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Nippon Active Value Fund PLC
08 April 2025

NIPPON ACTIVE VALUE FUND PLC

Annual Report and Accounts for the year ended 31 December 2024

Nippon Active Value Fund plc (the "Company") hereby submits its annual report and financial statements for the year ended 31 December 2024 as required by the Financial Conduct Authority's Disclosure and Transparency Rule 4.1.

The Company's annual report and financial statements for the year ended 31 December 2024 is being published in hard copy format and an electronic copy will shortly be available to download from the Company website www.nipponactivevaluefund.com

It will also be made available to the public at the Company's registered office: 4th Floor, 46-48 James Street, London, W1U 1EZ.

The Company's annual report and financial statements will also be uploaded to the Financial Conduct Authority's National Storage Mechanism and will shortly be available for inspection at:
https://data.fca.org.uk/#/nsm/nationalstoragemechanism

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

Net assets - (£ millions)
Net asset value ("NAV") per Ordinary Share ("Share") - (pence)[1]
Share price - (pence)
Share price discount to NAV (%)[2]
Ongoing charges (%)[2]

PERFORMANCE SUMMARY

NAV total return per Share[2,3]
Share price total return per Share[2,3]
MSCI Japan Small Cap index (sterling terms)[3]

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 in the annual report.

3 Total returns are stated in GBP, including dividends reinvested.

CHAIRMAN'S STATEMENT

OVERVIEW OF THE YEAR

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

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

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

at 31 March 2025, being the latest practicable date.

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

OUR INVESTMENT APPROACH

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

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

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

JAPANESE CORPORATE GOVERNANCE DEVELOPMENTS

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

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

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

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

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

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

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

DIVIDEND

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

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

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

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

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

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

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

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

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

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

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

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

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

ROSEMARY MORGAN
Chairman
7 April 2025

INVESTMENT ADVISER'S REPORT

PERFORMANCE SINCE INITIAL LISTING[1]

Period	JPY %	Periodic change sterling/yen FX %	GBP %
21 February 2020 to Year End December 2020	10.6	3.0	13.6
Year End December 2021	35.0	-12.7	22.3
Year End December 2022	5.3	-1.9	3.4
Year End December 2023	39.6	-16.5	23.1
Year End December 2024	26.3	-11.1	15.2
CAGR[2] Since Inception 21 February 2020 to Year End December 2024	23.0	-7.5	15.5

1 Investment results assume dividends are reinvested.

2 Compound Annual Growth Rate

INTRODUCTION

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

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

PERFORMANCE

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

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

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

NAVF (GBP) Cumulative Performance:
NAVF (JPY) Cumulative Performance:

NAVF NAV Cumulative Performance:
NAVF Share Price Cumulative Performance:
MSCI Japan Cumulative Performance:
MSCI Japan Small Cap Cumulative Performance:

MARKET CAP (USD) 31/12/2023 TO 31/12/2024

Total
> 2.5bn
1bn - 2.5bn
750m - 1bn
500m - 750m
250m - 500m
< 250m
Cash
Other

GLOBAL INDUSTRY CLASSIFICATION STANDARD ("GICS+") SECTOR 31/12/2023 TO 31/12/2024

Total
Communication Services
Consumer Discretionary
Consumer Staples

Energy
Financials
Health Care
Industrials
Information Technology
Materials
Real Estate
Utilities
Cash
Other Sectors

ATTRIBUTION

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

Ticker	Total
9058	TRANCOM
6941	Yamaichi Electronics
3593	Hogy Medical
5930	Bunka Shutter
7292	Murakami
The poorest 6 performers (in reverse order), either net detractors or the lowest contributors were:	
4636	T & K Toka
4956	Konishi
3391	TSURUHA Holdings
CASH_JPY	Japanese yen
4212	Sekisui Jushi
4362	Nippon Fine Chemical

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GAINS

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

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

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

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

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

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

DETRACTORS

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

Tsuruha Holdings ("Tsuruha") is one of Japan's largest drugstore chains, operating under the name Tsuruha Drug. The company owned over 2,500 locations across Japan as of 2024. In early February 2024, Aeon announced that it would acquire a 13.6% stake from Oasis for Y15,500 per share, 31.5% higher than the share price at the time of announcement. Aeon will acquire additional shares to make Tsuruha an equity method affiliate. We exited the position at a loss, as we were not confident of Aeon's position as a major holder of Tsuruha.

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

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

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

PORTFOLIO ENGAGEMENT IN 2024

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

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

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

OUTLOOK

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

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

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

PAUL FFOLKES DAVIS
RISING SUN MANAGEMENT LIMITED
7 April 2025

PORTFOLIO AS AT 31 DECEMBER 2024

TOP TEN HOLDINGS AS A PERCENTAGE OF NET ASSETS

	Company	Sector
1.	Hogy Medical	Healthcare
2.	Eiken Chemical	Healthcare
3.	Bunka Shutter	Industrials
4.	Aska Pharmaceutical	Healthcare
5.	Fuji Media Holdings	Communication Services
6.	Mesei Industrial	Industrials
7.	Murakami	Consumer Discretionary
8.	Ebara Jitsugyo	Industrials
9.	Sekisui Jushi	Industrials
10.	Teikoku Sen-I	Industrials

SECTOR BREAKDOWN

Portfolio Characteristics
Equity Investments
Price/Book
Price/Earnings
EV/EBITDA
Adjusted Cash/Market Cap*

Net Working Capital/Market Cap**

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

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

INVESTMENT POLICY, RESULTS AND OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

- total net investment Derivative exposure will not exceed twenty per cent. (20%) of Gross Asset Value at the time of investment; and

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

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

Rules:

- neither the Company, nor any of its subsidiaries will conduct any trading activity which is significant in the context of the Group as a whole;

- no more than ten per cent. (10%), in aggregate, of the value of the total assets of the Company will be invested in other listed closed-ended investment funds (except to the extent that those investment funds have stated investment policies to invest no more than fifteen per cent. (15%) of their total assets in other investment companies which are listed on the Official List); and

- the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the published Investment Policy.

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

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

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

The Board will apply the following restrictions on Derivative exposure:

- total net investment Derivative exposure will not exceed twenty per cent. (20 per cent.) of Gross Asset Value at the time of investment; and

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

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

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

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

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

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

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

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

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

KEY PERFORMANCE INDICATORS ("KPIS")
The Board measures the Company's success in attaining its investment objective by reference to the following KPIs:

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

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

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

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

RISKS AND RISK MANAGEMENT

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

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

1. Investment Adviser: the Investment Adviser provides a report to the Board at least quarterly or periodically as required on industry trends, insight to future challenges in the Japanese equity sector including the regulatory, political and economic changes likely to impact the sector;

2. AIFM: following advice from the Investment Adviser and other service providers, the AIFM maintains a register of identified risks including emerging risks likely to impact the Company; The Board reviews and updates the risk register if necessary on a quarterly basis.

3. Broker: provides advice periodically, specific to the Company on the Company's sector, competitors and the investment company market whilst working with the Board and Investment Adviser to communicate with shareholders;

4. Company secretary and auditor: briefs the Board on forthcoming legislation/regulatory change that might impact on the Company. The auditor provides their findings at least annually; and

5. Association of Investment Companies ("AIC"): The Company is a member of the AIC, which provides regular technical updates as well as drawing members' attention to forthcoming industry and regulatory issues.

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

Risk	Possible consequences	Possible Impact	Risk Mitigation
MARKET	**The Company may not meet its investment objective**	**Low**	The Investment Adviser has a well-defined investr rigorously reviewed by both the independent Boar The Investment Adviser has a contract in place wh Investment Adviser and has safeguards in place ir agreement upon 12 months' notice, not to be serve The Investment Adviser has stated that it will run a composition and performance of that portfolio as w Board meeting. A review of transactions is perforr Management Accounts, and Income and expense f The Investment Adviser sends the Board its month a quarterly basis. The Board considers the Investment Adviser and tl
MARKET	**Board fails to monitor whether there is style drift within the investment process.**	**Low**	The Investment Adviser provides individual compai regularly. These updates include key metrics that a are consistent with the original investment thesis. Details of the portfolio composition are monitored b Board to see if the portfolio construction is consist
MARKET	**The Company's Shares trade at a discount to NAV.**	**High**	The Investment Adviser, AIFM and Broker review r Shares may trade to their NAV through further issu Discount protection mechanism in place whereby t market conditions, the Company should purchase i
MARKET	**Board fails to monitor the Company's ability to build the Portfolio.**	**Low**	The Investment Advisor/AIFM/Brokers review mark Quarterly meetings with the Investment Adviser to dynamics and ongoing viability of the strategy. The Investment Adviser will inform the AIFM and B might compromise their ability to deliver vs the strat
OPERATIONAL	**Board fails to monitor the execution of the Investment Process.**	**Medium**	Quarterly meetings with the Investment Adviser tha The Board relies on the AIFM to monitor the implem If the Investment Adviser considers the opportunity process, the Investment Adviser will send an initial target company to the investible universe.

			Upon approval of a target company by the Board a recommendation, outlining the rationale for the reco forward to the AIFM for consideration. Upon receipt of approval from the AIFM, the Invest The Board regularly carries out Investment Process
OPERATIONAL	**Cyber Security risks could potentially lead to breaches**	**Medium**	Cyber security policies and procedures are implem The AIFM has cyber essentials accreditation, whic Penetration testing is carried out by the AIFM and A
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 the holding to surpass a threshold. Filing is delegated to third party specialist Hibiya-Na The AIFM performs their own daily review of these the Investment Adviser and Custody records. Once a deal has surpassed a threshold, the AIFM subsequent trades to ensure their records can be quickly in the event that a subsequent threshold is
LIQUIDITY	**It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Shares and/or the C Shares.**	**Medium**	Secondary market liquidity can be improved by stro broker and market maker. The Broker monitor and r any issues. Funding liquidity to satisfy redemption rights is not a Discount protection mechanism in place whereby t prevailing market conditions, the Company should p
MARKET	**A corporate action is missed and the Company suffers a consequential loss.**	**Medium**	The Custodian (Northern Trust) and Investment Ad Northern Trust is a very large and experienced glo 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 operations of the Investment Adviser and other ma becomes more common, the resiliency, business c service providers will come under more scrutiny. An ESG analysis is provided with investment recor
MARKET	**Interest rate/Inflation** **Risk/Currency**	**Medium**	The Company may use derivative instruments such instruments, to protect the Company from fluctuatio The AIFM constantly monitors risks and impact on p Board as appropriate. The AIFM would review any proposal for the use o 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 though using historical data, insufficient training data to perform correctly and algorithm driven price manipulation.**	EMERGING	The Company, its advisers and service providers w capabilities, rather than fall foul of the potential pitfa monitoring of the new technologies being released utilise AI to its benefit.
GEOPOLITICAL	**Act of War;** • **Sanctions and restrictions imposed.** • **Volatile markets and general uncertainty.** • **Potential world order change and globalisation.** • **The global impact of the re-election of Donald Trump as the President of the USA.**	EMERGING	The portfolio is constantly monitored by the Investr sanction lists and exposures where possible, toge • The Board and the AIFM continue to monitor • Registrar will monitor payments of dividends

VIABILITY STATEMENT

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

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

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

SECTION 172 STATEMENT

SECTION 172 OF THE COMPANIES ACT 2006

This section of the Annual Report covers the Board's considerations and activities in discharging their duties under s.172(1) of the Companies Act 2006, in promoting the long-term success of the Company for the benefit of its members as a whole.

In doing so, the Board is also required to consider the likely consequences of its actions over the long-term and on other stakeholders and the environment.

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

KEY BOARD DECISIONS DURING THE YEAR

- In January 2024, K. K. BCJ-74, a company owned by a Bain Capital-advised fund, initiated a tender offer to acquire all shares in T&K TOKA CO., LTD. ("T&K Toka"). Following the strategic approach, the Investment Adviser decided to tender its holding and recommended a reinvestment of 15% of their proceeds into the Offering Vehicle's holding company with its co-investors, after T&K Toka's de-listing. The Board accepted this proposal and reviewed and approved the relevant shareholders' agreement.

- The Board provided continuous support for the Investment Adviser's approach to investment activism (see the Investment Adviser's Report) ensuring that their activism aligns with the long-term goals of the Company. The activism is focused on governance improvements, growth strategies and long-term value creation in Japanese investee companies.

- The Board decided that in 2025 and 2026, respectively, it is expected that one director will retire to bring the size of the board from seven directors down to five directors by the end of 2026. Mr Noel Lamb has voluntarily opted not to seek re-election as a director of the Company at the forthcoming AGM.

- NAVF focuses on generating returns by engaging with undervalued Japanese equities. In September 2024 K. K. BCJ-86, a company owned by Bain Capital Private Equity LP, initiated a tender offer to acquire all shares of Trancom Co Ltd., excluding those held by its founder family. Following the recommendation from the Investment Adviser and consistent with its strategy, NAVF's Board opted to tender its holding as a part of this Management Buyout ('MBO') transaction and reinvest 10% of the proceeds into the Offering Vehicle's holding company alongside co-investors Dalton Investments, Inc and NAVF Select LLC, after Trancom's de-listing. Further details can be found in the annual report.

- Having undertaken a thorough tender process, the Board approved the appointment of NSM Funds (UK) Limited ("NSM") as the Company's Company Secretary and Administrator with effect from 1 January 2025. Additionally, the Registered Office was relocated to the offices of NSM at 4th floor, 46-48 James Street, London, England, W1U 1EZ at the same time.

- During the year and in order to reduce costs, the Board agreed that Shore Capital Stockbrokers Limited act as the Company's sole broker, relieving Berenberg of their duties.

COMPANY SUSTAINABILITY AND STAKEHOLDERS

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

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

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

STAKEHOLDER MANAGEMENT

SHAREHOLDERS AND PROSPECTIVE INVESTORS

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

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

INVESTMENT ADVISER

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

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

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

KEY SERVICE PROVIDERS

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

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

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

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

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

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

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

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

WEBSITE PUBLICATION
The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

The maintenance and integrity of the company's website is the responsibility of the directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

DIRECTORS' RESPONSIBILITIES PURSUANT TO DTR4
The Directors confirm to the best of their knowledge:

● The financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the company.

● The Annual Report includes a fair review of the development and performance of the business and the financial position of the company, together with a description of the principal risks and uncertainties that they face.

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

FOR AND ON BEHALF OF THE BOARD

ROSEMARY MORGAN
Chairman of the Board of Directors
7 April 2025

STATEMENT OF COMPREHENSIVE INCOME

			Year ended 31 December 2024	
	Note	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	-	46,508	46,508
Income	4	9,132	-	9,132
Foreign exchange losses		-	(1,834)	(1,834)
Investment adviser fees	5	(583)	(2,334)	(2,917)
Other operational expenses	6	(1,446)	-	(1,446)
Profit before taxation		7,103	42,340	49,443
Taxation	7	(913)	-	(913)
Profit and comprehensive income for the year		6,190	42,340	48,530
Earnings per Ordinary Share - Basic and diluted	12	3.27p	22.39p	25.66p

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

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

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

The notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

Non-current assets
Investments at fair value through profit or loss
Current assets
Cash and cash equivalents
Trade and other receivables

Current liabilities
Trade and other payables

Net current assets

Net assets

Capital and reserves attributable to Shareholders
Share capital
Share premium
Capital reserve
Revenue reserve

Total equity

NAV per Ordinary Share (pence)

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

CHETAN GHOSH
Director

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

The notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024	Note	Share capital £'000	Share premium £'000	
Balance at 1 January 2024		1,891	231,834	
Profit and comprehensive income for the year		-	-	
Dividends paid	8	-	-	
		---------------	---------------	---
Balance at 31 December 2024		1,891	231,834	
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Year ended 31 December 2023	Note	Share capital £'000	Share premium £'000	
Balance at 1 January 2023		1,130	115,349	
Profit and comprehensive income for the year		-	-	
Dividends paid	8	-	-	
Issue of Ordinary Shares	11	761	117,623	
Share issue costs	11	-	(1,138)	
		---------------	---------------	---
Balance at 31 December 2023		1,891	231,834	
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The capital reserve as at 31 December 2024 includes realised gains of £67,021,000 (as at 31 December 2023: realised gains of £29,167,000).

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

The notes form part of these financial statements.

STATEMENT OF CASH FLOWS

Operating activities cash flows
Profit before taxation*
Adjustment for:
Gains on investments
Increase in trade and other receivables
Increase in trade and in other payables
Tax withheld on overseas income

Net cash flow from/(used in) operating activities

Investing activities cash flows
Purchases of investments
Sales of investments

Net cash flow used in investing activities

Financing activities cash flows
Dividends paid
Issue of Ordinary Share capital
Ordinary Share issue costs

Net cash flow (used in)/from financing activities
Decrease in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

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

The notes form part of these financial statements.

NOTES TO THE ACCOUNTS

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

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

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

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

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

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

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

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

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

a) Basis of preparation

Statement of compliance

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

Going Concern

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

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

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

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

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

Use of estimates and judgements

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

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

Basis of measurement

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

Functional and presentation currency

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

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

New Standards, Interpretations and Amendments Adopted from 1 January 2024

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

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

Amendments to IAS 21 - Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)
In August 2023, the IASB amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. The Company does not expect these amendments to have a material impact on its operations or financial statements.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)
On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;

- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;

- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and

- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

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

IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)
IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of comprehensive income and providing management-defined performance measures within the financial statements.

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

- Although the adoption of IFRS 18 will have no impact on the Company's net profit, the Company expects that grouping items of income and expenses in the statement of comprehensive income into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Company has performed, the following might potentially impact operating profit:

    - Foreign exchange differences currently aggregated in the line item 'Foreign exchange loss/gain' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.

- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.

- The Company does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

    - management-defined performance measures;

    - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of comprehensive income - this break-down is only required for certain nature expenses; and

    - for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of comprehensive income between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.

- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

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

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

Investments
Upon initial recognition investments are classified by the Company "at fair value through profit or loss". They are accounted for on the date they are traded and are included initially at fair value which is taken to be their cost. Subsequently quoted investments are valued at fair value, which is the bid market price, or if bid price is unavailable, last traded price on the relevant exchange. Subsequently investments are revalued at fair value, which is the bid market price for listed investments

over the time until they are sold, any unrealised gains/losses are included in the fair value of the investments. Investments are derecognised on the trade date of their disposal, which is the point where the Company transfers substantially all the risks and rewards of the ownership of the financial asset.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. INVESTMENTS
(a) Investment at fair value through profit or loss

Listed on a recognised overseas exchange

Total

(b) Movements during year

Book cost at the beginning of the year
Revaluation gains on investments held at beginning of the year

Valuation at beginning of the year

Investment purchases, at cost
Investment sales, at cost

Closing book cost

Revaluation gains on investments held at year end

Closing valuation

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

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

(c) Gains on investments

Realised gains on disposal of investments
Revaluation gains on investments held at year end
Net transactions costs

Total gains on investments held at fair value

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

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

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

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

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

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

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

	Level 1
As at 31 December 2024	£'000
Assets:	
Equity investments	344,150
Total	344,150

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

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

Opening balance
Additions during the year
Disposals during the year
Unrealised gains/(losses) on investments

Closing balance

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

4. INCOME

Income from investments:
Overseas dividends
Other income:
Deposit interest

Total:

5. INVESTMENT ADVISER FEES

Basic fee:
20% charged to revenue
80% charged to capital

Total:

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

There is no performance fee payable to the Investment Adviser.

6. OTHER OPERATIONAL EXPENSES

Directors' fees
Administrator fees
Auditor's remuneration[1]
AIFM fees
Broker retainer fees
Custodian fees
D&O insurance
Marketing fees
Legal Fees
Regulatory fees
Secretarial fees
Miscellaneous expenses

Total other operational expenses - Revenue

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

7. TAXATION

(a) Analysis of tax charge in the year:

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

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

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

	Year ended 31 December 2024 Revenue £'000	Capital £'000	Total £'000
Profit before taxation	7,103	42,340	49,443
Effective corporation tax at 25.0% (2023: 23.5%)	1,776	10,585	12,361
Effects of:			
Overseas withholding tax suffered	913	-	913
Non-taxable overseas dividends	(2,281)	-	(2,281)
Capital gains not subject to tax	-	(11,628)	(11,628)
Movement in unutilised management expenses	507	584	1,091

Movement in unutilised management expenses	507	584	1,091
Unutilised finance costs	(2)	-	(2)
Foreign exchange losses not subject to tax	-	459	459
Total tax charge for the year	913	-	913

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

8. DIVIDEND

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

	Year ended 31 December 2024
Type - respective financial year end - dividend rate (pence)	Pence per Ordinary share
Interim dividend - paid 26 May 2023 (3.2p per ordinary share)	-
Interim dividend - paid 24 May 2024 (1.6p per ordinary share)	1.6p
Total	1.6p

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

	Year ended 31 December 2024
Type - respective financial year end - dividend rate (pence)	Pence per Ordinary share
Interim dividend - paid 23 May 2025 (2023: paid 24 May 2024)*	3.25p
Total	3.25p

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

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

9. TRADE AND OTHER RECEIVABLES

Sales for future settlement
Accrued income
Other receivables
Prepayments

Total

10. TRADE AND OTHER PAYABLES

Amounts falling due within one year:
Purchases for future settlement
Accrued expenses

Total

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 2024 No. of shares
Allotted, issued & fully paid:	
Opening balance	189,141,704
Ordinary Shares of 1p each ('Ordinary Shares') issued	-
Closing balance	189,141,704

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

Rights attaching to the Ordinary Shares

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

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

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

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

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

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

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

13. NET ASSET VALUE PER SHARE
Total equity and the NAV per share attributable to the Ordinary Shareholders at the year end calculated in accordance with the Articles of Association were as follows:

Net Asset Value (£)	
Ordinary Shares in issue	
NAV per Ordinary Share	

14. RELATED PARTY TRANSACTIONS
Transactions with the Investment Adviser
The fees for the year are disclosed in note 5 with no amounts outstanding at the year ended 31 December 2024.

A key member of the RSM team is a major shareholder of Rosenwald Capital Management, Inc. Further details of Rosenwald Management Inc's shareholding is disclosed in the annual report.

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

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

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

	Direc per the ye 31
Position	
Board Chairman	
Director	
Audit Committee Chair (additional fee)	

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

Rosemary Morgan
Chetan Ghosh
Rachel Hill
Alicia Ogawa
Ayako Weissman
Claire Boyle
Noel Lamb

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 in the annual report. In pursuing its investment objective, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction of the profits available for dividends.

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

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

Market risk

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

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

Management of market risks
The Company is invested in a diversified portfolio of investments.

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

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

- the value of the four largest investments at the time of investment will not constitute more than 75 per cent. of the Gross Asset Value.

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

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

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

Portfolio of investments: yen	
Trade and other receivables: yen	
Cash: yen	
Total	

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

	Increase in Fair Value As at 31 December 2024 £'000	D 31
Impact on portfolio - increase/(decrease)	34,559	
Impact on NAV - increase/(decrease)	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 on deposit with banks. The effect of interest rate changes on the earnings of the companies held within the portfolio may have a significant impact on the valuation of the Company's investments.

Management of interest rate risks
Prevailing interest rates are taken into account when deciding on borrowings.

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

Exposure to floating interest rates:	
Floating rate on cash balance: yen	

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

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

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

Investments held at fair value through profit or loss

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

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

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

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

Creditors: amounts falling due within one year
Trade and other payables
Total

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

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

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

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

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

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

Cash at bank
Trade and other receivables
Total

(d) Capital Management Policies and Procedures
The Company's capital management objectives are:

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

- 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.

The Company is subject to several externally imposed capital requirements:

- As a public company, the Company has to have a minimum share capital of £50,000.

- In order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by company law.

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

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

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

FINANCIAL INFORMATION

This announcement does not constitute the Company's statutory accounts. The financial information is derived from the statutory accounts, which will be delivered to the registrar of companies and will be put forward for approval at the Company's Annual General Meeting. The auditors have reported on the accounts for the year ended 31 December 2023 and the year ended 31 December 2024, their reports were unqualified and did not include a statement under Section 498(2) or (3) of the Companies Act 2006.

The Annual Report for the year ended 31 December 2024 was approved on 7 April 2025.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 5 June 2025 at 2:00 p.m. at the offices of Travers Smith LLP, 10 Snow Hill, London, EC1A 2AL.

For further information contact:

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