

# CHIKARA

## CHIKARA JAPAN INCOME & GROWTH FUND

*May 2025*

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### COMMENTARY

The Chikara Japan Income & Growth Fund recorded a 6.2% increase during May in Yen terms, as equity markets worldwide digested progress on international tariff negotiations and the full reporting season in Japan revealed healthy operating performance during the last fiscal year complemented by strong trends in dividends and share buybacks.

Of note, leading P&C insurance company Tokio Marine Holdings announced an increase in its dividend for the fiscal year just completed from Y81 to Y91. This represents a 45% increase on the dividend paid in FY23. In addition, the company announced a Y110bn share buyback equivalent to 3.6% of outstanding shares in the first half of the year with a similar amount expected in the second half.

SBI Holdings announced a final dividend of Y140, ahead of previous expectations. The company also subsequently announced that it will sell its stake in SBI Sumishin Net Bank to NTT DoCoMo. The company also announced that it has entered a capital and business alliance with NTT and issued new shares to the telecom company. This disposal and exciting strategic partnership may support enhanced collaboration across strategic business areas in a number of fields but also for shareholder returns in the future.

Jafco revealed that it is to stop making investments outside of Japan and sell its overseas subsidiaries. It will prioritize private equity investment opportunities in the domestic market where returns can be much higher. Alongside this it confirmed a new, clearer shareholder return policy to emphasise greater stability through the payment of the greater of 50% payout or 6% DoE.

Portfolio holding Technopro responded to media reports that it is considering a management buyout with a public statement that it “is continuously exploring strategic alternatives to enhance shareholder value” and “no decision has been made at this time”. The share price reacted positively on 16 May to the magazine article. Our pre-arranged meeting with the company revealed that the management has many issues to consider including the need to focus on a different growth strategy as it moves from a dispatcher of skilled engineers into a consulting/system integrator, this was also noted in the article.

If Technopro does embark on an MBO it would follow an observed recent trend in the Japanese equity market which has seen a number of companies privatized. The stricter listing requirements being enforced by the Tokyo Stock Exchange is one contributing factor but also a desire from some companies to commit to growth strategies away from the short-term investment horizon of some market participants.

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May 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 249m
<b>Strategy Size:</b>	USD 632m
<b>Active Share <sup>(3)</sup>:</b>	80.3%
<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>	3.1%

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



### BOOK EXPOSURE

	No. Stocks	(%)
Dividend Growth	27	72.3
Special Situations	7	18.4
Stable Yield	3	10.0
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+)	59.8	72.6
Mid Cap (\$2-\$10bn)	21.5	18.3
Small Cap (<\$2bn)	18.7	9.1

### 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>	6.2	3.4	5.0	38.7	56.6	114.8	311.6
GBP S Acc <sup>(2)</sup>	6.6	5.0	9.0	51.2	114.8	138.0	340.0
USD S Acc <sup>(2)</sup>	6.6	5.2	9.6	52.6	78.8	145.5	385.8
Index (JPY) <sup>(1)</sup>	5.1	1.6	3.2	36.9	56.1	98.3	272.3

**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	(%)
Tokio Marine Holdings Inc	6.0
Nintendo Co Ltd	5.9
Softbank Corp	5.5
Sumitomo Mitsui Financial Group	5.4
Mitsubishi UFJ Financial Group	4.5
ITOCHU Corporation	4.4
Shin-Etsu Chemical Co Ltd	3.9
SBI Holdings	3.8
Japan Securities Finance Co	3.4
Mitsubishi Corp	3.3
<b>Total</b>	<b>46.0</b>

## TOP 10 SECTORS

Sector	(%)
Banks	12.5
Chemicals	10.9
Information & Communications	9.7
Other Products	9.3
Insurance	8.4
Electrical Appliances	8.4
Wholesale	7.7
Other Financing Business	6.5
Retail Trade	5.2
Sec&Cmdty	3.8
<b>Total</b>	<b>82.4</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 and Institutional and Accredited Investors only in Singapore.

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 30.05.2025
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 30.05.2025 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.

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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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