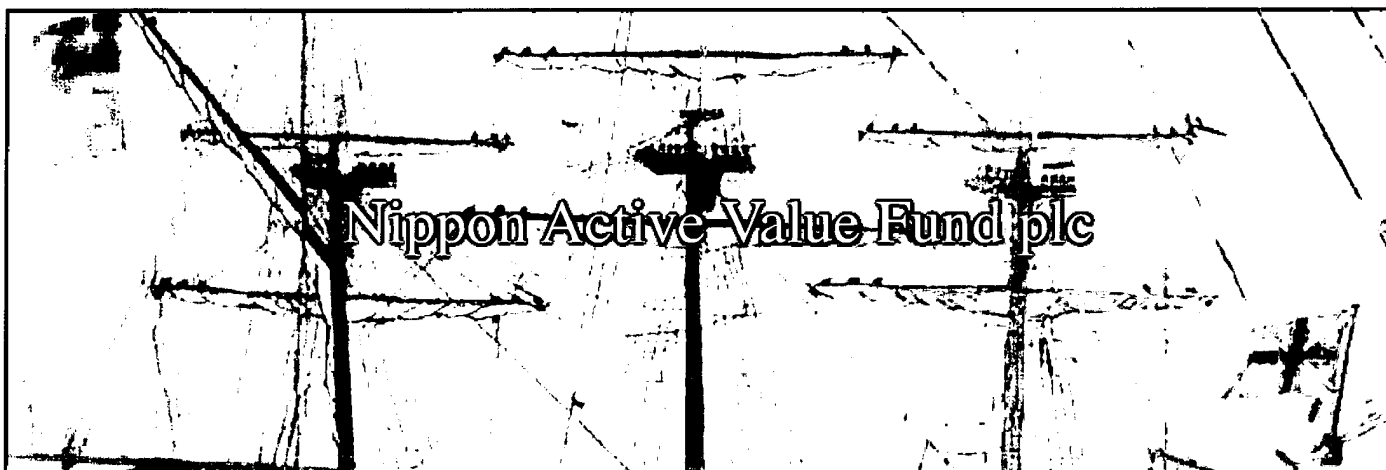


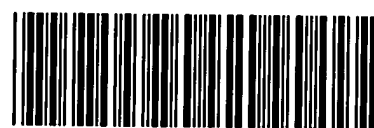


NAV

Annual Report and Accounts

For the year ended 31 December 2024

TUESDAY



AE1HNWHD

A13

29/04/2025

#59

COMPANIES HOUSE

RIISING SUN MANAGEMENT LTD

Contents

Section 1 – Strategic Report

Investment Objective, Financial Information and Performance Summary	2
Chairman’s Statement	3
Investment Adviser’s Report	6
Portfolio	13
Investment Policy, Results and Other Information	14
Risks and Risk Management	17
Section 172 Statement	21

Section 2 – Governance

Directors’ Report	25
Corporate Governance Statement	31
Directors’ Remuneration Implementation Report	38
Report of the Audit Committee	42
Statement of Directors’ Responsibilities	44
Independent Auditor’s Report	45

Section 3 – Financial Statements

Statement of Comprehensive Income	51
Statement of Financial Position	52
Statement of Changes in Equity	53
Statement of Cash Flows	54
Notes to the Accounts	55

Section 4 – Other information

Alternative Performance Measures (“APMs”)	74
Glossary	76
Company Information	78
Notice of Annual General Meeting	82

Investment Objective, Financial Information and Performance Summary

Investment Objective

The investment objective of Nippon Active Value Fund plc (the “Company” or “NAVF” or “the Fund”) is to provide Shareholders with attractive long-term capital growth primarily through the active management of a focused portfolio of quoted companies that have the majority of their operations in, or revenue derived from, Japan, or a majority of whose consolidated net assets are held in Japan, or that are included in the TOPIX, and that have been identified by the Investment Adviser as being undervalued.

Financial Information

	At 31 December 2024	At 31 December 2023
Net assets – (£’millions)	365.4	319.9
Net asset value (“NAV”) per Ordinary Share (“Share”) – (pence) ¹	193.2	169.2
Share price – (pence)	187.5	162.0
Share price discount to NAV (%) ²	3.0	4.2
Ongoing charges (%) ²	1.18	1.17

Performance Summary

	For the year ended 31 December 2024 (%)	For the year ended 31 December 2023 (%)
NAV total return per Share ^{2,3}	+15.2	+23.1
Share price total return per Share ^{2,3}	+16.8	+41.1
MSCI Japan Small Cap index (sterling terms) ³	+6.8	+7.8

Source: Bloomberg

- 1 This is measured on a cum income basis.
- 2 These are Alternative Performance Measures (“APMs”), which is a financial measure of historic or future financial performance, financial position, or cash other than a financial measure defined or specified in the applicable financial reporting framework. Definition of these and other APMs used in this report, together with how these APMs have been calculated are disclosed on page 74 and 75 of this report.
- 3 Total returns are stated in GBP, including dividends reinvested.

Chairman's Statement

Overview of the Year

I am pleased to present the fifth annual report of Nippon Active Value Fund plc, covering the year from 1 January to 31 December 2024.

At the end of the year, net assets were £365.4 million and the net asset value ('NAV') per share was 193.2p, a rise of +15.2% over the year and a cumulative increase of +103.8% since the Company's launch on 21 February 2020. While we do not target a particular index benchmark, for comparison the MSCI Japan Small Cap Index returned +6.8% in sterling terms over the year and +23.7% since launch. All returns assume dividends were reinvested. The Company now has a five-year track record with an annualised return of 15.5%.

The closing share price on 31 December 2024 was 187.5p, a discount of 3.0% to NAV. The average discount to NAV over the year was 3.9% and the shares traded in a range of a premium of 0.7% to a discount of 8.7%. The discount stood at 9.0% as at 31 March 2025, being the latest practicable date.

Global developed markets had another strong year, led by US stocks and within that market the large technology companies in particular. The large-cap Japanese index was the second best performing amongst major markets: the Tokyo Stock Exchange Price Index ('Topix') reached new historic highs in July 2024, helped by growing confidence that the era of negative interest rates had ended and by global investors rebuilding their exposure to Japan, often in a reallocation away from China. The Bank of Japan ("BoJ") raised the benchmark interest rate twice in 2024 and a third time, to 0.5%, in early January 2025. The yen has weakened in response, though was less of a drag on our sterling performance in 2024 than in preceding years. Our Investment Adviser does not hedge the currency, preferring to concentrate their efforts on identifying undervalued stocks and on engagement with corporate management rather than on macro-economic analysis.

Our Investment Approach

Our Investment Adviser, Rising Sun Management ('RSM'), with its presence on the ground in Tokyo and with its affiliate Dalton KK, continues to identify potential targets and the coverage of portfolio holdings.

As an activist manager, RSM is not seeking to reflect the market as a whole or the fundamentals of the broad Japanese economy. RSM's strategy is to invest in a concentrated portfolio of undervalued companies with high quality businesses. Our Investment Adviser identifies areas in which to engage with management to improve shareholder returns, particularly around balance sheet management and capital allocation. In order to have some weight with management they need to build a significant stake, and as a result, the portfolio holdings tend to be in small to medium capitalised stocks. We have memoranda of understanding with other funds advised by RSM and Dalton Investments with whom we co-invest in opportunities to achieve greater scale. At the end of 2024, your Company held 29 investments, of which 26 were also owned by NAVF Select LLC and 21 by Dalton Investments.

Our Investment Adviser's targets are generally good businesses, with strong cash flow and balance sheets, trading at a material discount to intrinsic value. They are looking for companies where an opportunity exists to improve the alignment of interest between management and minority holders. Most of the engagement with target companies is through letters and private meetings, though the Investment Adviser also makes formal proposals to annual general meetings when appropriate and occasionally chooses to publicise that engagement. The standard requests are to improve corporate governance through a more independent board, to demonstrate an alignment of interest with shareholders through a steady increase of directors' investments in the company's shares and, most importantly, to show evidence of a concrete plan to improve capital allocation and profitability over the next three to five years, in line with the Japan Exchange Group's ('JPX') listing guidelines. Those guidelines have been amended and expanded over the last two years to emphasise profitability, transparency and liquidity. RSM also advocates the return of excess capital to shareholders, typically through buy-backs or increased dividends.

Chairman's Statement continued

Japanese Corporate Governance Developments

The choice of strategy at the launch of the fund was designed to capitalise on developments in Japanese corporate governance since the launch of the Corporate Governance Code in 2015.

The regulatory environment continues to provide a supportive background for activist investors. In previous reports we have discussed the importance of JPX's request, issued in March 2023, that listed companies have a greater focus on measures to improve mid to long-term profitability and corporate value, a principle established in the Stewardship Code of 2014. JPX has reclassified the Tokyo market into Prime and Standard divisions and companies not fulfilling their requirements will, over time, lose their Prime market listing, as well as their inclusion in Topix, the major market index. This continues to ensure that our own proposals to our investee companies are treated more seriously than might have been the case in earlier decades.

In 2024, JPX increased its focus on share liquidity. Since the 1950s, listed Japanese companies have held shares in their major business associates, for example group companies, suppliers, customers, or their banks. These holdings are not traded and therefore market capitalisation has not been an accurate indicator of the daily liquidity in a company's shares. The strategic holders have also rarely, if ever, voted against management in contested shareholder proposals. JPX has stated that it will now adjust a company's market capitalisation to remove strategic cross-shareholdings and that companies will need to have an adjusted market capitalisation in the top 97.0% of all listed shares to maintain their Prime market listing.

The issue of cross-shareholdings was also highlighted in the coverage of the insurance sector in 2024: the four major insurers were found to have violated antitrust law through fixing contract prices for more than 100 corporate clients, and as part of the penalty exacted by the Financial Services Agency, have had to pledge to eliminate their cross-shareholdings by 6.5 trillion yen (over £30 billion). They have since announced plans to reduce their long-term holdings by 6.5 trillion yen. Other companies, including Toyota, have used the occasion to announce their own plans for selling off holdings in affiliated companies. We are hopeful that the trend towards eliminating strategic holdings will have a positive impact on the success of activists' proposals, in particular management buy-outs ('MBOs') or takeover bids ('TOBs'). The increase in liquidity is already making it much easier to acquire stakes in target companies.

Another initiative, still to be formally announced, concerns the rules regarding MBOs. Taisho Pharmaceuticals announced an MBO in 2023 at a price which was contested by minority foreign shareholders (the bid was at a premium to the share price, but at a significant discount to net assets). The new regulations were announced in February 2025 and will require boards to provide a detailed justification of the proposed MBO process and price and to establish an external committee to ensure that minority shareholders have been fairly treated.

There were 18 MBOs in Japan in 2024, the third highest since 2001, and, according to CLSA, around 130 'activist events'. Japan is now the second largest market for activism after the US, 4.5x the third largest, the UK, with major global Private Equity firms allocating a larger proportion of their activities to Japan.

Our Investment Adviser's report, which follows, includes highlights of the year's engagement.

Dividend

The Company's intention is to achieve its returns primarily through capital appreciation. As such, no specific dividend policy has been established and any distributions will be made entirely at the discretion of the Board, taking into consideration the requirement to ensure the Company continues to be approved as an investment trust in accordance with sections 1158 and 1159 of the Corporation Tax Act 2010.

The Board is pleased to declare an interim dividend for the year ended 31 December 2024 of 3.25p (2023: 1.60p) per Ordinary Share. The dividend will be payable on 23 May 2025 to Shareholders who appear on the register as at close of business on 22 April 2025, with an ex-dividend date of 17 April 2025. The Board will not target a dividend for future years but will tend to pay out most of the distributable income for any particular period by way of dividend in order to continue to be approved as an investment trust.

Discount Management

Whilst the Company has had very strong performance, the Board is mindful that the Company's shares have been trading at a discount to net asset value at times, during the year under review, and is considering all aspects of capital allocation which could assist in managing any discount. The Board will take Shareholder views into account.

Gearing

In line with the increase in the Company's asset base the borrowing facility with The Northern Trust Company, London Branch has been increased to £70 million to provide the Investment Adviser with flexibility to gear the portfolio when appropriate. At the end of December 2024, this facility had not been drawn down and the portfolio held £19,889,000 (31 December 2023: £22,257,000) in cash. As at 31 March 2025, cash comprised just 2.44% of the Company's net assets.

Unlisted Holding

As we reported in the 2024 Interim Report, the tender for T & K Toka successfully concluded in March and our reinvestment in the unlisted entity was finalised in the second half of the financial year. The holding of £1,443,000 is reported at cost in these accounts. In February 2025, NAVF and Dalton KK appointed Competant Inc, a Tokyo-based accountancy firm, to act as independent valuer of the Company's unlisted holdings.

Annual General Meeting (the "AGM")

The Company's AGM is scheduled for 5 June 2025 at 2:00 p.m. and is to be held at Travers Smith LLP's office located at 10 Snow Hill, London, EC1A 2AL. The Board strongly encourages all Shareholders to exercise their votes by completing their proxy forms in advance of the AGM. For more details, please see enclosed AGM Notice. Those Shareholders who are unable to attend the AGM in person are welcome to submit questions to the Board or their Investment Adviser either by writing to the Company Secretary by post to the registered office as above or by emailing at navf@nsm.group.

Continuation Vote

In accordance with the articles of association, shareholders have the opportunity to vote on the continuation of the Company at the AGM on 5 June 2025 and every second AGM thereafter. Taking account of the attraction of the Company's investment proposition and considering the track record over the past five years the Board strongly recommends that shareholders vote in favour of the Company's continuation.

Outlook

The Company seeks to take advantage of the corporate governance reforms in Japan introduced over the past twenty years.

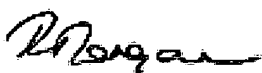
One of your Board's responsibilities is periodically to review the appropriateness of the Company's mandate. We believe that the opportunity set in Japan for an activist strategy remains strong and will continue to generate superior returns compared to the broader market and encourage our shareholders to vote in favour of the Trust's continuation.

As well as the supportive regulatory environment referred to above, the Japanese equity market still offers value, particularly the smaller and medium sized companies that form the majority of the target investments. Despite the JPX's efforts, around half of listed companies in Japan still trade below book value, though there has been a significant improvement in larger companies' valuations.

Since the report was drafted, levels of uncertainty in the market and the global economy have increased dramatically. While the Company's portfolio is not immune from market volatility, the Board and Investment Adviser remain confident in the Company's investee companies, the potential long-term returns, and the underlying investment thesis. The Company's target companies are geared towards the domestic market, as opposed to the Japanese export market, and believe that their intrinsic valuations will continue to provide value opportunities. Positive changes in corporate governance in Japan also continue to deliver significant opportunities for investors.

We remain confident of the potential for significant returns from our current investment portfolio and of the prospects for identifying attractive new targets. Our advisers will continue to seek out undervalued opportunities with the potential to unlock value for all shareholders, a strategy which we believe can generate strong absolute returns in a wide range of market environments.

We are extremely pleased with the Company's first five years of performance and look forward to the future with continued support from our shareholders. As set out in the Company's IPO Prospectus, the Company will put a resolution to shareholders at the AGM to approve the continuation of the Company in its current form. We strongly encourage shareholders to vote in favour of the continuation.



Rosemary Morgan
Chairman
7 April 2025

Investment Adviser's Report

Performance since Initial Listing¹

Period	Periodic change			Cumulative change		
	JPY sterling/yen %	FX %	GBP %	JPY sterling/yen %	FX %	GBP %
21 February 2020 to Year End December 2020	10.6	3.0	13.6	10.6	3.0	13.6
Year End December 2021	35.0	-12.7	22.3	49.3	-10.4	38.9
Year End December 2022	5.3	-1.9	3.4	57.2	-13.5	43.7
Year End December 2023	39.6	-16.5	23.1	119.5	-42.6	76.9
Year End December 2024	26.3	-11.1	15.2	177.2	-73.4	103.8
CAGR ² Since Inception 21 February 2020 to Year End December 2024	23.0	-7.5	15.5	177.2	-73.4	103.8

1 Investment results assume dividends are reinvested.

2 Compound Annual Growth Rate

Introduction

This report will provide a 2024 full year overview on key events and themes affecting Nippon Active Value Fund plc ("NAVF" or the "Company" or the "Fund"), the UK Investment Trust. I will address individual holdings, to reflect where they have generated the alpha in our returns or the lack of it. The driver for success in this Company is not to buy the cheapest or most undervalued stocks (though it helps), it is to identify businesses where our hands-on engagement can bring about the greatest change in management practices. We like sound companies, that have too many non-operational assets, whether cash, cross-shareholdings or property, on the balance sheet. Even if these characteristics reflect poor capital allocation, thus making them worthy of our attention, they also provide comfortable margins of safety, which protect the portfolio until we can make something happen to unlock value. In addition, we look for open share registers, a lack of third-party brokerage research (especially in English), and demonstrable under-valuation of a type likely to attract the attention of the regulators. This last is most important: we never forget that the largest shareholder across all Japanese stock exchanges, still owning 12-13% of the markets, is the combination of the BoJ and the state pension fund, in other words Japan Inc. When Prime Minister Shinzo Abe began the corporate governance reform programme in 2014, he did so out of self-interest.

Eleven years later, reform is still gathering momentum and is starting to take on a philosophical dimension that goes beyond guidelines to improve capital allocation. Recent pronouncements have begun a debate not only on encouraging small companies to trade at or above book value, but also on whether they should exist as listed companies at all. This makes sense; the US economy is six times larger than Japan's, and yet the JPX has more listed companies than any other exchange in the world. Nobody doubts that mass consolidation and de-listing is desirable, even necessary, but individual companies continue to cling on for all they are worth – this is becoming a key driver of regulatory guidance. Simply put, the JPX and the Ministry of Economy, Trade and Industry ('METI') want fewer and larger listed companies. The latest legislation will encapsulate another investor friendly measure: to ensure all companies considering an MBO appoint a credible independent panel to ensure assets are not disposed of too cheaply to insiders, as has been the case in the past. The winds supporting our investment methodology continue to blow.

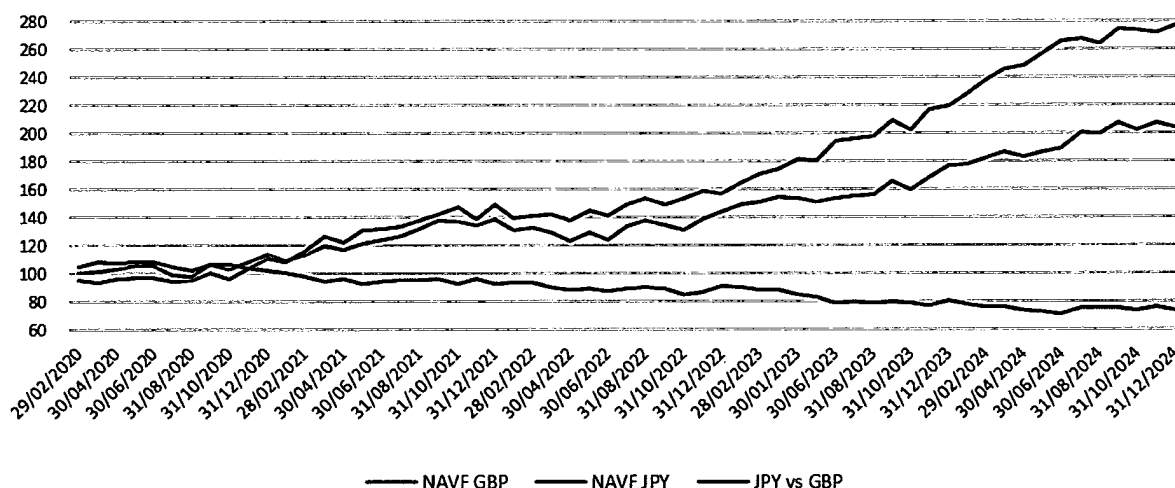
Performance

During the year under review, the TOPIX and Nikkei indices both hit record highs in July. Nevertheless, it was not all smooth sailing with the flash crash of 5 August, following the BoJ's first adjustment of interest rates, followed by uncertainty late in the year brought about by the US presidential election. Just what would a second term for President Trump mean for Japanese trade and security? After a period of marking time, the major indices finished strongly (the TOPIX was up 19.0%) and have, hopefully, finally banished the notion that Japan's market recovery is just another 'flash in the pan'. NAVF outperformed both the MSCI Japan and MSCI Japan Small Cap indices (see below).

During the year ended 31 December 2024, the MSCI Japan index was up 10.5% for the full year, while the equivalent number for the MSCI Japan Small Cap index was up 6.8%. Of course, NAVF has no official benchmark, but the relative performance remains of interest. As the Chairman has already pointed out in her report, the overall NAV performance for 2024 was up 15.2%. All returns assume dividends were reinvested. It is gratifying to note that, once again, NAVF has performed strongly over the whole year and is still the best performing Japanese investment fund denominated in sterling since its inception, on 21 February 2020. The Company now has an established track record over five years with an annualised return of 15.5%.

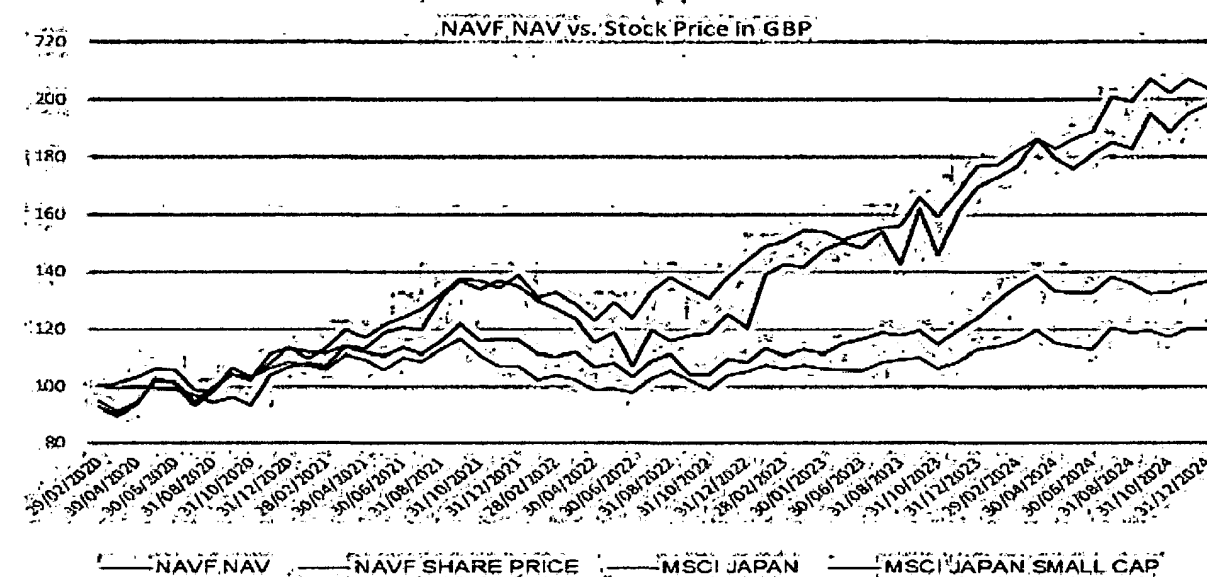
In terms of the share price premium/discount to NAV, we traded at small premia in both the spring and autumn but also approached a 9.0% discount in August. Towards the end of the year the ratio improved, roughly halving the discount to around 3.0% between the third and fourth quarters. We have been the best performing Japanese Investment Trust since our inception in February 2020 through 2024. At this point, I normally look at the currency effect of the weak yen and how it has cost us on performance. This continues to be true: 103.8% gains in sterling NAV since inception would have been 177.2% in yen, however, it is worth noting that the currency underperformance has narrowed to 26.5%, now that a more normalised interest rate cycle is being established by the BoJ. We welcomed this trend in the summer, and with the half-point rise in rates in January 2025, it seems to be becoming established.

Currency Matters

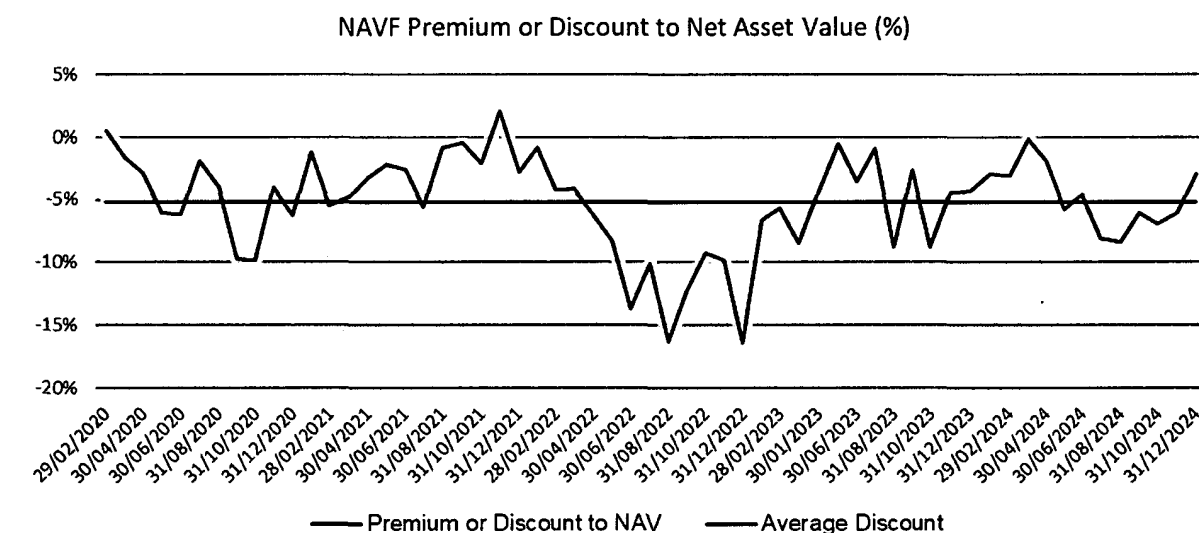


NAVF (GBP) Cumulative Performance:	+103.8%
NAVF (JPY) Cumulative Performance:	+177.2%

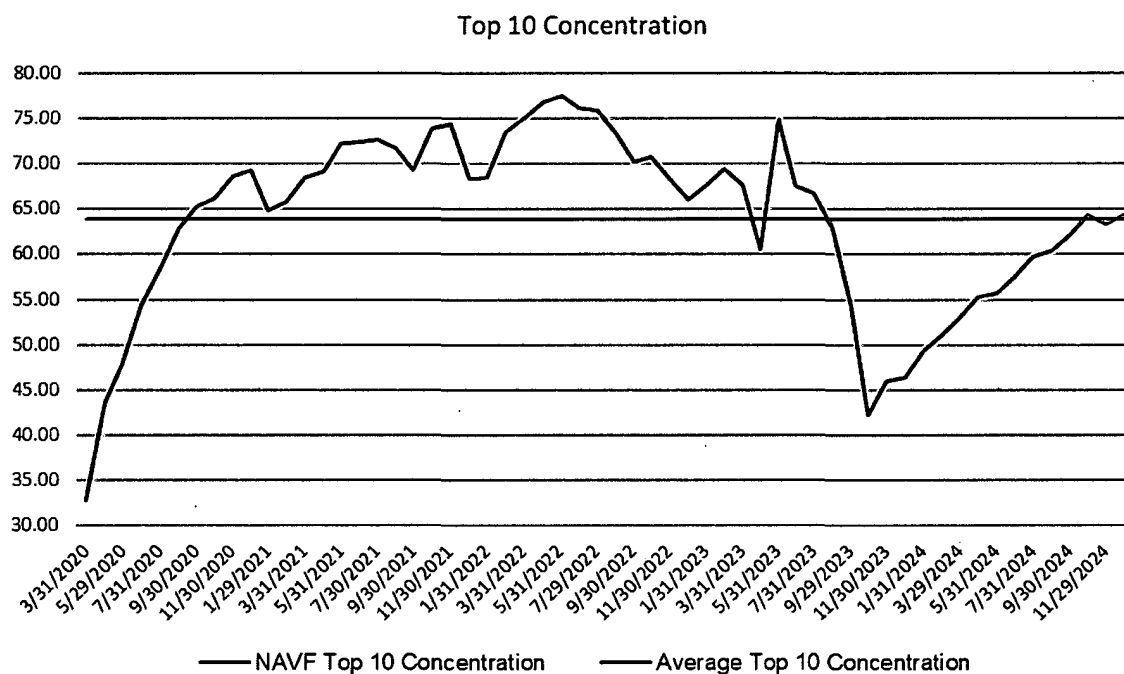
Investment Adviser's Report continued



NAVF NAV Cumulative Performance:	103.8%
NAVF Share Price Cumulative Performance:	98.3%
MSCI Japan Cumulative Performance:	38.7%
MSCI Japan Small Cap Cumulative Performance:	23.7%



Portfolio characteristics



The chart above shows both March 2020 and October 2023 movements in concentrations, which reflect the initial investment period following the Company's IPO, and, the mergers of assets following AJG and AJIT, respectively.

Market Cap (USD) 31/12/2023 to 31/12/2024

	31/12/2024 Portfolio Ending Weight (%)	31/12/2023 Portfolio Ending Weight (%)
Total	100.0	100.0
> \$2.5bn	0.0	13.9
\$1bn - \$2.5bn	6.0	10.0
\$750m - \$1bn	7.6	5.9
\$500m - \$750m	11.9	12.2
\$250m - \$500m	59.6	42.7
< \$250m	9.0	5.2
Cash	5.5	7.6
Other	0.4	2.5

Investment Adviser's Report continued

Global Industry Classification Standard ("GICS+") Sector 31/12/2023 to 31/12/2024

	31/12/2024 Portfolio Ending Weight (%)	31/12/2023 Portfolio Ending Weight (%)
Total	100.0	100.0
Communication Services	8.1	5.9
Consumer Discretionary	6.5	9.8
Consumer Staples	0.0	4.3
Energy	0.0	0.0
Financials	0.0	3.1
Health Care	28.9	12.9
Industrials	39.2	34.9
Information Technology	1.9	6.3
Materials	9.5	15.2
Real Estate	0.0	0.0
Utilities	0.0	0.0
Cash	5.5	7.6
Other Sectors	0.4	0.0

Attribution

During the year, the top five contributors to the portfolio, making the largest gains both realised and unrealised, were as follows:

Ticker		Portfolio Average Weight (%)	Portfolio Total Return (%)	Portfolio Contribution To Return (%)
	Total	100.0	+15.6	+15.6
9058	TRANCOM	1.8	+80.1	+2.7
6941	Yamaichi Electronics	2.1	+47.7	+1.9
3593	Hogy Medical	6.5	+21.7	+1.8
5930	Bunka Shutter	6.4	+30.9	+1.8
7292	Murakami	4.5	+40.2	+1.8

The poorest 6 performers (in reverse order), either net detractors or the lowest contributors were:

4636	T & K Toka	0.4	-6.9	-0.2
4956	Konishi	1.7	-9.9	-0.2
3391	TSURUHA Holdings	0.2	-22.3	-0.3
CASH_JPY	Japanese yen	6.0	-9.0	-0.8
4212	Sekisui Jushi	4.6	-20.1	-1.1
4362	Nippon Fine Chemical	3.8	-27.4	-1.5

Gains

Trancom is a logistics company specialising in optimising supply chain operations. The company offers logistics centre management and transport matching services. After multiple meetings with the founding family, in 2H 2024 Trancom announced a management buyout with Bain Capital, valued at approximately 100 billion yen. As a result, the shares increased 80.0%, contributing to 273bps of NAV performance. We agreed to tender our shares in the tender offer bid and will be looking to re-invest some of the proceeds into the go-private special purpose company ("SPC").

Yamaichi Electronics is one of Japan's leading manufacturers of burn-in IC sockets, selling a consumable product used in semiconductor testing. The company has benefited from increasing sales due to improvement in unit volume. The shares increased 48.0% over the period, adding 187bps to performance.

Miniaturisation leads to more pins (greater volume, more revenue) per integrated chip, creating barriers to entry as it becomes increasingly difficult to create the underlying mould for chip making. As integrated chips miniaturise, the test sockets become more prone to short-circuiting due to the proximity of the chips. In May 2024, the company announced strong earnings forecast, with operating profit more than doubling (up 150.0% YoY) FY23/24, driven by the recovery of test stocks for smartphone-related chips. We used market strength to sell down our entire position, which amounted to 6.9% of total shares outstanding, ex-treasury shares.

Hogy Medical is a leading manufacturer of medical products, focused on delivering premium surgical kits and non-woven fabric products. The share price increased 22.0%, contributing 184bps to performance. Foreign ownership of the company, including NAVF, exceeds 50%. We have engaged with company's management, suggesting an improvement in capital allocation and increased alignment of interest through restricted stock unit compensation. Valuation of the company is at the high end for the portfolio at 8x Enterprise Value ("EV") to its Earnings Before Interest, Taxes, Depreciation & Amortisation ("EBITDA"), but we are compensated by the low capital expenditure nature of the business.

Bunka Shutter is Japan's second largest company in manufacturing of shutters after Sanwa Holdings. The company manufactures shutters used in households and warehouses. The share price increased 31.0%, contributing 178bps. We continue to engage with the company's management, suggesting optimisation of the business portfolio, focusing on growth, profitability and return on invested capital ("ROIC"). We think that the company holds excessive amounts of cash and cross shareholdings, which dilutes any efforts to improve business performance with a low return on equity ("ROE"). The company valuation remains attractive to us, trading at sub 5x EV/EBITDA.

Murakami is a leading manufacturer of automotive rearview mirrors. The shares increased 40.0%, adding 175bps performance to the fund. It has 40.0% domestic market share, followed by Ichiko Industries' 21.0% and Gentex's 28.0%. Murakami serves the Japanese domestic original equipment manufacturers ("OEMs"), and historically, the company has followed their customers to overseas locations when they open up a new factory. Domestic mirrors have high barriers to entry due to aggressive demands (quality and price) by OEM and Tier 1 suppliers. Despite the 40.0% increase in the share price, Murakami's valuation remains attractive at sub 2x EV /EBITDA.

Detractors

Konishi produces and sells adhesives to domestic households, industrial and consumer markets. The company is also involved in construction and public infrastructure projects. The share price declined 10.0%, contributing to a negative 23bps drag to the fund. The company trades at sub 5x EV/EBITDA, while maintaining a mid-teens ROIC in a relatively stable business, with low capital expenditure. We own approximately 1.0% of the total shares outstanding, and will continue to revisit sizing, depending on the opportunity set within the fund.

Tsuruha Holdings ("Tsuruha") is one of Japan's largest drugstore chains, operating under the name Tsuruha Drug. The company owned over 2,500 locations across Japan as of 2024. In early February 2024, Aeon announced that it would acquire a 13.6% stake from Oasis for ¥15,500 per share, 31.5% higher than the share price at the time of announcement. Aeon will acquire additional shares to make Tsuruha an equity method affiliate. We exited the position at a loss, as we were not confident of Aeon's position as a major holder of Tsuruha.

Sekisui Jushi specialises in plastic and resin-based products used in road infrastructure and urban development. The company supplies products to government infrastructure projects. The share price declined 20.0%, as the market adjusted for the high valuation European Merger and Acquisition ("M&A") deal announced earlier in the year. The position contributed a 114bps drag to the fund. The company trades at attractive valuations, trading at sub 4x EV/EBITDA. We will continue to closely monitor the company's ROIC, which peaked at 25.0% in 2022.

Nippon Fine Chemical is a Japanese company specialising in fine chemicals, including cosmetic ingredients, pharmaceuticals, and industrial chemicals. The company is known for its high-purity chemicals, which plays a significant role in the cosmetics and healthcare industry. The share price reversed some of the previous year's gains (up approx. 40.0%), declining 27.0% and contributing a 151bps decline to the fund. The company maintains a high teens EBITDA margin business, although revenue growth has slowed recently after strong consecutive growth since COVID-19. The company trades at attractive valuations, trading at sub 5x EV/EBITDA, while maintaining a mid-teens ROIC.

Of the six poor performers listed above, I have omitted details on two. The first is the Japanese Yen, consistently illustrating currency fluctuation impacts on the Fund performance. The second is T&K Toka. The holding in the delisted entity is valued at cost in these accounts and will henceforth be updated on a quarterly basis. The remaining stocks we now own only Sekisui Jushi and a token position in Konishi.

Portfolio engagement in 2024

We were very active in the M&A space. In **Trancom**, Bain Capital partnered with the founding family and took the company private. We were able to negotiate terms with Bain Capital, including a re-investment of the go-private vehicle, following the same play book as **T&K Toka**, where the price stagnated during the tender period. In both cases, we remain as a minority shareholder in a company with a private equity sponsor who are one of the top private equity firms in Japan, both from reputation and returns.

We were also one of the largest shareholders of a fast-growing used car dealership, **Goodspeed**. We saw an interesting opportunity as the company had internal control issues, which we believed would lead to a possible delisting of the company. The company was eventually bought by one of Japan's largest fuel station networks, Usami. We subsequently sold our entire position into the tender offer bid.

We are currently the largest shareholder of **Helios Techno Holdings**, a specialist producer of manufacturing equipment used in flat panel display production. The company received a public bid at compelling valuations from RS Technologies, in what has been termed a 'take-under', which we were successful in blocking. The company manages a low capital expenditure business model, despite retaining top market share in a capital-intensive industry. We continue to engage with the company, discussing various options for its future direction. We have been impressed by the unusual breadth of imagination displayed by senior management.

Outlook

There is a great deal going on. We have stepped up our engagement with several of our largest holdings and continue to urge capital allocation improvements, even to the extent of calling for MBOs or threatening tender offers for controlling minorities of outstanding shares.

In addition, since January 2025, we have been engaged in a very public intervention into the scandal enveloping **Fuji Media Holdings** ("FMH"). We have documented the company's egregious failures of corporate governance in a series of letters available on NAVF's website www.nipponactivevaluefund.com/news-views/, which have stoked the furore conjured up by both the Japanese and international press. FMH and the inadequacies of its board structure and composition have caught the public imagination in Japan – it is hard to see this blowing over without something fundamental happening. Having failed for so long to get management's attention, we have certainly got it now!

As mentioned in the Chairman's statement, a great deal of disruption has been caused in the markets since this report was written, by President Trump's tariff policies and his administration's behaviour towards geo-political friends and foes alike. Markets hate uncertainty, and it is likely that extreme volatility will continue for some time. Nevertheless, the tailwinds provided by the corporate reforms in Japan continue to blow and we see a greater opportunity than ever as companies need to evolve to address their valuations, improve their asset allocation policies and modernise their governance. The fundamental drivers of our investment strategy remain firmly in place and more relevant than ever.

Paul ffolkes Davis

Rising Sun Management Limited
7 April 2025

Portfolio

As at 31 December 2024

Top ten holdings as a percentage of net assets

	Company	Sector	Percentage of net assets (%)	Market Value (£'000)
1.	Hogy Medical	Healthcare	10.0	37,973
2.	Eiken Chemical	Healthcare	9.6	35,004
3.	Bunka Shutter	Industrials	6.8	24,683
4.	Aska Pharmaceutical	Healthcare	6.1	22,186
5.	Fuji Media Holdings	Communication Services	6.0	22,069
6.	Mesei Industrial	Industrials	6.0	22,000
7.	Murakami	Consumer Discretionary	5.9	21,546
8.	Ebara Jitsugyo	Industrials	5.0	18,160
9.	Sekisui Jushi	Industrials	4.4	16,217
10.	Teikoku Sen-I	Industrials	4.1	14,897

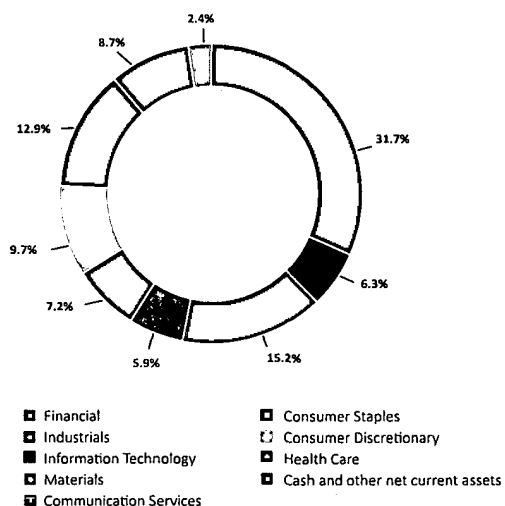
Sector breakdown

Portfolio Characteristics

Equity Investments	94.6%
Price/Book	1.1x
Price/Earnings	10.7x
EV/EBITDA	5.6x
Adjusted Cash/Market Cap*	38.7%
Net Working Capital/Market Cap**	45.8%

*Adjusted Cash / Market Cap = (Cash + Cross Shareholdings - Debt) / Market Cap

**Net Working Capital / Market Cap = (Cross Shareholdings + Total Current Assets - Total Liabilities) / Market Cap



Investment Policy, Results and Other Information

The Company's investment objective and investment policy (including defined terms) are as set out in its prospectus dated 1 September 2023.

Investment objective

The investment objective of the Company is to provide Shareholders with attractive long-term capital growth primarily through the active management of a focused portfolio of quoted companies that have the majority of their operations in, or revenue derived from, Japan, or a majority of whose consolidated net assets are held in Japan, or that are included in the TOPIX, and that have been identified by the Investment Adviser as being undervalued.

Investment policy

Asset allocation

The Company will primarily invest in a highly selective portfolio of shares issued by quoted companies that have the majority of their operations in, or revenue derived from Japan or a majority of whose consolidated net assets are held in Japan, or that are included in the TOPIX ("Japanese Shares"), and which the Investment Adviser deems attractive and undervalued and typically where (i) cash and other liquid investments, real estate and/or tradeable securities constitutes a significant proportion of the investee company's market capitalisation; and (ii) the relevant company has no controlling or majority shareholders.

The Company may also from time to time obtain exposure to Japanese Shares, Derivatives (as defined below), cash, cash equivalents, exchange traded funds, near cash instruments and money market instruments, which may not necessarily suit activist management by the Investment Adviser, though this will be opportunistic, including as part of an acquisition of a broader portfolio, and will not form a core focus for asset allocation on an ongoing basis.

There are no restrictions placed on the market capitalisation of investee companies; but it is expected that the portfolio will be weighted towards small-cap and mid-cap companies with market capitalisation of up to US\$3 billion. The portfolio is expected to have up to 35 holdings, although there is no guarantee that this will be the case, and it may contain a lesser or greater number of holdings at any time.

The Company intends to acquire meaningful minority stakes in each investee company. The Company will not, however, acquire any stake which could cause a change in its status as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010.

The Board will not set any limits on sector weightings or stock selection within the portfolio. The Company will not be constrained by any index benchmark in its asset allocation.

The Company may use derivatives for efficient portfolio management purposes. Such purposes would include the management of cash received by the Company upon the occurrence of significant liquidity events (including, without limitation, the receipt of proceeds of fundraisings, the realisation of Portfolio assets and other cash-generative events such as the completion of a management buyout by an investee company). Such derivative contracts may, for example, give the Company exposure to the whole or a sub-section of the Japanese stock market until such time as the Investment Adviser determines that the Company's derivative position should be liquidated and invested in an investee company in accordance with the Investment Policy (the foregoing derivative contracts being, for the purposes of this Investment Policy "Derivatives").

Additionally, while the Company intends that the majority of its investments will be in quoted companies, it may also make investments in unquoted companies and the Company may become invested in unquoted companies as a result of corporate actions or commercial transactions undertaken by quoted companies. The Company will only make investments in unquoted companies in order to maintain or improve its position in relation to a business which operated through a quoted entity at the time of the Company's initial investment in that business.

Investment restrictions

The Board will apply the following restrictions on the size of its investments:

- not more than twenty per cent. (20%) of the Gross Asset Value at the time of investment will be invested in the securities of a single issuer (such restriction does not, however, apply to investment of cash held for working capital purposes and pending investment or distribution in near cash equivalent instruments including securities issued or guaranteed by a government, government agency or instrumentality of any EU or OECD Member State or by any supranational authority of which one or more EU or OECD Member States are members);

- the Company will only make an investment in an unquoted company if the aggregate interest of the Company in unquoted companies at the time of such investment is not more than ten per cent. (10%) of the Net Asset Value of the Company at that time. This will mean if a quoted portfolio company is delisted or an unquoted investment is revalued with the effect of increasing the Company's interest in unquoted investments to above ten per cent. (10%) of the Company's Net Asset Value at that time, the Company will not be in breach of its Investment Policy and will not have to divest itself of any unquoted investments. Nevertheless, while the Company's interest in unquoted investments remains above ten per cent. (10%) of its Net Asset Value, the Company will not be able to make any further investments in unquoted companies;
- total net investment Derivative exposure will not exceed twenty per cent. (20%) of Gross Asset Value at the time of investment; and
- total exposure to any single counterparty which has issued Derivatives to the Company will not exceed twenty per cent. (20%) of Gross Asset Value at the time of investment.

The Company will comply with the following investment restrictions for so long as they remain requirements of the Listing Rules:

- neither the Company, nor any of its subsidiaries will conduct any trading activity which is significant in the context of the Group as a whole;
- no more than ten per cent. (10%), in aggregate, of the value of the total assets of the Company will be invested in other listed closed-ended investment funds (except to the extent that those investment funds have stated investment policies to invest no more than fifteen per cent. (15%) of their total assets in other investment companies which are listed on the Official List); and
- the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the published Investment Policy.

Treasury policy

Until the Company is fully invested, and pending re-investment or distribution of cash receipts, the Company will use Derivatives, cash, cash equivalents, exchange traded funds, near cash instruments and money market instruments in accordance with the Investment Policy.

The Company expects to maintain any non-operational cash balances in Japanese yen.

Under the amended Investment Policy, the Company may use Derivatives (as defined in the Investment Policy) for efficient portfolio management purposes. Such purposes would include the management of cash received by the Company upon the occurrence of significant liquidity events (including, without limitation, the receipt of proceeds of fundraisings, the realisation of portfolio assets and other cash generative events, such as the completion of a management buyout by an investee company). Such derivative contracts may, for example, give the Company exposure to the whole or a sub-section of the Japanese stock market until such time as the Investment Adviser determines that the Company's derivative position should be liquidated and invested in an investee company in accordance with the Investment Policy.

The Board will apply the following restrictions on Derivative exposure:

- total net investment Derivative exposure will not exceed twenty per cent. (20 per cent.) of Gross Asset Value at the time of investment; and
- total exposure to any single counterparty which has issued Derivatives to the Company will not exceed twenty per cent. (20 per cent.) of Gross Asset Value at the time of investment.

The Company's exposure to any investments in Derivatives will be monitored daily by the Investment Adviser and AIFM and, in the event that any particular Derivative exposure was determined by the Investment Adviser, the AIFM or the Board to be inappropriately large, that Derivative exposure would be closed out as soon as reasonably practicable and in any event within three Business Days.

Investment Policy, Results and Other Information continued

Gearing Policy

The Company may use borrowings and other gearing to seek to enhance investment returns at a level (not exceeding 20 per cent. of the Company's net assets calculated at the time of drawdown) which the Directors, the AIFM and Rising Sun consider to be appropriate. It is expected that gearing will primarily comprise bank borrowings, public bond issuance or private placement borrowings, although overdraft or revolving credit facilities may be used to increase acquisition and cash flow flexibility.

Hedging Policy

Although the Company does not currently intend to enter into any arrangements to hedge its underlying currency exposure to investments denominated in Japanese yen, it may in future, at its discretion, enter into currency hedging arrangements using futures, forwards, swaps or other derivative instruments.

Material breach of investment restrictions

In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by Rising Sun and the Company through a Regulatory Information Service.

Amendment to Investment Policy

No material change will be made to the Investment Policy without the approval of Shareholders by ordinary resolution and the FCA in accordance with the UK Listing Rules.

Dividend policy

The Company's intention is to look to achieve its results primarily through capital appreciation. As such, no specific dividend policy has been established and any distributions will be made entirely at the discretion of the Board.

Distribution policy

The Company believes that the substantial undervaluation of Japanese equities, coupled with an activist strategy designed to unlock underlying value should allow the Company to achieve significant investment results over time. Given the nature of this strategy, however, it is possible that such returns could be "lumpy" and unpredictable. Accordingly, the Company will target results primarily through capital appreciation. No specific dividend policy will be established in the first instance and any distributions will be made entirely at the discretion of the Board.

Notwithstanding the foregoing, the Company will make such distributions as may be required to ensure compliance with the rules relating to investment trusts.

Key performance indicators ("KPIs")

The Board measures the Company's success in attaining its investment objective by reference to the following KPIs:

(i) Long-term capital growth

The Board considers the NAV and Share price total return figures to be the best indicator of performance over time and this therefore is the main indicator of performance used by the Board. The NAV and Share price total return for the year ended 31 December 2024 were +15.2% and +16.8% respectively (31 December 2023: +23.1% and +41.1% respectively).

(ii) Revenue return per Share

The Company's revenue return per Ordinary Share based on the weighted average number of shares in issue during the year was 3.27p (31 December 2023: 2.44p).

(iii) Discount/premium to NAV

The discount/premium relative to the NAV per Share represented by the share price is closely monitored by the Board. The Share price closed at a 3.0% discount to the NAV as at 31 December 2024 (31 December 2023: discount of 4.2%).

(iv) Control of the level of ongoing charges

The Board monitors the Company's operating costs carefully. Based on the Company's average net assets for the year ended 31 December 2024, the Company's ongoing charges figure calculated in accordance with the AIC methodology was 1.18% (31 December 2023: 1.17%).

Risks and Risk Management

Principal and emerging risks and uncertainties

The Company has carried out a robust assessment of its principal and emerging risks and the procedures in place to identify any emerging risks are described below.

Procedures to identify principal or emerging risks

The Board regularly reviews the Company's risk matrix and focuses on ensuring that the appropriate controls are in place to mitigate each risk. The experience and knowledge of the Board is important, as is advice received from the Board's service providers, specifically the Alternative Investment Fund Manager ("AIFM"), who is responsible for the risk and portfolio management services. The AIFM outsources the portfolio management to the Investment Adviser. The following is a description of the work that each service provider highlights to the Board on a regular basis.

1. Investment Adviser: the Investment Adviser provides a report to the Board at least quarterly or periodically as required on industry trends, insight to future challenges in the Japanese equity sector including the regulatory, political and economic changes likely to impact the sector;
2. AIFM: following advice from the Investment Adviser and other service providers, the AIFM maintains a register of identified risks including emerging risks likely to impact the Company; The Board reviews and updates the risk register if necessary on a quarterly basis.
3. Broker: provides advice periodically, specific to the Company on the Company's sector, competitors and the investment company market whilst working with the Board and Investment Adviser to communicate with shareholders;
4. Company secretary and auditor: briefs the Board on forthcoming legislation/regulatory change that might impact on the Company. The auditor provides their findings at least annually; and
5. Association of Investment Companies ("AIC"): The Company is a member of the AIC, which provides regular technical updates as well as drawing members' attention to forthcoming industry and regulatory issues.

Procedure for oversight

The Board is responsible for the management of risks faced by the Company. The principal and emerging risks, together with a summary of the processes and internal controls used to manage and mitigate risks where possible are outlined below.

Risk	Possible consequences	Possible Impact	Risk Mitigation
MARKET	The Company may not meet its investment objective	Low	The Investment Adviser has a well-defined investment strategy and process which is regularly and rigorously reviewed by both the independent Board of Directors and the AIFM. The Investment Adviser has a contract in place which defines the duties and responsibilities of the Investment Adviser and has safeguards in place including provisions for the termination of the agreement upon 12 months' notice, not to be served within the first 4 years from First Admission. The Investment Adviser has stated that it will run a diversified portfolio and the Board reviews the composition and performance of that portfolio as well as the performance of the Company at each Board meeting. A review of transactions is performed at each quarterly Board meeting. Management Accounts, and Income and expense forecasts are reviewed at quarterly Board meetings. The Investment Adviser sends the Board its monthly newsletter/factsheet and an investment report on a quarterly basis. The Board considers the Investment Adviser and the AIFM's appointment on an annual basis.

Risks and Risk Management continued

Risk	Possible consequences	Possible Impact	Risk Mitigation
MARKET	Board fails to monitor whether there is style drift within the investment process.	Low	The Investment Adviser provides individual company updates on both existing and target holdings regularly. These updates include key metrics that allow the Board to monitor whether these companies are consistent with the original investment thesis. Details of the portfolio composition are monitored by the AIFM and also provided regularly to allow the Board to see if the portfolio construction is consistent with investment guidelines.
MARKET	The Company's Shares trade at a discount to NAV.	High	The Investment Adviser, AIFM and Broker review market conditions on an ongoing basis. Shares may trade to their NAV through further issues and buy-backs, as appropriate. Discount protection mechanism in place whereby the Board will consider whether, in light of prevailing market conditions, the Company should purchase its own shares.
MARKET	Board fails to monitor the Company's ability to build the Portfolio.	Low	The Investment Advisor/AIFM/Broker review market conditions on an ongoing basis. Quarterly meetings with the Investment Adviser to discuss market environment, team and business dynamics and ongoing viability of the strategy. The Investment Adviser will inform the AIFM and Board as soon as they are aware of any issues that might compromise their ability to deliver vs the strategy.
OPERATIONAL	Board fails to monitor the execution of the Investment Process.	Medium	Quarterly meetings with the Investment Adviser that cover implementation of the Investment Process. The Board relies on the AIFM to monitor the implementation of individual trades. If the Investment Adviser considers the opportunity to be appropriate after their extensive due diligence process, the Investment Adviser will send an initial recommendation to the Board and AIFM, to add a target company to the investible universe. Upon approval of a target company by the Board and AIFM, the Investment Adviser will send a formal recommendation, outlining the rationale for the recommendation, along with the size of investment and forward to the AIFM for consideration. Upon receipt of approval from the AIFM, the Investment Adviser will arrange execution. The Board regularly carries out Investment Process reviews of the Investment Adviser.
OPERATIONAL	Cyber Security risks could potentially lead to breaches	Medium	Cyber security policies and procedures are implemented by the Company's key service providers. The AIFM has cyber essentials accreditation, which is reviewed on a continuous basis. Penetration testing is carried out by the AIFM and Administrator every year.

Risk	Possible consequences	Possible Impact	Risk Mitigation
OPERATIONAL	Failure to provide notification of FEFTA/FOREX, FIEA threshold clearances along with required information to Hibiya-Nakata to allow for timely filing with the appropriate regulatory bodies.	Medium	The Investment Adviser is tasked with notifying the AIFM at time of trade whenever a deal has caused the holding to surpass a threshold. Filing is delegated to third party specialist Hibiya-Nakata, the Company's Tokyo-based legal advisor. The AIFM performs their own daily review of these limits against a portfolio that is reconciled to both the Investment Adviser and Custody records. Once a deal has surpassed a threshold, the AIFM continue to provide Hibiya-Nakata with any subsequent trades to ensure their records can be as up to date as possible, this will allow them to act quickly in the event that a subsequent threshold is passed.
LIQUIDITY	It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Shares and/or the C Shares.	Medium	Secondary market liquidity can be improved by strong investor communications and having active broker and market maker. The Broker monitor and report to the Board as soon as they are aware of any issues. Funding liquidity to satisfy redemption rights is not applicable, as the Company is a closed-ended fund. Discount protection mechanism in place whereby the Board will consider whether, in the light of prevailing market conditions, the Company should purchase its own shares.
MARKET	A corporate action is missed and the Company suffers a consequential loss.	Medium	The Custodian (Northern Trust) and Investment Adviser monitor such actions. Northern Trust is a very large and experienced global custodian and produces an Internal Controls report which is reported to the Board.
MARKET	Climate change has recently become one of the most critical issues confronting asset managers and their investors. Investors can no longer ignore the impact that the world's changing climate will have on their portfolio, with the inevitable impact on returns.	Low	The Board is also considering the threat posed by the impact on climate change and its effects on the operations of the Investment Adviser and other major service providers. As climate change's impact becomes more common, the resiliency, business continuity planning and the location strategies of our service providers will come under more scrutiny. An ESG analysis is provided with investment recommendations.
MARKET	Interest rate / Inflation Risk / Currency	Medium	The Company may use derivative instruments such as futures, forwards, swaps or other derivative instruments, to protect the Company from fluctuations in foreign exchange rates. The AIFM constantly monitors risks and impact on portfolio, discussing with the Investment Adviser and Board as appropriate. The AIFM would review any proposal for the use of derivatives against the requirements of the prospects.

Risks and Risk Management continued

Risk	Possible consequences	Possible Impact	Risk Mitigation
ARTIFICIAL INTELLIGENCE	Risks that the emergence of increasingly advanced AI will lead to new risks to the Fund, including but not limited to, decline in human autonomy, increased cybersecurity vulnerabilities, algorithm perpetuated bias through using historical data, insufficient training data to perform correctly and algorithm driven price manipulation.	EMERGING	The Company, its advisers and service providers will aim to utilise the power of AI to enhance capabilities, rather than fall foul of the potential pitfalls its emergence presents. Through careful monitoring of the new technologies being released into the world, it will be hoped that the Company can utilise AI to its benefit.
GEOPOLITICAL	Act of War; • Sanctions and restrictions imposed. • Volatile markets and general uncertainty. • Potential world order change and globalisation. • The global impact of the re-election of Donald Trump as the President of the USA.	EMERGING	The portfolio is constantly monitored by the Investment Adviser, ensuring the portfolio avoids any sanction lists and exposures where possible, together with consideration of any market impacts. • The Board and the AIFM continue to monitor events. • Registrar will monitor payments of dividends to shareholders in line with regulations.

Viability Statement

The Directors have assessed the viability of the Company for the period to 31 December 2027 (the "Period"). The Board believes that the Period, being approximately three years, is an appropriate time horizon over which to assess the viability of the Company, particularly when taking into account the nature of the Company's investment strategy and the principal risks outlined above. As mentioned above, in accordance with the Company's articles, a continuation vote will be proposed at the forthcoming AGM. This is the first continuation vote for the Company since its inception. Taking into consideration the Company's track record over the past five years, the Board believes the continuation vote will pass. Additionally, based on their assessment, the Directors have a reasonable expectation that the Company will be able to continue to operate and to meet its liabilities as they fall due over the Period.

In their assessment of the prospects of the Company, the Board considered each of the principal and emerging risks and uncertainties set out above and the liquidity and solvency of the Company. The Board also considered the Company's income and expenditure projections and the fact that the majority of the Company's investments comprise reasonably realisable securities, which could, if necessary, be sold to meet the Company's funding requirements. Portfolio changes, market developments, level of premium/discount to NAV and share buybacks/share issues are discussed at quarterly Board meetings. The internal control framework of the Company is subject to a formal review on at least an annual basis.

The level of the ongoing charges is dependent to a large extent on the level of net assets. The Company's income from investments and cash realisable from the sale of its investments provide substantial cover to the Company's operating expenses, and any other costs likely to be faced by the Company over the Period of their assessment.

Section 172 Statement

Section 172 of the Companies Act 2006

This section of the Annual Report covers the Board's considerations and activities in discharging their duties under s.172(1) of the Companies Act 2006, in promoting the long-term success of the Company for the benefit of its members as a whole. In doing so, the Board is also required to consider the likely consequences of its actions over the long-term and on other stakeholders and the environment.

Therefore, this statement includes consideration of the likely consequences of the decisions of the Board in the longer term, how the Board has taken wider stakeholders' needs into account and the impact of the Company's operations on the environment.

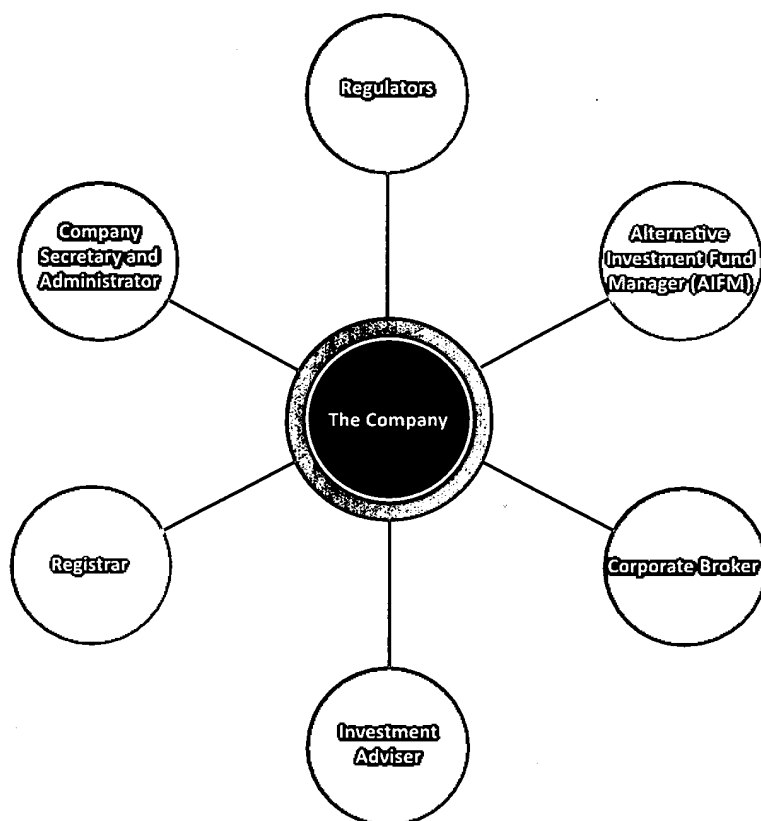
Key Board decisions during the Year

- In January 2024, K. K. BCJ-74, a company owned by a Bain Capital-advised fund, initiated a tender offer to acquire all shares in T&K TOKA CO., LTD. ("T&K Toka"). Following the strategic approach, the Investment Adviser decided to tender its holding and recommended a reinvestment of 15% of their proceeds into the Offering Vehicle's holding company with its co-investors, after T&K Toka's de-listing. The Board accepted this proposal and reviewed and approved the relevant shareholders' agreement.
- The Board provided continuous support for the Investment Adviser's approach to investment activism (see the Investment Adviser's Report on page 6) ensuring that their activism aligns with the long-term goals of the Company. The activism is focused on governance improvements, growth strategies and long-term value creation in Japanese investee companies.
- The Board decided that in 2025 and 2026, respectively, it is expected that one director will retire to bring the size of the board from seven directors down to five directors by the end of 2026. Mr Noel Lamb has voluntarily opted not to seek re-election as a director of the Company at the forthcoming AGM.
- NAVF focuses on generating returns by engaging with undervalued Japanese equities. In September 2024 K. K. BCJ-86, a company owned by Bain Capital Private Equity LP, initiated a tender offer to acquire all shares of Trancom Co Ltd., excluding those held by its founder family. Following the recommendation from the Investment Adviser and consistent with its strategy, NAVF's Board opted to tender its holding as a part of this Management Buyout ('MBO') transaction and reinvest 10% of the proceeds into the Offering Vehicle's holding company alongside co-investors Dalton Investments, Inc and NAVF Select LLC, after Trancom's de-listing. Further details can be found on page 11.
- Having undertaken a thorough tender process, the Board approved the appointment of NSM Funds (UK) Limited ("NSM") as the Company's Company Secretary and Administrator with effect from 1 January 2025. Additionally, the Registered Office was relocated to the offices of NSM at 4th floor, 46-48 James Street, London, England, W1U 1EZ at the same time.
- During the year and in order to reduce costs, the Board agreed that Shore Capital Stockbrokers Limited act as the Company's sole broker, relieving Berenberg of their duties.

Section 172 Statement continued

Company sustainability and stakeholders

As an externally managed investment company, the Company does not have any employees. Its main stakeholders are as set out in the following paragraphs, which explain the relationship between the Company and each of its stakeholders.



The Company's Shares are listed on the Main Market for listed securities of the London Stock Exchange.

The Board continues to foster the Company's business relationships with suppliers, customers and other key stakeholders through its stakeholder management activities as described below.

Stakeholder Management

Shareholders and Prospective Investors

The Investment Adviser and Board feel it is important for the Company's continued success to have the potential access to equity capital in order to expand the Company's portfolio over time to further diversify the investment portfolio to create economies of scale and to help manage any discount or premium at which the Company's Shares trade against its NAV. Additionally, the Board looks to attract long-term investors in the Company and, in doing so, the Board will seek opportunities to meet with Shareholders to gauge the opinion of investors on the Company's activities. Periodic communications are published such as interim and annual reports, monthly factsheets, NAV updates are published for the benefit and information of investors and analysts. They can be found on RNS or the Company's website, as appropriate.

To help the Board in its aim to act fairly between the Company's members, it seeks to ensure effective communication is provided to all Shareholders. The Board invites Shareholders to attend the AGM to be held on 5 June 2025. The Annual and Interim reports will be issued to Shareholders and made available on the Company's website. The physical copies of these reports will be available to Shareholders upon request. Monthly factsheets are also available on the Company's website. The Investment Adviser and the Company's Broker have met with several of the Company's larger Shareholders during the year under review. Members of the Board would be happy to arrange meetings with shareholders upon request to the Company's Corporate Broker, Shore Capital. Shareholders' views are considered by the Board at their quarterly Board meetings.

Investment Adviser

The Investment Adviser is the most significant service provider to the Company and a description of its role, along with that of the AIFM, can be found on page 23.

The Board receives regular reports from the Investment Adviser and discusses the portfolio at each Board meeting but maintains an ongoing dialogue between scheduled meetings. Representatives of the Investment Adviser attend Board meetings. The Investment Adviser's remuneration is based on the NAV of the Company which aligns their interests with those of Shareholders.

The Management Engagement Committee reviews the performance and resources of the Investment Adviser at least annually. The last review was undertaken during the Management Engagement Committee meeting held in November 2024 at which the Committee agreed that the Investment Adviser's service delivery was acceptable.

Key Service providers

Each service provider has an established track record and has in place suitable policies and procedures to ensure they maintain high standards of business conduct and corporate governance. The Board believes that positive relationships with each of the Company's service providers are important to support the Company's long-term success.

To build and maintain strong working relationships, the Company's key service providers (notably the Investment Adviser, AIFM, and Company Secretary/Administrator) are invited to attend quarterly Board meetings to present their respective reports. This enables the Board to exercise effective oversight of the Company's activities. In addition, the Company's external auditor is invited to attend at least two Audit Committee meeting per year. The Chair of the Audit Committee maintains regular contact with the auditor, Investment Adviser and Administrator to ensure that the audit process is undertaken effectively. The Board has also spent time engaging with the Company's key service providers outside of scheduled Board meetings to develop its working relationship with those service providers and ensure the smooth operational function of the Company. The Board and its advisers seek to maintain constructive relationships with the Company's key service providers on behalf of the Company through regular communications, meetings and the provision of relevant information and update meetings.

Another significant service provider for the Company's long-term success is the AIFM, who has engaged the Investment Adviser for the purpose of providing investment advisory services to the Company. The Board regularly monitors the Company's investment performance in relation to its objectives, investment policy and strategy. The Board receives and reviews regular reports and presentations from both the AIFM and Investment Adviser and seeks to maintain regular contact to foster a constructive working relationship.

During the year the Company approved the appointment of NSM Funds (UK) Limited as its Administrator and Company Secretary with effect from 1 January 2025. Additionally, the Board agreed that Shore Capital act as the Company's sole Broker, relieving Berenberg of their duties.

Section 172 Statement continued

Investment Process

The Company's Investment Adviser, RSM, has combined capabilities in origination, evaluation and transaction execution with expertise across equities, shareholder activism and active portfolio management. RSM maintains a management committee that is responsible for reviewing and evaluating potential investment opportunities.

RSM screens investment opportunities to identify potential investments that meet the Company's investment objective and comply with its investment policy. Through this screening process, RSM determines whether to proceed with detailed due diligence and evaluation of the investee company.

After a potential investment opportunity has been identified and screened against the target investment criteria and if it determines to proceed then RSM performs a detailed due diligence review of the investee company, where key risks, including those related to ESG factors, are assessed. RSM employs a robust due diligence process applying principles of quantitative analysis to stress test assumptions, price capital structures, and determine expected returns in the context of the risks faced.

Where an investment opportunity proceeds to the execution phase, RSM will manage the transaction process, including co-ordinating the work of other professional advisers and service providers, including agents, valuers, lawyers, accountants, and tax advisers.

Conclusion

The Board is mindful of the directors' duties as described by section 172 of the Companies Act 2006, when deliberating all important decisions.

Directors' Report

The Directors are pleased to present their report and financial statements for the year ended 31 December 2024.

Strategic report

The Directors' Report should be read in conjunction with the Strategic Report on pages 2 to 24.

Corporate governance

The Corporate Governance Statement on pages 31 to 37 forms part of this report.

Risks and Risk Management

The Company's principal and emerging risks and Risk Management report can be found on pages 17 to 20 of this report.

Legal and taxation status

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company conducts its affairs to meet the requirements for approval as an investment trust under section 1158 of the Corporation Tax Act 2010.

The Company has received initial approval as an investment trust and the Company must meet eligibility conditions and ongoing requirements for investment trust status to be maintained. In the opinion of the Directors, the Company has met the conditions and requirements for approval as an investment trust for the year ended 31 December 2024.

Market information

The Company's Ordinary Shares are listed on the Official List of the FCA and trading on the main market of the London Stock Exchange. The unaudited NAV of the Ordinary Shares of the Company is published daily via RNS.

Retail distribution of investment company shares via financial advisers and other third-party promoters

As a result of the FCA rules determining which investment products can be promoted to retail investors, certain investment products are classified as "non-mainstream pooled investment products" and face restrictions on their promotion to retail investors.

The Company has concluded that the distribution of its Shares, being shares in an investment trust, is not restricted because of the FCA rules described above.

The Company currently conducts its affairs so that the Shares issued by the Company can be recommended by financial advisers to retail investors and intends to continue to do so for the foreseeable future.

Articles of association

Amendments to the Company's Articles of Association require a Special Resolution to be passed by the Company's Shareholders (requiring a majority of at least 75%) of the persons voting on the relevant resolution.

Management

The Board

The Board is entirely comprised of independent non-executive directors who are responsible to Shareholders for the overall management of the Company and is chaired by Rosemary Morgan. Alicia Ogawa acts as Senior Independent Director. The Board has adopted a Schedule of Matters Reserved for the Board which sets out the division of responsibilities between the Board and its various committees, together with the duties of the Board, further details can be found on page 44.

Through the Committees and the use of external independent advisers, the Board manages risk and governance of the Company.

Appointment and replacement of the Board

The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association which require that all Directors shall be subject to election at the first AGM after appointment and re-election annually thereafter. Further details of the Board's process for the appointment and replacement of Board members can be found on page 36.

Directors' Report continued

Alternative Investment Fund Portfolio Managers Directive ("AIFMD")

In accordance with the AIFMD, the AIFM must ensure that an annual report containing certain information on the Company is made available to investors for each financial year. The investment funds sourcebook of the FCA (the "Sourcebook") details the requirements of the annual report. All the information required by those rules is included in this Annual Report or will be made available on the Company's website.

Alternative Investment Fund Manager ("AIFM")

The Company is classified as an Alternative Investment Fund under the AIFMD and has appointed FundRock Management Company (Guernsey) Limited as its AIFM. The AIFM is responsible for portfolio management of the Company, including the following services:

- Risk management – Portfolio management is delegated to the Investment Adviser;
- Review financial reporting prepared by the Administrator;
- Ensuring compliance with AIFMD regulations and reporting; and
- Monitor and ensure compliance with investment and cash restrictions and debt covenants.

The AIFM is entitled, with effect from First Admission to an annual fee calculated at a rate of 0.04 per cent. per annum of NAV up to £250 million, plus 0.025 per cent. per annum of NAV in excess of £250 million. The AIFM fee is subject to a minimum fee of £85,969 per annum and includes an annual adjustment for inflation.

The AIFM Agreement shall continue in force until terminated by either the AIFM or the Company by giving to the other no less than six months' prior written notice, provided that such notice may not be served earlier than the date being 12 months from the date of the AIFM Agreement. The AIFM Agreement may be terminated earlier by either party with immediate effect in certain circumstances, including, if the other party shall go into liquidation or an order shall be made or a resolution shall be passed to put the other party into liquidation or the other party has committed a material breach of any obligation outlined in the AIFM Agreement, and in the case of a breach which is capable of remedy fails to remedy it within 30 days.

The Company has granted to the AIFM and certain other indemnified parties, a customary indemnity against losses which may arise in relation to the AIFM's performance of its duties under the AIFM Agreement.

The Investment Advisory Agreement is governed by the laws of England and Wales.

Investment Adviser

The Company, the AIFM and Investment Adviser entered into the Investment Advisory Agreement on 7 January 2020, pursuant to which Rising Sun Management Limited will provide investment advisory services to the AIFM and the Company, and shall be entitled, with effect from First Admission, to receive an annual fee calculated as 0.85 per cent. of the Company's net assets (exclusive of VAT) from the Company, in respect of the services provided under the Investment Advisory Agreement.

Pursuant to the terms of the Investment Advisory Agreement, Rising Sun Management Limited may resign by giving the Company not less than 12 months' written notice. Further, the Investment Advisory Agreement may be terminated by the AIFM and the Company, or the Company by itself, in certain limited circumstances, such as where the Investment Adviser is in material breach of the Investment Advisory Agreement and such breach is not remedied. The Board, in such circumstances, must find a replacement investment advisory services provider for the Company and may be unable to appoint a replacement with the necessary skills and experience on terms acceptable to the Company. If the Investment Advisory Agreement is terminated and a suitable replacement is not secured in a timely manner, this could have an adverse effect on the value of the Portfolio, the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the returns to Shareholders and the market value of the Shares.

The Company has delegated responsibility for day-to-day management of the investments comprised in the Company's portfolio to the AIFM (which has in turn delegated portfolio management activities to the Investment Adviser). The Directors have responsibility for exercising supervision of the AIFM and the Investment Adviser.

Company Secretary and Administrator

During the year 2024, Apex Listed Companies Services (UK) Limited was responsible for delivering company secretarial and administration services to the Company. Effective from 1 January 2025, the Board has appointed NSM Funds (UK) Limited to take over these responsibilities as the new provider of Company Secretary and Administration services.

Custodian

The Northern Trust Company has been appointed by the Company to act as custodian of certain assets.

Appointment of service providers

The Board has undertaken an annual review of its service providers through the Management Engagement Committee, to ensure that their continued appointment is in the best long-term interests of the Company's Shareholders. The last review was held in November 2024.

Capital structure, voting rights and restrictions

At the financial year end, the Company's issued share capital comprised 189,141,704 Ordinary Shares of 1p nominal value each.

Each Ordinary Share held entitles the holder to one vote. All Ordinary Shares carry equal voting rights and there are no restrictions on those voting rights. Voting deadlines are stated in the Notice of the AGM and Form of Proxy and are in accordance with the Companies Act 2006.

Restrictions

There are no restrictions on the transfer of Shares, nor are there any limitations or special rights associated with regards to control attached to the Ordinary Shares. There are no agreements between holders regarding their transfer known to the Company, no restrictions on the distribution of dividends and the repayment of capital, and no agreements to which the Company is a party that might affect its control following a successful takeover bid.

Results and Dividend

The Company's revenue profit after tax for the year amounted to £6,190,000 (31 December 2023: £3,178,000). The Company made a capital profit after tax of £42,340,000 (31 December 2023: £44,386,000). Therefore, the total profit for the year of the Company was £48,530,000 (31 December 2023: £47,564,000).

The Board has declared an interim dividend of 3.25p per Ordinary Share in respect of the year ended 31 December 2024, which will be payable on 23 May 2025 to Shareholders on the register on 22 April 2025. The Board will not target a dividend for future years but will substantially pay out distributable income for any particular period by way of dividend.

Substantial Shareholders

As at the year ended 31 December 2024, the Directors have been formally notified of the following interests in the Company's Ordinary Shares, comprising 3% or more of the issued share capital of the Company, in accordance with Disclosure Guidance and Transparency Rule 5.1.2:

Shareholder	Holding	Percentage Held*	Date Notified
Rosenwald Capital Management, Inc.**	38,460,001	20.33	2 December 2021
1607 Capital Partners, LLC	14,707,873	7.78	27 October 2023
Evelyn Partners Limited	5,939,664	3.14	12 October 2023

* Based on the number of Ordinary Shares in issue at the date of notification.

** As at 31 March 2025, the latest practicable date prior to publication of this report, Rosenwald Capital Management, Inc held 38,460,001 shares, representing 20.33% of the Company's issued share capital. The change in percentage holding from 34.03% above is due to the increase in the Company's issued share capital as a result of the mergers in 2023.

Since the year end, the Company has not been notified of any interests in the Company's Ordinary Shares, comprising 3% or more of the issued share capital of the Company.

Political donations

There were no donations made during the financial year to 31 December 2024.

Directors' Report continued

Settlement of Ordinary Share transactions

Ordinary Share transactions in the Company are settled by the CREST share settlement system.

Appointment of auditor

The Company's auditor, BDO LLP, having expressed their willingness to continue in office as auditor, will be put forward for re-appointment at the Company's AGM and the Board will seek authority to determine their remuneration for the forthcoming year.

Going concern

The Directors have adopted the going concern basis in preparing the financial statements. The Directors do not foresee any immediate material risk to the Company's investment portfolio, however, a prolonged and deep market decline could lead to falling values in the underlying business or interruptions to cash flow. The following is a summary of the Directors' assessment of the going concern status of the Company.

The Company's ability to continue as a going concern for the period assessed by the Directors, being at least 12 months from the date the financial statements were authorised for issue.

The assessment took into consideration the risks and impact of actual and emerging risks such as those relating to the macroeconomic political and geopolitical environment including the continuing conflicts in Ukraine and the Middle East, tariffs and the possibility of a trade war. Further details on the impact of the market, liquidity and credit risks and how they are managed are disclosed in note 15 to the Accounts.

The Company is subject to a continuation vote at this year's AGM to be held on 5 June 2025. Since IPO, the Company has experienced a 103% NAV growth with shareholders' NAV doubled to 200p. The Board are confident that the shareholders are satisfied with the Company's performance and management and the continuation vote will be passed at the forthcoming AGM.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of this report. In reaching this conclusion, the Directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expense flows. The Company's net assets at 31 December 2024 were £365,442,000 (31 December 2023: £319,938,000). As at 31 December 2024, the Company held £19,889,000 (31 December 2023: £22,257,000) in cash. The total expenses for the year ended 31 December 2024 were £4,363,000 (31 December 2023: £2,465,000). The ongoing charges ratio represented approximately 1.18 % (31 December 2023: 1.17%) of average net assets during the year. At the date of approval of this document, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover.

Auditor information

Each of the Directors at the date of the approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all steps that he/she ought to have taken as director to make himself/herself aware of any relevant information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Shareholder engagement

The Board is mindful of the importance of engaging with the Company's Shareholders to gauge their views on topics affecting the Company. The Company reports formally to shareholders twice a year and meetings with key investors are held as required. The key discussion points of such meetings are relayed for the Board to consider further.

Results of AGMs are announced by the Company promptly after the relevant meeting and published on the Company's website. Additionally, other notices and information are provided to shareholders on an ongoing basis through the Company's website to assist in keeping shareholders informed such as the monthly Factsheets.

This year, the Company's AGM will be held on 5 June 2025 and the Chairman's Statement on page 3 and the enclosed AGM Notice sets out the arrangements for the meeting.

Annual General Meeting

The following information is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant, or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

Resolutions relating to the following items of special business will be proposed at the AGM to be held on 5 June 2025 at 2:00 p.m.

Continuation Vote

Ordinary resolution 12 proposes the continuation of the Company at the forthcoming AGM. In the event that such a resolution is not passed, the Directors are required to draw up proposals for shareholders' approval for the voluntary liquidation, unitisation, reorganisation or other reconstruction of the Company, which would require a special resolution of the Company's shareholders. Taking into account the Company's strong track record over the past five years, the Board strongly recommends that shareholders vote in favour of the Company's continuation.

The Continuation vote would be proposed at every second AGM of the Company that the Company should continue as an investment trust for a further two-year period.

Renewal of general authority to issue Ordinary Shares and to dis-apply pre-emption rights

At the forthcoming AGM, the Board is seeking authority to allot up to a maximum of 37,828,340 Ordinary Shares (representing approximately 20% of the Ordinary Shares in issue at the date of this document) and to dis-apply pre-emption rights when allotting those Ordinary Shares at the forthcoming AGM. Authority granted under both resolutions will expire at the conclusion of the AGM to be held in 2026 unless renewed prior to this date via a General Meeting. The full text of resolutions 14 and 15 is set out in the Notice of Meeting on page 82.

The authority granted by Shareholders to issue Ordinary Shares will provide flexibility to grow the Company and further expand the Company's list of assets. Ordinary Shares will only be issued at a premium to the NAV (cum income) after the costs of issue. Ordinary Share issues are at the discretion of the Board.

Renewal of general authority to purchase Ordinary Shares

During the year ended 31 December 2024, the Company did not utilise its authority to purchase its own Shares.

The existing authority to make market purchases will expire at the conclusion of the 2025 AGM of the Company. The Directors recommend that a new authority to purchase up to 28,352,341 Ordinary Shares (subject to the condition that not more than 14.99% of the Ordinary Shares in issue, excluding treasury shares, at the date of this document are purchased) be granted and a resolution to that effect will be put to the AGM. Any Ordinary Shares purchased will either be cancelled or, if the Directors so determine, held in treasury. The full text of resolution 18 is set out in the Notice of Meeting on page 83.

The Companies Act 2006 permits companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. This provides the Company with the ability to re-issue Ordinary Shares quickly and cost effectively, thereby improving liquidity, and providing the Company with additional flexibility in the management of its capital base. No Ordinary Shares will be sold from treasury at a price less than the (cum-income) NAV per existing Ordinary Share at the time of their sale unless they are first offered pro rata to existing Shareholders. At the period end the Company did not hold any shares in treasury.

Unless otherwise authorised by Shareholders, Ordinary Shares will not be issued at less than NAV and Ordinary Shares held in treasury will not be sold at less than NAV.

Notice of general meetings

Resolution 19 in the notice to the AGM is required to reflect the requirements of the Shareholder Rights Directive. The Company is currently able to call General Meetings, other than an AGM, on 14 clear days' notice and would like to preserve this ability. To be able to do so, Shareholders must have given their prior approval. Such approval, which would be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The Company will ensure that it offers the facility for shareholders to vote by electronic means, and that this facility is accessible to all shareholders, if it is to call general meetings on 14 days' notice. Short notice of this kind will be used by the Board only under appropriate circumstances.

Directors' Report continued

Recommendation regarding resolutions

The Directors consider that all the resolutions to be considered at the AGM are in the best interests of the Company and its Shareholders as a whole and are likely to promote its long-term success. The directors unanimously recommend that shareholders vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

Regulatory Disclosures – information to be disclosed in accordance with the UK Listing Rule ("UKLR") 6.6.1

The UKLR requires listed companies to report certain information in a single identifiable section of their Annual Reports or a cross-reference table indicating where the information is set out. The Directors confirm that there is nothing to disclose in accordance with UKLR 6.6.1.

Environmental and Social Governance ("ESG")

The Company is a closed-ended investment company which has no employees therefore its own direct environmental impact is minimal. The Company consumed less than 40,000kWh of energy during the year in respect of which the Directors' Report is prepared and therefore is exempt from disclosure under the Streamlined Energy and Carbon Reporting. It outsources all of its key operations to reputable, third-party service providers, who are required to comply with all relevant laws and regulations in the jurisdiction in which they operate, and take account of social, environmental, ethical and human rights factors, as appropriate.

The Company has no direct greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions-producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 (including those within its underlying holdings).

The Board notes that the underlying companies in which the Company invests will have a social and environmental impact over which the Board has no control. However, it expects its Investment Adviser to be mindful of any associated risks when making their investments and reviews updated ESG policies from the Investment Adviser annually. The Company aims to conduct itself responsibly, ethically, and fairly in its investments and dealings with stakeholders.

Modern slavery disclosure

The Company aims to act to the highest standards and is committed to integrating responsible business practices throughout its operations. The prevention of modern slavery is an important part of good corporate governance. As an investment trust, the Company does not offer goods or services to consumers and deals predominantly with professional advisers and service providers in the financial services industry. As such the Board considers that the Company is out of scope of the Modern Slavery Act 2015 though the Board, as a whole, notes the provisions of this Act and does require all third-party providers to report on their compliance with the Modern Slavery Act as part of the annual review by the Management Engagement Committee. In addition, when selecting and retaining portfolio investments, the Investment Adviser assesses modern slavery risks, including a review for any evidence of human rights violations as part of the ESG risk assessment framework. The Company believes that it is in Shareholders' interests to consider human rights issues, including modern slavery, when selecting and retaining investments. Further details can be found in the Company's environment, social and governance policy on page 30.

Anti-bribery and corruption

The Company's policy is to conduct all its business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships. The Company's policy and the procedures are designed to support that commitment.

Prevention of the facilitation of tax evasion

The Board has a zero-tolerance approach to the facilitation of tax evasion.

The Report was approved by the Board on 7 April 2025 and signed on its behalf:

By order of the Board

Ciara McKillop

For and on behalf of
NSM Funds (UK) Limited
Company Secretary
7 April 2025

Corporate Governance Statement

This Corporate Governance statement forms part of the Directors' Report.

The UK Listing Rules and the Disclosure Guidance and Transparency Rules of the UK Listing Authority require listed companies to disclose how they have applied the principles and complied with the provisions of The UK Corporate Governance Code 2018 (the "UK Code"), as issued by the Financial Reporting Council ("FRC"). The UK Code can be viewed on the FRC's website.

The Board has carefully considered the principles and provisions outlined in the AIC Code of Corporate Governance 2019 (referred to as the "AIC Code"). This code addresses matters covered by the UK Code while also providing additional provisions relevant to the Company's specific context.

The Board believes that reporting against the AIC Code, which has received endorsement from the Financial Reporting Council (FRC), offers more pertinent information for shareholders.

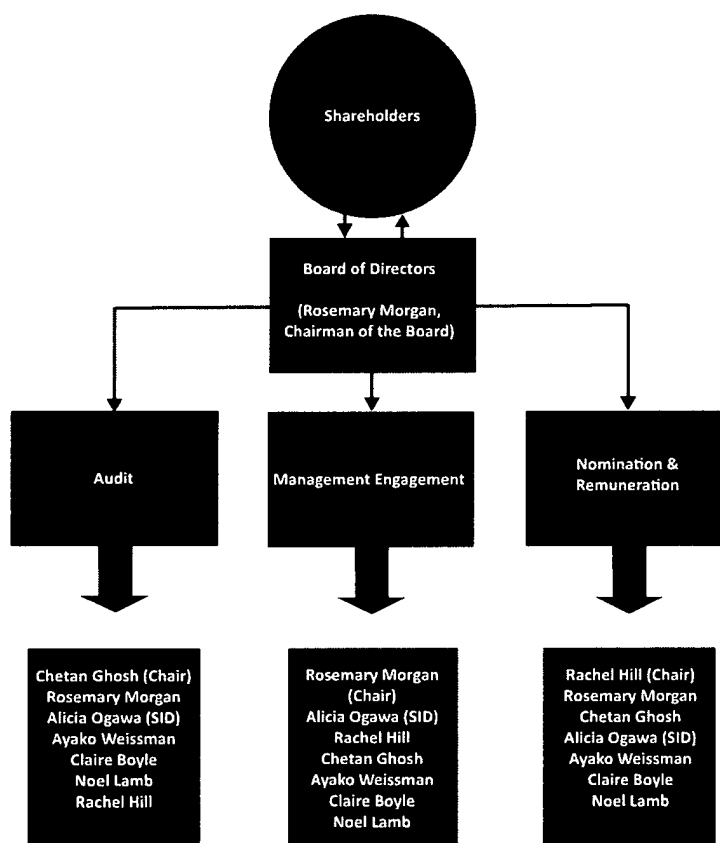
You can find the AIC Code on the AIC website. It includes an explanation of how the AIC Code adapts the Principles and Provisions from the UK Code to suit investment companies.

The company has diligently adhered to the Principles and Provisions set forth in the AIC Code.

Given the Company's status as an externally managed investment company, the Board has determined that certain provision such as those related to the role of executive directors, remuneration, and the need for an internal audit function are not applicable. This is because all day-to-day management and administrative functions are outsourced to third-party service providers, resulting in the absence of executive directors, employees, or internal operations within the company.

The Board has concluded that the Annual Report for the year ended 31 December 2024, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and prospects, performance, business model and strategy.

Governance Structure Snapshot



Corporate Governance Statement continued

The Board

Composition

At the date of this report, and as illustrated above, the Board consists of seven non-executive Directors. The intention of the Board over the longer term is to reduce the number of Directors back to a maximum of five, which the Board believes is the appropriate number of directors for an investment company of the Company's nature and size. All of the Directors are independent of the Investment Adviser and AIFM and are able to allocate sufficient time to the Company to discharge their responsibilities effectively. The Directors have a broad range of relevant experience to meet the Company's requirements, and their biographies are given below.

Rosemary Morgan – Appointed 14 November 2019

Non-Executive Director, Chairman of the Board, and Management Engagement Committee

Until February 2024, Rosemary was an independent director and Chairman of JP Morgan India Investment Trust.

Until 2022, she was a Senior Independent non-executive Director of Schroder Asia Pacific Investment Trust, where she was the Chairman of the Audit and Risk Committee.

Rosemary studied Japanese at the Australian National University in Canberra before being awarded the Monbusho Scholarship at Kobe University in Japan and then studying for a Master of Arts in Japanese Literature at Harvard University in the United States.

After university, Rosemary worked as a Japanese equity fund manager for 16 years at John Govett before joining the institutional client team at Fidelity International and then moving to the Royal Bank of Scotland as Head of Asia and Emerging Markets (Multi Manager Funds), where she managed long only and alternative funds of funds, specialising in Japan and Emerging Markets.

Chetan Ghosh – Appointed 22 October 2019

Non-Executive Director and Chair of the Audit Committee

Chetan is a member of the OCIO Solutions Team at Schroders. Before this he was Chief Investment Officer for the Centrica pension scheme and was responsible for providing support to the directors of the investment committee. His role covered investment strategy considerations, asset class and manager research, and liaison with the investment advisers.

In 2022, Chetan and his team joined Schroders to provide a fully tailored OCIO service to the Centrica pension scheme.

Prior to joining Centrica in 2009, Chetan worked in a number of roles, ranging from pensions actuary at Towers Perrin to investment consultant at Aon Hewitt and Lane Clark & Peacock. Whilst at financial services firm Alexander Forbes, Chetan developed a fiduciary management offering to improve client governance structures.

Chetan has a first-class degree in Mathematics from Kings College London. He is based in London, UK.

Rachel Hill – Appointed 22 October 2019

Non-Executive Director and Chair of the Nomination and Remuneration Committee

Since 2006, Rachel has been a Director of Dragon Capital Markets (Europe) Limited and has been responsible for the European marketing of LSE listed Vietnam Enterprise Investments Ltd and the Vietnam Equity (UCITS) fund. Rachel was also previously on the board of Dalton Asia Fund, which is a long/short Asian Investment fund managed by Dalton Investments, LLC. Rachel has over 30 years of experience in respect of equity sales in Asian markets.

In addition, Rachel also currently serves on the board of DC Developing Market Strategies Ltd, a Dublin regulated UCITS fund investing in Vietnam; Quaero Capital Luxembourg Fund, a Luxembourg regulated UCITS platform with various sub funds investing in equities and bonds.

Rachel holds a BA (Hons) MA in Natural Science from Trinity Hall, Cambridge University and is also a Chartered Member of the Chartered Institute for Securities and Investment. She is based in Bath, UK.

Alicia Ogawa – Appointed 14 November 2019

Non-Executive Director and Senior Independent Director

Alicia Ogawa has been a consultant on Japan strategies to two of the largest U.S.-based activist hedge funds and is an advisor to several Japan-focused activist funds. In 2023, she was a member of the New Governance Task Force at KT (Korea Telecom), and until June 2023, she ran the Project on Japanese Corporate Governance and Stewardship at Columbia Business School. She is a director of the Tokyo-based activist fund Misaki Capital.

Alicia is an advisor at Questhub, a Tokyo-based governance advisory firm. She spent a decade as an assistant adjunct Professor at Columbia's School of International and Public Affairs running graduate seminars on ESG issues. Alicia acts as a Senior Advisor to a US-based law firm Squire Patton Boggs and provides guidance to Japanese Companies operating in the US on strategies to deal with the new US administration. Between 2000-2006, she was managing director at Lehman Brothers in New York City, where she was responsible for managing the firm's global equity research product. Prior to joining Lehman Brothers, Alicia spent 15 years in Tokyo, where she was a top-rated bank analyst and director of research for Nikko Citigroup.

Alicia is currently a member of the board of directors of the Maureen and Mike Mansfield Foundation, and a member of the board of directors of Pure Earth, a global NGO dedicated to addressing lead and mercury pollution. She graduated from Barnard College and earned a master's degree in international affairs at Columbia University School of International and Public Affairs. She is based in New York, USA.

Ayako Hirota Weissman – Appointed 14 November 2019

Non-Executive Director

Aya is a Senior Vice President, Senior Portfolio Manager and director of Asia Strategy at Horizon Kinetics LLC. Aya has over 40 years of investment experience managing equity portfolios in the US and Asian markets. Prior to joining Horizon Kinetics LLC, she was the founder and Chief Investment officer at AS Hirota Capital Management, LLC.

Aya's prior experiences include acting as a portfolio manager specialising in Japanese securities for Kingdon Capital Management, LLC, and as a partner and Portfolio Manager of Feirstein Hirota Japan Partners. In addition, Aya was a Managing Director and Senior Portfolio manager in the US large cap value equity division at Salmon Smith Barney Asset Management, where she was a founding member.

Aya is a former member of the board of Toshiba Corporation, where she was a chairperson of the compensation committee. She was also a board member of SBI Holdings.

Aya received an MBA from the International Institute for Management Development (IMD) in Lausanne, Switzerland and a BA in Liberal Arts from International Christian University (ICU) in Tokyo, Japan. She studied at Chung Chi College at Chinese University of Hong Kong as a Japanese Ministry of Education Scholar. She is a CFA charter holder.

Claire Boyle – Appointed 10 October 2023

Non-Executive Director

Claire Boyle acted as an independent non-executive director of Abridn Japan Investment Trust plc from 1 February 2019 to 10 October 2023 and served as Chair of the Audit and Risk Committee from October of 2019. She is currently the Chair of Life Science REIT plc, a non-executive director and Chair of the Audit and Risk Committee of Fidelity Special Values plc and a non-executive director of The Monks Investment Trust PLC.

Claire is a Fellow of the Institute of Chartered Accountants in England and Wales, qualifying in 1993 whilst working in litigation support at Coopers & Lybrand. She has over 17 years' experience working in finance and equity investment management, working on funds over a wide range of sectors for international corporate, Government, State and retail clients, including unit and investment trusts. She started her investment career on the UK research desk at Robert Fleming, was a partner at Oxburgh Partners LLP with responsibility for their European Equity Hedge Fund, and prior to that a European Equity Fund Manager at American Express Asset Management, where her role included both equity investment and business development.

Corporate Governance Statement continued

Noel Lamb – Appointed 10 October 2023

Non-Executive Director

Noel Lamb served on the board of Atlantis Japan Growth Fund Limited from 1 February 2011 to 10 October 2023 and served as Chairman from 1 May 2014. He graduated from Exeter College, Oxford and is a barrister-at-law. He joined Lazard Brothers & Co Limited in 1987 and from 1992 to 1997 he was the managing director of Lazard Japan Asset Management where he was the Japanese equities fund manager. In 1997, he moved to the Russell Investment Group where he established the investment management capability of the firm in London. In 2002, he was promoted to Chief Investment Officer in North America where he managed assets of US\$150 billion until his departure in 2008. In 2020, he was appointed as a director of Guinness Asset Management Funds and in January 2022 as Chairman of Rockwood Strategic plc.

Re-election of Directors

As stated in the Prospectus of 2023 and the Annual Report for 2023, the Board will reduce its size to 5 Directors by the AGM in 2026. Accordingly, Noel Lamb will not seek re-election at the forthcoming AGM. Noel's contribution to the Board over the period following the merger of AJG and AJIT has been invaluable. The Board recommends the reappointment of all other Directors for the reasons highlighted above and in the performance appraisal section of this report.

The Directors have appointment letters which do not provide for any specific term. Copies of the Directors' appointment letters are available on request from the company secretary. Upon joining the Board, any new Director will receive an induction, and relevant training is available to Directors on an ongoing basis.

Role of the Board

All Board members are independent non-executive Directors, who continue to be independent of the Investment Adviser. The Board is responsible for the governance of the Company, notwithstanding any delegation of responsibilities to third parties. It has oversight over the management and conduct of the Company's business, strategy and development. The Board determines the Investment Objective and Investment Policy as well as risk appetite and has overall responsibility for the Company's activities, including review of investment activity and performance. The Board ensures the maintenance of a sound system of internal controls and risk management (including financial, operational and compliance controls) and reviews the overall effectiveness of systems in place. The Board is responsible for approval of any changes to the capital, corporate and/or management structure of the Company. The Board Members offer strategic guidance and specialist advice; whilst providing constructive and effective challenge, especially to the decisions of the Investment Adviser. The Board scrutinises and assesses the performance of third-party service providers (including the Investment Adviser and AIFM).

The Board's overriding focus is to promote the sustainable long-term success of the Company, to deliver value for Shareholders and contribute to wider society. The Board does not routinely involve itself in day-to-day business decisions. The AIFM is responsible for the risk management of the Company pursuant to AIFMD and the Investment Adviser for portfolio management.

Board Committees

The Company has three committees to assist with its operations: the Audit Committee, the Nomination and Remuneration Committee and the Management Engagement Committee. Each Committee's delegated responsibilities are clearly defined in formal terms of reference, which are reviewed at least annually and are available on the Company's website. The Board decides upon the membership and chairs of its committees.

Audit Committee

All the Directors are members of the Audit Committee, which is chaired by Chetan Ghosh. A report on pages 42 and 43 provides details of the role and composition of the Audit Committee together with a description of the work of the Audit Committee in discharging its responsibilities.

Nomination and Remuneration Committee

All of the Directors are members of the Nomination and Remuneration Committee, which is chaired by Rachel Hill. The Nomination and Remuneration Committee has been established to meet formally on at least an annual basis to consider the fees of the non-executive Directors and for the purpose of reviewing the performance of the Board and its committees, the remuneration of Directors and succession planning, including identifying and putting forward candidates for the office of Director of the Company. In September 2024, an internal performance appraisal process was undertaken by the Nomination

and Remuneration Committee regarding the performance of the Board, its committees and the Board Chairman. The results of the recent performance evaluation were positive, and no material issues were identified. As stated in the Prospectus of 2023 and the Annual Report for 2023, the Board will reduce its size to 5 Directors by the AGM in 2026. Accordingly, Noel Lamb will not seek re-election at the forthcoming AGM. The Nomination and Remuneration Committee considers job specifications and assesses whether candidates have the necessary skills and time available to devote to the job.

The Board has formulated a succession plan which was reviewed and maintained through the Nomination and Remuneration Committee to promote regular refreshment and diversity, whilst maintaining stability and continuity of skills and knowledge on the Board.

The Directors' Remuneration Implementation Report and Remuneration Policy is included on page 38 of this report.

Management Engagement Committee

All of the Directors are members of the Management Engagement Committee, which is chaired by Rosemary Morgan. The Management Engagement Committee has been established to conduct a formal annual review of the Investment Adviser, assessing investment and other performance, the level and method of the Investment Adviser's remuneration and the continued appointment of the Investment Adviser. In 2024, the Management Engagement Committee met and reviewed the Investment Adviser's performance and remuneration structure. The conclusion was a recommendation by the Management Engagement Committee's to the Board that it was in the best interests of Shareholders to continue with the Investment Adviser's engagement, and that the current fee structure remained appropriate (See page 26 for further details).

In addition, the Management Engagement Committee conducted a performance evaluation of the Company's key service providers (listed on page 23). No material deficiencies were noted. The Management Engagement Committee reviewed the fees payable to other service providers to the Company and concluded they remained appropriate.

Starting from 1 January 2025, the NSM Funds (UK) Limited will assume responsibilities as the new provider of Company Secretary and Administration services.

Meeting attendance

	Quarterly Board	Audit Committee	Management Engagement Committee	Nomination and Remuneration Committee
Number of meetings held	4	2	1	1
Rosemary Morgan	4	2	1	1
Chetan Ghosh	4	1	1	1
Rachel Hill	4	2	1	1
Alicia Ogawa	4	2	1	1
Ayako Weissman	4	2	1	1
Claire Boyle	4	2	1	1
Noel Lamb	4	2	1	1

During the year, there were ad hoc Board and committee meetings to deal with administrative matters and formal approval of documents.

Board diversity

The Board's policy for the appointment of non-executive directors is based on its belief in the benefits of having a diverse range of experience, skills, length of service and backgrounds including, but not limited to, gender and diversity. The policy is always to appoint the best person for the job and there will be no discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age, or physical ability. The overriding aim of the policy is to ensure that the Board is composed of the best combination of people for ensuring effective oversight of the Company and constructive support and challenge

Corporate Governance Statement continued

to the Investment Adviser. Directors have a range of business, financial and asset management skills as well as experience relevant to the direction and control of the Company. Brief biographical details of the Directors are shown on pages 32 to 34.

As an externally managed investment company, the Board employs no executive staff and therefore does not have a chief executive officer (CEO) or a chief financial officer (CFO), both of which are deemed senior board positions by the FCA. The Chair, Senior Independent Director and Chairs of Board Committees are regarded by the Board as the senior board positions and the following disclosure is made on this basis. The information has been provided by each Director directly and there have been no changes since 31 December 2024.

Board diversity as at 31 December 2024

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
Men	2	29%	1
Women	5	71%	3

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
White British or Other White (including minority-white groups)	5	71%	2
Ethnic minority background*	2	29%	1

* Based on UK census data.

Statement

The Board's composition currently meets the FCA's new targets:

- two senior positions on the Board are held by women (Board Chairman and Nomination & Remuneration Committee Chair); and
- two individuals on the Board are from an ethnic minority background.

The composition of Board diversity as at 31 December 2024 remains unchanged from that of 31 December 2023. The Board undertakes an appraisal of its performance, skills as well as independence and diversity, on an annual basis and believes its current composition is appropriate for such purposes. However, in the light of the Board's succession planning and tenure policy, or should strategic priorities change, the Board will review and, if required, adjust its composition.

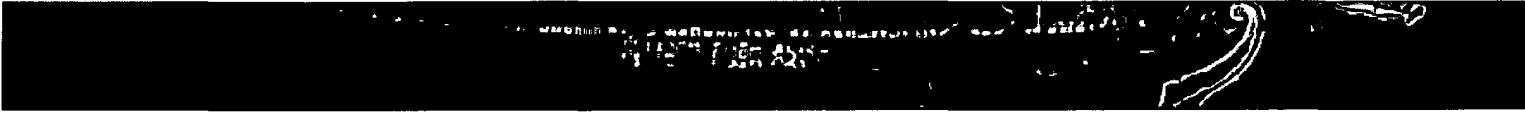
Tenure policy

It is the Board's policy that all Directors, including the Chairman, shall normally have tenure limited to nine years from their first appointment to the Board, except that the Board may determine otherwise if it is considered that the continued participation on the Board of an individual Director, is in the best interests of the Company and its Shareholders. This is also subject to the Director's re-election annually by Shareholders. The Board considers that this policy encourages regular refreshment and is conducive to fostering diversity.

It remains the intention of the Board over the longer term to reduce the number of Directors back to a maximum of five. Noel Lamb will not stand for re-election at the AGM of the Company to be held in 2025 and a further director will stand down in 2026, thereby returning the number of Directors to five.

Board and Chairman evaluation

The Directors are aware that they need to monitor and improve Board performance continuously and recognise that this can be achieved through regular Board evaluation, which provides a valuable feedback mechanism for improving Board effectiveness.



In 2024, an internal performance appraisal process was undertaken by the Nomination and Remuneration Committee regarding the performance of the Board, its committees and the Board Chairman. The results of the recent performance evaluation were positive, and no material issues were identified.

Insurance and indemnity provisions

A policy of insurance against Directors' and Officers' liabilities is maintained by the Company. A procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

Internal control

The AIC Code requires the Board to review the effectiveness of the Company's system of internal controls. The Board recognises its ultimate responsibility for the Company's system of internal controls and for monitoring its effectiveness. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives.

It can provide only reasonable assurance against material misstatement or loss. The Board has undertaken a review of the aspects covered by the guidance and has identified risk management controls in the key areas of business objectives, accounting, compliance, operations and secretarial as being matters of particular importance upon which it requires reports. The Board believes that the existing arrangements, set out below, represent an appropriate framework to meet the internal control requirements. Through these procedures, the Directors have kept under review the effectiveness of the internal control systems throughout the period and up to the date of this report.

Financial aspects of internal control

These are detailed in the Report of the Audit Committee.

Other aspects of internal control

The Board holds at least four regular meetings each year, plus additional meetings as required. Between these meetings there is regular contact with the Investment Adviser and the Company's Secretary and Administrator.

The Board has agreed policies with the Investment Adviser on key operational issues and the Investment Adviser reports in writing to the Board on operational and compliance issues prior to each meeting, and otherwise as necessary. The Investment Adviser reports direct to the Audit Committee concerning the internal controls applicable to the Investment Adviser's dealing, investment and general office procedures.

The Directors receive quarterly updates from the Investment Adviser which details the holdings in the portfolio and investment transactions. The Administrator, Company Secretary and AIFM report separately in writing to the Board concerning risks and control matters within its purview, including internal financial control procedures and company secretarial matters. Additional ad hoc reports are received as required and Directors have access at all times to the advice and services of the corporate company secretary, which is responsible to the Board for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with.

The contacts with the Investment Adviser and the Administrator enable the Board to monitor the Company's progress towards its objectives and encompasses an analysis of the risks involved. The effectiveness of the Company's risk management and internal controls systems is monitored regularly and a formal review, utilising a detailed risk assessment programme, takes place at least annually. This includes consideration of relevant service provider internal controls reports. There are no significant findings to report from the review.

Principal risks

The Directors confirm that they have carried out a robust assessment of the Company's emerging and principal risks, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks and how they are being managed are set out in the Strategic Report.

Voting at Investee Companies AGM or General Meetings

The Company delegates responsibility for voting to Rising Sun Management Limited ("Rising Sun"). During the year voting was submitted in respect of 28 investee companies, of those most votes were cast in favour of all resolutions. However, Rising Sun voted against 2 investee companies for reasons set out in the Investment Advisers' report.

Directors' Remuneration Implementation Report

The Nomination and Remuneration Committee is responsible for reviewing the remuneration payable to the Directors taking into account the relevant circumstances of the Company, the time commitment and relevant experience and skills of the Board and the average fees paid to the Board of the Company's competitors. The Nomination and Remuneration Committee is chaired by Rachel Hill and consists of all the Directors.

The Remuneration Implementation Report for the period to 31 December 2024 has been prepared in accordance with sections 420-422 of the Companies Act 2006. The law requires the Company's auditor to audit certain sections of the Remuneration Implementation Report; where this is the case the relevant section has been indicated as such.

AGM approval of the Remuneration policy and remuneration implementation report

In accordance with the requirements of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended (the "Regulations"), the Board is required to put forward for Shareholder approval at its first AGM, and on a triennial basis thereafter, a Remuneration Policy. Accordingly, the Remuneration Policy of the Company set out below will be proposed to shareholders via an ordinary resolution which is a binding resolution at the AGM to be held on 5 June 2025. If successfully passed at the forthcoming AGM, the provisions set out in the below Remuneration Policy will apply from the date of the AGM until they are next submitted for shareholder approval, expected to be at the Company's AGM to be held in 2028. In the event of any proposed material variation to the Remuneration Policy or should the Remuneration Policy or the Remuneration Implementation Report fail at the forthcoming AGM, shareholder approval will be sought for a proposed revised Remuneration Policy prior to its implementation.

The Remuneration Implementation Report requires approval via an ordinary resolution on an annual basis. This resolution is put to Shareholders on an advisory, non-binding, basis which means that, if the resolution were to fail to attract sufficient votes in favour, the Board would continue to be entitled to be remunerated and would not be required to amend their contractual relationship with the Company. However, if the Remuneration Implementation Report were to be voted down by Shareholders, the Board would be required to resubmit the Remuneration Policy to Shareholders at the AGM following the AGM at which the Remuneration Implementation Report failed.

A non-binding ordinary resolution to approve the Directors' Remuneration Implementation Report contained in the Annual Report and Accounts for the year ended 31 December 2023 was put forward at the AGM held on 6 June 2024. The resolution was passed including proxies representing 99.49% of the shares voted in favour of the resolution.

The Board takes an active role in shareholder engagement and particularly voting outcomes. Shareholders have the opportunity to express their views and ask questions in respect of the Remuneration Policy and Remuneration Implementation Report at the Annual General Meeting.

Loss of office

There are no agreements in place to compensate the Board for loss of office.

Remuneration Policy

All the Directors are non-executive directors and the Company has no other employees. The components of the remuneration package for non-executive directors, which are contained in the Remuneration Policy are as detailed below:

Current and future policy

Component	Director	Purpose of reward	Operation
Annual fee	Chair of the Board	For services as Chair of a Plc	Determined by the Nomination & Remuneration Committee
Annual fee	Other Directors	For services as non-executive Directors of a Plc	Determined by the Nomination & Remuneration Committee
Additional fee	Chair of Audit Committee	For additional responsibility and time commitment	Determined by the Nomination & Remuneration Committee
Expenses	All Directors	Reimbursement of expenses incurred in the performance of duties	Submission of appropriate documentation

In accordance with the Company's Articles of Association, Board fees in aggregate cannot exceed GBP400,000 per annum, unless Shareholders approve via an Ordinary resolution at a General Meeting such other sum.

Directors' Service Contracts

The Directors do not have service contracts with the Company but have letters which outline the terms of their appointment. In accordance with the Articles and AIC Code, the Board will seek annual re-election.

Fees payable on recruitment

The Board will not pay any incentive fees to any person to encourage them to become a Director of the Company. The Board may, however, pay fees to external agencies to assist the Board in the search and selection of Directors. No such external agency was engaged during period under review.

Effective date

The Remuneration Policy is effective from the date of approval by Shareholders.

Remuneration Implementation Report (Audited)

The table below provides a single figure for the total remuneration of each Director for the year ended 31 December 2024:

Director	Director Fees to 31 December 2024 (£)	Director Fees to 31 December 2023 (£)	Change from 2023 to 2024 (%)	Change from 2022 to 2023 (%)	Change from 2021 to 2022 (%)	Change from 2020 to 2021 (%)
Rosemary Morgan	43,800	41,000	6.9%	nil	17.1%	nil
Chetan Ghosh	35,050	33,000	6.2%	nil	10.0%	nil
Rachel Hill	29,535	27,810	6.2%	nil	3.0%	nil
Alicia Ogawa	29,535	27,810	6.2%	nil	3.0%	nil
Ayako Weissman	29,535	27,810	6.2%	nil	3.0%	nil
Claire Boyle	29,535	6,300*	6.2%	n/a	n/a	n/a
Noel Lamb	29,535	6,300*	6.2%	n/a	n/a	n/a
Total	226,525	170,030	33.2%	nil	7.8%	nil

* Appointed on 10 October 2024.

Directors receive fixed fees and are not entitled to receive from the Company:

- Performance related remuneration;
- Any benefits in kind except reasonable travel expenses in the course of travel to attend meetings and duties undertaken on behalf of the Company;
- Share options;
- Rewards through a long-term incentive scheme;
- A pension or other retirement benefit; or
- Compensation for loss of office.

Fees

With effect from 1 January 2025, the Board remuneration is outlined in the table below:

Position	Fee per annum* (GBP)
Board Chairman	47,000
Director	31,700
Audit Committee Chair (additional fee)	6,300

* Following a review of the Directors' fees in November 2024, it was decided that the fees be increased in line with the average market levels for Directors and for the Chair (rounded up to the nearest five pounds) with effect from 1 January 2025.

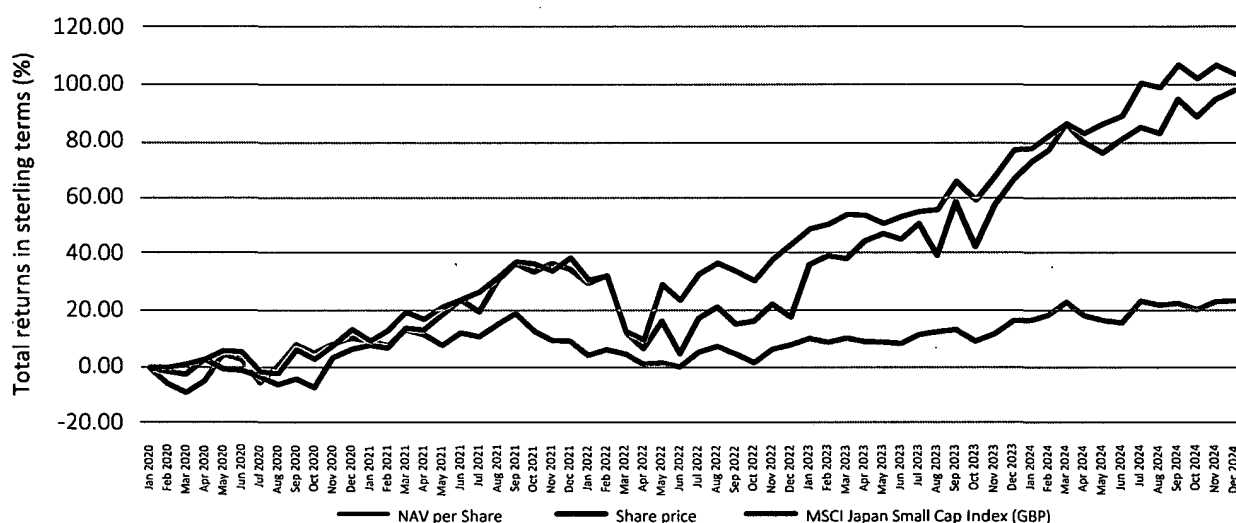
Directors' Remuneration Implementation Report continued

Directors' indemnities

Subject to the provisions of the Companies Act 2006, the Company has agreed to indemnify each Director against all liabilities which any Director may suffer or incur arising out of or in connection with any claim made or proceedings taken against him/her, or any application made by him/her, on the grounds of his/her negligence, default, breach of duty or breach of trust in relation to the Company or any Associated Company.

Performance

The following chart shows the performance of the Company's NAV and share price (total return) by comparison for the period since the Company was listed, assuming 100p was invested at the point the Company was listed. The Company does not have a specific benchmark but has deemed the MSCI Japan Small Cap index to be the most appropriate comparator for its performance.



Relative importance of spend on pay

The following table sets out the total level of Directors' remuneration compared to the distributions to Shareholders by way of dividends and the operating expenses and Investment Adviser's fees and operating expenses incurred by the Company.

	Year to 31 December 2024 (GBP)	Year to 31 December 2023 (GBP)	Change %
Dividend income	9,125,000	4,987,000	+83.0
Spend on Directors' fees	227,000*	170,000*	+33.5
Company's operating expenses and Investment Adviser's fees	4,363,000	2,465,000	+77.0
Dividends paid and payable to Shareholders	6,147,000	3,026,000	+103.1

The disclosure of the information in the table above is required under The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 with the exception of operating expenses which have been included to show the total expenses of the Company.

* The increase in directors' fees was due to the appointment of two additional directors as a result of the merger.

Directors' holdings (Audited)

At 31 December 2024 and as at the date of this report the Directors had the following holdings in the Company. There is no requirement for Directors to hold shares in the Company. All holdings were beneficially owned.

Director	Ordinary Shares As at the date of this report	Ordinary Shares As at 31 December 2024	Ordinary Shares As at 31 December 2023
Rosemary Morgan	41,450	41,450	40,000
Chetan Ghosh	40,000	40,000	40,000
Rachel Hill	115,791	115,791	115,791
Alicia Ogawa	25,000	25,000	25,000
Ayako Weissman	50,000	50,000	50,000
Claire Boyle	nil	nil	nil
Noel Lamb	35,853	35,853	35,853

Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Remuneration Policy and Remuneration Implementation Report summarises, as applicable, for the year to 31 December 2024:

- The major decisions on Directors' remuneration;
- Any substantial changes relating to Directors' remuneration made during the period; and
- The context in which the changes occurred and decisions have been taken.



Rachel Hill

Chair of the Nomination and Remuneration Committee

7 April 2025

Report of the Audit Committee

Role of the Audit Committee

The AIC Code recommends that Boards should establish an audit committee consisting of at least three, or in the case of smaller companies, two independent non-executive directors. The Board is required to satisfy itself the audit committee as a whole should have competence relevant to the sector in which the company operates. The main role and responsibilities of the audit committee are set out in the Committee's terms of reference covering certain matters described in the AIC Code. The Company complies with the AIC Code. The terms of reference are available on the Company's website or on request from the company secretary.

Composition

The Audit Committee comprises all members of the Board and is chaired by Chetan Ghosh. The AIC Code permits the Chairman of the Board to be a member of but not chair the Audit Committee if they were independent on appointment. The Chairman of the Board was independent on appointment and continues to be, and in view of the size of the Board, the Directors feel it is appropriate for the Chairman of the Board to be a member of the Audit Committee.

Meetings of the Audit Committee

The Audit Committee meets formally at least twice a year for the purpose, amongst other things, of advising the Board on the appointment, effectiveness, independence, objectivity, and remuneration of the external auditor. The Audit Committee monitors the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them. The Audit Committee also reviews the Company's internal financial controls and its internal control, risk management systems and reviews the whistleblowing arrangements of the Investment Adviser, AIFM and Administrator. The provision of non-audit services by the auditor are reviewed against the Committees policy described below.

Financial statements and significant accounting matters

The Audit Committee reviewed the financial statements and considered the following significant accounting matters in relation to the Company's financial statements for the year ended 31 December 2024.

Valuation and existence of investments

The Company holds majority of its assets in quoted investments. The existence and valuation of these investments is the most material matter in the production of the financial statements. The Audit Committee reviewed the procedures in place for ensuring accurate valuation and existence of investments and discussed the valuation of the Company's investments at the period end with the Investment Adviser and reviewed their existence with the Administrator and other service providers. Investments are valued using independent pricing sources and the holding quantities at the period end were agreed to the Company's custodian's records.

Recognition of income

Income may not be accrued in the correct period and/or incorrectly allocated to revenue or capital. The Audit Committee reviewed the Administrator's procedures for recognition of income and reviewed the treatment of any special dividends receivable in the year.

Financial statement presentation

The Audit Committee obtained assurances from the Investment Adviser and the Company Secretary that the financial statements had been prepared appropriately.

Going concern

The financial statements could be prepared on an incorrect accounting basis which might result in an incorrect valuation of financial assets and liabilities. The Audit Committee reviewed the Company's financial resources and concluded that it is appropriate for the Company's financial statements to be prepared on a going concern basis as described in the Directors' Report on page 28.

Conclusion with respect to the annual report and financial statements

The Audit Committee has concluded that the annual report for the year ended 31 December 2024, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy. The Audit Committee has reported its conclusions to the Board. The Audit Committee reached this conclusion through a process of review of the document and enquiries of the various parties involved in the production of the annual report, and the external auditor's report thereon.

Auditor

Provision of non-audit services

The Audit Committee has put a policy in place on the supply of any non-audit services provided by the external auditor. Such services are considered on a case-by-case basis and may only be provided to the Company if the provision of such services is at a reasonable and competitive cost and does not constitute a conflict of interest or potential conflict of interest which would prevent the auditor from remaining objective and independent.

No non-audit services were provided by the auditor during the year.

Effectiveness of external audit

BDO LLP has performed the audit of the financial statements for the year ended 31 December 2024. The Audit Committee reviewed the audit planning and the standing, skills and experience of the firm and the audit team. The Audit Committee also considered the independence of BDO and the objectivity of the audit process. BDO has confirmed that it is independent of the Company and has complied with relevant auditing standards. No modifications were required to the external audit approach. The Audit Committee received a presentation of the audit plan from the external auditor prior to the commencement of the 2024 audit and a presentation of the results of the audit following completion of the main audit testing. Additionally, the Audit Committee received feedback from the Investment Adviser and Administrator regarding the effectiveness of the external audit process.

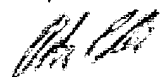
The Audit Committee is satisfied that BDO LLP has provided effective independent challenge in carrying out its responsibilities. After due consideration, the Audit Committee recommends the re-appointment of BDO LLP, and their re-appointment will be put forward to the Company's Shareholders at the 2025 AGM.

Internal audit

The Audit Committee has considered the requirement for an internal audit function and considers that this is not appropriate given the nature and circumstances of the Company. The Audit Committee keeps the need for an internal function under periodic review. The Investment Adviser reports the key conclusions of their internal audit report to the Company's Audit Committee.

Committee evaluation

The Audit Committee's activities fell within the scope of the review of Board effectiveness performed in the period. Details of this process can be found under 'Board and Chairman evaluation' on page 34.



Chetan Ghosh

Chair of the Audit Committee
7 April 2025

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with UK adopted international accounting standards and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Company's financial statements in accordance with UK adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for the company for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- Prepare a Directors' report, a Strategic report and Directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the company.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the company, together with a description of the principal risks and uncertainties that they face.

Directors' Statement as to the Disclosure of Information to Auditor

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditor for the purposes of their audit and to establish that the auditor are aware of that information. The Directors are not aware of any relevant audit information of which the auditor are unaware.

For and on behalf of the Board



Rosemary Morgan

Chairman of the Board of Directors

7 April 2025

Independent Auditor's report to the members of Nippon Active Value Fund plc

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Nippon Active Value Fund Plc (the 'Company') for the year ended 31 December 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

Independence

Following the recommendation of the Audit Committee, we were appointed by shareholders on 27 August 2020 to audit the financial statements for the year ended 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 5 years, covering the years ended 31 December 2020 to 31 December 2024. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of the Directors' method of assessing the going concern in light of economic and market conditions by reviewing the information used by the Directors in completing their assessment;
- Assessing the appropriateness of the Directors' assumptions and judgements made in their base case and stress tested forecasts including consideration of the available cash resources relative to forecast expenditure and commitments;
- Assessing the liquidity position available to meet the future obligations and operating expenses for a period of 12 months from the date of approval of these financial statements; and
- Challenging the Directors' assumptions and judgements made in their forecasts by performing an independent analysis of the liquidity of the portfolio.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's report to the members of Nippon Active Value Fund plc continued

Overview

	2024	2023
Key audit matters	Valuation and ownership of quoted investments	X
Materiality	<i>Company financial statements as a whole</i> £3.6m (2023: £3.2m) based on 1% (2023: 1%) of Net Assets	

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation and ownership of quoted investments Note 2 and Note 3	The investment portfolio at the year-end comprised majorly of listed equity investments. There is a risk that the prices used for the listed investments held by the Company are not reflective of fair value and the risk that errors made in the recording of investment holdings result in the incorrect reflection of investments owned by the Company. Therefore we considered the valuation and ownership of listed investments to be the most significant audit area as the listed investments also represent the most significant balance in the financial statements and underpin the principal activity of the Company. Furthermore, we consider the valuation disclosures to be a significant area as they are expected to be a key area of interest for the users of the financial statements. For these reasons and the materiality of the balance in relation to the financial statements as a whole, we considered this to be a key audit matter.
	We responded to this matter by testing the valuation and ownership of the whole portfolio of listed investments. We performed the following procedures: - Confirmed the year-end bid price was used by agreeing to externally listed prices; - Assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value by considering the realisation period for individual holdings; - Recalculated the valuation by multiplying the number of shares held per the statement obtained from the custodian by the valuation per share; and - Obtained direct confirmation of the number of shares held per equity investment from the custodian regarding all investments held at the balance sheet date. We also considered the completeness, accuracy and clarity of investment-related disclosures against the requirements of relevant accounting standard. Key observations: Based on our procedures performed we did not identify any matters to suggest the valuation or ownership of the listed equity investments was not appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Company financial statements		
	2024 £m	2023 £m
Materiality	3.6	3.2
Basis for determining materiality	1% of Net assets	
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.	
Performance materiality	£2.7m	£2.4m
Basis for determining performance materiality	75% of materiality	
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £180,000 (2023: £160,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The UK Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Independent Auditor's report to the members of Nippon Active Value Fund plc continued

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 20 and 28; and - The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 20.
Other Code provisions	- Directors' statement on fair, balanced and understandable set out on page 43; - Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 20; - The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 37; and - The section describing the work of the Audit Committee set out on page 42.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: - the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and - the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: - adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or - the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or - certain disclosures of Directors' remuneration specified by law are not made; or - we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with the Investment Manager, Administrator and those charged with governance, including the Audit Committee; and
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, the applicable accounting framework, and qualification as an Investment Trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

Our procedures in respect of the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- Reviewing minutes of meeting of those charged with governance throughout the period for instances of non-compliance with laws and regulations; and
- Reviewing the calculation in relation to Investment Trust compliance to check that the Company was meeting its requirements to retain their Investment Trust Status. This included a review of other qualitative factors and ensuring compliance with these.

Independent Auditor's report to the members of Nippon Active Value Fund plc continued

Fraud

We assessed the susceptibility of the financial statement to material misstatement including fraud.

Our risk assessment procedures included:

- Enquiry with the Investment Manager, Administrator, and those charged with governance, including the Audit Committee, regarding any known or suspected instances of fraud;
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud; and
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Based on our risk assessment, we considered the area most susceptible to be management override of controls.

Our procedures in respect of the above included:

- Considered the opportunity and incentive to manipulate accounting entries;
- Target tested relevant adjustments made in the period end financial reporting process;
- Included an element of unpredictability by testing a sample of low value items;
- Reviewed for significant transactions outside the normal course of business;
- Recalculating investment management fees in total;
- Obtained independent confirmation of bank balances; and
- Performed a review of unadjusted audit differences of indications of bias and deliberate misstatement.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Eran Wieder

BD33F3EF4925439...

Eran Wieder (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

7 April 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income

	Note	Year ended 31 December 2024			Year ended 31 December 2023		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	46,508	46,508	–	48,138	48,138
Income	4	9,132	–	9,132	4,994	–	4,994
Foreign exchange losses		–	(1,834)	(1,834)	–	(2,605)	(2,605)
Investment adviser fees	5	(583)	(2,334)	(2,917)	(287)	(1,147)	(1,434)
Other operational expenses	6	(1,446)	–	(1,446)	(1,031)	–	(1,031)
Profit before taxation		7,103	42,340	49,443	3,676	44,386	48,062
Taxation	7	(913)	–	(913)	(498)	–	(498)
Profit and comprehensive income for the year		6,190	42,340	48,530	3,178	44,386	47,564
Earnings per Ordinary Share – Basic and diluted	12	3.27p	22.39p	25.66p	2.44p	34.06p	36.50p

There is no other comprehensive income and therefore the return for the year is also the total comprehensive income for the year.

The total column of the above statement is the profit and loss account of the Company. All revenue and capital items in the above statement derive from continuing operations.

Both the supplementary revenue and capital columns are both prepared in accordance with Statement of Recommended Practice ("SORP") issued by Association of Investment Companies ("AIC").

The notes on pages 55 to 73 form part of these financial statements.

Statement of Financial Position

	Note	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Non-current assets			
Investments at fair value through profit or loss	3	345,593	295,268
Current assets			
Cash and cash equivalents		19,889	22,257
Trade and other receivables	9	1,270	2,936
		21,159	25,193
Current liabilities			
Trade and other payables	10	(1,310)	(523)
Net current assets		19,849	24,670
Net assets		365,442	319,938
Capital and reserves attributable to Shareholders			
Share capital	11	1,891	1,891
Share premium		231,834	231,834
Capital reserve		125,050	82,710
Revenue reserve		6,667	3,503
Total equity		365,442	319,938
NAV per Ordinary Share (pence)	13	193.21p	169.15p

Approved by the Board of Directors and authorised for issue on 7 April 2025 and signed on their behalf by:



Chetan Ghosh
Director

Nippon Active Value Fund plc is incorporated in England and Wales with registration number 12275668.

The notes on pages 55 to 73 form part of these financial statements.

Statement of Changes in Equity

Year ended 31 December 2024	Note	Share capital £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 January 2024		1,891	231,834	82,710	3,503	319,938
Profit and comprehensive income for the year		–	–	42,340	6,190	48,530
Dividends paid	8	–	–	–	(3,026)	(3,026)
Balance at 31 December 2024		1,891	231,834	125,050	6,667	365,442

Year ended 31 December 2023	Note	Share capital £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 January 2023		1,130	115,349	38,324	3,942	158,745
Profit and comprehensive income for the year		–	–	44,386	3,178	47,564
Dividends paid	8	–	–	–	(3,617)	(3,617)
Issue of Ordinary Shares	11	761	117,623	–	–	118,384
Share issue costs	11	–	(1,138)	–	–	(1,138)
Balance at 31 December 2023		1,891	231,834	82,710	3,503	319,938

The capital reserve as at 31 December 2024 includes realised gains of £67,021,000 (as at 31 December 2023: realised gains of £29,167,000).

The revenue reserve and realised element of the capital reserve represents the amount of the Company's retained and distributable reserves.

The notes on pages 55 to 73 form part of these financial statements.

Statement of Cash Flows

	Note	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Operating activities cash flows			
Profit before taxation*		49,443	48,062
Adjustment for:			
Gains on investments	3	(46,508)	(48,138)
Increase in trade and other receivables		(177)	(624)
Increase in trade and in other payables		(56)	(81)
Tax withheld on overseas income	7	(913)	(498)
Net cash flow from/(used in) operating activities		1,789	(1,279)
Investing activities cash flows			
Purchases of investments	3	(163,798)	(338,602)
Sales of investments	3	162,667	216,771
Net cash flow used in investing activities		(1,131)	(121,831)
Financing activities cash flows			
Dividends paid		(3,026)	(3,617)
Issue of Ordinary Share capital		–	118,384
Ordinary Share issue costs	8	–	(1,138)
Net cash flow (used in)/from financing activities		(3,026)	113,629
Decrease in cash and cash equivalents	11	(2,368)	(9,481)
Cash and cash equivalents at the beginning of the year		22,257	31,738
Cash and cash equivalents at the end of the year		19,889	22,257

* Cash inflow from dividends received for the year is £7,766,000 (31 December 2023: £4,178,000).

The notes on pages 55 to 73 form part of these financial statements.

Notes to the Accounts

1. GENERAL INFORMATION

The Company is a closed-ended investment company incorporated on 22 October 2019 in England and Wales with registered number 12275668 and registered as an investment company under Section 833 of Companies Act 2006, as amended from time to time. On 21 February 2020, the Company's shares were admitted to the Specialist Fund Segment of the Main Market of the London Stock Exchange. On the same day, trading of the Ordinary Shares commenced on the London Stock Exchange. On 11 October 2023, the Company's Ordinary Shares were admitted to the Official List of the FCA and trading on the main market for listed securities of the London Stock Exchange.

The investment objective of the Company is to provide Shareholders with attractive long-term capital growth primarily through the active management of a focused portfolio of quoted companies that have the majority of their operations in, or revenue derived from, Japan, or a majority of whose consolidated net assets are held in Japan, or that are included in the TOPIX, and that have been identified by the Investment Adviser as being undervalued.

The principal activity of the Company is that of an investment trust company within the meaning of section 1158 of the Corporation Tax Act 2010.

FundRock Management Company (Guernsey) Limited acts as the Company's Alternative Investment Fund Manager (the "AIFM") for the purposes of Directive 2011/61/EU on Alternative Investment Fund Managers.

The Company's Investment Adviser is Rising Sun Management Limited.

Apex Listed Companies Services (UK) Limited, the Company's appointed Administrator, (the "Administrator") provides administrative and company secretarial services to the Company under the terms of an administration agreement between the Company and the Administrator.

The Company's registered office for the year to 31 December 2024 was 6th Floor, 125 London Wall, London EC2Y 5AS.

The Board approved the appointment of NSM Funds (UK) Limited ("NSM") as the new Company Secretary and Administrator with effect from 1 January 2025. Consequently, the registered office has changed to 4th floor, 46-48 James Street, London W1U 1EZ.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

a) Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with UK adopted international accounting standards. The financial statements have also been prepared as far as is relevant and applicable to the Company in accordance with the Statement of Recommended Practice ("SORP") issued by Association of Investment Companies ("AIC") in July 2022.

Going Concern

The Directors have adopted the going concern basis in preparing the financial statements. The Directors do not foresee any immediate material risk to the Company's investment portfolio, however, a prolonged and deep market decline could lead to falling values in the underlying business or interruptions to cash flow. The following is a summary of the Directors' assessment of the going concern status of the Company.

The Company's ability to continue as a going concern for the period assessed by the Directors, being at least 12 months from the date the financial statements were authorised for issue.

The assessment took into consideration the risks and impact of actual and emerging risks such as those relating to the *macroeconomic political and geopolitical environment including the continuing conflicts in Ukraine and the Middle East*, tariffs and the possibility of a trade war. Further details on the impact of the market, liquidity and credit risks and how they are managed are disclosed in note 15 to the Accounts.

The Company is subject to a continuation vote at this year's AGM to be held on 5 June 2025. Having regard to the Company's performance and track record, the board are confident that the continuation vote will be passed by the shareholders at the forthcoming AGM.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES continued

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of this report. In reaching this conclusion, the Directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expense flows. The Company's net assets at 31 December 2024 were £365,442,000 (31 December 2023: £319,938,000). As at 31 December 2024, the Company held £19,889,000 (31 December 2023: £22,257,000) in cash. The total expenses for the year ended 31 December 2024 were £4,363,000 (31 December 2023: £2,465,000). The ongoing charges ratio represented approximately 1.18% (31 December 2023: 1.17%) of average net assets during the year. At the date of approval of this document, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover.

Use of estimates and judgements

The preparation of the financial statements and the manner in which they are presented requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. See below paragraph for judgement around determination of the functional and presentation currency.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected. There have been no estimates, judgements or assumptions which have had a significant impact on the financial statements for the year.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss, which are measured at fair value.

Functional and presentation currency

The financial statements are presented in sterling, which is the Company's functional currency. The Company's investments are denominated in Japanese yen. However, the Company's Shares are issued in sterling. In addition, a substantial majority of the Company's expenses are paid in sterling. It is also expected that the Company's dividend shall be declared and paid in sterling. All financial information presented in sterling has been rounded to the nearest thousand pounds.

The Company is required to identify its functional currency, being the currency of the primary economic environment in which the Company operates. The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined that sterling is the functional currency. Sterling is also the currency in which the financial statements are presented.

New Standards, Interpretations and Amendments Adopted from 1 January 2024

A number of new standards and amendments to standards are effective for the annual periods beginning after 1 January 2024. None of these have a significant effect on the measurement of the amounts recognised in the financial statements of the Company.

New Standards and Amendments Issued but not yet Effective

The relevant new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

Amendments to IAS 21 - Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)

In August 2023, the IASB amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. The Company does not expect these amendments to have a material impact on its operations or financial statements.

Notes to the Accounts continued

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Company does not expect these amendments to have a material impact on its operations or financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of comprehensive income and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Company's financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the Company's net profit, the Company expects that grouping items of income and expenses in the statement of comprehensive income into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Company has performed, the following might potentially impact operating profit:
 - Foreign exchange differences currently aggregated in the line item 'Foreign exchange loss/gain' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.
- The Company does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - management-defined performance measures;
 - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of comprehensive income – this break-down is only required for certain nature expenses; and
 - for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of comprehensive income between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.
- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Company will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

Notes to the Accounts continued

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES continued

b) Material accounting policies

The following accounting policies have been applied consistently throughout the reporting year.

Investments

Upon initial recognition investments are classified by the Company "at fair value through profit or loss". They are accounted for on the date they are traded and are included initially at fair value which is taken to be their cost. Subsequently quoted investments are valued at fair value, which is the bid market price, or if bid price is unavailable, last traded price on the relevant exchange. Subsequently investments are revalued at fair value, which is the bid market price for listed investments over the time until they are sold, any unrealised gains/losses are included in the fair value of the investments. Investments are derecognised on the trade date of their disposal, which is the point where the Company transfers substantially all the risks and rewards of the ownership of the financial asset.

Changes in the fair value of investments held at fair value through profit or loss and gains or losses on disposal are included in the capital column of the Statement of Comprehensive Income within "gains on investments".

Taxation

Investment trusts which have approval under Section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains. The Company has been granted approval as an Investment Trust by HMRC.

Irrecoverable withholding tax is recognised on any overseas dividends on an accruals basis using the applicable rate for the country of origin.

Segmental reporting

The Chief Operating Decision Maker, which is the Board, is of the opinion that the Company is engaged in a single segment of business. The financial information used by the Chief Operating Decision Maker to manage the Company presents the business as a single segment.

Dividends payable

Dividends payable to Shareholders are recognised in the year of the ex-dividend date.

Income

Income includes investment income from financial assets at fair value through profit or loss and finance income. Investment income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income within investment income when the Company's right to receive payments is established.

Dividend income is presented gross of non-recoverable withholding taxes, which are disclosed separately in the Statement of Comprehensive Income.

Dividends receivable arising from companies within the United Kingdom (UK) are classified as UK dividend income and all other income is classified as overseas dividend income.

Special dividends are assessed on their individual merits and may be credited to the Statement of Comprehensive Income as a capital item if considered to be closely linked to reconstructions of the investee company or other capital transactions.

Other income comprises interest earned on cash held on deposit. Other income is recognised on a receipt basis.

Expenses

All expenses are accounted for on accruals basis. In respect of the analysis between revenue and capital items presented within the Statement of Comprehensive Income, the Investment Adviser's fees are split 20% to revenue and 80% to capital. All other expenses are recognised as revenue.

Foreign currency

Transactions denominated in foreign currencies are translated into sterling at the exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the period end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss to capital or revenue in the Income Statement as appropriate. Foreign exchange movements on investments are included in the Income Statement within gains on investments.

Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks and other short-term deposits with original maturities of three months or less.

Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently re-measured at amortised cost using the effective interest method where necessary.

Nature and purpose of equity and reserves:

Share capital and share premium

Share capital represents the 1p nominal value of the issued share capital. Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares (that would have been avoided if there had not been a new issue of new shares) are recognised against the value of the ordinary share premium.

The share premium account arose from the net proceeds of new shares and from the excess proceeds received on the sale of shares from treasury over the repurchase cost.

Capital reserve

Profits and losses achieved by selling investments, changes in fair value arising upon the revaluation of investments that remain in the portfolio and other capital expenditure are all charged to the capital column of the Statement of Comprehensive Income and allocated to the capital reserve. The capital reserve reflects any:

- gains or losses on the disposal of investments;
- exchange movements of a capital nature;
- the increases and decreases in the fair value of investments which have been recognised in the capital column of the income statement; and
- expenses which are capital in nature.

Any gains in the fair value of investments that are not readily convertible to cash are treated as unrealised gains in the capital reserve.

Revenue reserve

The revenue reserve reflects all income and expenditure recognised in the revenue column of the income statement and is distributable by way of dividends.

The Company's distributable reserve consists of the capital reserve attributable to realised profit and the revenue reserve.

Notes to the Accounts continued

3. INVESTMENTS

(a) Investment at fair value through profit or loss

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Listed on a recognised overseas exchange	345,593	295,268
Total	345,593	295,268

(b) Movements during year

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Book cost at the beginning of the year	241,725	105,214
Revaluation gains on investments held at beginning of the year	53,543	21,070
Valuation at beginning of the year	295,268	126,284
Investment purchases, at cost	164,515	338,475
Investment sales, at cost	(118,676)	(201,964)
Closing book cost	287,564	241,725
Revaluation gains on investments held at year end	58,029	53,543
Closing valuation	345,593	295,268

These investments have been revalued over time and until they were sold any unrealised gains/(losses) were included in the fair value of the investments.

Transaction costs on investment purchases for the year ended 31 December 2024 amounted to £125,000 (2023: £214,000) and on investment sales for the year amounted to £109,000 (2023: £159,000).

(c) Gains on investments

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Realised gains on disposal of investments	42,256	16,037
Revaluation gains on investments held at year end	4,486	32,473
Net transactions costs	(234)	(372)
Total gains on investments held at fair value	46,508	48,138

Fair Value Measurements of Financial Assets and Financial Liabilities

The financial assets and liabilities are either carried at their fair value, or the amount is a reasonable approximation of fair value (due from brokers, dividends receivable, accrued income, due to brokers, expense accruals and cash and cash equivalents).

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the Fair Value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs including quoted prices.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques for investments used by the Company are explained in the accounting policies note 2.

The table below sets out fair value measurements using the Fair Value Hierarchy.

As at 31 December 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity investments	344,150	–	1,443	345,593
Total	344,150	–	1,443	345,593

As at 31 December 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity investments	295,268	–	–	295,268
Total	295,268	–	–	295,268

The movement on the Level 3 unquoted investments during the year is shown below:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Opening balance	–	–
Additions during the year	1,443	–
Disposals during the year	–	–
Unrealised gains/(losses) on investments	–	–
Closing balance	1,443	–

There were no transfers between levels during the year. (31 December 2023: none).

Notes to the Accounts continued

4. INCOME

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Income from investments:		
Overseas dividends	9,125	4,987
Other income:		
Deposit interest	7	7
Total:	9,132	4,994

5. INVESTMENT ADVISER FEES

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Basic fee:		
20% charged to revenue	583	287
80% charged to capital	2,334	1,147
Total:	2,917	1,434

The Company's Investment Adviser is Rising Sun Management Ltd. The Investment Adviser is entitled to receive an annual fee from the Company of 0.85% per annum of NAV.

There is no performance fee payable to the Investment Adviser.

6. OTHER OPERATIONAL EXPENSES

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Directors' fees	227	170
Administrator fees	146	111
Auditor's remuneration ¹	49	44
AIFM fees	124	70
Broker retainer fees	77	79
Custodian fees	116	75
D&O insurance	18	12
Marketing fees	75	56
Legal Fees	82	40
Regulatory fees	21	20
Secretarial fees	71	69
Miscellaneous expenses	440	285
Total other operational expenses - Revenue	1,446	1,031

¹ This is the auditor's fee for the statutory audit of these financial statements excluding VAT of £9,800 (2023: £8,800) and out of pocket expenses. The year ended 31 December 2023 excludes the extra merger audit work of £3,500 and audit overrun of £2,625, both excluding VAT.

7. TAXATION

(a) Analysis of tax charge in the year:

	Year ended 31 December 2024			Year ended 31 December 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas withholding tax	913	–	913	498	–	498
Total tax charge for the year (see note 7 (b))	913	–	913	498	–	498

Notes to the Accounts continued

7. TAXATION continued

(b) Factors affecting the tax charge for the year:

The effective corporation tax rate for the year is 25.0% (2023: 23.5%). The tax charge for the Company differs from the charge resulting from applying the standard rate of UK corporation tax for an investment trust company. The differences are explained below:

	Year ended 31 December 2024			Year ended 31 December 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit before taxation	7,103	42,340	49,443	3,676	44,386	48,062
Effective corporation tax at 25.0% (2023: 23.5%)	1,776	10,585	12,361	864	10,431	11,295
Effects of:						
Overseas withholding tax suffered	913	–	913	498	–	498
Non-taxable overseas dividends	(2,281)	–	(2,281)	(1,172)	–	(1,172)
Capital gains not subject to tax	–	(11,628)	(11,628)	–	(11,313)	(11,313)
Movement in unutilised management expenses	507	584	1,091	296	270	566
Unutilised finance costs	(2)	–	(2)	12	–	12
Foreign exchange losses not subject to tax	–	459	459	–	612	612
Total tax charge for the year	913	–	913	498	–	498

The Company is not liable to pay tax on capital gains due to its status as an investment trust. The company has an unrecognised deferred tax asset of £3,043,000 (2023: £1,954,000) based on the long-term prospective corporation tax rate of 25.0% (2023: 25.0%). This asset has accumulated because deductible expenses exceeded taxable income for the year ended 31 December 2024. No asset has been recognised in the financial statements because, given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future.

8. DIVIDEND

(i). Dividend paid during the year is detailed in the below table:

	Year ended 31 December 2024		Year ended 31 December 2023	
Type – respective financial year end – dividend rate (pence)	Pence per Ordinary share	£'000	Pence per Ordinary share	£'000
Interim dividend – paid 26 May 2023 (3.2p per ordinary share)	–	–	3.20p	3,617
Interim dividend – paid 24 May 2024 (1.6p per ordinary share)	1.6p	3,026	–	–
Total	1.6p	3,026	3.20p	3,617

(ii). The dividend relating to the year ended 31 December 2024, which is the basis on which the requirements of Section 1159 of the Corporation Tax Act 2010 are considered is detailed below:

Type – respective financial year end – dividend rate (pence)	Year ended 31 December 2024		Year ended 31 December 2023	
	Pence per Ordinary share	£'000	Pence per Ordinary share	£'000
Interim dividend – payable 23 May 2025 (2023: paid 24 May 2024)*	3.25p	6,147	1.60p	3,026
Total	3.25p	6,147	1.60p	3,026

* Not included as a liability in the respective year-end accounts.

The Directors have declared an interim dividend for the financial year ended 31 December 2024 of 3.25p per Ordinary Share. The dividend will be paid on 23 May 2025 to Shareholders on the register at the close of business on 22 April 2025.

9. TRADE AND OTHER RECEIVABLES

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Sales for future settlement	2	1,845
Accrued income	969	523
Other receivables	292	516
Prepayments	7	52
Total	1,270	2,936

Notes to the Accounts continued

10. TRADE AND OTHER PAYABLES

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Amounts falling due within one year:		
Purchases for future settlement	1,186	343
Accrued expenses	124	180
Total	1,310	523

11. SHARE CAPITAL

Share capital represents the nominal value of shares that have been issued. The share premium includes any premium received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

	Year ended 31 December 2024		Year ended 31 December 2023	
	No. of shares	£'000	No. of shares	£'000
Allotted, issued & fully paid:				
Opening balance	189,141,704	1,891	113,021,433	1,130
Ordinary Shares of 1p each ('Ordinary Shares') issued	–	–	76,120,271	761
Closing balance	189,141,704	1,891	189,141,704	1,891

There was no transaction in the Company's own Ordinary Shares during the year ended 31 December 2024 (2023: the Scheme of Reconstruction where the Company acquired approximately £61.6 million and £56.8 million of net assets, respectively from abrdn Japan Investment Trust plc ("AJIT") and Atlantis Japan Growth Fund Limited, in consideration for the issue of new Ordinary shares in the Company).

Rights attaching to the Ordinary Shares

Dividend rights: All Ordinary Shares are entitled to a distribution of dividends, in the event that the Directors resolve to make such a distribution to Shareholders, in the same proportions as capital is attributable to them.

Rights as respect to capital: On a winding-up or a return of capital, in the event that the Directors resolve to make a distribution to Shareholders, all Ordinary Shares are entitled to a distribution of capital in the same proportions as capital is attributable to them.

Voting rights: Every Shareholder shall have one vote for each Ordinary Share held.

12. EARNINGS PER ORDINARY SHARE

Total return per Ordinary Share is based on the return on ordinary activities, including income, for the year after taxation of £48,530,000 (2023: 47,564,000).

Based on the weighted average number of Ordinary Shares in issue for the year ended 31 December 2024 of 189,141,704 (2023: 130,330,974), the returns per share were as follows:

	Year ended 31 December 2024			Year ended 31 December 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return per Ordinary Share	3.27p	22.39p	25.66p	2.44p	34.06p	36.50p

The Company does not have any dilutive securities therefore basic and diluted earnings per share are the same.

13. NET ASSET VALUE PER SHARE

Total equity and the NAV per share attributable to the Ordinary Shareholders at the year end calculated in accordance with the Articles of Association were as follows:

	As at 31 December 2024	As at 31 December 2023
Net Asset Value (£)	365,442,000	319,938,000
Ordinary Shares in issue	189,141,704	189,141,704
NAV per Ordinary Share	193.21p	169.15p

Notes to the Accounts continued

14. RELATED PARTY TRANSACTIONS

Transactions with the Investment Adviser

The fees for the year are disclosed in note 5 with no amounts outstanding at the year ended 31 December 2024.

A key member of the RSM team is a major shareholder of Rosenwald Capital Management, Inc. Further details of Rosenwald Management Inc's shareholding is disclosed on page 27.

Rosenwald Capital Management Inc, receives dividends paid by the Company based on its shareholding.

Directors' fees and shareholdings

During the year ended 31 December 2024, Directors' fees were paid at a rate of £29,535 (2023: £27,810) per annum for each Director other than the Chairman, who was entitled to receive £43,830 (2023: £41,000) and the Chair of the Audit Committee who was entitled to an additional fee of £5,515 (2023: £5,190) per annum.

The Board reviewed the rate of Directors' fees in 2024 and decided that the fees be increased in line with the average market levels of 7.3% for Directors and 7.2% for the Chair (rounded up to the nearest five pounds) with effect from 1 January 2025.

Position	Directors' Fees per annum for the year ending 31 December 2024 (GBP)	Directors' Fees per annum for the year ended 31 December 2023 (GBP)	Increase in line with market levels %
Board Chairman	43,830	41,000	6.9
Director	29,535	27,810	6.2
Audit Committee Chair (additional fee)	5,515	5,190	6.2

The Directors had the following shareholdings in the Company, all of which were beneficially owned.

	As at 31 December 2024	As at 31 December 2023
Rosemary Morgan	41,450	40,000
Chetan Ghosh	40,000	40,000
Rachel Hill	115,791	115,791
Alicia Ogawa	25,000	25,000
Ayako Weissman	50,000	50,000
Claire Boyle	–	–
Noel Lamb	35,853	35,853

15. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES

Risk Management Policies and Procedures

As an investment trust the Company invests in equities for the long term in order to achieve its investment objective stated on page 14. In pursuing its investment objective, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction of the profits available for dividends.

These risks include market risk (comprising currency risk, interest rate risk, and other price risk), liquidity risk, credit risk and the Directors' approach to the management of them are set out follows.

The objectives, policies and processes for managing the risks and the methods used to measure the risks, are set out below.

Market risk

Economic conditions

Changes in economic conditions in Japan (for example, interest rates and rates of inflation, industry conditions, competition, political and diplomatic events and other factors) and in the countries in which the Company's investee companies operate could substantially and adversely affect the Company's prospects.

Sectoral diversification

The Company is not subject to restrictions on the amount it may invest in any particular sector. Although the portfolio is expected to be diversified in terms of sector exposures, the Company may have significant exposure to portfolio companies from certain sectors from time to time. As there is no hard limit on the amount the Company may invest in any sector the entire Portfolio may, at certain times, be invested solely in one sector. Greater concentration of investments in any one sector may result in greater volatility in the value of the Company's investments and consequently its NAV and may materially and adversely affect the performance of the Company and returns to Shareholders.

Management of market risks

The Company is invested in a diversified portfolio of investments.

The Board will not set any limits on sector weightings or stock selection within the portfolio. The Board will apply the following restrictions on the size of its investments:

- not more than 20 per cent. of the Gross Asset Value at the time of investment will be invested in the securities of a single issuer; and
- the value of the four largest investments at the time of investment will not constitute more than 75 per cent. of the Gross Asset Value.

(a) Currency risks

The majority of the Company's assets will be denominated in a currency other than sterling (predominantly in Japanese yen) and changes in the exchange rate between sterling and Japanese yen may lead to a depreciation of the value of the Company's assets as expressed in sterling and may reduce the returns to the Company from its investments and, therefore, negatively impact the level of dividends paid to Shareholders.

Management of currency risks

The Company does not currently intend to enter into any arrangements to hedge its underlying currency exposure to investment denominated in Japanese yen, although the Investment Adviser and the Board may review this from time to time.

Notes to the Accounts continued

15. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES continued

Foreign currency exposures

An analysis of the Company's equity investments that are priced in a foreign currency is:

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Portfolio of investments: yen	345,593	295,268
Trade and other receivables: yen	971	2,368
Cash: yen	19,804	22,079
Total	366,368	319,715

Foreign currency sensitivity

If the Japanese yen had appreciated or depreciated by 10% as at 31 December 2024 then the value of the portfolio as at that date would have increased or decreased as shown below.

	Increase in Fair Value As at 31 December 2024 £'000	Decrease in Fair Value As at 31 December 2024 £'000	Increase in Fair Value As at 31 December 2023 £'000	Decrease in Fair Value As at 31 December 2023 £'000
Impact on portfolio – increase/(decrease)	34,559	(34,559)	29,527	(29,527)
Impact on NAV – increase/(decrease)	36,637	(36,637)	31,972	(31,972)

(b) Interest rate risks

The Company is exposed to interest rate risk specifically through its cash holdings. Interest rate movements may affect the level of income receivable from any cash on deposit with banks. The effect of interest rate changes on the earnings of the companies held within the portfolio may have a significant impact on the valuation of the Company's investments.

Management of interest rate risks

Prevailing interest rates are taken into account when deciding on borrowings.

Interest rate exposure

The exposure at 31 December 2024 of financial assets and liabilities to interest rate risk is shown by reference to floating interest rates – when the interest rate is due to be reset.

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Exposure to floating interest rates:		
Floating rate on cash balance: yen	19,804	22,079

(c) Price risks

Price risk includes changes in market prices, other than those arising from interest rate risk or currency risk, which may affect the value of equity investments.

Management of price risk

The Board meets on at least four occasions each year to consider the asset allocation of the portfolio and the risk associated with particular industry sectors. The investment management team has responsibility for monitoring the portfolio, which is selected in accordance with the Company's investment objective and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

Price risk exposure

The Company's total exposure to changes in market prices at 31 December 2024 comprises its holdings in equity investments as follows:

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Investments held at fair value through profit or loss	344,150	295,268

The effect on the portfolio of a 10% increase or decrease in the value of the Investments held at fair value through profit or loss would have resulted in an increase or decrease of £34,415,000 (2023: £29,526,800).

Liquidity risks

The securities of small-to-medium-sized (by market capitalisation) companies may have a more limited secondary market than the securities of larger companies. Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than securities of a company with a large market capitalisation and broad trading market. In addition, securities of small-to-medium-sized companies may have greater price volatility as they can be more vulnerable to adverse market factors such as unfavourable economic reports.

Management of liquidity risks

The Company's Investment Adviser monitors the liquidity of the Company's portfolio on a regular basis.

15. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES continued

Liquidity risk exposure

The undiscounted gross cash outflows of the financial liabilities as at 31 December 2024, based on the earliest date on which payment can be required, were as follows:

	As at 31 December 2024 less than 3 months	As at 31 December 2023 less than 3 months
Creditors: amounts falling due within one year		
Trade and other payables	1,310	523
Total	1,310	523

Liquidity risk is minimised by holding sufficient liquid investments which can be readily realised to meet liquidity demands. The Company's liquidity risk is managed on a daily basis by the Investment Adviser in accordance with established policies and procedures in place. Liquidity risk is not significant as the majority of the Company's assets are investments in quoted equities that are readily realisable.

Credit risks

Cash and other assets held by the depositary

Cash and other assets that are required to be held in custody will be held by the custodian or its sub-custodians. Cash and other assets may not be treated as segregated assets and will therefore not be segregated from any custodian's own assets in the event of the insolvency of a custodian.

Cash held with any custodian will not be treated as client money subject to the rules of the FCA and may be used by a custodian in the course of its own business. The Company will therefore be subject to the creditworthiness of its custodians. In the event of the insolvency of a custodian, the Company will rank as a general creditor in relation thereto and may not be able to recover such cash in full, or at all.

Management of credit risks

The Company has appointed Northern Trust as its custodian. The credit rating of Northern Trust was reviewed at the time of appointment and is reviewed on a regular basis by the Investment Adviser and/or the Board. The Fitch's credit rating of Northern Trust as at the year end is AA- (2023: AA-).

The Investment Adviser monitors the Company's exposure to its counterparties on a regular basis and the position is reviewed by the directors at Board meetings.

In summary, the exposure to credit risk was as follows:

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Cash at bank	19,889	22,257
Trade and other receivables	971	2,936
Total	20,860	25,193

(d) Capital Management Policies and Procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to provide dividend income combined with capital growth, mainly through investment in equities listed or quoted in Japan.

The key performance indicators are contained in the strategic report on page 16.

The Company is subject to several externally imposed capital requirements:

- As a public company, the Company has to have a minimum share capital of £50,000.
- In order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by company law.

The Company's capital at 31 December 2024 comprises called-up share capital and reserves totalling £365,442,000 (2023: £319,938,000).

The Board regularly monitors, and has complied with, the externally imposed capital requirements.

16. POST YEAR-END EVENTS

Since 31 December 2024, there are no post balance sheet events which would require adjustment of or disclosure in the financial statements.

Alternative Performance Measures (“APMs”)

Discount

The amount, expressed as a percentage, by which the share price is less than the NAV per Ordinary Share.

As at 31 December 2024		Page	Pence
NAV per Ordinary Share	a	2	193.21
Share price	b	2	187.50
Discount	(b÷a)-1		3.0%

As at 31 December 2023		Page	(Pence)
NAV per Ordinary Share	a	2	169.15
Share price	b	2	162.00
Discount	(b÷a)-1		4.2%

Total return

A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of dividends paid out by the Company into its Ordinary Shares on the ex-dividend date.

Year end 31 December 2024		Page	Share price	NAV
Opening (pence)	a	2	162.00	169.20
Closing (pence)	b	2	187.50	193.21
Movement (b÷a)-1	c	n/a	15.7%	14.2%
Dividend reinvestment factor	d	n/a	1.1%	1.0%
Total return	(c+d)		16.8%	15.2%

Year end 31 December 2023		Page	Share price	NAV
Opening (pence)	a	2	117.50	140.50
Closing (pence)	b	2	162.00	169.15
Movement (b÷a)-1	c	n/a	37.9%	20.4%
Dividend reinvestment factor	d	n/a	3.2%	2.7%
Total return	(c+d)		41.1%	23.1%

Alternative Performance Measures (“APMs”).continued

Ongoing charges

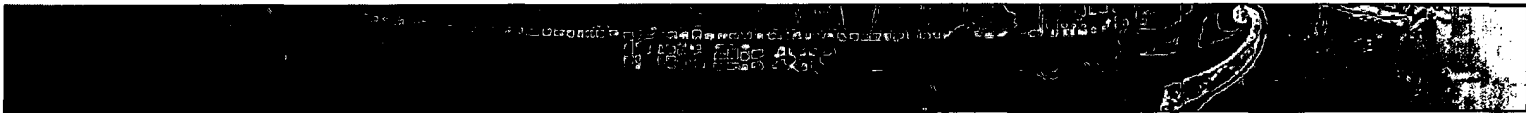
A measure, expressed as a percentage of average NAV, of the regular, recurring annual costs of running an investment company.

Year end 31 December 2024		Page	
Average NAV	a	N/A	343,210,000
Annualised expenses	b	51	4,055,000
Ongoing charges	(b÷a)		1.18%

Year end 31 December 2023		Page	
Average NAV	a	N/A	198,441,000
Annualised expenses	b	51	2,329,000
Ongoing charges	(b÷a)		1.17%

Glossary

Administrator	The Company's administrator, the current such administrator being NSM Funds (UK) Limited.
AIC	Association of Investment Companies.
Alternative Investment Fund or "AIF"	An investment vehicle under AIFMD. Under AIFMD (see below) the Company is classified as an AIF.
Alternative Investment Fund Managers Directive or "AIFMD"	A European Union Directive which came into force on 22 July 2013 and has been implemented in the UK.
Custodian	An entity that is appointed to safeguard a company's assets.
Depository	Certain AIFs must appoint depositaries under the requirements of AIFMD. A depository's duties include, inter alia, safekeeping of the Company's assets and cash monitoring. Under AIFMD the depository is appointed under a strict liability regime.
Dividend	Income receivable from an investment in shares.
Discount	The amount, expressed as a percentage, by which the share price is less than the Net Asset Value per share.
Ex-dividend date	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to Shareholders.
Financial Conduct Authority or "FCA"	The independent body that regulates the financial services industry in the UK.
Gearing	A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.
Index	A basket of stocks which is considered to replicate a particular stock market or sector.
Investment company	A company formed to invest in a diversified portfolio of assets.
Investment trust	A closed-end investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. This Company is an investment trust.
Market liquidity	The extent to which investments can be bought or sold at short notice.
Net assets	An investment company's assets less its liabilities.
Net Asset Value (NAV) per Ordinary Share	Net assets divided by the number of Ordinary Shares in issue (excluding any shares held in treasury).
Ordinary Shares	The company's Ordinary Shares in issue.



Glossary continued

Ongoing charges	A measure, expressed as a percentage of average net assets, of the regular, recurring annual costs of running an investment company.
Portfolio	A collection of different investments constructed and held in order to deliver returns to Shareholders and to spread risk.
Share price	The price of a share as determined by buyers and sellers on the relevant stock exchange.
Total return	A measure of performance that takes into account both income and capital returns.
Volatility	A measure of how much a share moves up and down in price over a period of time.

Company Information

Board of Directors

Rosemary Morgan (Chairman)
Chetan Ghosh (Audit Chair)
Rachel Hill
Alicia Ogawa
Ayako Weissman
Claire Boyle
Noel Lamb

Registered Office

4th Floor
46-48 James Street
London
England
W1U 1EZ

Administrator & Company Secretary

NSM Fund (UK) Limited
4th Floor
46-48 James Street
London
England
W1U 1EZ

Broker

Shore Capital Stockbrokers Limited
Cassini House
57 St. James' Street
London
SW1A 1LD

Custodian

The Northern Trust Company
50 Bank Street
Canary Wharf
London
E14 5NT

Investment Adviser

Rising Sun Management Limited
c/o Appleby Global Services (Cayman) Limited
71 Fort Street
PO Box 500
George Town, Grand Cayman
KY1-1106, Cayman Islands

Rising Sun Management Team

James B. Rosenwald, III
Gifford Combs
Paul ffolkes Davis
Kazutaka Mizouchi

Alternative Investment Fund Manager

FundRock Management (Guernsey) Limited
1 Royal Plaza
Royal Avenue
St Peter Port
Guernsey, GY1 2HL

Auditor

BDO LLP
55 Baker Street
London
W1U 7E

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgewater Road
Bristol
BS13 8AE

Company Security Identifiers

ISIN: GB008KLGLS10
Ticker: NAVF
SEDOL: BKLGLS1
Website: www.nipponactivevaluefund.com
LEI: 213800JOFEGZJYS21P75
GIIN: WB82JR.99999.SL.826