japanese Yen Hedged classes available in £, \$, €, CHF Unhedged classes available in ¥, €, £ and \$ | | Dealing frequency | Daily |
| Launch date | November 2014 | | Deal cut-off point | 11.00am (Irish time) |
| Geographic exposure | 100% Japanese equities | | Valuation point | 12.00pm (Irish time) |
| AMC OCF | 1.00% (JPY B Class 0.75%) 1.29% (JPY B Class: 1.04%) | | Settlement | T+4 (subscriptions/redemptions) |
| Share types | Accumulation and Distributing | | Fund administrator | Link Fund Administrator Ireland Limited (LFAI) (A Waystone Group Company) 35 Shelbourne Rd, Ballsbridge, Dublin 4, D04 A4E0 Ireland Tel: +353 1 400 5300 Fax: +353 1 400 5350 |

| Share Identifiers | Bloomberg code | SEDOL | ISIN |
|-------------------------|----------------|---------|--------------|
| Euro Acc Hedged | MWFYEAH | BQ5BN33 | IE00BQ5BN330 |
| Euro Dist Hedged | MWFYEDH | BQT49G3 | IE00BQT49G37 |
| Euro Acc Unhedged | MWFYEAU | BDRKVZ5 | IE00BDRKVZ52 |
| Euro Dist Unhedged | MWFYEDU | BD1LVV0 | IE00BD1LVV03 |
| Yen Acc Unhedged | MWFYJAU | BQ5BN44 | IE00BQ5BN447 |
| Yen Dist Unhedged | MWFYJDU | BQT49H4 | IE00BQT49H44 |
| Yen B Acc Unhedged | MWFJBUH | BVOLL84 | IE00BVOLL840 |
| Sterling Acc Hedged | MWFGYGAH | BQ5BN22 | IE00BQ5BN223 |
| Sterling Dist Hedged | MWFGYGDH | BQT49F2 | IE00BQT49F20 |
| Sterling Dist Unhedged | MWFGYGDU | BYWNV67 | IE00BYWNV678 |
| Swiss Franc Acc Hedged | MWFGYCAH | BQ5BN66 | IE00BQ5BN660 |
| Swiss Franc Dist Hedged | MWFGYCDH | BQT49K7 | IE00BQT49K72 |
| US Dollar Acc Hedged | MWFGYUAH | BQ5BN55 | IE00BQ5BN553 |
| US Dollar Dist Hedged | MWFGYUDH | BQT49J6 | IE00BQT49J67 |
| US Dollar Dist Unhedged | MWFGYUDU | BD9BP98 | IE00BD9BP985 |

| Ex-Dividend Date | 26 Apr 2019 | 31 Oct 2019 | 30 Apr 2020 | 30 Oct 2020 | 30 Apr 2021 | 29 Oct 2021 | 28 Apr 2022 | 28 Oct 2022 | 28 Apr 2023 | 31 Oct 2023 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Euro Distributing (hedged) | 0.2396 | 0.1470 | 0.1946 | 0.1272 | 0.1929 | 0.1663 | 0.2372 | 0.2173 | 0.2523 | 0.2400 |
| Euro Distributing (unhedged) | 0.1653 | 0.1474 | 0.1693 | 0.1092 | 0.1589 | 0.1354 | 0.1869 | 0.1681 | 0.1873 | 0.1603 |
| Sterling Distributing (hedged) | 0.2318 | 0.0454 | 0.1836 | 0.1244 | 0.1960 | 0.1637 | 0.2344 | 0.2086 | 0.2541 | 0.2418 |
| Sterling Distributing (unhedged) | 0.1786 | 0.1894 | 0.1745 | 0.1179 | 0.1679 | 0.1387 | 0.1880 | 0.1726 | 0.1968 | 0.1656 |
| Yen Distributing | 82.9239 | 14.7551 | 19.7063 | 12.9515 | 19.6050 | 17.2094 | 23.7748 | 22.8376 | 26.0838 | 24.2228 |
| Dollar Distributing (hedged) | 0.2338 | 0.1589 | 0.2139 | 0.1397 | 0.2195 | 0.1888 | 0.2706 | 0.2597 | 0.2868 | 0.2859 |
| Dollar Distributing (unhedged) | 0.1462 | 0.1325 | 0.1629 | 0.1095 | 0.1667 | 0.1402 | 0.1828 | 0.1494 | 0.1734 | 0.1512 |

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 given in sterling terms based on the Fund NAV. Data are as at 29th February 2024 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/>. Copyright 2024. All rights reserved.