

CHIKARA

CHIKARA JAPAN INCOME & GROWTH FUND

February 2025

This is a marketing communication. This is not a contractually binding document. Please refer to the Prospectus and to the relevant KID(s)/KIID(s) and do not base any final investment decision on this communication alone.

COMMENTARY

The NAV of the Chikara Japan Income & Growth Fund fell by 2.7% in Yen terms during February. The Topix Net Total Return Index fell by 3.8% as sporadic reports of additional US tariffs on a range of products imported from many different countries raised concerns about the aggregate implications of this unilateral policy on global trade. The combination of these concerns and expectations for further interest rate hikes by the Bank of Japan later in the year, contributed to a strengthening of the Yen. The move from Y155.2/\$ to Y150.6/\$ during the month represents an acceleration of the trend established since the beginning of the year and influenced investor preferences. A change in the dynamics responsible for the steady depreciation experienced since 2021 have implications for the exchange rate markets going forward and consequently the investment opportunities in Japan.

In the short term, the Japanese equity market has struggled in comparison to European stock markets and the sharp bounce in Chinese equities, despite the view that the Japanese economy will be less directly affected by the proposed tariffs than these other regions. The move in the currency may be a reason for this. However, the Q3 results season was generally positive with continuing signs of favourable implications of the shift from deflation to inflation within the Japanese economy and the incremental benefits of the entrenched focus on capital efficiency improvements at the corporate level.

The Nikkei reported that with the imminent completion of disposals of equity holdings, acquired from the commercial banks as part of the financial bailout of the early 2000s by the Bank of Japan, their attention has begun to shift to an exit strategy for the much larger ETF holdings accumulated since under the quantitative easing programme. These currently have a book value of Y35.7trn and a market value of approximately Y70.0trn. We do not expect any immediate resolution to this position but believe this will be an important point of discussion going forward as the Bank of Japan's Governor seeks to normalise monetary policy.

The FSA published a survey of NISA account usage to end-December 2024. Annual purchases via the new schemes total Y17.5trn, split Y12.5trn in general NISAs and Y5trn in tsumitate regular savings NISA's. Of the former approximately 50% were invested into Japanese equities or Japanese equity trusts. This is an encouraging development given the domestic investor aversion to local equities for the last three decades. The survey also suggested that approximately 75% of the funds for purchases of these general NISA came from deposits which suggests a modest shift out of cash into risk assets. This transition away from household savings will be an important consideration in identifying a solution for the BoJ's ETF holdings and the outlook for the domestic equity market in general.

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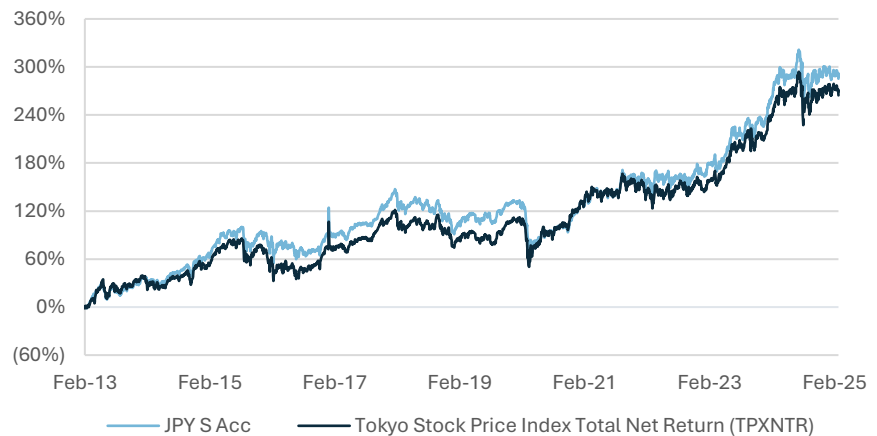
February 2025

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

FUND STATISTICS

Investment Team:	Richard Aston, Megumi Takayama, Theo Wyld
Fund Size:	USD 242m
Strategy Size:	USD 584m
Active Share ⁽³⁾:	81.3%
Launch Date:	31.01.2013
Dealing:	Daily
Base Currency:	Yen
Benchmark ⁽¹⁾:	TOPIX Net TR
Structure:	Irish OEIC, UCITS V
Dividend Yield ⁽⁴⁾:	3.1%

CUMULATIVE PERFORMANCE SINCE INCEPTION (%) ⁽¹⁾



BOOK EXPOSURE

	No. Stocks	(%)
Dividend Growth	29	74.4
Special Situations	5	15.6
Stable Yield	3	10.1
Cash & Other	0	0.0

CALENDAR YEAR PERFORMANCE (%) ⁽¹⁾

	2024	2023	2022	2021	2020
JPY S Acc ⁽²⁾	18.48	26.34	1.71	17.15	-3.57
GBP S Acc ⁽²⁾	23.55	32.15	2.38	16.7	-4.78
USD S Acc ⁽²⁾	24.1	32.84	3.59	17.13	-3.06
Index ⁽¹⁾	16.84	27.77	-2.45	12.74	7.39

MARKET CAP EXPOSURE

	% Fund	% TOPIX
Large Cap (\$10bn+)	63.8	70.0
Mid Cap (\$2-\$10bn)	15.9	10.1
Small Cap (<\$2bn)	20.3	19.9

TOTAL RETURN PERFORMANCE (%) ⁽¹⁾

	1 MTH	YTD	1 YR	3 YRS	5 YRS	ITD ⁽¹⁾
JPY S Acc ⁽²⁾	-2.72	-3.23	1.08	52.65	90.49	285.27
GBP S Acc ⁽²⁾	-2.43	-2.48	5.37	69.00	107.53	308.79
USD S Acc ⁽²⁾	-2.43	-2.54	5.69	72.41	116.07	350.14
Index ⁽¹⁾	-3.79	-3.66	2.23	52.09	98.72	264.47

Note: Past performance may not be a reliable guide to future performance. 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	6.1
Sumitomo Mitsui Financial Group	5.6
Tokio Marine Holdings Inc	5.2
SoftBank Corp	5.2
Mitsubishi UFJ Financial Group	4.3
SBI Holdings Inc	4.1
ITOCHU Corporation	3.8
Shin-Etsu Chemical Co Ltd	3.7
Japan Securities Finance Co	3.5
Nitto Denko Corp	3.2
Total	44.7

TOP 10 SECTORS

Sector	(%)
Chemicals	15.7
Banks	12.2
Information & Communications	10.8
Electrical Appliances	9.1
Insurance	7.7
Other Products	7.0
Wholesale	6.5
Other Financing Business	6.3
Retail Trade	6.2
Securities & Commodity	4.1
Total	85.7

SHARE CLASS DETAILS

Share Classes	ISIN	Management Fee	Ongoing Charges Figure ⁽⁵⁾	Minimum Initial Investment
JPY Acc	IE00B8J9SY37	0.90% ⁽⁶⁾	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

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 TOPIX Net TR Index in Yen since 1 January 2023, prior to which it was TOPIX TR. 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 Source: S&P Capital IQ Pro
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% to 0.9% from 14 August 2019.

All data as at 28.02.2025 unless stated otherwise. All information is sourced from Chikara unless stated otherwise.

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 Tellco 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 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.

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 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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