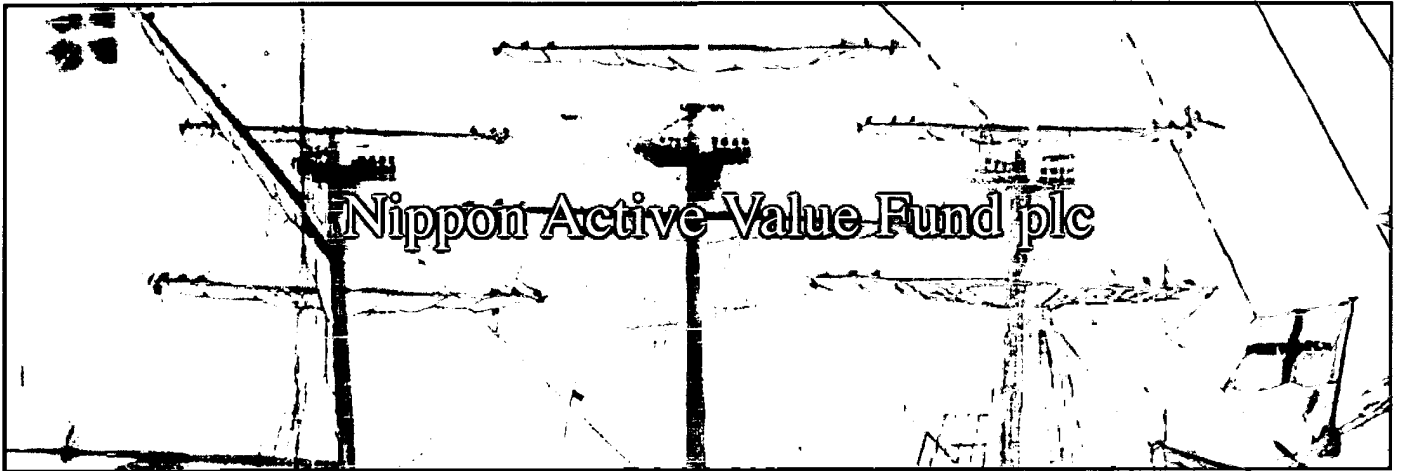




NAV

Annual Report and Accounts

For the year ended 31 December 2025

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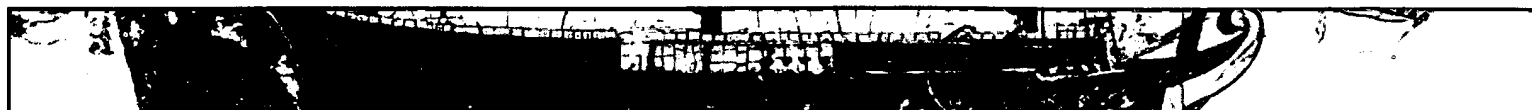
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COMPANIES HOUSE

RIISING SUN MANAGEMENT LTD



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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 2025	At 31 December 2024
Net assets – (£’millions)	430.6	365.4
Net asset value (“NAV”) per Ordinary Share (“Share”) – (pence) ¹	223.7	193.2
Share price – (pence)	207.0	187.5
Share price discount to NAV (%) ²	(7.5)	(3.0)
Ongoing charges (%) ²	1.12	1.18

Performance Summary

	For the year ended 31 December 2025 (%)	For the year ended 31 December 2024 (%)
NAV total return per Share ^{2,3}	+17.4	+15.2
Share price total return per Share ^{2,3}	+12.3	+16.8
MSCI Japan Small Cap index ³	+19.8	+6.8

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 82 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 sixth annual report of Nippon Active Value Fund plc, covering the period from 1 January to 31 December 2025.

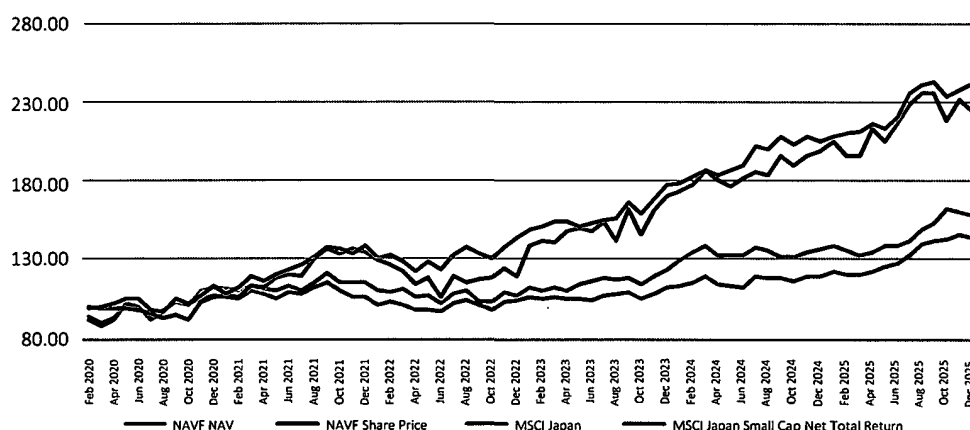
At the end of the year, net assets were £430.6 million and the net asset value ("NAV") per share was 223.7p, a rise of +17.4% over the year and a cumulative increase of +139.7% since the Company's launch on 21 February 2020. While we do not target a particular index benchmark, for comparison the MSCI Japan Small Cap Index returned +19.8% in sterling terms over the year and +46.1% since the launch date. All returns assume dividends were reinvested. Over five-years the Company's annualised return is 16.1% in sterling terms; in JPY terms the annualised return is 25.8%, reflecting how Yen weakness has detracted from the strong underlying performance of the Company.

The closing share price on 31 December 2025 was 207.0p. The share price rose by +12.3% in 2025 and +118.2% since inception. At the end of December, the shares traded a discount to NAV of -7.5%. The average discount to NAV over the year was 3.4% and the shares traded in a range of a premium of 1.8% to a discount of -10.1%, with times of periodic enlarged discounts generally reflecting increased macro uncertainty, most notably in 2025 associated with tariffs and Takaichi's political leadership selection. During the year the Company issued 3,373,282 shares, at a premium to the prevailing NAV, to satisfy investor demand, raising net proceeds of £7.2 million.

The first half of 2025 was dominated by news flow regarding US tariff rates, but by the second half of the year investors seemed satisfied that the economic impact would be manageable and markets resumed their uptrend. The focus was on stocks with an involvement in Artificial Intelligence ("AI") and those that would benefit from increased fiscal expenditure, in particular from higher defence spending to meet US demands for its allies to make a greater contribution to global defence needs. The Bank of Japan raised the benchmark interest rate to 0.5%, in early January 2025 and by a further 0.25% in mid-December. The yen weakened marginally against sterling in 2025, though was less of a drag on performance than in earlier years.

The large cap Japanese indices, TOPIX and the Nikkei 225, rose by +17% and +20.6% respectively in 2025, reaching a historic high after the appointment of Sanae Takaichi as head of the ruling Liberal Democratic Party ("LDP") (the senior party in the coalition government) in October. Her early ratings were strong, and she called a snap election in early February 2026, in which she won a decisive majority for the LDP. Greater political stability should provide a supportive background for equities. More recently, the developments in the Middle East have understandably unsettled markets. At the time of writing, it is still too early to assess precisely the longer-term impact of the hostilities. We all hope for a quick resolution to protect the lives and livelihoods of those who are immediately affected. Japan, as a major importer of oil, is particularly exposed to moves in the global price of crude oil and gas. This strategy does not seek to reflect the prospects for the Japanese economy as a whole or to track the performance of the broad Japanese stock market. Heightened volatility can also produce opportunities to add to high conviction positions at more attractive valuations. Our Investment Adviser will adjust their investment thesis where changes in underlying fundamental necessitate, and their trading will continue to reflect long term prospects, rather than respond to short term sentiment.

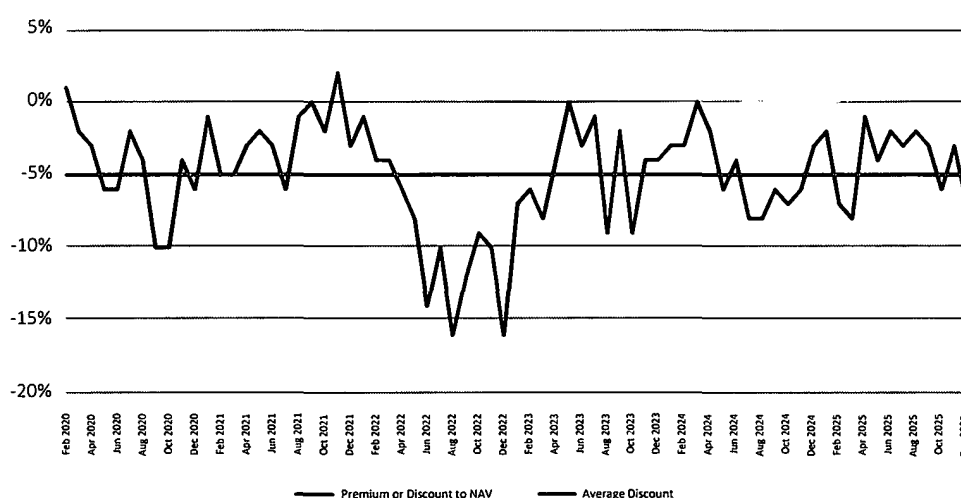
NAV NAV vs. Share Price in GBP



Chairman's Statement continued

NAVF NAV Cumulative Performance:	139.7%
NAVF Share Price Cumulative Performance:	122.6%
MSCI Japan Cumulative Performance:	58.3%
MSCI Japan Small Cap Cumulative Performance:	43.9%

NAVF Premium or Discount to Net Asset Value (%)



Our Investment Approach

Our Investment Adviser, Rising Sun Management ("RSM"), with its presence on the ground in Tokyo and with the assistance from its affiliate Dalton KK, continues to identify potential targets and maintains 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. Instead, our Company's strategy is to invest in a concentrated portfolio of undervalued companies with fundamentally strong business models. 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, where NAVF as a sole investor would not be able to build a sufficiently meaningful holding. At the end of 2025, the Company held 27 investments, of which 26 were also owned by NAVF Select LLC and 15 by other clients of Dalton Investments.

Most of RSM's engagement with our target companies is through letters and private meetings, though formal proposals are made at annual general meetings when appropriate, and occasionally, RSM may choose to publicise our engagement. The public letters are available on the Company's website (www.nipponactivevaluefund.com) and are flagged on our LinkedIn page (www.linkedin.com/company/nippon-active-value-fund/). We encourage all our shareholders to view these sites for details on campaigns and other insights.

Japanese Corporate Governance Developments

Our choice of strategy at the launch of the Company was designed to capitalise on developments in Japanese corporate governance that have gained pace since the launch of the Corporate Governance Code in 2015.

The regulatory environment continues to provide a supportive background for activist investors. Prime Minister Takaichi is a protégé of former Prime Minister Abe, whose 'three arrows' of policy included corporate governance reforms. To date she has not given a commitment to further this agenda and while she may call for greater attention to be given to employee stakeholders, commentators do not expect her to reverse the considerable progress made in corporate governance practices over the past few years.

In previous reports, we have discussed the importance of the Japan Exchange Group (“JPX”) request, issued in March 2023, that listed companies have a greater focus on measures to improve mid- to long-term profitability and corporate value. In their review of 2025, JPX highlighted the progress made in corporate disclosures of their strategy for improving profitability. Disclosure is voluntary, but over 90% of companies listed on the Prime Market and over 50% of companies in the Standard Market have complied. JPX is now emphasising the content and quality of the reports. JPX has published 55 named examples of companies whose disclosures are considered ‘best practice’ as well as some anonymous examples of inadequate disclosures.

The basic message in the 2025 review is unchanged: for the Japanese equity market to be attractive to international investors, and remunerative for all stakeholders, listed companies need to show they have a viable business model and are making efficient use of their capital. Unproductive reserves of cash and securities should be reinvested in profitable business areas or returned to shareholders. This year’s report stresses the need to implement long-term strategies to support growth, rather than merely responding to requests to improve shareholder returns with a one-off share buyback or increased dividend. There is more emphasis given to the importance of investing in growth opportunities, intellectual property and in human capital, as well as in physical assets and research and development. In other words, employees should benefit from improved returns on capital as well as shareholders. As our Investment Adviser says in their report below, we agree a sustainable business needs to recruit and retain a talented workforce.

Japan’s working age population is declining. Small and mid-cap companies often have limited human resources and difficulties establishing management succession. For them, a thorough redirection of corporate strategy can be best achieved through strategic discussions with external parties. In June 2025, the Ministry of Economy, Trade and Industry (“METI”) released the first standardised Limited Partnership Agreement in English. This LPA is aligned with global practices, whereas previous models were translations of the Japanese versions. This should facilitate greater involvement from global private equity companies. Indeed, by September 2025 Private Equity firms had announced 38 deals, valued at \$81 billion, compared to a total for the whole of 2024 of \$19.9 billion. In 2025, more than 7% of listed companies received a takeover bid. Ten years ago the equivalent was below 2%.

Share liquidity has been another area of focus for JPX since 2024, especially through long-term cross-shareholdings and parent-subsidiary listings. JPX has identified two issues: inefficient capital allocation and inadequate protection of minority shareholders in corporate actions. Last year they announced that they would adjust market capitalisation to remove strategic cross-shareholdings but allowed companies to reclassify holdings from ‘strategic shareholding’ to ‘pure investment.’ In April 2025, they amended the guidelines to mandate additional disclosure in order to limit tactical re-categorisation. Our Investment Adviser welcomes the trend to unwind long-term cross-shareholdings, which they expect will improve market liquidity.

Regulatory developments continue to be positive for activist investors. In practice, updated guidelines are not always followed. In June 2025, Toyota Motor announced a takeover bid for another group company, Toyota Industries (“Tico”), which would be delisted if the takeover bid (“TOB”) succeeds. The takeover price valued assets at book value, a significant discount to their market value. In January 2026, the takeover price was increased but still fails to reflect the market value of Tico’s assets. Foreign shareholders have forcibly expressed their objections, and we hope that the coverage of the ‘take-under’ supports initiatives from JPX and the FSA for independent oversight of management buy-outs (“MBOs”) and TOBs and greater protection of minority shareholders.

Our Investment Adviser’s report, which follows, includes more details of the investment approach and highlights some of the key contributors to performance in 2025 as well as examples of engagement over the year.

Dividend

The Company’s objective is to achieve its returns primarily through capital appreciation. In February 2026, the Company held a General Meeting where shareholders approved the cancellation of the share premium account, which is common for investment trusts. The Board does not plan to introduce a formal annual dividend target, but this does allow us greater flexibility in determining dividend levels in any given year. Distributions will continue to be made entirely at the discretion of the Board, taking into consideration the requirement to ensure the Company’s compliance with the rules relating to investment trusts.

The Board is pleased to recommend a final dividend of 5.52p per share (2024: 3.25p), equivalent to approximately 2.5% of the Company’s total NAV as at 31 December 2025. Subject to shareholder approval at the Annual General Meeting on 4 June 2026, the dividend is expected to be payable on 16 July 2026 to shareholders on the register at the close of business on 19 June 2026, with an ex-dividend date of 18 June 2026.

Chairman's Statement continued

Gearing

The Company has a borrowing facility with Northern Trust of £70 million to provide the Company with flexibility to gear the portfolio if required to facilitate corporate actions. The Company drew down £5 million in March 2025, which had been repaid by early July. At the end of December 2025, the facility had not been drawn down and the portfolio held £9,947,000 (2024: £19,889,000) in cash. As at 2 April 2026, cash comprised 15.0% of NAVF's net assets.

Unlisted Holdings

At year-end the Company held two positions in unlisted equities: T&K Toka and Trancom, both of which were delisted following take-over bids. At the end of the year, the combined value of these holdings was £7.1m. The Board, together with other Dalton Inc clients, engaged a Tokyo-based firm, Competant Inc., to provide quarterly valuations of the unlisted portfolio. The appointment process was led by the Tokyo-based teams at Dalton KK and RSM, acting on behalf of the Company and the Dalton related parties who are also invested in the two respective partnerships through which these entities are held, with oversight and input from the Board.

Annual General Meeting ("AGM")

The Board of Directors of the Company value our shareholders and thank you for your continued support, and we welcome you to attend our AGM to be held at Prince Philip House, 3 Carlton House Terrace, London, SW1Y 5AG on Thursday 4 June 2026 at 12:30 p.m. The event will feature an investor presentation by Paul Ffolkes Davis and Gifford Combs of RSM, our Investment Adviser, and provide an opportunity to meet the Board of Directors informally thereafter.

As part of the Board's commitment to corporate governance best practice and succession planning, and in line with the Board's intention to reduce the number of Directors back to a maximum of five, Claire Boyle will step down from the Board at the AGM, returning the number of Directors to five. The Board would like to thank Claire for her valuable contribution and service.

The Board strongly encourages all shareholders to exercise their votes by completing their proxy forms. Please note that the deadline set by retail platforms and Proxy providers may be several days before the meeting. Detailed instruction "How to Exercise Your Vote" and "How to Complete a Form of Proxy" can be found on pages 92 and 93 of this document.

Those shareholders who are unable to attend the AGM in person are welcome to submit questions for the Board or their Investment Adviser either in writing to the Company Secretary at the registered office, 46-48 James Street, London, England, United Kingdom, W1U 1EZ, or by emailing navf@nsm.group.

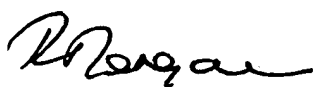
The Notice convening the AGM is set out at the end of this document.

Outlook

The Company seeks to continue to take advantage of the corporate governance reforms in Japan introduced over the past decade, through active engagement with portfolio companies. We were very pleased to have received recognition in the form of three industry awards last year: the Best Performance - Japan category at the Citywire Investment Trust Awards 2025, the Investors' Choice Investment Trust Award, and the Overseas Smaller Companies category at the Investment Week 2025 Investment Company of the Year Awards.

While past performance does not guarantee future returns, we believe these awards recognise the validity of NAVF's investment thesis and the ability of our Investment Adviser to implement the strategy.

We have a concentrated portfolio of undervalued opportunities where there is potential to unlock value for all shareholders. Returns tend not to be closely correlated with the overall market, but rather depend on the outcome of our engagement with our target investments. As you will read in the Investment Advisor's report below, there remain plenty of new ideas and as the Company increases in size the opportunity set also increases.



Rosemary Morgan
Chairman
7 April 2026

Investment Adviser's Report

Performance since Initial Listing¹

Period	Periodic change		Cumulative change	
	JPY (%)	GBP (%)	JPY (%)	GBP (%)
21 February 2020 to 31 December 2020	10.6	13.6	10.6	13.6
Year Ended December 2021	35.0	22.3	49.3	38.9
Year Ended December 2022	5.3	3.4	57.2	43.7
Year Ended December 2023	39.6	23.1	119.5	76.9
Year Ended December 2024	26.3	15.2	177.2	103.8
Year Ended December 2025	26.0	17.4	249.1	139.7
CAGR ² Since Inception 21 February 2020 to 31 December 2025	23.5	15.9	249.1	139.7

1 Investment results assume dividends are reinvested.

2 Compound Annual Growth Rate

Introduction

This report provides an overview of key events and themes affecting your Company in 2025. I will address individual holdings to reflect where they have generated the alpha in our returns or detracted from performance. The driver of 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 in order to realise value for shareholders. We like decent 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 a lack of English reporting), and demonstrable under-valuation of a type likely to attract the attention of the regulators who are seeking to address the capital misallocation of listed companies. This last is most important: we never forget that the largest shareholder across all Japanese stock exchanges, still owning 11-12% of the markets, is the combination of the Bank of Japan 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 a position of being the largest investor in a long-underperforming stock market – one could argue his government was motivated by self-interest.

Twelve years later, the reform programme has broadened under an umbrella of guidelines, directions and suggestions issued by all the financial offices of state including METI, the JPX, and the FSA. The requirement to understand and embrace modern valuation metrics, as well as more efficient capital allocation methodologies, has taken on a philosophical dimension; however uncomfortable, corporate managements have understood the need for change. They may not like it, but those who continue to resist are finding themselves increasingly isolated. The debate about encouraging small companies to trade at or above book value, or whether they should exist as listed companies at all, continues to rage. As I wrote last year, 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 developed world. Large-scale consolidation and de-listing are inevitable, despite any inertia of individual salaryman-run companies that have slumbered for thirty years during Japan's deflationary slump. The FSA told us recently they expect the current total of around 4,000 listed companies to be half that number in ten years. We do not think it will take that long. Inflation is back and the current prime minister's expansionist policies are only likely to stoke it further. There has been some concern that Takaichi's promotion of better pay for workers is a move away from recent investor-friendly legislation. On the contrary, we have always advocated increasing both remuneration and share ownership amongst employees, and there is no indication that the direction of regulatory travel will change. The drive for capital efficiency and shareholder recognition is undiminished. NAVF is not running out of road, indeed it has increasing opportunity. Nevertheless, it is still long and there remain copious quantities of slow-moving, even broken down, vehicles that need to be hauled over onto the hard shoulder, where roadside assistance in the form of the increasing army of activists, private equity players and financial advisers generally, can either turbo charge them or take them away on the flatbed of privatisation. We have several long-running engagements we expect to find resolution to soon, starting with the

Investment Adviser's Report continued

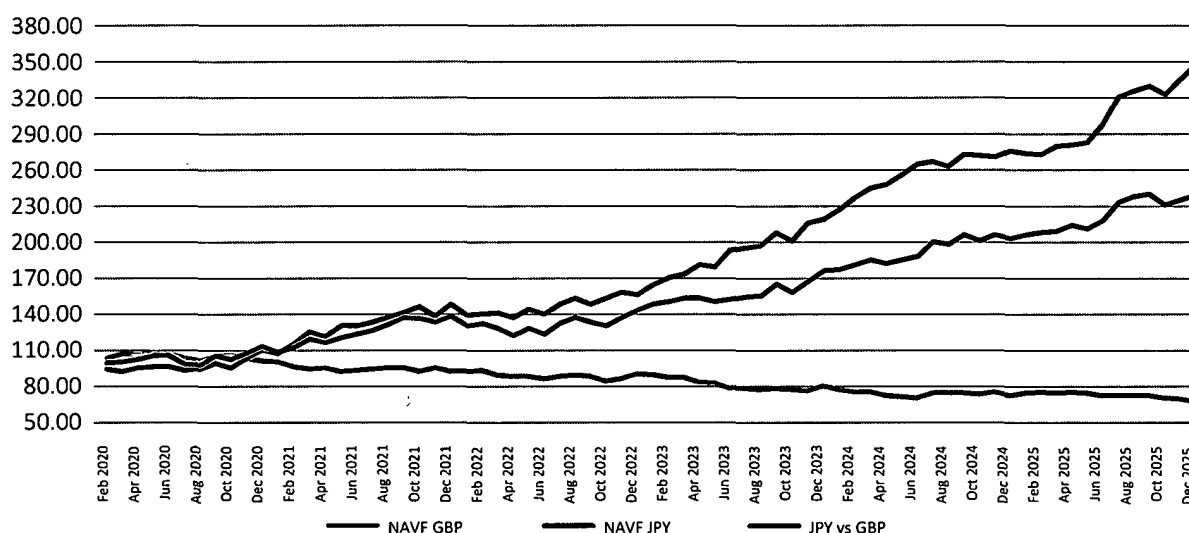
already completed tender offer for Hogy Medical. This process will replenish our coffers and provide us with ammunition to direct at our next targets, many of which are already identified.

Performance

In 2025, Japanese equity markets achieved a third consecutive year of strong growth. In local currency terms (JPY), the Nikkei 225 rose 26% to close above 50,000 for the first time, while the TOPIX increased 22% to record highs. This performance was driven by AI-related demand, ongoing corporate governance reforms, and expectations of fiscal stimulus under Prime Minister Sanae Takaichi. Over the same period the MSCI Japan was only 12.6% better (JPY), while the MSCI Japan Small Cap index was up almost 29%. Happily, in such an exceptional year for the main indices, NAVF kept up, with NAV (as measured in Yen and assuming all dividends are reinvested) being just over 26% to the better or up 17.4% when measured in sterling.

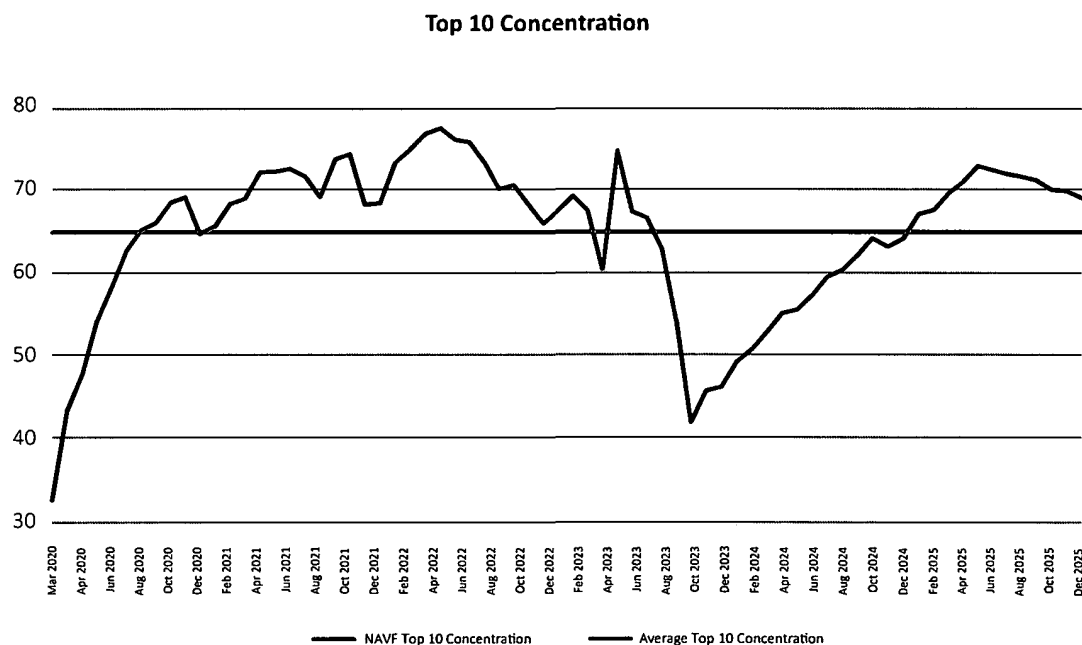
Since Takaichi's appointment as PM and the consequent fear of her fiscal stimulus weakening the Yen, the currency has, again, cost us considerable performance. Since inception, our cumulative performance, when measured in Yen, is almost 250%. In sterling terms, we have gained 140%.

Currency Matters Since Inception



NAVF (GBP) Cumulative Performance:	+139.7%
NAVF (JPY) Cumulative Performance:	+249.1%
JPY/GBP Cumulative Performance:	-31.5%

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 31/12/2025

	31/12/2023 Portfolio Ending Weight (%)	31/12/2024 Portfolio Ending Weight (%)	31/12/2025 Portfolio Ending Weight (%)
Total	100.0	100.0	100.0
> \$2.5bn	13.9	0.0	8.9
\$1bn - \$2.5bn	10.0	6.0	3.7
\$750m - \$1bn	5.9	7.6	19.7
\$500m - \$750m	12.2	11.9	30.6
\$250m - \$500m	42.7	59.6	25.9
< \$250m	5.2	9.0	6.8
Cash	7.6	5.5	2.6
N/A	2.5	0.4	1.9

Investment Adviser's Report continued

Global Industry Classification Standard ("GICS+") Sector

	31/12/2023 Portfolio Ending Weight (%)	31/12/2024 Portfolio Ending Weight (%)	31/12/2025 Portfolio Ending Weight (%)
Total	100.0	100.0	100.0
Communication Services	5.9	8.1	9.8
Consumer Discretionary	9.8	6.5	10.0
Consumer Staples	4.3	0.0	3.6
Energy	0.0	0.0	0.0
Financials	3.1	0.0	0.0
Health Care	12.9	28.9	28.1
Industrials	34.9	39.2	34.1
Information Technology	6.3	1.9	1.6
Materials	15.2	9.5	8.3
Real Estate	0.0	0.0	0.0
Utilities	0.0	0.0	0.0
Cash	7.6	5.5	2.6
Unassigned	0.0	0.4	1.9

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	+19.5	+19.5
4676	Fuji Media Holdings, Inc.	+9.1	+101.9	+7.0
3593	Hogy Medical Co., Ltd.	+11.8	+32.9	+3.3
3302	Teikoku Sen-I Co., Ltd.	+5.2	+32.1	+1.6
1976	Meisei Industrial Co., Ltd.	+7.3	+14.1	+1.4
9357	Meiko Trans Co., Ltd.	+3.0	+29.8	+0.9
The poorest performers were:				
4212	Sekisui Jushi Corporation	3.9	-3.3	-0.2
4886	ASKA Pharmaceutical Holdings	6.8	-7.3	-0.2
4109	Stella Chemifa Corporation	2.9	-3.6	-0.2
4956	Konishi Co., Ltd.	0.4	-2.2	-0.1
8291	Nissan Tokyo Sales Holdings Co.	1.4	-6.1	-0.1

Contributors

Fuji Media Holdings

Fuji Media Holdings ("FMH") shares rose more than 100% in 2025 after the company underwent a complete overhaul of its management following a sexual abuse scandal. The scandal led to the identification of a broader management and governance issue, in which an independent third-party report found that Hieda-san, an ex-board member of FMH, operated above the FMH board, making key personnel decisions, including those of the Chairman and President. Throughout the first half of 2025, we made multiple public engagements against FMH, which were supported by broader Japanese society in response to its own #MeToo movement. Our engagement efforts culminated in our nomination of 12 external directors. We lost in the AGM; however, we left a positive impact as agents of change at FMH and broader Japanese society. On 3rd February 2026, the company agreed to our, and fellow activists', demands to raise its dividend and start to tackle its dysfunctional structure by examining how to introduce external capital into the real estate business. More importantly, it announced the intention to buy back ¥235 billion, or around 30% of outstanding shares. This was carried out via the Tostnet 3 mechanism the following day at ¥3,839 per share. The amount was carefully calibrated and allowed for NAVF/Dalton, and other activist critics, to exit. FMH may well celebrate having rid itself of its chief tormentors at a stroke, and, indeed, we welcome the approximately 150% profit earned on our investment, but we are concerned that this may prove only a pyrrhic victory. If the stock weakens significantly (and it has already started to), there is nothing to stop us, or others, buying back in, and starting the process all over again.

Hogy Medical

Hogy Medical shares rose +32% over the year, following a strong rally after Carlyle launched a tender offer bid ("TOB") to take the company private. On 20 June 2025, Jamie Rosenwald, Dalton and Rising Sun Management Chief Investment Officer, was elected to the board at the AGM, with a 52.1% vote in favour. According to public documents, the company held multiple discussions with management from 4 March 2025 and presented a go-private proposal on 21 April 2025. Nomura was elected as financial advisor in July 2025. The company held an auction on 29 August 2025, to which Carlyle and a few others were invited as final bidders. The company's management and the special committee decided that Carlyle was the most appropriate partner, given its global network of management resources and expertise to help the company strengthen its position as a solution provider in the Japanese medical field. The TOB launched on 17 December 2025, with NAVF's agreement to tender our shares. NAVF has agreed with the Offering Vehicle that it will reinvest an amount of the tender offer proceeds in a limited partnership to be formed by Carlyle following the transaction closing in Q1 2026; the reinvestment will still leave NAVF well within the Company's unlisted investments limit of 10% of NAV.

Teikoku Sen-I

Teikoku Sen-I rallied by 32.9% in 2025, driven by thematic investments in defence under the Takaichi government. Teikoku Sen-I provides nuclear-related equipment, national security equipment for airports, and military linen. Teikoku Sen-I is a partial owner of its own building, which creates some margin of safety. Earnings improved throughout the year, with the company expecting to achieve an operating profit of ¥4.8bn, an improvement from the FY25/3 operating profit of ¥3.5bn.

Meisei Industrial

Meisei Industrial rallied modestly by 14.1%. The company provides maintenance services around large chemical plants and refinery facilities and has alternating peak and trough years as its clients undergo a CapEx cycle every couple of years. FY26/3 is a trough year. We also expect the company to benefit from nuclear restarts in the coming years, as the electricity shortage arising from AI-driven demand becomes more prevalent.

Meiko Transport

Meiko Transport rallied +29% as the company's shares continued a modest climb. The company remains cheap, trading below EV/EBITDA of 5x and sub 1x Price to Book ("PBR"). In May 2025, the company announced its mid-term plan to a) spend growth CapEx of ¥30bn and b) improve return to shareholders through dividends and share repurchase programs. The company also intends to continue reducing cross-shareholdings as well as borrowing ¥12bn to fund future growth and shareholder returns.

Investment Adviser's Report continued

Detractors

Sekisui Jushi

Sekisui Jushi specialises in plastic and resin-based products used in road infrastructure and urban development. The company under-performed, returning -3% in 2025, significantly lagging the index. The company continues to struggle since the purchase of the European subsidiary, WEMAS Group. However, it maintains strong cash flows that accumulate on the balance sheet over time, and we believe that the company is becoming increasingly attractive. Since the acquisition of the WEMAS Group, we believe that the company remains a good engagement target with a high-quality business.

Aska Pharmaceutical

Aska Pharmaceutical's operating performance has remained solid, with its core products delivering steady growth and no material deterioration in underlying fundamentals. Key franchises such as Relumina, Thyradin, and Rifxima continue to perform well, supported by strong competitive positions - particularly Thyradin and Rifxima, which benefit from near-monopoly market structures and serve as stable earnings pillars. While some products face medium-term competitive risks, these are more than offset by the prospective upside from pipeline assets such as AKP-022, leaving the overall business trajectory firmly positive.

Against this backdrop, the company's share price total return declined by 7.3% over the period, making Aska one of the weaker contributors to portfolio returns. We believe this underperformance was driven by market reaction to the introduction of a poison pill rather than a reflection of weak operating results. Despite sound earnings momentum, the adoption of a defensive takeover measure was perceived negatively by the market, weighing on investor sentiment and valuation. Our engagement to bring about change at the company is both long-standing and ongoing.

Stella Chemifa

Stella Chemifa, a leading supplier of high-purity hydrofluoric acid for the semiconductor industry, delivered a total return of -3.5% during the period, contributing -0.2% to portfolio performance. Stella Chemifa's recent results showed an improvement in profitability, as the company raised selling prices by more than the increase in raw material costs, leading to higher profit margins. In its main semiconductor-related business, AI-related demand was strong, but other areas, such as power semiconductors, remained weak, resulting in only a modest increase in semiconductor-related sales. In the nuclear power segment, sales to China are declining; however, the company expects future expansion opportunities in Europe, even though it may take a while. The company's share price declined slightly in 2025, influenced not only by its operational performance but also by overall sentiment toward the semiconductor sector. Since entering 2026, however, the share price has been rising, supported by strong performance among the company's key customers, particularly semiconductor memory manufacturers. The company's competitive advantage, supported by its largest global market share in high-purity hydrofluoric acid for semiconductors, has not changed.

Konishi

Konishi, which is engaged in the manufacturing of adhesives as well as infrastructure construction such as repairing bridges, recorded weak share price performance in CY2025, as the company expects flat operating profit for FY3/26, mainly due to higher depreciation stemming from upfront investments. However, the company, having generated an average ROIC of approximately 13% over the past decade, is expected to remain a beneficiary of rising demand for maintaining domestic infrastructure, such as bridges. Forecasts indicate that approximately 55% of bridges in Japan will be at least 50 years old by 2030. It is also worth noting that the company has bought back an average of 6% of its outstanding shares over the past three years, steadily increasing its book value per share. With net cash equivalent to approximately one-third of its market capitalisation, the company trades at book value and 4.2x EV/EBITDA. Hence, our investment thesis remains intact.

Nissan Tokyo Sales Holdings

Nissan Tokyo Sales Holdings returned -6.1%, significantly underperforming the index. We believe the company remains extremely attractive as it trades at a sub-3x EV/EBITDA ratio and has a negative enterprise value if we consider the value of the real estate. In addition, we believe that the company is led by strong management, which is focused on its business and its customers, although we feel that the shareholders have been somewhat neglected in the process. We will continue to focus on the company.

Portfolio engagement in 2025

Throughout the year, NAVF, in conjunction with its affiliates NAVF Select and Dalton Investments, continued engaging with companies where the consortium or 'concert party' holds significant stakes. The most notable success came right at the end of the period when, on 17 December 2025, Hoky Medical announced that the company would be taken private in a tender offer organised by Carlyle at JPY6,700 per share. This is the successful culmination of the concert party's longstanding dialogue with management recommending they pursue this path. The process was accelerated in June 2025 with the election of James Rosenwald III, our CIO, as an external member of the board. NAVF, along with its affiliates, have the opportunity to continue our support for the company by taking a stake in the new unlisted entity, as we have with two previous MBOs. Thus, we have achieved a profitable exit, set up the prospect of further returns when the company is sold or re-listed, while simultaneously freeing up substantial capital for reinvestment in our next targets. The transaction successfully closed in March 2026.

Outlook

The success with Hoky Medical demonstrates the fruits of our labour. Elsewhere our engagement continues, most obviously with Aska Pharmaceutical, Eiken Chemical, Bunka Shutter and Stella Chemifa. The concert party owns over 20% of the outstanding shares, and in Eiken's case it is approaching 33%. Although several of these are threatening poison pills, we do not believe the status quo can be sustainably maintained given the winds of change across the Japanese equity market. Numerous other activists are leading interesting and sometimes overlapping initiatives, and the regulatory overhaul juggernaut ploughs on, applying ever greater pressure for corporate reform - the prospects for 2026 look positive.

Since the early drafts of this report were prepared, events in the Middle East and the resulting share rise in oil prices have understandably weighed on market sentiment. While the portfolio is not immune to periods of heightened volatility, we believe its focus on undervalued companies provides a degree of downside protection. Our analysts continue to identify attractive opportunities to deploy capital and will adjust their assumptions in corporate fundamentals to reflect any sustained impact from the conflict.

Paul folkes Davis

Rising Sun Management Limited
7 April 2026

Portfolio

As at 31 December 2025

Top ten holdings as a percentage of net assets

	Company	Sector	Percentage of net assets (%)
1.	Hogy Medical Co Ltd	Health Care	14.2
2.	Fuji Media Holdings Inc	Communication Services	8.9
3.	Eiken Chemical Co Ltd	Health Care	8.7
4.	Meisei Industrial Co Ltd	Industrials	7.7
5.	Bunka Shutter Co Ltd	Industrials	5.6
6.	Murakami Corp	Consumer Discretionary	5.5
7.	Teikoku Sen-I Co Ltd	Industrials	5.4
8.	ASKA Pharmaceutical Holdings Co Ltd	Health Care	5.4
9.	Ebara Jitsugyo Co Ltd	Industrials	4.3
10.	Ezaki Glico Co Ltd Ord	Consumer Staples	3.7

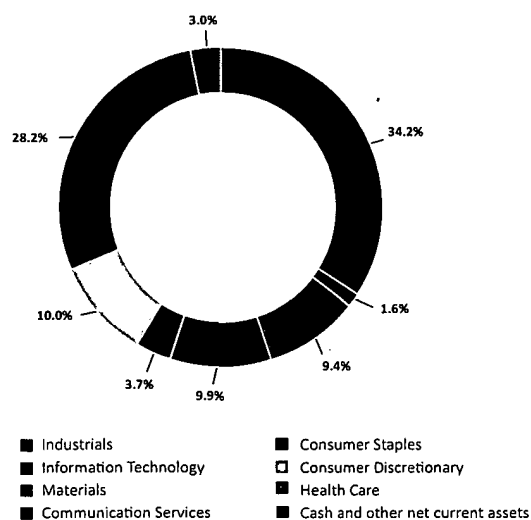
Sector breakdown

Portfolio Characteristics

Equity Investments	97.6%
Price/Book	1.3x
EV/EBITDA	9.3x
Adjusted Cash/Market Cap*	28.4%
Net Working Capital/Market Cap**	36.1%

*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.

Amendments to the Investment policy during the year

- A minor inconsistency was identified during the year between the Company's Investment Policy and its Investment Restrictions. Following legal review, the Board approved a small amendment to align the position and remove the contradiction. This amendment did not alter the Company's investment approach and did not require regulatory or shareholder approval, it simply ensured that the stated investment policy accurately reflects the Investment Restrictions already in place.

Further, a Board meeting of the Company was held whereby a further amendment to the investment policy of the Company was approved by the Company's Board of Directors. This amendment was also considered to be a non-material change, and the Company was advised by its Broker and Legal Advisers that the amendment did not require FCA and shareholder approval. The amendment was announced to the market on 19 January 2026:

- No more than 10 per cent. in aggregate of the value of the total assets of the Company may be invested in other listed closed-ended investment funds, except for those which themselves have stated investment strategies to invest no more than 15 per cent. of their gross assets in other closed-ended investment funds which are on the Official List.
- Additionally, the Company will itself not invest more than 10% of its gross assets in other investment companies or investment trusts which are listed on the Official List. This additional restriction is considered to be a non-material change to the Company's investment policy. The full investment policy, including changes are outlined below.

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.

Apart from the investment restrictions set out below, 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.

Investment Policy, Results and Other Information continued

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 UK 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; and
- ~~• no more than ten per cent. (10%), in aggregate, of the value of the total gross assets of the Company will be invested in investment companies or investment trusts which are listed on the Official List 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.

Additionally, the Company will itself not invest more than 10% of its gross assets in other investment companies or investment trusts which are listed on the Official List.

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.

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.

Investment Policy, Results and Other Information continued

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 2025 were +17.4% and +12.3% respectively (31 December 2024: +15.2% and +16.8% 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 4.30p (31 December 2024: 3.27p).

(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 average discount to NAV over the year was 3.4% and the shares traded in a range of a premium of 1.8% to a discount of -10.1%. The share price closed at a 7.5% discount to the NAV as at 31 December 2025 (31 December 2024: discount of 3.0%).

(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 2025, the Company’s ongoing charges figure calculated in accordance with the AIC methodology was 1.12% (31 December 2024: 1.18%).

Risk 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 is responsible for the management of risks faced by the Company and delegates the review process of this to the Audit Committee (the “Committee”). The Committee carries out, at least annually, a robust assessment of principal and emerging risks and uncertainties and monitors the risks on an ongoing basis. The Committee has a dynamic risk matrix in place to help identify key risks in the business and oversee the effectiveness of internal controls and processes. The Committee ensures appropriate controls are in place to reduce risks to an acceptable level.

As part of the risk review, the Committee considered the challenging global economic and geopolitical environment including, but not limited to, the continuing effects of global trade tariffs, armed conflicts, climate change, inflation and interest rates. Particular attention was also given to risks arising from minority activist shareholder concentration and broader market volatility.

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 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 and 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 the risk register on a quarterly basis and updates it if necessary;
3. Corporate Broker: provides advice specific to the Company periodically, 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: brief 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.

Risks and Risk Management continued

Risk	Possible Consequences	Possible Impact (post controls)	Risk Mitigation
MARKET	The Company may not meet its investment objective	HIGH	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 factsheet and an investment report on a quarterly basis. The Board considers the Investment Adviser and the AIFM's appointment on an annual basis.
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	MEDIUM	The Investment Adviser, AIFM and Broker review market conditions on an ongoing basis. Shares may trade to their NAV through further issues and buybacks, 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.

Risk	Possible Consequences	Possible Impact (post controls)	Risk Mitigation
MARKET	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.
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.
OPERATIONAL	It may be difficult for shareholders to realise their investment and there may not be a liquid market in the 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.

Risks and Risk Management continued

Risk	Possible Consequences	Possible Impact (post controls)	Risk Mitigation
OPERATIONAL	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 of 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.
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.
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 artificial intelligence to its benefit.

Risk	Possible Impact		
	Possible Consequences	(post controls)	Risk Mitigation
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 geopolitical developments and their potential implications for portfolio companies, market conditions and liquidity. This includes considering the potential impact of further escalation in the Middle East, particularly via energy price shocks and broader risk sentiment. The Registrar monitors payments of dividends to shareholders in line with regulations, including sanctions-related restrictions.

Viability Statement

The Directors have assessed the viability of the Company for the period to 31 December 2028 (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.

In accordance with the Company’s articles, a continuation vote was proposed at the Company’s 2025 AGM, with the next such vote to be held at the 2027 AGM. This was the first continuation vote for the Company since its inception and passed with 99.99% of voting in favour. Taking into consideration the Board’s assessment, the Company’s track record over the past five years and the successful continuation vote in 2025, 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 and that the continuation vote in 2027 will be successful.

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 under all stress scenarios reviewed by the Directors. 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.

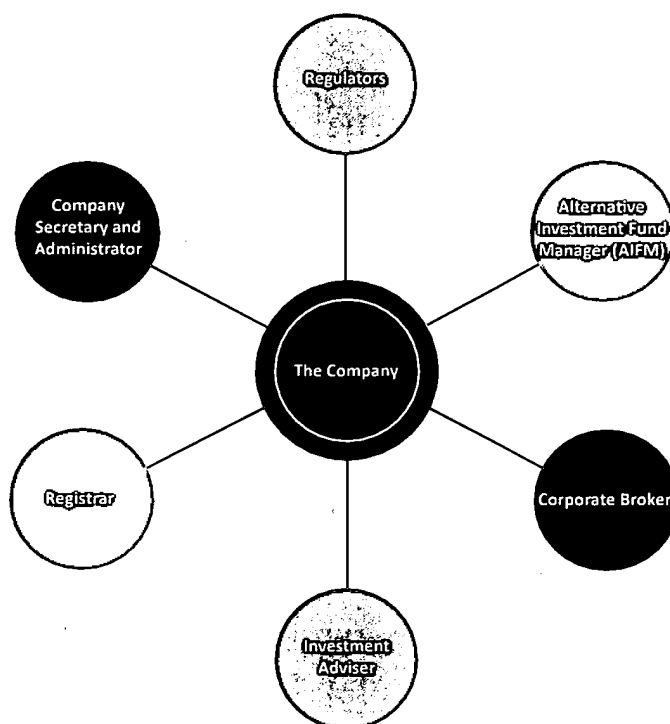
The level of the ongoing charges is dependent to a large extent on the level of net assets. The Company’s income from investments and cash realisable from the sale of its investments provide substantial cover to the Company’s operating expenses, and any other costs likely to be faced by the Company over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

Section 172 Statement

This section of the Annual Report explains how the Board has discharged its duties under section 172(1) of the Companies Act 2006, namely to promote the success of the Company for the benefit of its members as a whole. In doing so, the Board has had regard to the likely long-term consequences of its decisions, the interests of the Company's stakeholders, the need to maintain high standards of business conduct, and the impact of the Company's activities on the environment.

The Board recognises that effective engagement with stakeholders is fundamental to sound decision-making and long-term value creation. As an externally managed investment company, the Company has no employees and instead operates through a number of external service providers, including the Investment Adviser, Administrator, Company Secretary, Corporate Broker, Public Relations Adviser, Custodian and banking providers. These service providers are key stakeholders and play an important role in supporting the Board's governance responsibilities and its engagement with shareholders and the wider market.

The Board has identified the Company's principal stakeholders and considers their interests as part of its ongoing oversight and strategic decision-making. The Board regularly assesses both the actual and potential impact of its decisions on these stakeholders, particularly in the context of strategy, performance, risk management and capital allocation. This approach helps to ensure that stakeholder considerations are embedded within the Board's deliberations and that decisions are taken with a view to the Company's long-term sustainability and success.



Key Board decisions and developments

The Board seeks to act in the best interests of shareholders as a whole and, in doing so, has regard to the long-term consequences of its decisions, the Company's purpose, values, investment objective and policy, and the interests of the Company's key stakeholders. The Board considers these factors both in discussions and when making decisions, alongside regular and detailed reviews of the Company's portfolio, strategy and performance. Set out below are examples of key discussions held, and decisions taken by the Board during the financial year to 31 December 2025.

- During the year, the Board approved an interim dividend of 3.25p per Ordinary Share, which was paid to shareholders on 23 May 2025.
- During the year, three members of the Board undertook a visit to Japan to attend the annual CLSA conference, which has a focus on corporate governance and activism, and to meet the Investment Adviser's Tokyo based team. The visit provided the Board with enhanced insight into the local market environment, corporate governance standards and the strategic positioning of key portfolio holdings, thereby strengthening its oversight of the Company's investment strategy and risk profile.
- At the Company's Annual General Meeting ("AGM") held in June 2025, shareholders voted overwhelmingly in favour of the continuation of the Company, with 99.99% of votes cast supporting the resolution. The Board had recommended that shareholders vote in favour of continuation, having reviewed the Company's performance and prospects. The next continuation vote will be held in 2027.
- Mr Noel Lamb resigned from the Board on 5 June 2025, reducing the Board's size to six. This was part of the already designated direction of travel communicated to shareholders.
- On 10 September 2025, the Company's block listing application for 15,000,000 Ordinary Shares with a par value of 1p each was approved. The shares were admitted to the Official List of the Financial Conduct Authority and for trading on the London Stock Exchange's main market. The Board approved the use of this block listing facility to enable the issue of shares over time to satisfy investor demand, provided that any shares are issued at a price above the prevailing NAV per share and in the best interests of existing shareholders. During the year to 31 December 2025, 3,373,282 Ordinary Shares were issued with aggregate proceeds of £7,256,000. Following the year end, the Company has issued 2,300,000 Ordinary Shares for aggregate gross proceeds of £5,685,700.
- The Board approved the continuing appointment of the Investment Adviser and key advisers, following an annual formal assessment in November 2025. Having expert advisers and consistency in relationships has significant implications for the long-term success of the Company. Thus far, the Company's key advisers have served the Company well.
- The Chief Executive Officer of Dalton Investments attended a NAVF Board meeting during the year to provide a governance-focused update on the management of principal risks. The presentation covered fund resourcing, risk oversight processes, and the management of potential overlaps between NAVF and other Dalton funds. The functioning of the memorandum of understanding was also reviewed, including the production of a quarterly schedule identifying joint investments to ensure transparency and appropriate governance oversight.
- On 17 December 2025, the Company announced participation in a successful tender offer for Hoky Medical, led by Carlyle, following engagement led by Rising Sun Management ("RSM"). RSM engaged with the Board regarding the proposed transaction, including the implications of increased portfolio illiquidity arising from the reinvestment structure. Having carefully considered these factors, the Board concluded that the increased illiquidity was acceptable in the context of the Company's strategy and long-term return objectives. Under the transaction, NAVF and co-investors agreed to tender their 27.58% stake, including NAVF's 8.58% holding. This transaction, which will take Hoky Medical private and delist it from the Tokyo Stock Exchange, values NAVF's holding at approximately £62.4 million, an increase from its previous valuation of £55.2 million. Following the tender offer, NAVF and co-investors reinvested a portion of their proceeds for an approximately 10% economic interest in a Carlyle-affiliated acquiring entity.
- The Board provided continuous support for the Investment Adviser's approach to investment activism (see the Investment Adviser's report on pages 7 to 13) ensuring that their activism aligns with the long-term goals for the Company. The activism is focused on governance improvements, growth strategies and long-term value creation in Japanese investee companies.

Section 172 Statement continued

- On 20 January 2026, the Company restated its investment restrictions to clarify that investments in other listed closed-ended investment funds will not exceed 10% of total assets. This amendment was made to ensure alignment with regulatory expectations and market practice, and to provide greater transparency to shareholders regarding portfolio construction limits. The Board considers this to be a non-material clarification rather than a substantive change to the Company's investment policy.
- A General Meeting was held on 5 February 2026 at which shareholders approved the cancellation of the Company's share premium account, which stood at £239,056,149 as at 16 January 2026. The Board convened the meeting to increase the Company's distributable reserves, thereby providing greater flexibility for potential future distributions to shareholders. The resolution was passed with 99.98% of votes cast in favour and the cancellation became effective on 12 March 2026.

Importance of engagement	Examples of engagement and key decisions
Shareholders	
The Board's principal concern is the interests of the Company's shareholders and potential investors and the Directors have considered this duty when making strategic decisions during the year that affect shareholders. The Board maintains open dialogue between shareholders, the current Investment Adviser and other service providers. The Investment Adviser and the Company's Corporate Broker meet regularly with the Company's shareholders to provide Company updates and to foster regular dialogue. Feedback from meetings is communicated with the Board. The Chairman and other Directors are always happy to meet with shareholders, and welcome conversations.	Clear and timely communication of the Company's strategy and performance against its objectives enables shareholders to make informed investment decisions, taking into account short, medium and longer-term considerations. Ongoing engagement with shareholders allows the Board to understand shareholder perspectives, align decision-making with the interests of shareholders as a whole, and support the Company's long-term sustainable success.
As a public company listed on the London Stock Exchange, the Company is subject to the Listing Rules and the Disclosure Guidance and Transparency Rules. The UK Listing Rules include a listing principle that a listed company must ensure that it treats all shareholders of the same class of shares that are in the same position equally in respect of the rights attaching to such shares. The Board is pleased to invite shareholders to attend the AGM on 4 June 2026, with more details included in the Chairman's statement.	With the assistance of regular discussions with and the formal advice of the Company's Legal Counsel, Secretary and Corporate Broker, the Board abides by the UK Listing Rules at all times. The Board considers shareholder engagement to be of paramount importance and is committed to ensuring that the AGM is a meaningful and participative forum for all shareholders. The Company values the feedback and questions received from shareholders both ahead of and during the AGM. Where a significant proportion of votes is cast against any resolution, the Board will engage with shareholders to understand the reasons for the dissent and will outline, in the announcement of the AGM results, the steps it intends to take to consult shareholders further. Following this consultation, the Board will provide an update no later than six months after the AGM, and the subsequent Annual Report will describe how shareholder feedback has informed the Board's decision-making and any actions taken or resolutions proposed. Shareholders are able to raise concerns directly with the Chairman or the Board, without the involvement of the Investment Adviser or Company Secretary, either in person at the AGM or other events, or in writing via the Company's registered office. Any matters raised by shareholders are noted and considered by the Board as part of its ongoing engagement and decision-making process.

Importance of engagement

Examples of engagement and key decisions

The Board and the Investment Adviser regard effective communication and engagement with shareholders as a key priority. The Board regularly reviews the Company's share register and receives regular reports from the Investment Adviser and Corporate Broker outlining feedback received from shareholder meetings.

Shareholders are kept informed through the publication of annual and half-yearly reports, monthly factsheets and commentary from the Investment Adviser available via the Company's website, as well as attendance at events where the Investment Adviser presents. The Company's annual and half-yearly reports are published on the Company's website and circulated to shareholders on request. This information is supplemented by the daily calculation and publication of the Company's NAV, which is released via a Regulatory Information Service and made available on the Company's website.

Investment Adviser

The most significant service provider for the Company's long-term success is the Company's Investment Adviser, RSM along with that of the AIFM, FundRock in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"), for the purpose of providing investment advisory services to the Company.

The Investment Adviser is responsible for the management of the Company's portfolio in accordance with the Company's investment policy and the terms of the Investment Management Agreement.

The Investment Adviser has placed trust in the investee companies to respond appropriately to operational challenges and to ensure that high standards of corporate governance and regard for shareholders are at the forefront of managerial decision-making.

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.

The Board monitors the Company's investment performance in relation to its objectives and investment policy and strategy. The Board regularly assesses the experience and resources of the Investment Management team and the commitment of the Investment Adviser to promote the Company and foster shareholder relations, and to ensure that the Company's objective of providing capital growth combined with dividend income for its investors are met.

During the year, the Board received regular presentations from the existing Investment Adviser and members of the wider investment team at each Board meeting, allowing the Directors to exercise effective oversight of portfolio performance and strategic direction. The performance of the Investment Adviser was also reviewed formally during the Management Engagement Committee meeting. The last review was undertaken during the Management Engagement Committee meeting held in November 2025 at which the Committee agreed that the Investment Adviser's service delivery was acceptable.

In addition, the Directors engaged closely with the Investment Adviser and advisers outside scheduled meetings on matters relating to portfolio management, administration and governance oversight, including relationships with third-party service providers and engagement with shareholders.

Section 172 Statement continued

Importance of engagement	Examples of engagement and key decisions
The Board considers ongoing engagement with the Investment Adviser and advisers to be fundamental to effective oversight, informed decision-making and the long-term success of the Company. Regular dialogue enables the Board to assess performance against the Company's investment objective and policy, to understand portfolio positioning and risks, and to ensure that the Company's strategic objectives remain appropriate. The Board also places importance on engagement outside formal Board meetings, recognising that timely interaction supports effective governance, accountability and alignment with shareholders' interests.	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. The Board relies upon the AIFM to ensure the obligations under the Consumer Duty regulations continue to be adopted appropriately. All communications including the website, factsheets and other published documentation are reviewed ahead of publication to ensure they are appropriate for all end users. A 'value for money' assessment is also undertaken annually and is made available to distributors on request.
Service providers	
As an externally managed investment trust, the Company conducts all its business through its key service providers. Before the engagement of a service provider, the Board ensures that the Company's business outlook as well as its values are similar to those of the service provider. A list of the Company's key service providers can be found in the Annual Report. All service providers are subject to an annual performance review, to ensure reappointment is in the best interests of the Company's shareholders.	The Board has strong working relationships with the Investment Adviser, Broker, Legal Adviser, Company Secretary, Administrator and Depositary. Experienced and capable third parties provide the services required to be a well-functioning Company. Representatives of all the main service provider functions present regularly to the Board. The Board receives internal control reports from their service providers. During the year under review, the Board sought and received reassurance that all key service providers had appropriate business continuity plans in place. All key service providers have maintained a high standard of service and demonstrate operational resilience. The Auditor is invited to attend the Audit Committee meeting twice a year. The Audit Committee Chairman maintains regular contact with the Audit partner to ensure the audit process is undertaken effectively.

Importance of engagement

Examples of engagement and key decisions

Wider community and environment

The Company and its appointed professional suppliers keep abreast of the rules and regulations affecting the investment company sector.

The Investment Adviser, as steward of the Company's assets, engages with the investee companies to ensure high standards of governance. The Board, Company Secretary and AIFM are responsible for ensuring that various regulatory and statutory obligations are met.

The Board is also conscious of the importance of providing a vehicle which meets the needs of its shareholders, including retail investors.

In making investment decisions, the Investment Adviser considers qualitative measures such as the environmental and social impact of an investee company as well as financial and operational measures.

The Investment Adviser takes voting obligations seriously and there are multiple structures in place to ensure votes are cast in all investee company shareholder meetings. While the Investment Adviser evaluates external proxy agency reports when considering how they might vote, they do not outsource voting to a third party and are happy to go against both their recommendations and the wishes of management, when they consider it important to do so.

The Company Secretary and AIFM regularly report to the Board any changes in the regulatory environment and as AIC members, the Board can draw on the resources available detailing any regulatory changes.

In summary, the Directors are mindful of their duties under section 172 of the Companies Act 2006 and take decisions with due regard to the long-term consequences for the Company and its key stakeholders. The Board believes that the Company's long-term, sustainable success is intrinsically linked to the effective engagement with, and consideration of, those stakeholders.

Directors' Report

The Directors are pleased to present their report and financial statements for the year ended 31 December 2025.

Strategic Report

The Directors' Report should be read in conjunction with the Strategic Report on pages 2 to 29.

Corporate Governance

The Corporate Governance Statement on pages 30 to 58 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 19 to 23 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 2025.

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 36.

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 39.

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.

Directors' Report continued

Company Secretary and Administrator

Effective from 1 January 2025, the Board appointed NSM Funds (UK) Limited as the Company Secretary and Administrator.

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 2025.

Capital structure, voting rights and restrictions

At the financial year end, the Company's issued share capital comprised 192,514,986 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

The Company's revenue profit after tax for the year amounted to £8,181,000 (31 December 2024: £6,190,000).

The Company made a capital profit after tax of £55,887,000 (31 December 2024: £42,340,000). Therefore, the total profit for the year of the Company was £64,068,000 (31 December 2024: £48,530,000).

Substantial Shareholders

As at the year ended 31 December 2025, 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	19.98	2 December 2021
1607 Capital Partners, LLC	14,707,873	7.63	27 October 2023
Azvalor Asset Management SGIIC SA**	9,751,318	5.07	13 October 2025
Evelyn Partners Limited	5,939,664	3.09	12 October 2023

* Based on the number of Ordinary Shares in issue as at 31 December 2025.

** Since the year end, the Company has been notified that as of 5 March 2026, Azvalor Asset Management SGIIC SA held 12,080,321 shares, representing 6.20% of the Company's issued share capital.

Political donations

There were no donations made during the financial year to 31 December 2025.

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.

In assessing the Company's ability to continue as a going concern, the Directors undertook a detailed operational and financial review, including the consideration of the Company's liquidity and ability to meet its liabilities as they fall due.

The market and operational risks and financial impact faced by the company including those as a result of the continuing conflicts in Ukraine and the Middle East, and economic uncertainties from changing tariff policies were discussed by the Board, with updates on operational resilience received from the Investment Adviser, Administrator and other key service providers. The Board was satisfied that the key service providers have the ability to continue to operate. 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 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 under all stress scenarios. The Company's net assets at 31 December 2025 were £430,619,000 (31 December 2024: £365,442,000). As at 31 December 2025, the Company held £9,947,000 (31 December 2024: £19,889,000) in cash. The total expenses for the year ended 31 December 2025 were £4,642,000 (31 December 2024: £4,363,000). The ongoing charges ratio represented approximately 1.12% (31 December 2024: 1.18%) 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 4 June 2026 and the Chairman's Statement on page 6 and the enclosed AGM Notice sets out the arrangements for the meeting.

Directors' Report continued

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 at Prince Philip House, 3 Carlton House Terrace, London, SW1Y 5AG on Thursday 4 June 2026 at 12:30 p.m.

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 38,962,997 Ordinary Shares (representing approximately 20% of the Ordinary Shares in issue at the date of this document) and to disapply 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 2027 unless renewed prior to this date via a General Meeting. The full text of resolutions 11 and 13 is set out in the Notice of Meeting on pages 90 and 91.

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.

During the year ended 31 December 2025 the Company issued 3,373,282 Ordinary Shares.

Renewal of general authority to purchase Ordinary Shares

During the year ended 31 December 2025, 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 2026 AGM of the Company. The Directors recommend that a new authority to purchase up to 29,202,766 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 15 is set out in the Notice of Meeting on page 91.

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 16 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.

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.

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 2026 and signed on its

behalf: By order of the Board

For and on behalf of
NSM Funds (UK) Limited
Company Secretary
7 April 2026

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 2024 (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 2024 (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.

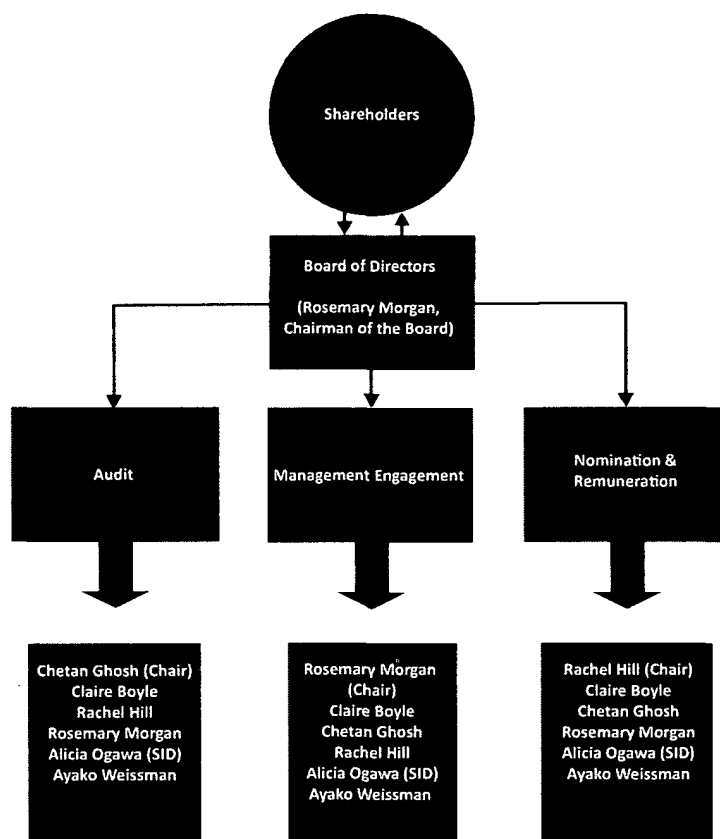
You can find the AIC Code on the AIC website. It includes an explanation of how the AIC Code adapts the Principles and Provisions from the UK Code to suit investment companies.

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 2025, 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



The Board

Composition

At the date of this report, and as illustrated above, the Board consists of six 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 JPMorgan India Growth & Income plc.

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 Outsourced Chief Investment Officer ("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 has over 30 years of experience in respect of equity sales in Asian markets.

In addition, Rachel also currently serves on the board of 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.

Corporate Governance Statement continued

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 was also 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 was an independent non-executive director of Abrdn Japan Investment Trust plc from 1 February 2019 to 10 October 2023 and Chair of the Audit and Risk Committee from October of 2019. She is currently the Chair of Life Science REIT plc, Chair of Fidelity Special Values plc and a non-executive director and Chair of the Audit and Risk Committee 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.

Re-election of Directors

As stated in the Prospectus of 2023 and the Annual Report for 2023, the Board had committed to reduce its size to 5 Directors by the AGM in 2026. In line with the Board's intention to reduce the number of Directors back to a maximum of five; Claire Boyle will stand down prior to the AGM in 2026, returning the number of Directors to five. 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 48 to 50 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 2025, 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. 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 44 of this report.

Corporate Governance Statement continued

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 2025, 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 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 31 for further details).

In addition, the Management Engagement Committee conducted a performance evaluation of the Company's key service providers (listed on page 28). 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.

Meeting attendance

	Quarterly Board	Audit Committee	Management Engagement Committee	Nomination and Remuneration Committee
Number of meetings held	4	3	1	1
Rosemary Morgan	4	3	1	1
Chetan Ghosh	4	3	1	1
Rachel Hill	4	3	1	1
Alicia Ogawa	4	3	1	1
Ayako Weissman	4	3	1	1
Claire Boyle	4	3	1	1
Noel Lamb*	1	1	N/A	N/A

* Retired on 5 June 2025.

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

Board diversity

The Company's policy is that the Board should have an appropriate level of diversity in the boardroom, taking into account relevant skills, experience, gender, social and ethnic backgrounds, cognitive and personal strengths. Brief biographies of the Directors are shown in the Annual Report. The policy is to ensure that the Company's Directors bring a wide range of knowledge, experience, skills, backgrounds and perspectives to the Board. There will be no discrimination on the grounds of gender, religion, race, ethnicity, 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 to the Investment Adviser. Consideration is given to the recommendations of the AIC Code, and the Board supports the recommendations of the Hampton Alexander Review and the Parker Review.

The Board appraises its collective set of cognitive and personal strengths, independence and diversity on an annual basis, and especially during the recruitment process, so as to ensure it is aligned with the Company's strategic priorities. The performance appraisal process is described below.

The Board takes account of the targets set out in the FCA's Listing Rules, which are set out below. The Board discloses the following information in relation to its diversity. 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. However, the Board considers the Chairman of the Board, the Chairman of the Audit Committee and the Senior Independent Director to be senior positions; hence the following disclosures are made on this basis. Furthermore, the Board has resolved that the Company's year-end date is the most appropriate date for disclosure purposes. The following information has been provided by each Director.

As required under UKLR 16.3.29, further detail in respect of the diversity targets as at 30 November 2025 are provided in the tables below.

	Number of Board members*	Percentage of the Board	Number of senior positions on the Board
Men	1	20%	1
Women	5	80%	2
Prefer not to say	–	–	–

	Number of Board members*	Percentage of the Board	Number of senior positions on the Board
White British or Other White (including minority-white groups)	4	60%	2
Ethnic minority background*	2	40%	1
Prefer not to say	–	–	–

* 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 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 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.

The Board has adopted Corporate Governance best practice and has a succession plan in place. In line with the Board's intention to reduce the number of Directors back to a maximum of five; Claire Boyle will stand down prior to the AGM in 2026, 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.

During the year, the Board conducted an internal evaluation using the services of Board Forms, an external evaluation consultancy which is independent of the Company. The evaluation was based upon completed questionnaires covering the Board and its Committees, individual Directors and the Chairman. The responses, including the appraisal of the Chairman,

Corporate Governance Statement continued

were discussed by the Nomination Committee. The conclusion of the internal performance evaluations were positive and demonstrated that the Board and its Committees were operating effectively.

Following the Company's year end, the performance of the Board, Committees, and individual directors was evaluated through an assessment process led by an external facilitator, Fletcher Jones Ltd. Fletcher Jones has not provided any other services to the Company and does not have any other commercial connections to Nippon Active Value Fund, Dalton Investments or Rising Sun Management. This review is the first review that Fletcher Jones has conducted for the Company.

The review process was tailored to the specific environment, operating style and strategic goals and challenges faced by the Company. It involved each Director completing a questionnaire, followed by private one-to-one conversations between the external reviewer and each Director and with the Company's Investment Managers, and the Company Secretary. The Reviewer also observed a Board meeting, as well as a meeting of the Audit Committee. The anonymity of the respondents was ensured throughout the process, in order to promote an open and frank exchange of views.

The external reviewer provided a formal report of their findings, which was considered by the Board. The report presented an objective view on the current working of the Board as a whole, as well as the quality of contributions made by individual Directors. The intention of the review process was to further strengthen the working of the Board by providing an opportunity for the objective consideration of the Board's strengths and current skills, any areas for further development, succession planning, and any potential gaps in its composition. The report also considered the challenges, opportunities and strategic direction of travel anticipated over the near to medium-term. The report's finding noted that Board of NAVF and each Committee operates well with skill and focus on all the areas of importance. The main theme coming through this evaluation was of a harmonious and supportive Board with a genuinely good and positive working relationship. There was a full agenda of issues for the Board to consider over the next 12 months, with succession planning and Board rotation, Manager oversight, dividend policy, the continued growth of the Company and wider strategy considerations being key themes. Matters relating to risk management and fund oversight were discussed proactively.

Overall, all responses and the observations suggested that this is a well-managed, well run, and effective Board with some practical refinements suggested, which the Board will carefully consider.

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.

Although Provision 34 of the AIC Code (relating to an explicit declaration on the effectiveness of material internal controls) is not yet applicable to the Company, the Board is taking steps to work towards compliance. During the year, the Audit Committee discussed the Company's approach to identifying material controls, including those operated by third-party service providers, with assurance available through controls reports and management confirmations. This work will continue during the coming year to ensure the Board is well positioned to make the required declaration.

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. In the majority of cases, Rising Sun voted in favour of all resolutions. In certain instances, votes were cast against specific management resolutions where concerns were identified; however, on an overall basis, Rising Sun's voting stance for each investee company was supportive.

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 2025 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 was proposed to shareholders via an ordinary resolution which is a binding resolution at the AGM held on 5 June 2025. The resolution was passed including proxies representing 99.82% of the shares voted in favour of the resolution. Following the passing of the ordinary resolution, the provisions set out in the below Remuneration Policy will remain in place 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 2025 was put forward at the AGM held on 5 June 2025. The resolution was passed including proxies representing 99.86% 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 £400,000 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 the 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 2025:

	Directors Fees to 31 December 2025 (£)	Directors Fees to 31 December 2024 (£)	Change from 2024 to 2025	Change from 2023 to 2024	Change from 2022 to 2023	Change from 2021 to 2022	Change from 2020 to 2021
Rosemary Morgan	47,000	43,800	7.2%	6.9%	nil	17.1%	nil
Chetan Ghosh	38,000	35,050	8.4%	6.2%	nil	10.0%	nil
Rachel Hill	31,700	29,535	7.3%	6.2%	nil	3.0%	nil
Alicia Ogawa	31,700	29,535	7.3%	6.2%	nil	3.0%	nil
Ayako Weissman	31,700	29,535	7.3%	6.2%	nil	3.0%	nil
Claire Boyle	31,700	29,535	7.3%	6.2%*	n/a	n/a	n/a
Noel Lamb	11,551**	29,535	7.3%	6.2%*	n/a	n/a	n/a
Total	223,351	226,525	(4.1)%	33.2%	nil	7.8%	nil

* Appointed on 10 October 2023.

** Resigned on 5 June 2025.

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 2026, the Board remuneration is outlined in the table below:

Position	Fee per annum* (GBP)
Board Chairman	47,000
Director	33,000
Audit Committee Chair (additional fee)	5,000

* Following a review of the Directors' fees in November 2025, it was decided that the fees be increased in line with the average market levels for the Directors with effect from 1 January 2026.

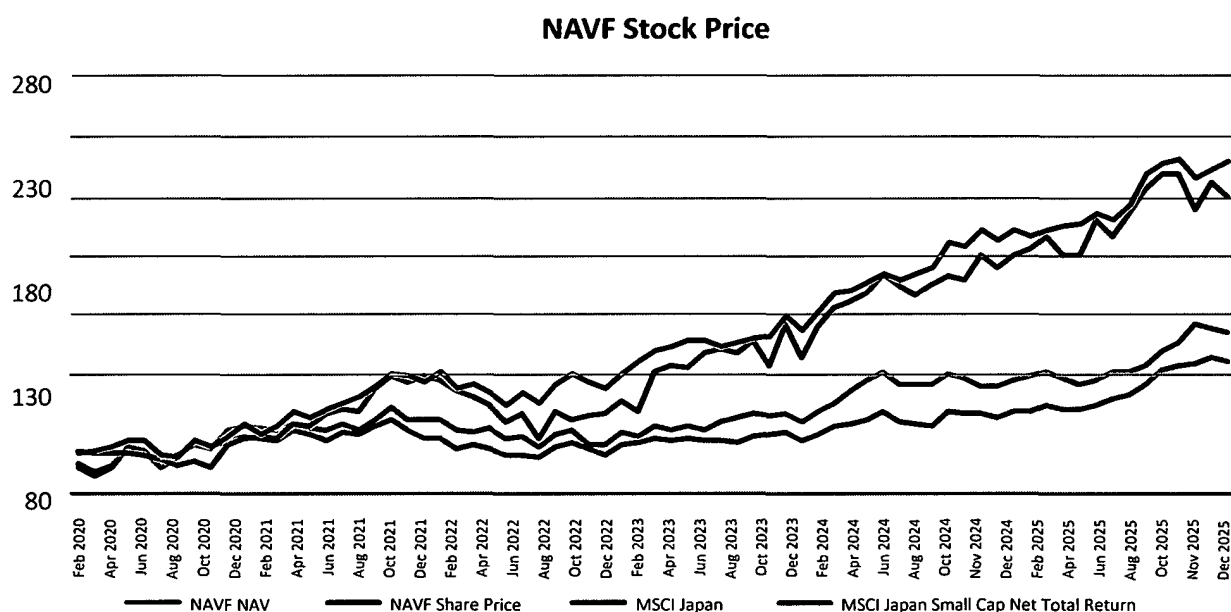
Directors' Remuneration Implementation Report continued

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 2025 £	Year to 31 December 2024 £	Change %
Dividend income	11,386,000	9,125,000	24.8
Spend on Directors' fees	223,351	227,000	(1.5)
Company's operating expenses and Investment Adviser's fees	4,642,000	4,363,000	6.4
Dividends paid and payable to shareholders	10,754,000	6,147,000	74.9

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.

Directors' holdings (Audited)

At 31 December 2025 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 2025	Ordinary Shares As at 31 December 2024
Rosemary Morgan	41,450	41,450	41,450
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	N/A	N/A	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 2025:

- 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 2026

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 Board considers that the Company has complied with the provisions of the AIC Code relating to the Audit Committee throughout the year. 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. All members of the Audit Committee are independent non-executive Directors. The Board considers that, given the size of the Board, it is appropriate for the full Board to act as the Audit Committee. 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 as such the Directors feel it is appropriate for the Chairman of the Board to be a member of the Audit Committee. The Board is satisfied that the Audit Committee as a whole has the necessary skills, experience and knowledge relevant to the Company's activities as an investment trust. Chetan Ghosh is considered by the Board to have recent and relevant financial experience.

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. As part of this process, the Audit Committee reviews reports and assurances received from these service providers, including internal control and assurance reports, and considers whether any significant control issues have arisen during the year. 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 2025.

Valuation and existence of investments

The Company holds the 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.

Geo-politics

During the financial year under review, the Committee continued to monitor the geopolitical landscape, including the ongoing conflict in Ukraine, tensions in the Middle East and broader global trade and political developments. Such events have the potential to heighten market volatility and impact investor sentiment, which in turn may affect Company performance. The Committee also remained attentive to inflationary pressures, interest rate movements and foreign exchange volatility. These matters are considered as part of the Committee's broader risk assessment and its evaluation of the Company's ability to achieve its investment objective.

The Committee also reviewed the operational resilience of the Company's key service providers in connection with the mitigation of the business risks posed by geopolitical events. The Committee is satisfied that service providers have continued to operate effectively throughout the period, with no disruption to services or significant operational failures. The Committee has also sought and received confirmation that relevant external providers continue to comply with applicable sanctions regimes and regulatory requirements.

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 33.

Material controls

Although Provision 34 of the AIC Code (relating to an explicit declaration on the effectiveness of material internal controls) is not yet applicable to the Company, the Board is taking steps to work towards compliance. During the year, the Audit Committee discussed the Company's approach to identifying material controls, including those operated by third-party service providers, with assurance available through controls reports and management confirmations. This work will continue during the coming year to ensure the Board is well positioned to make the required declaration.

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 2025, 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 detailed review of the Annual Report and accounts, consideration of draft versions of the report, discussions with the Investment Adviser, Administrator and Company Secretary, and review of the external Auditor's report and findings.

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 been the Company's Auditor since inception. 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 2025 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 2026 AGM.

Report of the Audit Committee continued

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 instead places reliance on the internal control frameworks and internal audit functions of the Investment Adviser, AIFM and Administrator, and receives regular reports on the operation and effectiveness of those controls. 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 41.

Chetan Ghosh

Chair of the Audit Committee

7 April 2026

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

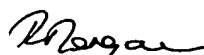
The Directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards, and 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 2026

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2025 and of its profit and cash flows 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 2025 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the accounts, 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.

Independence

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 the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

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 going concern in light of economic and market conditions by reviewing the information used by the Directors in completing their assessment;
- Evaluating the sensitivity analysis applied by the Directors in their going concern assessment including the impact of a significant reduction in the fair value of investments;
- Assessing the appropriateness of the Directors' assumptions and judgements made in their base case and stress tested forecasts including consideration of the available cash and liquid assets relative to forecast expenditure and other commitments;
- Challenging the Directors' assumptions and judgements made in their forecasts by performing an independent analysis of the liquidity of the portfolio; and
- Reviewing the disclosures in the financial statements relating to going concern to assess whether they are consistent with the Company's circumstances.

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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

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 in preparing the financial statements.

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

Overview

Key audit matters	Valuation and ownership of quoted investments
Materiality	<i>Company financial statements as a whole</i> £4.3m (2024: £3.6m) based on 1% (2024: 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, the applicable financial reporting framework and the system of internal control. We identified and assessed the risks of material misstatement of the financial statements. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risk of material misstatement to the financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the risk of material misstatement to an acceptable level, to provide a basis for our opinion.

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 investments (Note 2 and 3 to the financial statements) The investment portfolio at the year-end comprised 98% 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: 1. Confirmed the year-end bid price was used by agreeing to externally listed prices; 2. 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; 3. Recalculated the valuation by multiplying the number of shares held per the statement obtained from the custodian by the valuation per share; and 4. Obtained direct confirmation of the number of shares held per equity investment from the custodian regarding all investments held at the balance sheet date. 5. 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.

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

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		
	2025 £m	2024 £m
Materiality	4.3	3.6
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	3.2	2.7
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 and Risk Committee that we would report to them individual audit differences in excess of £210,000 (2024: £180,000). 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 sourcebook requires 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.

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 33; • 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 23; and • The Directors' statement on whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities set out on page 33.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 49; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 23; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 42; and • The section describing the work of the audit committee set out on page 48.

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.

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

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.

However, the primary responsibility for the prevention and detection of fraud rests with both Those Charged with Governance of the Company and management.

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;
- Investment Manager, Administrator and those charged with governance, including the Audit Committee; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be the Companies Act 2006, the FCA's UK Listing and Disclosure Guidance and Transparency 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 the Investment Manager, Administrator and Those Charged with Governance relating to the existence of any non-compliance with laws and regulations;
- Reviewing minutes of meetings 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.

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 regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - o Detecting and responding to the risks of fraud; and
 - o Internal controls established to mitigate risks related to 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 fraud to be management override of controls.

Our procedures in respect of the above included:

- Considered the opportunity and incentive to manipulate accounting entries and reviewed to check if any relevant adjustments made in the period end financial reporting process; and
- Included an element of unpredictability by testing a sample of low value items.

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.

Other matters which we are required to address

We were appointed by the Board of Directors on 27 August 2020 to audit the financial statements for the year ended 31 December 2020. Our total uninterrupted period of engagement is six years, covering the years ended 31 December 2020 to 31 December 2025.

Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

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

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.

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.15R - 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

DocuSigned by:

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Eran Wieder (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
7 April 2026

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

Statement of Comprehensive Income

		Year ended 31 December 2025			Year ended 31 December 2024		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	58,885	58,885	–	46,508	46,508
Income	4	11,389	–	11,389	9,132	–	9,132
Foreign exchange losses		–	(375)	(375)	–	(1,834)	(1,834)
Investment adviser fees	5	(656)	(2,623)	(3,279)	(583)	(2,334)	(2,917)
Other operational expenses	6	(1,363)	–	(1,363)	(1,446)	–	(1,446)
Profit before finance costs and taxation		9,370	55,887	65,257	7,103	42,340	49,443
Finance costs		(51)	–	(51)	–	–	–
Profit before taxation		9,319	55,887	65,206	7,103	42,340	49,443
Taxation	7	(1,138)	–	(1,138)	(913)	–	(913)
Profit and comprehensive income for the year		8,181	55,887	64,068	6,190	42,340	48,530
Earnings per Ordinary Share - Basic and diluted	12	4.30p	29.39p	33.69p	3.27p	22.39p	25.66p

There is no other comprehensive income and therefore the 'Profit and comprehensive income for the year' is 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.

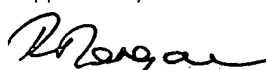
The supplementary revenue and capital columns, including the earnings per Ordinary Share, are prepared in accordance with the Statement of Recommended Practice ("SORP") issued by the Association of Investment Companies.

The notes on pages 63 to 81 form an integral part of these financial statements.

Statement of Financial Position

	Note	As at 31 December 2025 £'000	As at 31 December 2024 £'000
Non-current assets			
Investments held at fair value through profit or loss	3	419,934	345,593
Current assets			
Cash and cash equivalents		9,947	19,889
Trade and other receivables	9	1,409	1,270
		11,356	21,159
		431,290	366,752
Current liabilities			
Trade and other payables	10	(671)	(1,310)
Total liabilities		(671)	(1,310)
Net assets		430,619	365,442
Equity			
Share capital	11	1,925	1,891
Share premium		239,056	231,834
Capital reserve		180,937	125,050
Revenue reserve		8,701	6,667
Total equity		430,619	365,442
Net asset value per Ordinary Share	13	223.68p	193.21p

Approved by the Board of Directors on 7 April 2026 and signed on their behalf by:



Rosemary Morgan

Chairman

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

The notes on pages 63 to 81 form an integral part of these financial statements.

Statement of Changes in Equity

Year ended 31 December 2025	Note	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Closing balance as at 1 January 2025		1,891	231,834	125,050	6,667	365,442
Profit and comprehensive income for the year		–	–	55,887	8,181	64,068
Issue of Ordinary Shares	11	34	7,397	–	–	7,431
Share issue costs		–	(175)	–	–	(175)
Dividends paid	8	–	–	–	(6,147)	(6,147)
Closing balance as at 31 December 2025		1,925	239,056	180,937	8,701	430,619

Year ended 31 December 2024	Note	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance as 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)
Closing balance as at 31 December 2024		1,891	231,834	125,050	6,667	365,442

The capital reserve as at 31 December 2025 includes realised gains of £72,211,000 (31 December 2024: realised gains of £67,021,000).

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 63 to 81 form an integral part of these financial statements.

Statement of Cash Flows

	Note	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Operating activities cash flows			
Profit before finance costs and taxation*		65,257	49,443
Adjustment for:			
Gains on investments	3	(58,885)	(46,508)
Foreign exchange losses		375	1,834
Decrease/(increase) in other receivables		32	(177)
Increase/(decrease) in other payables		40	(56)
Tax withheld on overseas income	7	(1,138)	(913)
Net cash flow from operating activities		5,681	3,623
Investing activities cash flows			
Purchase of investments	3	(61,400)	(163,798)
Sale of investments	3	45,094	162,667
Net cash flow used in investing activities		(16,306)	(1,131)
Financing activities cash flow			
Proceeds from issue of Ordinary Shares	11	7,431	–
Share issue costs		(175)	–
Dividends paid	8	(6,147)	(3,026)
Bank loans drawn		4,957	–
Bank loans repaid		(4,814)	–
Loan interest and other charges paid		(51)	–
Effect of foreign exchange movement		(143)	–
Net cash flow from/(used in) financing activities		1,058	(3,026)
Decrease in cash and cash equivalents		(9,567)	(534)
Effect of exchange rate changes on cash and cash equivalents		(375)	(1,834)
Cash and cash equivalents at start of year		19,889	22,257
Cash and cash equivalents at end of year		9,947	19,889

* Cash inflow from dividends received for the year is £10,074,000 (31 December 2024: £7,766,000).

The notes on pages 63 to 81 form an integral 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 The UK's implementation of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers, together with Commission Delegated Regulation (EU) No. 231/2013 which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018, and any transposing legislation incorporating the same into UK law (including, but not limited to, the UK Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773), as amended by The Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019), all as may be amended or supplemented from time to time.

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

NSM Funds (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 is 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 Directors have assessed the Company's ability to continue as a going concern for the period under review, being at least 12 months from the date on which the financial statements are 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 and trade tariffs. 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 in 2027. 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 2027 AGM.

Notes to the Accounts continued

2. BASIS OF PREPARATION AND MATERIAL 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 2025 were £430,619,000 (31 December 2024: £365,442,000). As at 31 December 2025, the Company held £9,947,000 (31 December 2024: £19,889,000) in cash. The total expenses for the year ended 31 December 2025 were £4,642,000 (31 December 2024: £4,363,000). The ongoing charges ratio represented approximately 1.12% (31 December 2024: 1.18%) 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.

Fair value measurement and levelling of investments

Investments are measured at fair value in accordance with IFRS 13 and classified within the fair value hierarchy (Levels 1, 2 or 3) based on the lowest level significant input.

Judgement is required in selecting appropriate valuation techniques and determining whether inputs are observable for the purposes of measurement and classification within the fair value hierarchy.

Where investments are not quoted in an active market, fair value may be determined by reference to quoted prices in inactive markets or to observable market data for similar instruments (Level 2). Where observable inputs are not available, valuation techniques incorporating unobservable inputs, such as discount rates, forecast cash flows and credit assumptions, are applied (Level 3).

Classification within Level 3 involves significant estimation uncertainty, and changes in key assumptions could materially affect carrying values. Further details of hierarchy classification are disclosed in note 3.

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, amendments and interpretations adopted from 1 January 2025

The following amendment is effective for the year ended 31 December 2025 and has been adopted by the Company.

Standard, amendment or interpretation	Effective for annual periods beginning on or after
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IAS 21 – Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)	1 January 2025
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The amendments clarify when a currency is exchangeable into another currency and specify how an entity estimates the spot exchange rate when exchangeability is lacking, together with related disclosures. The Directors have assessed the impact of these amendments and concluded that they did not have a material impact on the Company's financial statements for the year ended 31 December 2025, as the Company's transactions and exposures are predominantly denominated in currencies that are readily exchangeable.

There are no other standards, amendments to standards or interpretations that are effective for annual reporting periods beginning on or after 1 January 2025 that have a material effect on the financial statements of the Company.

New Standards, amendments and interpretations issued but not yet effective

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Company.

Standard, amendment or interpretation	Effective for annual periods beginning on or after
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IFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
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In April 2024, the IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements, which introduces new requirements to improve the presentation and disclosure of financial performance. The standard introduces defined categories and subtotals in the statement of profit or loss, enhanced requirements for management-defined performance measures, and more structured principles for the aggregation and disaggregation of information in the financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
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In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). The amendments clarify certain aspects of the classification and measurement requirements in IFRS 9, including the assessment of contractual cash flow characteristics (SPPI) and the timing of recognition and derecognition of financial assets and liabilities, and introduce related disclosure requirements in IFRS 7. The amendments also provide an optional approach for determining the classification of liabilities settled via electronic cash transfer systems. The amendments are effective for annual reporting periods beginning on or after 1 January 2026.

IFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
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In May 2024, the IASB issued IFRS 19 – Subsidiaries without Public Accountability: Disclosures. The standard permits eligible subsidiaries to apply reduced disclosure requirements while applying the recognition and measurement requirements of IFRS Accounting Standards, with the aim of reducing disclosure burden without reducing the usefulness of financial information. IFRS 19 is effective for annual reporting periods beginning on or after 1 January 2027.

Notes to the Accounts continued

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES continued

Standard, amendment or interpretation	Effective for annual periods beginning on or after
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 In December 2024, the IASB issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendments provide clarification on the application of the own-use requirements, hedge accounting and related disclosure requirements for contracts that reference nature-dependent electricity. The amendments are effective for annual reporting periods beginning on or after 1 January 2026.	1 January 2026
Annual Improvements to IFRS Accounting Standards (2024) In 2024, the IASB issued Annual Improvements to IFRS Accounting Standards (2024), which comprise a collection of minor amendments to a number of IFRS Accounting Standards intended to clarify wording or correct relatively minor unintended consequences. The amendments are effective for annual reporting periods beginning on or after 1 January 2026.	1 January 2026

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”.

Unquoted investments are classified as Level 3 under IFRS 13 where observable market prices are not available. Such investments are valued at fair value in accordance with IFRS 13 and recognised valuation techniques.

An independent external valuation agent, appointed by the Board, performs valuations of unquoted holdings. AIFM then oversees the valuation process, reviews draft valuation reports, challenges key assumptions and methodologies, and recommends final valuations for inclusion in the Company’s NAV. The Board retains ultimate responsibility for the valuation framework and oversight of Level 3 investments.

Valuations are performed on a half-yearly basis in line with the Company’s reporting cycle. The valuation agent prepares reports using recognised valuation methodologies appropriate to the nature and stage of each investee company. These may include discounted cash flow analysis, comparable company multiples, recent transaction prices (adjusted where necessary) and net asset value approaches. The methodology selected reflects the availability and reliability of financial information and relevant market data. The AIFM undertakes a detailed review of each valuation, including analysis of key inputs and assumptions, assessment of movements compared with prior periods, and consideration of relevant market or company-specific developments. Material valuation changes, methodological adjustments or significant judgements are discussed with the valuation agent and, where appropriate, escalated to the Board. At the year end, additional procedures are performed to assess whether any post-reporting date events or developments require adjustment or disclosure, ensuring that valuations reflect all material information available up to the date of approval of the financial statements.

The valuation agent operates independently of the investment decision-making process. Any actual or potential conflicts of interest are identified and appropriately managed. The valuation policy is reviewed at least annually and approved by the Board.

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 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 Statement of Comprehensive Income as appropriate. Foreign exchange movements on investments are included in the Statement of Comprehensive Income 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.

Notes to the Accounts continued

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES^{*} continued

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 Statement of Comprehensive Income; 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 Statement of Comprehensive Income 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.

3. INVESTMENTS

(a) Investments held at fair value through profit or loss

	As at 31 December 2025 £'000	As at 31 December 2024 £'000
Investment at fair value through profit or loss		
Listed on a recognised overseas exchange	412,835	344,150
Unquoted investments	7,099	1,443
Total	419,934	345,593

(b) Movements during year

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Opening valuation	345,593	295,268
Opening unrealised gains on investments	(58,029)	(53,543)
Opening book cost	287,564	241,725
Investment purchases, at cost	60,663	164,515
Investment sales, at cost	(37,019)	(118,676)
Closing book cost	311,208	287,564
Revaluation gains on investments held at year end	108,726	58,029
Closing valuation	419,934	345,593

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 2025 amounted to £58,000 (31 December 2024: £125,000) and on investment sales for the year ended 31 December 2025 amounted to £35,000 (31 December 2024: £109,000).

As at 31 December 2025, the Company held interests of 3% or more of any share class in 16 investee companies (31 December 2024: 18 investee companies).

Portfolio holdings	Valuation £'000	% of voting rights
Helios Techno Holding Co Ltd	11,067	9.7
Eiken Chemical Co Ltd	37,271	9.5
Hogy Medical Co Ltd	61,214	8.6
ASKA Pharmaceutical Holdings Co Ltd	23,086	8.3
Meisei Industrial Co Ltd	33,009	7.5
Nasu Denki Tekko Co Ltd	6,928	7.3
Ebara Jitsugyo Co Ltd	18,603	7.1
Murakami Corp	23,827	5.8
Teikoku Sen-I Co Ltd	23,198	5.4
Teikoku Tsushin Kogyo Co Ltd	6,273	5.0
Sekisui Jushi Corp	15,138	4.7
Stella Chemifa Corp	11,434	4.2
Meiko Trans Co Ltd	12,881	4.0
Nissan Tokyo Sales Holdings	5,264	3.7
Bunka Shutter Co Ltd	24,234	3.5
Noritz Corp	14,178	3.1

Notes to the Accounts continued

3. INVESTMENTS continued

(c) Gains/(losses) on investments

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Realised gains on disposal of investments	8,281	42,256
Net transaction costs	(93)	(234)
Movement in unrealised gains on investments held	50,697	4,486
Total gains on investments held at fair value	58,885	46,508

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 other than 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 in note 2.

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

As at 31 December 2025	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity investments	412,835	–	7,099	419,934
Total	412,835	–	7,099	419,934

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

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

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Opening balance	1,443	–
Additions during the year	1,553	1,443
Disposals during the year	(967)	–
Unrealised gains/(losses) on investments	5,070	–
Total	7,099	1,443

There were no transfers between the levels during the year (31 December 2024: none)

As at year end, the Company had two unquoted investments; Trancom Co., Ltd and T&K TOKA Corporation (31 December 2024: One unquoted investment).

4. INCOME

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Income from investments:		
Overseas dividends	11,386	9,125
Other income:		
Bank interest income	3	7
Total income	11,389	9,132

5. INVESTMENT ADVISER FEES

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Basic fee:		
20% charged to revenue	656	583
80% charged to capital	2,623	2,334
Total:	3,279	2,917

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.

Notes to the Accounts continued

6. OTHER OPERATIONAL EXPENSES

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Directors' fees and expenses	282	227
Administration & secretarial fees	252	217
Auditor's remuneration ¹	58	49
AIFM fees	145	124
Broker retainer fees	68	77
Custodian fees	91	116
D&O Insurance	27	18
Marketing fees	84	75
Legal fees	168	82
UKLA and other regulatory fees	56	21
Miscellaneous expenses	132	440
Total	1,363	1,446

¹ This is the Auditor's fee for the statutory audit of these financial statements excluding VAT of £11,600 (31 December 2024: £9,800) and out of pocket expenses.

7. TAXATION

(a) Analysis of tax charge in the year:

	Year ended 31 December 2025			Year ended 31 December 2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas withholding tax	1,138	–	1,138	913	–	913
Total tax charge for the year (see note 7 (b))	1,138	–	1,138	913	–	913

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

The effective UK corporation tax rate for the year is 25% (2024: 25%). 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 2025			Year ended 31 December 2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit before taxation	9,370	55,887	65,257	7,103	42,340	49,443
Effective corporation tax at 25% (2024: 25%)	2,343	13,972	16,315	1,776	10,585	12,361
Effects of:						
Overseas withholding tax suffered	1,138	–	1,138	913	–	913
Non-taxable overseas dividends	(2,847)	–	(2,847)	(2,281)	–	(2,281)
Capital gains not subject to tax	–	(14,721)	(14,721)	–	(11,628)	(11,628)
Movement in unutilised management expenses	491	655	1,146	507	584	1,091
Unutilised finance costs	13	–	13	(2)	–	(2)
Foreign exchange gains/(losses) not subject to tax	–	94	94	–	459	459
Total tax charge for the year	1,138	–	1,138	913	–	913

The Company is not liable to UK Corporation tax on capital gains due to its status as an investment trust. The Company has a total gross tax loss of £16,531,000 (2024: £11,841,000) and as a result an unrecognised deferred UK Corporation tax asset of £4,133,000 (31 December 2024: £2,960,000) based on the UK corporation tax rate of 25% (2024: 25%). This asset has accumulated because deductible expenses exceeded taxable income for the year ended 31 December 2025. No asset has been recognised in the accounts because, given the composition of the Company's portfolio, it is unlikely that this asset will be utilised in the foreseeable future.

8. DIVIDEND

(a) Dividends paid during the year

Dividends paid during the respective years are detailed in the below table:

	Year ended 31 December 2025		Year ended 31 December 2024	
	Pence per Share	£'000	Pence per Share	£'000
Interim dividend - paid 23 May 2025	3.25	6,147	–	–
Interim dividend - paid 24 May 2024	–	–	1.6	3,026
Total	3.25	6,147	1.6	3,026

Notes to the Accounts continued

8. DIVIDEND continued

(b) Dividends payable in respect of the financial year, which is the basis on which the requirements of s1158-1159 of the Corporation Tax Act 2010 are considered

	Year ended 31 December 2025		Year ended 31 December 2024	
	Pence per Share	£'000	Pence per Share	£'000
Interim dividend - payable on 16 July 2026 (2024: paid 23 May 2025)	5.52	10,754	3.25	6,147

The Directors recommend the payment of a final dividend for the year of 5.52p per share. Subject to approval at the Company's Annual General Meeting, the dividend will have an ex-dividend date of 18 June 2026 and will be paid on 16 July 2026, to shareholders on the register at 19 June 2026.

9. TRADE AND OTHER RECEIVABLES

	As at 31 December 2025 £'000	As at 31 December 2024 £'000
Accrued income	1,143	969
Sales for settlement	173	2
VAT receivable	52	292
Prepayments	41	7
Total	1,409	1,270

10. TRADE AND OTHER PAYABLES

	As at 31 December 2025 £'000	As at 31 December 2024 £'000
Amounts falling due within one year:		
Purchases for future settlement	507	1,186
Accrued expenses	164	124
Total	671	1,310

11. SHARE CAPITAL

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

	Year ended 31 December 2025		Year ended 31 December 2024	
	No. of shares	£'000	No. of shares	£'000
Allotted, issued and fully paid:				
Opening balance	189,141,704	1,891	189,141,704	1,891
Ordinary Shares of 1p each ('Ordinary Shares') issued	3,373,282	34	–	–
Closing balance	192,514,986	1,925	189,141,704	1,891

During the year to 31 December 2025, 3,373,282 Ordinary Shares (31 December 2024: Nil) were issued with aggregate proceeds of £7,256,000 (31 December 2024: £Nil).

There were no share buybacks during the year to 31 December 2025 (31 December 2024: Nil).

Following the year end, the Company has issued 2,300,000 Ordinary Shares for aggregate gross proceeds of £5,685,700.

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 £64,068,000 (31 December 2024: profit £48,530,0000).

Based on the weighted average number of Ordinary Shares in issue for the year to 31 December 2025 of 190,155,512 (31 December 2024: 189,141,704), the returns per share were as follows:

	Year ended 31 December 2025			Year ended 31 December 2024		
	Revenue	Capital	Total	Revenue	Capital	Total
(Loss)/ Profit for the year (£'000)	8,181	55,887	64,068	6,190	42,340	48,530
Return per Ordinary Share	4.30p	29.39p	33.69p	3.27p	22.39p	25.66p

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

Notes to the Accounts continued

13. NET ASSET VALUE PER SHARE

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

	As at 31 December 2025	As at 31 December 2024
Net Asset Value (£)	430,619,000	365,442,000
Ordinary Shares in issue	192,514,986	189,141,704
NAV per Ordinary Share	223.68p	193.21p

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 2025.

A key member of the RSM team is a major shareholder of Rosenwald Capital Management, Inc. Further details of Rosenwald Capital Management, Inc.'s shareholding is disclosed on page 32.

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

Directors' fees and shareholdings

During the year ended 31 December 2025, Directors' fees were paid at a rate of £31,700 (2024: £29,535) per annum for each Director other than the Chairman, who was entitled to receive £47,000 (2024: £43,830) and the Chair of the Audit Committee who was entitled to an additional fee of £6,300 (2024: £5,515) per annum.

The Board reviewed the rate of Directors' fees in November 2025 and decided that the fees for Directors be increased in line with the average market levels by £1,300 with effect from 1 January 2026, with the fees for the Chair and Audit Chair remaining unchanged.

Position	Directors' Fees per annum for the year ending 31 December 2025 (GBP)	Directors' Fees per annum for the year ending 31 December 2024 (GBP)	Increase in line with market levels %
Board Chairman	47,000	43,830	7.2
Director	31,700	29,535	7.3
Audit Committee Chair (additional fee)	6,300	5,515	14.2

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

	As at 31 December 2025	As at 31 December 2024
Rosemary Morgan	41,450	41,450
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	–	–

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

(i) 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 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 10 per cent. of the Net Asset Value of the Company at that time.
- total net investment Derivative exposure will not exceed 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 20 per cent. of Gross Asset Value at the time of investment.

(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 2025 £'000	As at 31 December 2024 £'000
Portfolio of investments: yen	419,934	345,593
Trade and other receivables and payables : yen	810	971
Cash: yen	8,342	19,804
Cash: USD	3	–
Total	429,089	366,368

Foreign currency sensitivity

If the Japanese yen had appreciated or depreciated by 10% as at 31 December 2025 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 2025 £'000	Decrease in Fair Value As at 31 December 2025 £'000	Increase in Fair Value As at 31 December 2024 £'000	Decrease in Fair Value As at 31 December 2024 £'000
Impact on portfolio - increase/(decrease)	41,993	(41,993)	34,559	(34,559)
Impact on NAV - increase/(decrease)	42,909	(42,909)	36,637	(36,637)

(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 at bank and on deposits. 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 2025 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 2025 £'000	As at 31 December 2024 £'000
Exposure to floating interest rates:		
Floating rate on cash balance : yen	8,342	19,804
Floating rate on cash balance : USD	3	–

(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 where it considers the asset allocation of the portfolio and the risk associated with particular industry sectors. The Company's Investment Adviser 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 2025 comprises its holdings in equity investments as follows:

	As at 31 December 2025 £'000	As at 31 December 2024 £'000
Investments held at fair value through profit or loss	419,934	344,150

Market price risk sensitivity

The effect on the portfolio of a 10% increase or decrease in market prices would have resulted in an increase or decrease of £41,993,400 (31 December 2024: £34,415,000) in the investments held at fair value through profit or loss at the year end date. This analysis assumes that all other variables remain constant.

The Company's portfolio of unlisted level 3 investments is not necessarily affected by market performance, however the valuations may be affected by the performance of the underlying securities in line with the valuation criteria in note 2. The valuation of the unlisted instruments are not materially sensitive to estimated assumptions at the Statement of Financial Position date.

(ii) 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.

Notes to the Accounts continued

15. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES continued

Liquidity risk exposure

The undiscounted gross cash outflows of the financial liabilities as at 31 December 2025, based on the earliest date on which payment can be required, were as follows:

	As at 31 December 2025 less than 3 months	As at 31 December 2024 less than 3 months
Creditors: amounts falling due within one year		
Trade and other payables	671	1,310
Total	671	1,310

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 expected to be readily realisable under normal conditions.

(iii) Credit risks

Cash and other assets held by the Custodian

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 The Northern Trust Company 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 year end is AA- (31 December 2024: 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 as at 31 December 2025 was as follows:

	As at 31 December 2025 £'000	As at 31 December 2024 £'000
Cash at bank	9,947	19,889
Trade and other receivables	1,409	971
Total	11,356	20,860

(iv) 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 18.

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 2025 comprises called-up share capital and reserves totalling £430,619,000 (31 December 2024: £365,442,000).

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

16. POST YEAR-END EVENTS

Other than those included in these Financial Statements or below, there have been no significant events since the year end which would require revision of the figures or disclosure in the Financial Statements.

On 17 December 2025, the Company announced participation in a successful tender offer for Hoky Medical, led by Carlyle as outlined further on page 25. NAVF and co-investors agreed to tender their 27.58% stake, including NAVF's 8.58% holding. This transaction, which will take Hoky Medical private and delist it from the Tokyo Stock Exchange, values NAVF's holding at approximately £62.4 million, an increase from its previous valuation of £55.2 million. Following the tender offer, NAVF and co-investors reinvested a portion of their proceeds for an approximately 10% economic interest in a Carlyle-affiliated acquiring entity.

On 5 February 2026, a General Meeting was held at which shareholders approved the cancellation of the Company's share premium account, which stood at £239,056,149 as at 16 January 2026. The Board convened the meeting in order to increase the Company's distributable reserves and thereby provide greater flexibility for potential future distributions to shareholders. The resolution was passed with 99.98% of votes cast in favour and the cancellation became effective on 12 March 2026.

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 2025		Page	Pence
NAV per Ordinary Share	a	2	223.68
Share price	b	2	207.00
Discount	(b÷a)-1		(7.5)%

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)%

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 2025		Page	Share price	NAV
Opening (pence)	a	2	187.50	193.21
Closing (pence)	b	2	207.00	223.68
Movement (b÷a)-1	c	n/a	10.4%	15.77%
Dividend reinvestment factor	d	n/a	1.9%	1.63%
Total return	(c+d)		12.3%	17.4%

Year end 31 December 2024		Page	Share price	NAV
Opening (pence)	a	n/a	162.00	169.20
Closing (pence)	b	n/a	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%

Ongoing charges

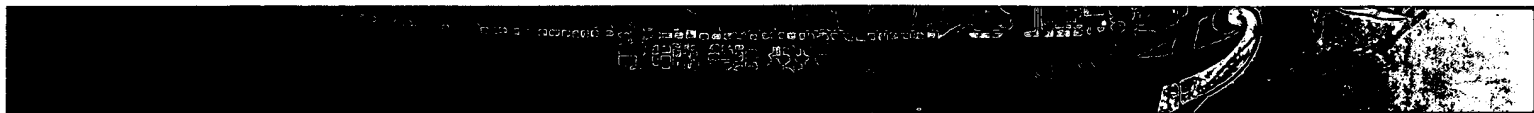
A measure, expressed as a percentage of average NAV, of the regular, recurring annual costs of running an investment company.

Year end 31 December 2025		Page	
Average NAV	a	n/a	395,449,000
Annualised expenses	b	59	4,431,000
Ongoing charges	(b÷a)		1.12%

Year end 31 December 2024		Page	
Average NAV	a	n/a	343,210,000
Annualised expenses	b	59	4,055,000
Ongoing charges	(b÷a)		1.18%

Glossary

Administrator	The Company's Administrator, the current 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	The amount by which asset exposure exceeds shareholders' funds expressed as a percentage. A bank loan is a common method of gearing.
Index	A basket of stocks which is designed 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.
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	Ordinary Shares of £0.01 each in the capital of the Company.



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 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.