

# MORANT WRIGHT

## MANAGEMENT LIMITED

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## Morant Wright Fuji Yield Fund June 2024 Newsletter

% Returns	Month	Year to Date	Since Inception	TOPIX Net TR since inception*	Inception date
Yen (unhedged)	+0.3%	+27.1%	+214.6%	+147.1%	4 Nov 2014
TOPIX Net Total Return	+1.4%	+19.9%			
Sterling (hedged)	+0.7%	+30.1%	+225.1%	+147.1%	4 Nov 2014
US Dollar (hedged)	+0.7%	+30.3%	+247.0%	+139.8%	28 Nov 2014
Swiss Franc (hedged)	+0.4%	+27.9%	+102.3%	+76.9%	11 Dec 2017
Yen B shares (unhedged)	+0.5%	+26.7%	+171.8%	+118.3%	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 1.4% in local currency terms during the month but the yen continued to decline. Japanese individual investors have been buying local equities in recent weeks but it is also the case that part of the flow into NISAs has been into global stocks, particularly in the US, perhaps encouraged by the continued favourable returns especially in yen terms.

A recent report by SMBC highlighted that the spring wage increases will mostly hit monthly wage packets in June and July which may help consumption. Department store sales have already been very strong supported by the boom in overseas visitor numbers which continue to grow and are now comfortably surpassing pre-covid highs. Inflation figures remain ahead of the Bank of Japan's 2% target and most commentators expect at least one rise in interest rates in the second half of the year.

The unwinding of cross shareholdings has been an established trend for some time but the pace is accelerating. During the month, city bank SMFG and insurer MS&AD announced a substantial sale of their holdings in trading company Mitsui. There were further divestments within the Toyota group. A number of group companies, including Toyota Motor, Denso and Toyota Industries, will be selling a large portion of their shares in Aisin. Aisin also unveiled a share buyback, albeit smaller in size than the selling by the group companies. Similarly, Toyota Motor sold some of its shares in Toyota Industries as part of the latter's ¥180bn buyback. Despite this acceleration in share sales, non-financial corporates remain net buyers of the market as share buybacks are in aggregate outweighing the cross-shareholding unwinding. According to Tachibana Securities, share buybacks announced in May exceeded ¥7trn, a record amount for a single month.

The acceleration is a direct result of the corporate governance improvements and commitments by management to improve return on equity. It may also in the long run encourage more M&A, which started to see increased activity in June. Kirin announced the acquisition of cosmetics company Fancl, of which it already owned 33%. The offer price was a 43% premium to Fancl's share price and valued the company at just over \$2bn. In the transportation sector, trucking company Seino acquired 70% of Mitsubishi's Electric's logistics subsidiary for \$380m while Chilled & Frozen Logistics received a \$790m offer from SG Holdings, which trumped an earlier bid from another company.

Results of voting at company AGMs are starting to come through. Once again there was a record number of shareholder proposals, with 113 companies receiving a total of 419 proposals. We voted in favour of shareholder proposals at 5 of our holdings, most of which were for share buybacks. Historically an approval rating for directors below 80% has often triggered some response from boards, and a sharp decrease in support can also prompt action. Fuji Media, which we highlighted last year as having only 58% support for the president, saw a rise to 72% this year, perhaps reflecting some progress on cross shareholding unwinding and share buybacks. Construction and real estate company Toda Corporation, however, saw the approval rating of its chairman fall to 71%. Within the fund, we voted against the re-election of directors at 9 companies, mostly due to a lack of sufficient progress on shareholder returns and capital allocation.

Overall, the pressure on management to improve their returns on equity and raise their price to books is showing little sign of abating. As a result of this trend and the continued modest valuations of the portfolio we remain positive on the outlook.

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

Fund	
Fund size	\$340m
Number of holdings	58

Valuations	
Average PBR	0.9
Median EV/OP* (3/25e)	6.6
Weighted Average P/E (3/25e)	11.8
Net cash as % of market cap*	43%

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

Top Ten Holdings	% Fund
Mitsubishi UFJ Financial Group	3.7
Sumitomo Mitsui Financial Group	3.7
Sumitomo Mitsui Trust	3.5
Dai-ichi Life Holdings Inc	3.4
Concordia Financial Group	3.1
Fuji Media Holdings	3.0
Inpex	2.9
Honda Motor Co.	2.8
MS&AD Insurance Group	2.6
Tsubakimoto Chain Co	2.4

Market Cap Breakdown	% Fund
Large cap (>\$5bn)	33.8
Mid cap (\$1-5bn)	46.1
Small cap (<\$1bn)	18.0
Cash	2.1

NAV at 28 <sup>th</sup> June 2024	
Yen	¥3,145.90
Sterling	£32.51
US Dollar	\$34.70
Swiss Franc	CHF20.23
Yen B	¥2,718.24

**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](mailto: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%) 1.28% (JPY B Class: 1.03%)	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	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	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	30 Apr 2024
Euro Distributing (hedged)	0.2396	0.1470	0.1946	0.1272	0.1929	0.1663	0.2372	0.2173	0.2523	0.2400	0.3130
Euro Distributing (unhedged)	0.1653	0.1474	0.1693	0.1092	0.1589	0.1354	0.1869	0.1681	0.1873	0.1603	0.1972
Sterling Distributing (hedged)	0.2318	0.0454	0.1836	0.1244	0.1960	0.1637	0.2344	0.2086	0.2541	0.2418	0.3182
Sterling Distributing (unhedged)	0.1786	0.1894	0.1745	0.1179	0.1679	0.1387	0.1880	0.1726	0.1968	0.1656	0.2020
Yen Distributing	82.9239	14.7551	19.7063	12.9515	19.6050	17.2094	23.7748	22.8376	26.0838	24.2228	32.3163
Dollar Distributing (hedged)	0.2338	0.1589	0.2139	0.1397	0.2195	0.1888	0.2706	0.2597	0.2868	0.2859	0.3650
Dollar Distributing (unhedged)	0.1462	0.1325	0.1629	0.1095	0.1667	0.1402	0.1828	0.1494	0.1734	0.1512	0.1844

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 28<sup>th</sup> June 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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