

## CHIKARA JAPAN INCOME & GROWTH FUND

*June 2025*

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### COMMENTARY

The Net Asset Value of the Chikara Japan Income & Growth Fund rose by 4.0% in JPY during June, exceeding the rise of 1.9% in the benchmark index. Despite broader geopolitical and economic concerns, the Japanese equity market continued its recent strength.

Foreign investors have now been net buyers of Japanese equities for 13 consecutive weeks for the first time since the early stages of Abenomics over 12 years ago. This renewed interest suggests that investors, amongst other considerations, are recognising the additional efforts Japanese companies are taking to improve capital efficiency. One of the catalysts for the sustained improvement was an initiative by the Tokyo Stock Exchange in 2023 to encourage companies to boost governance, transparency and corporate valuations. In an interview for the Nikkei newspaper, Hiromi Yamaji, the Chief Executive Officer of the Japan Exchange Group and the architect of the market reform initiative, highlighted the substantial progress so far but also suggested that this represented less than a fifth of the potential. We believe that the speed of change is accelerating, and this is confirmed by data reflecting associated activity. Japanese companies announced approximately Y17trn in share buybacks in the last fiscal year which was a record high. This looks set to be exceeded in the current year with more than Y9trn pledged during the April-May reporting season. Listed companies sold around Y4trn of cross-held shares over the same 12-month period, also a new high. The activity is not confined to financial reform alone. The number of mergers and acquisitions in Japan rose to a new high of 4,700 last year and included in this were 420 subsidiary and business unit disposals, the highest level since 2009.

Performance during the month was led by one such deal. Carta Holdings, a listed subsidiary of marketing giant Dentsu, was subject to a tender offer by NTT DoCoMo at a price of Y2,100 per share (compared to Y1,531 the previous day). This will result in the mobile telephone company becoming the largest shareholder and enhancing its collaboration with Dentsu to accelerate the benefits of Carta's digital marketing expertise.

Long standing investment SBI Holdings also performed strongly. The company recently announced the sale of its stake in SBI Sumishin Net Bank (also to NTT DoCoMo), generating a substantial net gain which reflects positively on the company's business investment strategy performance. It also announced that it will repay the public funds outstanding on its subsidiary SBI Shinsei Bank which paves the way for a realisation of the value of this investment in the future.

We continue to be encouraged by the response of the corporate sector to the widespread calls for greater accountability and are confident that the fundamental transformation this entails signifies an exciting outlook for investors in the Japanese equity market.

# CHIKARA

## CHIKARA JAPAN INCOME & GROWTH FUND

June 2025

A total return strategy designed explicitly for the Japanese equities market, identifying growth businesses with complimentary returns to shareholders

### FUND STATISTICS

|                                       |                        |
|---------------------------------------|------------------------|
| <b>Investment Team:</b>               | Richard Aston          |
|                                       | Megumi Takayama        |
|                                       | Theo Wyld              |
| <b>Fund Size:</b>                     | USD 256m               |
| <b>Strategy Size:</b>                 | USD 654m               |
| <b>Active Share <sup>(3)</sup>:</b>   | 80.2%                  |
| <b>Launch Date:</b>                   | 31.01.2013             |
| <b>Dealing:</b>                       | Daily                  |
| <b>Base Currency:</b>                 | Yen                    |
| <b>Benchmark <sup>(1)</sup>:</b>      | TOPIX Net Total Return |
| <b>Structure:</b>                     | Irish OEIC, UCITS V    |
| <b>Dividend Yield <sup>(4)</sup>:</b> | 3.4%                   |

### CUMULATIVE PERFORMANCE SINCE INCEPTION (%) <sup>(1)</sup>



### BOOK EXPOSURE

|                    | No. Stocks | (%)  |
|--------------------|------------|------|
| Dividend Growth    | 26         | 70.4 |
| Special Situations | 6          | 20.6 |
| Stable Yield       | 3          | 8.9  |
| Cash & Other       | 0          | 0.0  |

### CALENDAR YEAR PERFORMANCE (%) <sup>(1)</sup>

|                            | 2024 | 2023 | 2022 | 2021 | 2020 |
|----------------------------|------|------|------|------|------|
| JPY S Acc <sup>(2)</sup>   | 18.5 | 26.3 | 1.7  | 17.2 | -3.6 |
| GBP S Acc <sup>(2)</sup>   | 23.6 | 32.2 | 2.4  | 16.7 | -4.8 |
| USD S Acc <sup>(2)</sup>   | 24.1 | 32.8 | 3.6  | 17.1 | -3.1 |
| Index (JPY) <sup>(1)</sup> | 20.0 | 27.8 | -2.9 | 12.4 | 7.0  |

### MARKET CAP EXPOSURE <sup>(3)</sup>

|                      | % Fund | % TOPIX |
|----------------------|--------|---------|
| Large Cap (\$10bn+)  | 65.8   | 72.6    |
| Mid Cap (\$2-\$10bn) | 15.3   | 18.5    |
| Small Cap (<\$2bn)   | 18.9   | 8.9     |

### TOTAL RETURN PERFORMANCE (%) <sup>(1)</sup>

|                            | 1 MTH | YTD | 1 YR | 2 YRS | 3 YRS | 5 YRS | ITD <sup>(1)</sup> |
|----------------------------|-------|-----|------|-------|-------|-------|--------------------|
| JPY S Acc <sup>(2)</sup>   | 4.0   | 7.5 | 5.7  | 33.3  | 66.9  | 122.6 | 327.9              |
| GBP S Acc <sup>(2)</sup>   | 4.3   | 9.5 | 9.6  | 45.5  | 86.9  | 147.7 | 359.0              |
| USD S Acc <sup>(2)</sup>   | 4.3   | 9.7 | 10.1 | 46.5  | 91.0  | 155.2 | 406.7              |
| Index (JPY) <sup>(1)</sup> | 1.9   | 3.6 | 3.7  | 29.8  | 62.4  | 102.5 | 279.5              |

**Note:** Past performance does not predict future returns. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. Investments denominated in foreign currencies expose investors to the risk of loss from currency movements as well as movements in the value, price or income derived from the investments themselves. **Source:** Independent returns are calculated daily by Northern Trust International Fund Administration Services (Ireland) Limited. All performance details shown are net NAV to NAV percentage returns with gross income re-invested. All figures quoted are in the relevant share class currency.

# STRATEGY OVERVIEW

We aim to provide investors with long term capital appreciation and an income through an actively managed portfolio of equities listed in Japan.

The investment philosophy of the strategy is based on total shareholder returns. We believe that reasonably valued companies that can deliver capital growth and stable and growing dividends are best placed to compound returns over time.

## TOP 10 HOLDINGS

| Holding                         | (%)         |
|---------------------------------|-------------|
| Nintendo Co Ltd                 | 6.4         |
| Tokio Marine Holdings Inc       | 5.8         |
| Sumitomo Mitsui Financial Group | 5.1         |
| Softbank Corp                   | 5.1         |
| Mitsubishi UFJ Financial Group  | 4.3         |
| ITOCHU Corporation              | 4.2         |
| Shin-Etsu Chemical Co Ltd       | 4.1         |
| Tokyo Electron Ltd              | 3.8         |
| SBI Holdings                    | 3.5         |
| Hamamatsu Photonics             | 3.3         |
| <b>Total</b>                    | <b>45.7</b> |

## TOP 10 SECTORS

| Sector                       | (%)         |
|------------------------------|-------------|
| Banks                        | 11.9        |
| Electrical Appliances        | 10.8        |
| Chemicals                    | 10.7        |
| Other Products               | 10.1        |
| Information & Communications | 9.1         |
| Insurance                    | 8.2         |
| Wholesale                    | 7.3         |
| Other Financing Business     | 6.3         |
| Retail Trade                 | 5.2         |
| Transport Equipment          | 3.9         |
| <b>Total</b>                 | <b>83.4</b> |

## SHARE CLASS DETAILS

| Share Classes        | ISIN         | Management Fee       | Ongoing Charges Figure <sup>(5)</sup> | Minimum Initial Investment    |
|----------------------|--------------|----------------------|---------------------------------------|-------------------------------|
| JPY Acc              | IE00B8J9SY37 | 0.90% <sup>(6)</sup> | 1.20% (capped)                        | JPY equivalent of \$1,000     |
| JPY Inc              | IE00B886Z009 |                      |                                       | JPY equivalent of \$1,000     |
| GBP (unhedged) Acc   | IE00BKDSTX65 |                      |                                       | £1,000                        |
| GBP (unhedged) Inc   | IE00BKDSTW58 |                      |                                       | £1,000                        |
| GBP Acc              | IE00B827JW93 |                      |                                       | £1,000                        |
| GBP Inc              | IE00B8B2R107 |                      |                                       | £1,000                        |
| USD Acc              | IE00B8Y6JC44 |                      |                                       | \$1,000                       |
| USD Inc              | IE00B8L7SS90 |                      |                                       | \$1,000                       |
| EUR (unhedged) Acc   | IE000NJXY6U0 |                      |                                       | €1,000                        |
| S JPY Acc            | IE00B7BZQ152 | 0.75%                | 1.05% (capped)                        | JPY equivalent of \$1,000,000 |
| S JPY Inc            | IE00B8NX8L87 |                      |                                       | JPY equivalent of \$1,000,000 |
| S GBP (unhedged) Inc | IE00BKRC2Z78 |                      |                                       | £1,000,000                    |
| S GBP Acc            | IE00B82WY521 |                      |                                       | £1,000,000                    |
| S GBP Inc            | IE00B8DY1Q70 |                      |                                       | £1,000,000                    |
| S USD Acc            | IE00B9FDM775 |                      |                                       | \$1,000,000                   |
| S USD Inc            | IE00B9503Q46 |                      |                                       | \$1,000,000                   |
| S EUR (unhedged) Acc | IE000D0YXRW4 |                      |                                       | €1,000,000                    |

Registered for sale in: UK, Ireland, Germany, Luxembourg, Finland, Sweden, Netherlands, Norway, Denmark and Switzerland, for Institutional Investors only in Belgium and France.

For KID/KIID documents and more information, please visit: [www.chikarainvestments.com](http://www.chikarainvestments.com)

## KEY INVESTMENT RISKS

**Liquidity Risk** – The Fund may encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.

**Credit and Counterparty Risks** – The Fund may be exposed to credit and counterparty risks in relation to the securities and counterparties it invests in and with whom it transacts.

**Concentration Risk** – This Fund holds a limited number of investments. If one of these falls in value, it can have a greater impact on the Fund's value than if the Fund held a larger number of investments.

**Currency Risk** – Investing in assets in a currency other than your own exposes the value of your investment to exchange rate fluctuations.

**Sustainability Risk** – Environmental, social and governance events or conditions could occur that have an adverse impact on the value of the Fund's investments, either directly, or by contributing to the impact or materiality of other risks.

The Fund prospectus gives you further details about all the risks for this fund – see under “Important Information” for how to obtain a copy.

## NOTES

1. Reference to the benchmark is made for comparison purposes only. The fund is not managed by reference to the benchmark, nor does the fund otherwise use the benchmark for the purposes of the Benchmark Regulation (Regulation (EU) 2016/1011). The benchmark performance shown is that of the TOPIX Net Total Return Index in Yen from inception date 04.02.2013. The benchmark performance used prior was TOPIX TR and this was used from 04.02.2013 until 31.12.2022. All share class performance since 4 February 2013 being inception date. NB: Month end returns for March 2018 and August 2015 were calculated by Chikara.
2. Share class name changed on 10 May 2016 from Founder to S.
3. Active Share and Market Cap Exposure source: Bloomberg, as at 30.06.2025
4. Figure represents the forecast gross portfolio yield of the underlying portfolio holdings, the net yield paid will be lower.
5. Ongoing Charges Figure: Note the OCF for the following classes are currently capped, classes JPY Acc, JPY Inc, USD Acc, USD Inc, GBP Acc, GBP Inc, GBP (unhedged) Acc, GBP (unhedged) Inc, EUR (unhedged) Acc are capped at 1.2%, classes S JPY Acc, S JPY Inc, S USD Acc, S USD Inc, S GBP Acc, S GBP Inc, S GBP (unhedged) Inc, S EUR (unhedged) Acc are capped at 1.05%. The cap was effective 2 April 2024. The cap may be terminated on 60 days' notice.
6. The management fee was reduced from 1.00% to 0.90% from 14 August 2019.

All data as at 30.06.2025 unless stated otherwise. All information is sourced from Chikara unless stated otherwise.

## GLOSSARY OF TERMS

**Active Share** – A measure of how much a portfolio's holdings differ from those of its benchmark index.

## IMPORTANT INFORMATION

This document does not purport to provide investment advice and should not be relied on for the purposes of any investment decision. It is not an offer to sell or the solicitation of an offer to purchase shares in Chikara Japan Income & Growth Fund (a sub-fund of Chikara Funds plc, an open-ended investment company with variable capital incorporated in Ireland and authorised by the Central Bank of Ireland as a UCITS pursuant to the UCITS Regulations). Any such offer or solicitation can only be made by means of the formal subscription documentation and the related Prospectus dated 1 July 2024 together with the Chikara Japan Income & Growth Fund Supplement dated 1 July 2024 (together the Prospectus) and only in those jurisdictions where it is permitted by law. Chikara, as investment manager, has discretion in managing the investments of the Chikara Japan Income & Growth Fund (the “Fund”) and selects equities through research using fundamental, bottom-up stock selection techniques. The Fund is actively managed, which means that Chikara has discretion over the composition of the Fund's portfolio, subject to the Fund's stated investment objective and policy. Reference to the benchmark is made for comparison purposes only. The fund is not managed by reference to the benchmark, nor does the fund otherwise use the benchmark for the purposes of the Benchmark Regulation (Regulation (EU) 2016/1011).

In particular this document is not intended for distribution in the United States or for the account of U.S. persons (as defined in Regulation S under the United States Securities Act of 1933, as amended (the Securities Act)) except to persons who are “accredited investors” (as defined in Rule 501(a) under the Securities Act). Chikara Investments LLP (Chikara) is not registered with the United States Securities and Exchange Commission as an investment adviser.

## IMPORTANT INFORMATION

Chikara Japan Income & Growth Fund will not be registered under the Securities Act or the securities laws of any of the states of the United States and shares may not be offered, sold or delivered directly or indirectly into the United States, or to or for the account or benefit of any US person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of such securities laws. The shares will be subject to restrictions on transferability and resale. Chikara Japan Income & Growth Fund will not be registered under the United States Investment Company Act of 1940. An investment in Chikara Japan Income & Growth Fund is speculative and is not suitable for all investors. It is intended for investors who are willing to bear the risks of the investment which are described in the Prospectus.

PROSPECTIVE INVESTORS SHOULD REVIEW THE PROSPECTUS, INCLUDING THE RISK FACTORS THEREIN, BEFORE MAKING A DECISION TO INVEST.

The representative in Switzerland is 1741 Fund Solutions Ltd, Burggraben 16, CH-9000 St. Gallen. The Swiss Paying Agent in Switzerland is Telco Bank Ltd, Bahnhofstrasse 4, CH-6430 Schwyz. The prospectus, the articles of association, the Key Information Documents, as well as the annual and semi-annual reports may be obtained free of charge from the representative in English. In respect of the units distributed in and from Switzerland, the place of performance and jurisdiction is the registered office of the representative.

Chikara Investments LLP is authorised to provide investment services and activities as well as ancillary services on a cross-border basis in Denmark to eligible counterparties and per se professional clients pursuant to Section 41 of the Danish Investment firm and Investment Service and Activities Act.

Chikara Investments LLP is exempt from the requirement to hold an Australian financial services licence under the Corporations Act 2001 (Cth) (the Act) in respect of the financial services it is providing and is regulated by the FCA under UK laws, which differ from Australian laws. This document may only be provided to and our services may only be provided to wholesale clients (as defined in section 761G of the Act). This document contains general information only, does not contain any personal advice and does not take into account any prospective investors' objectives, financial situation or needs.

Chikara and or Waystone Management Company (IE) Limited (the "Manager") has the ability to terminate arrangements for marketing in accordance with Article 93a of Directive 2009/65/EC.

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Copies of the Prospectus in English, UCITS KIIDs in English and PRIIPS KIDs in English, German, French, Dutch and Swedish may be found at [www.fundinfo.com](http://www.fundinfo.com) and copies of the Prospectus and the latest annual report and any subsequent half-yearly report of the Company in English free of charge from Administrator, Northern Trust International Fund Administration Services (Ireland) Limited, George's Court, 54 – 62 Townsend Street, Dublin 2 or the Investment Manager, Chikara Investments LLP, 31-32 St James's Street, London SW1A 1HD. Tel : 0207 321 3470. A summary of investor rights is available in English at <https://www.chikarainvestments.com/summary-of-investor-rights>.

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