

MORANT WRIGHT

MANAGEMENT LIMITED

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Morant Wright Fuji Yield Fund December 2024 Newsletter

% Returns	Month	2024	Since Inception	TOPIX Net TR since inception*	Inception date
Yen (unhedged)	+3.6%	+29.5%	+220.7%	+147.3%	4 Nov 2014
TOPIX Net Total Return	+4.0%	+20.0%			
Sterling (hedged)	+4.0%	+34.7%	+236.7%	+147.3%	4 Nov 2014
US Dollar (hedged)	+4.0%	+35.3%	+260.1%	+140.0%	28 Nov 2014
Swiss Franc (hedged)	+3.6%	+30.6%	+106.5%	+77.1%	11 Dec 2017
Yen B shares (unhedged)	+3.7%	+29.0%	+176.7%	+118.5%	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

Topix rose by 4.0% in local terms bringing the total gain in 2024 to 20% including dividends. The yen weakened to ¥157 against the dollar after the Bank of Japan left monetary policy unchanged.

Honda and Nissan have begun merger discussions to create the world's third largest carmaker. Honda, which is held in the portfolio, also announced plans to acquire up to 24% of its outstanding shares for ¥1.1trn, one of the largest ever buybacks by a Japanese company. Adjusting for its leasing business we calculate that Honda had net cash and investments worth around 80% of its market capitalisation at the year end, giving it ample firepower to buy back shares at a time when its PBR is at a historic low. Honda is taking the lead in the merger and is expected to contribute the president and a majority of directors to the board. The two companies hope to eventually add Mitsubishi Motors, of which Nissan is the largest shareholder, to the group. The Nikkei newspaper has reported a possible 5-to-1 share exchange ratio which would reflect the far weaker position in which Nissan finds itself. We are meeting with Honda's CFO in our offices in January to discuss the deal.

It was another record year for buybacks. According to the Nikkei, listed Japanese companies announced share repurchases worth ¥16.8trn (\$108bn), up 75% year-on-year, as companies unwind cross-shareholdings and try to improve capital efficiency. Among the portfolio holdings NHK Spring announced it will buy back and cancel shares worth almost 7% of its market capitalisation. Maruichi Steel Tube plans to repurchase 7% of its outstanding shares utilising some of its abundant net cash, worth 70% of its market capitalisation at the year end. Similarly, Canon Marketing Japan announced an additional 1% buyback, after buying back 17% of shares outstanding earlier in the year.

Bloomberg reported that activists bought at least ¥1trn of Japanese stocks in 2024. This trend is certainly apparent from our portfolio where this month an activist raised its holding in Fuji Media to over 7%. 22 stocks in the portfolio, more than a third, have an activist invested according to publicly available ownership data.

M&A activity continues apace. Nidec announced its second unsolicited takeover bid in as many years, this time for machine tool company Makino Milling. The cash bid represents a 42% premium and a price to tangible book ratio of 1.2x. Historically unsolicited or hostile bids have been rare in Japan but will add to the pressure on management to accelerate the restructuring of balance sheets and business portfolios. Elsewhere, Bain launched its second counter offer for Fuji Soft, escalating its bidding war with KKR.

Mitsubishi Heavy Industries has invited bids for its majority stake in logistics solutions subsidiary Mitsubishi Logisnext. Similar transactions for non-core businesses are attracting many bidders: brewing company Sapporo Holdings has received proposals from 10 different investors for its real estate portfolio.

The outlook for the portfolio is exciting with low valuations against both net assets and earnings, and better prospects for realising this value. Furthermore, there is scope for greater flows into Japanese equities after the Japanese government proposed a higher return target for the GPIF, the largest pension fund in the world, which may require it to increase its allocation to equities.

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

Fund	
Fund size	\$321m
Number of holdings	56

Valuations	
Average PBR	0.88
Median EV/OP* (3/25e)	6.5
Weighted Average P/E (3/25e)	11.1
Net cash as % of market cap*	43%

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

Top Ten Holdings	% Fund
Sumitomo Mitsui Financial Group	3.9
Sumitomo Mitsui Trust	3.8
Mitsubishi UFJ Financial Group	3.4
Honda Motor Co. Ltd	3.3
Dai-ichi Life Holdings Inc	3.2
Concordia Financial Group Lt	3.1
Fuji Media Holdings	3.1
Sumitomo Electric Industries	2.9
NHK Spring	2.9
TV Asahi	2.6

Market Cap Breakdown	% Fund
Large cap (>\$5bn)	35.5
Mid cap (\$1-5bn)	48.9
Small cap (<\$1bn)	13.7
Cash	1.9

NAV at 31 st December 2024	
Yen	¥3,207.05
Sterling	£33.67
US Dollar	\$36.01
Swiss Franc	CHF20.65
Yen B	¥2,767.25

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	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%) 1.28% (JPY B Class: 1.03%)	Settlement	T+4 (subscriptions/redemptions)
Share types	Accumulation and Distributing	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
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	MWFYGAH	BQ5BN22	IE00BQ5BN223
Sterling Dist Hedged	MWFYGDH	BQT49F2	IE00BQT49F20
Sterling Dist Unhedged	MWFYGDU	BYWNV67	IE00BYWNV678
Swiss Franc Acc Hedged	MWFYCAH	BQ5BN66	IE00BQ5BN660
Swiss Franc Dist Hedged	MWFYCDH	BQT49K7	IE00BQT49K72
US Dollar Acc Hedged	MWFYUAH	BQ5BN55	IE00BQ5BN553
US Dollar Dist Hedged	MWFYUDH	BQT49J6	IE00BQT49J67
US Dollar Dist Unhedged	MWFYUDU	BD9BP98	IE00BD9BP985

Ex-Dividend Date	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	30 Apr 2024	31 Oct 2024
Euro Distributing (hedged)	0.1470	0.1946	0.1272	0.1929	0.1663	0.2372	0.2173	0.2523	0.2400	0.3130	0.3364
Euro Distributing (unhedged)	0.1474	0.1693	0.1092	0.1589	0.1354	0.1869	0.1681	0.1873	0.1603	0.1972	0.2101
Sterling Distributing (hedged)	0.0454	0.1836	0.1244	0.1960	0.1637	0.2344	0.2086	0.2541	0.2418	0.3182	0.3448
Sterling Distributing (unhedged)	0.1894	0.1745	0.1179	0.1679	0.1387	0.1880	0.1726	0.1968	0.1656	0.2020	0.2107
Yen Distributing	14.7551	19.7063	12.9515	19.6050	17.2094	23.7748	22.8376	26.0838	24.2228	32.3163	33.9451
Dollar Distributing (hedged)	0.1589	0.2139	0.1397	0.2195	0.1888	0.2706	0.2597	0.2868	0.2859	0.3650	0.3907
Dollar Distributing (unhedged)	0.1325	0.1629	0.1095	0.1667	0.1402	0.1828	0.1494	0.1734	0.1512	0.1844	0.1990

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 31st December 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/>

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