This document is issued by Chikara Japan Income & Growth Trust plc solely in order to make certain particular information available to investors of Chikara Japan Income & Growth Trust plc (the "Company") before they invest, in accordance with the requirements of the United Kingdom Financial Conduct Authority ("FCA") Handbook rules implementing in the United Kingdom the UK version of the Alternative Investment Fund Managers Directive (2011/61/EU) as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended, as further amended by UK legislation ("AIFM Directive").

It is made available to investors ("investors" or "shareholders") in the Company by being made available on the Company's website: www.chikarajapantrust.com

Potential investors in the ordinary shares of 1p each in the Company (the "Ordinary Shares") should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

CHIKARA JAPAN INCOME & GROWTH TRUST PLC

INVESTOR DISCLOSURE DOCUMENT

IMPORTANT INFORMATION

Name of Alternative Investment Fund ("AIF"):	**Chikara Japan Income & Growth Trust plc**
Name of Alternative Investment Fund Manager ("AIFM"):	**Frostrow Capital LLP**
Name of Portfolio Manager:	**Chikara Investments LLP**
Name of Depositary and Custodian:	**Northern Trust Investor Services Limited**
Name of Auditor:	**Johnston Carmichael LLP**
Stockbroker:	**Peel Hunt LLP**
Date of Investor Disclosure Document:	**November 2026**

Regulatory status of the Company and its Alternative Investment Fund Manager ("AIFM")

Chikara Japan Income & Growth Trust plc is an "Alternative Investment Fund" ("AIF") for the purposes of the AIFM Directive and the Company has appointed Frostrow Capital LLP ("Frostrow"), to act as its AIFM. Frostrow is authorised and regulated by the FCA as a "full scope UK AIFM" for the purposes of the AIFM Directive.

The Ordinary Shares are listed on the closed-ended investment funds segment of the Official List of the FCA and are admitted to trading on the London Stock Exchange's ("LSE") Main Market. The Company is subject to its articles of association, the UK Listing Rules ("UKLR"), the Disclosure Guidance and Transparency Rules, the Companies Act 2006 and the Financial Services and Markets Act 2000. The provisions of the Company's articles of association are binding on the Company and its shareholders.

Implications of the contractual relationship entered into for the purpose of investment

While investors acquire an interest in the Company on subscribing for the Company's Ordinary Shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, shareholders have no direct legal or beneficial interest in those investments. The liability of shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the Ordinary Shares held by them. Shareholders' rights in respect of their investment in the Company are governed by the Company's articles of association and the Companies Act 2006. The articles of association set out the respective rights and restrictions attaching to the Ordinary Shares. These

rights and restrictions apply equally to all shareholders. All shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the Company's articles of association. The Company's articles of association are governed by English law.

Under English law, the following types of claim may in certain circumstances be brought against a company by its shareholders: contractual claims under its articles of association; claims in misrepresentation in respect of statements made in its prospectus and other marketing documents; unfair prejudice claims; and derivative actions. In the event that a shareholder considers that it may have a claim against the Company in connection with such investment in the Company, they should seek independent legal advice.

Limited purpose of this document

This document is not being issued for any purpose other than to make certain, required regulatory disclosures to investors and, to the fullest extent permitted under applicable law and regulations, the Company and its AIFM, Frostrow, and their directors and members will not be responsible to persons other than the shareholders for their use of this document, nor will they be responsible to any person (including the shareholders) for any use which they may make of this document other than to provide information to invest in the Ordinary Shares.

This document does not purport to provide complete details of the Company and potential investors should not solely rely upon this document when determining whether to make an investment. Furthermore, investors should refer to the risks and disclaimers contained within the Company's latest annual report, which can be found on the Company's website: www.chikarajapantrust.com.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Ordinary Shares.

This document is not a prospectus and it is not intended to be an invitation or inducement to any person to engage in any investment activity. This document may not include (and it is not intended to include) all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and the Ordinary Shares.

No advice

The Company, its Directors and Frostrow as its AIFM are not advising any person in relation to any investment or other transaction involving the Ordinary Shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Company, the AIFM or any of their respective affiliates, officers, directors, partners, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment and any other related matters concerning the Company and an investment in the Company's Ordinary Shares.

Potential investors in the Company's Ordinary Shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

Overseas investors

The distribution of this document in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. No action has been taken by the Company that would permit an offer of the Ordinary Shares or distribution of any offering or publicity material in any jurisdiction where action for that purpose is required, other than the United Kingdom. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Australia, Canada, Japan, New Zealand, the Republic of South Africa or any EEA State. Accordingly, the Ordinary Shares may not (unless an exemption from such legislation or laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Australia, Canada, Japan, New Zealand, the Republic of South Africa or any EEA State. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors are not entitled to the benefits of such Act.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares.

THE COMPANY

Investment policy and objective

The Company's investment objective is to provide Ordinary Shareholders with dividend income combined with capital growth, mainly through investment in equities listed or quoted in Japan.

The Company invests in equities listed or quoted in Japan. The Company may also invest in exchange traded funds in order to gain exposure to such equities. Investment in exchange traded funds shall be limited to not more than 20 per cent. of gross assets at the time of investment. The Company may also invest in listed Japanese real estate investment trusts (J-REITs).

The Company may enter into long only contracts for difference or equity swaps for gearing and efficient portfolio management purposes.

No single holding (including any derivative instrument) will represent more than 10 per cent. of gross assets at the time of investment and, when fully invested, the portfolio is expected to have between 30-40 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 has the flexibility to invest up to 10 per cent. of its gross assets at the time of investment in unquoted or untraded companies.

The Company is not constrained by an index benchmark in its asset allocation.

Borrowing policy

The Company may use borrowings for settlement of transactions, to meet on-going expenses and may be geared through borrowings and/or by entering into long only contracts for difference or equity swaps that have the effect of gearing the Company's portfolio to seek to enhance performance. The aggregate of borrowings and long only contracts for difference and equity swap exposure will not exceed 25 per cent. of Net Asset Value at the time of drawdown of the relevant borrowings or entering into the relevant transaction, as appropriate, although the Company's normal policy will be to utilise and maintain gearing to a lower limit of 20 per cent. of Net Asset Value at the time of drawdown of the relevant borrowings or entering into the relevant transaction, as appropriate. It is expected that any borrowings entered into will principally be denominated in yen.

Hedging policy

The Company does not currently intend to enter into any arrangements to hedge its underlying currency exposure to investments denominated in yen, although the Portfolio Manager and the Board may review this from time to time.

Investment strategy

The Company is actively managed and the Portfolio Manager has broad discretion to invest the Company's assets within the investment policy to achieve the investment objective.

The primary focus of the Company is to generate total returns by investing in Japanese companies that the Portfolio Manager determines are undervalued and have strong balance sheets, strong business franchises and favourable attitudes to shareholder returns in the form of sustainable and growing dividends and share buyback policies. The Company is a high conviction, long only fund invested primarily in Japanese equities quoted on the recognised exchanges in Japan, including equities issued by J-REITs. The Company may also gain exposure to such companies through investment in exchange traded funds.

The Portfolio Manager's investment philosophy emphasises fundamental, proprietary research based, where possible, on direct company meetings conducted by the dedicated and experienced Japan team at the Portfolio Manager. The team's efforts are focused on three main areas of opportunity which exist due to what the Portfolio Manager considers are the pricing anomalies that are present in the Japanese equity market. These opportunities are categorised by the Portfolio Manager as ''Stable Yield'', ''Dividend Growth'' and ''Special Situations'', depending on historic track record of shareholder return, prospects for increasing the dividend pay-out and management policies. Further detail on these three categories of opportunity is set out below.

The companies are identified using a range of research tools. However, the investment decision is usually made only after direct contact with the company. Screenings will generally be used as a tool to help the Portfolio Manager draw up the list of potential investments but will not be used in isolation as a means to construct the portfolio.

Stable Yield

The dividend yield of these companies will be above the average for listed or quoted Japanese companies. The annual pay-out to investors is considered by the Portfolio Manager to be stable based on the Portfolio Manager's understanding of both the industry and the company fundamentals, as well as the commitment of the company's management to maintaining a consistent dividend policy. The key characteristics for companies in this category are: (i) dividend yield significantly above the Japanese market average; (ii) stable operating cash flow; (iii) strong balance sheet; and (iv) management commitment to an absolute level of dividend payment.

Dividend Growth

The dividend yield of these companies is higher than the dividend average for listed or quoted Japanese companies but the Portfolio Manager considers that they have the ability and the willingness to increase the dividend payment over time, based on the Portfolio Manager's analysis of their operating cash flow and strength of balance sheet, and critically, on direct contact with the companies' management. Additionally, company management will have demonstrated that the dividend will be, in the Portfolio Manager's opinion, at worst maintained even when earnings suffer short term downturns. The key characteristics for companies in this category are: (i) dividend yield above the Japanese market average; (ii) improving operating cash flow; (iii) healthy balance sheet; and (iv) management commitment to increasing dividend payments.

Special Situations

Specific factors such as changing regulations, tax considerations, shareholder structures and management attitudes may offer the greatest opportunity for investment return. The current dividend yield of these companies may be lower than that of the average in Japan. However, the Portfolio Manager believes that the changes identified by it suggest an increased likelihood of rising distributions to shareholders in the near future. The key characteristics of companies in this category are: (i) inefficient balance sheet; (ii) strong operating cash flow; and (iii) management policy favouring shareholder returns. The majority of the Company's portfolio is invested in companies identified as possessing the characteristics specified as ''Dividend Growth'' above.

Investment limits and guidelines

The Company will at all times invest and manage its assets with the objective of spreading risk and in accordance with its Investment Policy, as set out above. In addition to the investment limits and guidelines set out above, in order to comply with the UKLR, the Company will not invest more than 10 per cent. of its gross assets in other listed closed-ended investment funds, except that this restriction shall not apply to investment in listed closed-ended funds which themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other listed closed-ended investment funds.

Leverage exposure

Leverage is any method by which the Company's investment exposure is increased. The Company may increase its exposure by using derivatives, by investing cash borrowings, using positions within repurchase or reverse repurchase agreements, through securities lending or borrowing arrangements, or by any other means (the Company's exposure incorporating any increase from leverage is referred to below as the "Leverage Exposure").

The AIFM Directive prescribes two methodologies for calculating the Leverage Exposure of the Company: the "gross methodology" and the "commitment methodology".

The AIFM and the Board have set limits on aggregate Leverage Exposure which is both 200% of the net assets of the Company measured by the gross method and the net assets of the Company measured by the commitment method. Any change to these maximum limits will be set out in the Company's annual report as will the actual amount of leverage used by the Company in practice. In addition, the Company will notify shareholders of any such changes, rights or guarantees without undue delay by issuing an announcement via a Regulatory Information Service.

These methodologies are briefly summarised below.

- The gross methodology takes into account, as a percentage of the Company's net assets, all Leverage Exposure including the absolute value of the assets of the Company but excludes cash and cash equivalents which are in the base currency of the Company and are highly liquid. In calculating the Leverage Exposure under this method netting or hedging arrangements under derivative positions are not taken into consideration.
- By contrast the commitment methodology for calculating Leverage Exposure includes cash and cash equivalents in the base currency of the Company and also takes into consideration netting and hedging arrangements under derivative positions (purchased and sold derivative positions will be netted where both relate to the same underlying asset).

As at 31 October 2025, the Company's latest audited financial year end, the leverage exposure was as follows.

Leverage Exposure	Gross Method (%)	Commitment Method (%)
Maximum Limit	200	200
Actual	118	118

Changes to the investment policy

No material change will be made to the investment policy without the approval of shareholders by ordinary resolution. Non-material changes to the investment policy may be approved by the Board. In the event of a breach of the investment policy set out above and the investment and gearing restrictions set out therein, the portfolio management team shall inform the AIFM and the Board upon becoming aware of the same and if the AIFM and/or the Board considers the breach to be material, notification will be made to a Regulatory Information Service .

ADMINISTRATION AND MANAGEMENT OF THE COMPANY

The AIFM

The AIFM is Frostrow Capital LLP ("Frostrow" or the "AIFM"), a limited liability partnership, incorporated in England and Wales with registered number OC323835, whose registered office is at 25 Southampton Buildings, London WC2A 1AL.

The AIFM has been authorised by the FCA to act as an alternative investment fund manager pursuant to the AIFM Directive and has been appointed to act as AIFM of the Company.

The AIFM is responsible for ensuring compliance with the AIFM Directive.

Frostrow has overall responsibility to perform risk management, company secretarial and administration functions for the Company and to advise the Company on a day-to-day basis in accordance with the investment policy of the Company, subject to the oversight of the Company's Board.

As described elsewhere in this document, the AIFM has delegated a function with respect to its duties to a third party in accordance with the delegation arrangements of the AIFM Directive and has delegated the day-to-day management of the Company's portfolio to the Portfolio Manager. Notwithstanding any delegation, the AIFM shall remain liable to the Company for the proper performance of the portfolio management, risk management and valuation. The Portfolio Manager will be responsible to the AIFM in respect of the management of the investment of the Company's assets in accordance with its investment objectives and policies, subject always to the supervision and direction of the AIFM.

The AIFM does not consider that any conflicts of interest arise from the delegation of its portfolio management function to Chikara Investments LLP ("Chikara" or the "Portfolio Manager").

Fees

Frostrow Capital LLP will receive a fee of 0.15% per annum of the Company's market capitalisation.

The Portfolio Manager

The Company and the AIFM have appointed the Portfolio Manager, Chikara Investments LLP, to provide portfolio management and related services in respect of the Company pursuant to the Portfolio Management Agreement.

The Portfolio Management Agreement is terminable on six months' notice given by either party. The Portfolio Management Agreement can be terminated at any time in certain standard circumstances. The Portfolio Management Agreement is governed by the law of England and Wales.

Fees

The Portfolio Manager receives a management fee of 0.75% per annum on the first £300 million of net assets and 0.60% on net assets in excess of £300 million.

The Depositary

Northern Trust Investor Services Limited (the "Depositary") has been appointed as the Company's depositary, as required by the AIFM Directive. The Depositary will carry out the core duties under Article 21(7), (8) and (9) of the AIFM Directive which include safekeeping of the Company's assets, cash monitoring, asset verification and oversight of the Company's portfolio, in accordance with the provision of depositary services, as set out in the Depositary Agreement between the AIFM, the Company and the Depositary (the "Depositary Agreement").

Under the Depositary Agreement, the Depositary may delegate its functions and tasks to The Northern Trust Company ("TNTC") or another affiliate of the Depositary, as Sub-Custodian.

The Depositary has not entered into any arrangement contractually to discharge itself of liability in accordance with Article 21(13) and 21(14) of the AIFM Directive and, therefore, the Depositary's liability is not affected by the delegation of its safekeeping function. The AIFM will notify shareholders of any changes with respect to the discharge by the Depositary of its liability in accordance with Article 21(13) of the AIFM Directive through a RIS.

The AIFM does not consider that any conflicts of interest arise from the delegation of the Depositary's safekeeping.

The notice period on the Depositary Agreement is 6 months on termination by a party to the Depositary Agreement.

Fees

The Company shall pay the Depositary a fee in consideration for the provision of services as detailed above. This is calculated on the net assets of the Company at rates of:
£0-160 million - 3.0 basis points per annum,
£160-320 million - 2.5 basis points per annum,
£320-640 million - 2.25 basis points per annum, and
In excess of £640 million - 2.0 basis points per annum, subject to a minimum fee of £25,000 per annum.

Transfer and use of the Company's assets

The Depositary may not use or re-use the Company's custody assets without the prior consent of the Company.

The Auditor

Johnston Carmichael LLP

The Auditor provides audit services to the Company.

Fees
Details of the fees paid to the Auditor are set out in the Company's annual report which can be found on the Company's website: www.chikarajapantrust.com.

The Registrar

MUFG Corporate Markets.

The Registrar maintains the Company's register of members.

Fees
The Registrar receives an annual fee. This fee includes services in connection with share register activity, dividend payments and annual general meetings. Additional fees may be payable for services in connection with ad hoc requests and corporate activities.

The Prime Broker

The Company does not have a prime brokerage firm.

Other fees, charges and expenses

Additional fees payable by the Company to those set out above include: legal fees, broker commissions, directors' fees, professional services fees and expected expenses. Details can be found in the Company's latest annual report which can be accessed on the Company's website: www.chikarajapantrust.com.

Shareholders do not bear any fees, charges and expenses directly, other than any fees, charges and expenses incurred as a consequence of acquiring, transferring, redeeming or otherwise selling their Ordinary Shares.

Conflicts of interest that may arise from the delegation of functions by the AIFM

The Depositary (and any delegate thereof), the AIFM and the Portfolio Manager may from time-to-time act as manager, administrator, custodian, alternative investment fund manager, portfolio manager or adviser or distributor in relation to, or be otherwise involved in, other funds or collective investment schemes which have similar investment objectives to those of the Company. It is, therefore, possible that any of them may, in the due course of their business, have potential conflicts of interests with the Company. Each will at all times have regard in such event to its obligations under the Company's articles of association and/or any agreements to which it is party or by which it is bound in relation to the Company and, in particular, but without limitation, to its obligations to act in the best interests of the shareholders when undertaking any investments where conflicts of interest may arise and they will each respectively endeavour to ensure that such conflicts are resolved fairly and, in particular, the Portfolio Manager has agreed to act in a manner which the AIFM in good faith considers fair and equitable in allocating investment opportunities to the Company.

Investor rights against third party service providers

The Company is reliant on the performance of third-party providers including those set out above. No shareholder has any direct contractual claim against any service provider with respect to such service provider's default in providing its services to the Company. Any shareholder who believes they may have a claim against any service provider in connection with their investment in the Company should consult their own independent legal adviser.

SHAREHOLDER INFORMATION

Annual reports and accounts

Copies of the Company's latest annual and half year reports may be accessed on the Company's website: www.chikarajapantrust.com or by writing to the Company Secretary at 25 Southampton Buildings, London WC2A 1AL.

Publication of Net Asset Values

The previous business day's cum and ex-income Net Asset Value per Share are published each Business Day (a day on which the LSE and banks in England and Wales are normally open for business) through a Regulatory Information Service and may be accessed at: www.chikarajapantrust.com.

Valuation policy

The Net Asset Value of the Company and the Net Asset Value per Share will be calculated in sterling by the AIFM on each Business Day. All instructions to issue or cancel Ordinary Shares given for a prior Business Day shall be assumed to have been carried out (and any cash paid or received).

The Net Asset Value is the value of all assets of the Company less liabilities to creditors (including provisions for such liabilities) determined in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), including The Financial Reporting Standard ("FRS") 102. The Company's full accounting policy and valuation methodologies are set out in the company's latest annual report available at: www.chikarajapantrust.com.

Valuation of the Net Asset Value per share will be suspended only in any circumstances in which the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Any such suspension will be announced to a Regulatory Information Service.

Historical performance of the Company

Details of the Company's historical financial performance are provided in the Company's annual reports, half-yearly report and monthly factsheets, which are available on the Company's website: www.chikarajapantrust.com

Investors should note that past performance of the Company is not necessarily indicative of future performance. Investors may not get back the amount invested.

Purchases and sales of Ordinary Shares by investors

The Company's Ordinary Shares are admitted to the Official List of the Financial Conduct Authority (Listing Category: closed-ended investment funds) and to trading on the LSE Main Market. Accordingly, the Company's Ordinary Shares may be purchased and sold on the LSE Main Market. The value at which shares trade on the LSE may be below (at a "discount" to) or above (at a "premium" to) the Net Asset Value per Share of the Company.

The conditions for the issue of the Company's Ordinary Shares is contained in the Company's annual report and accounts which are available on the Company's website: www.chikarajapantrust.com.

The Company's Ordinary Shares are not redeemable. While the Company will typically have shareholder authority to issue and to buy back Ordinary Shares, shareholders do not have the right to have their Ordinary Shares re-purchased by the Company or to have new Ordinary Shares issued to them. Shareholders may trade their Ordinary Shares on the secondary market but there is, however, no guarantee that there will be a liquid market in the Company's Ordinary Shares.

Jurisdiction and applicable law

As noted above, shareholders' rights are governed principally by the Company's articles of association and the Companies Act 2006. By purchasing Ordinary Shares investors are agreeing to be bound by the articles of association which are governed by, and construed in accordance with, the laws of England and Wales.

Regulation (EC) 593/2008 ("Rome I") must be applied in all member states of the European Union (other than Denmark). Rome I remains applicable in England following the UK leaving the European Union and continues to apply after the end of the transitional period, its provisions having been incorporated into English law under the Law Applicable to Contractual Obligations and Non-Contractual Obligations (Amendment etc.) (EU Exit) Regulations 2019.

A foreign judgment obtained in an EU member state may be recognised and enforced in England pursuant to Council Regulation (EC) 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters. A judgment which has been certified as a European Enforcement Order pursuant to Regulation (EC) 805/2004 may also be recognised and enforced in England.

Fair treatment of investors

The legal and regulatory regime to which the Company and the Directors are subject, ensures the fair treatment of investors.

The AIFM has procedures, arrangements and policies in place to ensure compliance with the principles more particularly described in the AIFM Directive relating to the fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

- acting in the best interests of the Company and of the shareholders;
- ensuring that the investment decisions taken for the account of the Company are executed in accordance with the Company's investment policy and objective and risk profile;
- ensuring that the interests of any group of shareholders are not placed above the interests of any other group of shareholders;
- ensuring that fair, correct and transparent pricing models and valuation systems are used for the Company;
- preventing undue costs being charged to the Company and shareholders;
- taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of shareholders; and
- recognising and dealing with complaints fairly.

The AIFM maintains and operates organisational, procedural and administrative arrangements and implements policies and procedures designed to manage actual and potential conflicts of interest. In addition, as its Ordinary Shares have been admitted to the Official list of the FCA, the Company is required to comply with, among other things, the FCA's UKLR and Disclosure Guidance and Transparency Rules and the Takeover Code, all of which operate to ensure a fair treatment of investors.

As Directors of a company incorporated in the United Kingdom, the Directors have certain statutory duties under the Companies Act 2006 with which they must comply, including a duty to act in the way she or he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

No investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any investors.

The Company's Ordinary Shares rank *pari passu* with each other.

RISK FACTORS AND MANAGEMENT

An investment in the Company carries a number of risks. The Company's principal risks and the procedures in place to measure and monitor these risks are set out in the Company's latest annual report, a copy of which is available on the Company's website: www.chikarajapantrust.com. The risk factors set out in the annual report are those which the Directors consider to be material but are not the only risks relating to the Company or the Ordinary Shares. There may be additional risks that the Directors do not currently consider to be material or which are not presently known to the Directors.

The Company reports in its half year report and accounts, which are available on the Company's website: www.chikarajapantrust.com whether the principal risks have changed since the year end.

Risk profile

In accordance with the AIFM Directive, the AIFM will ensure that the current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks in relation to the Company's portfolio is published in the Company's annual report, which can be found on the Company's website: www.chikarajapantrust.com.

Risk management systems

The AIFM has established risk management systems in order to manage key risks. The risk management function is responsible for ensuring that investment activity is monitored to ensure compliance with investment restrictions, guidelines and regulations. Further details regarding the risk management process is available from the AIFM, on request.

Liquidity risk management

The AIFM maintains a Liquidity Management Policy to monitor the liquidity risk of the Company. Shareholders have no right to redeem their Ordinary Shares from the Company but may trade their Ordinary Shares on the secondary market. However, there is no guarantee that there will be a liquid market in the Ordinary Shares.

Liquidity risk is therefore the risk that a position held by the Company cannot be realised at a reasonable value sufficiently quickly to meet the obligations of the Company as they fall due.

The Directors have considered the Company's leverage and liquidity in the context of its long-dated fixed-rate borrowings, its income and expenditure projections and the fact that the Company's investments comprise mainly of readily realisable quoted securities which can be sold to meet funding requirements if necessary. Under normal market trading volumes, in excess of 70% of the investment portfolio could be substantially realised within 1-2 days As such, liquidity risk is considered not to be significant.

Investors will be notified, by way of a disclosure on its website: www.chikarajapantrust.com, in the event of any material changes being made to the liquidity management process or where any new arrangements for managing the Company's liquidity are introduced.

In accordance with the AIFM Directive, the AIFM will ensure that the following information in relation to the Company's portfolio is published in the Company's annual report, which can be found on the Company's website: www.chikarajapantrust.com once published:

- the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature; and
- any new arrangements for managing the liquidity of the Company.

Professional negligence liability risks

The AIFM maintains professional indemnity insurance at the level required under the AIFM Directive in order to cover potential liability risks arising from professional negligence.

The manner in which sustainability risks are integrated into the investment decisions of the AIFM

The AIFM has delegated its portfolio management function to Chikara and therefore does not take any investment decisions on behalf of the Company. The Board advocates the concept of active stewardship, requesting that Chikara, as Portfolio Manager, monitors, evaluates and actively engages with investee companies with the aim of preserving or adding value to the Company's portfolio of investments. Chikara reports back to the Board regularly on ESG related matters.

The Portfolio Manager is committed to being a responsible investor and applies, and is a signatory to the United Nations Principles for Responsible Investment ("PRI"), which demonstrates Chikara's extensive efforts in terms of ESG integration, active ownership, investor collaboration and transparency. The Portfolio Manager is also a listed signatory to the UK Stewardship Code 2020 and the 2020 Japan Stewardship Code.

Chikara has a structured yet flexible approach to incorporating ESG in the investment process. Their fundamental, hands-on research approach allows them to seamlessly integrate their responsible investing and stewardship efforts alongside their investment strategies in an effective manner, which they believe will achieve the best long-term outcomes for the Company.

Chikara uses the PRI's definition of environment, social and governance issues that are identified or assessed in responsible investment processes:

- Environmental factors are issues relating to the quality and functioning of the natural environment and natural systems.
- Social factors are issues relating to the rights, well-being and interests of people and communities.
- Governance factors are issues relating to the governance of companies and other investee entities.

Chikara considers whether ESG factors are relevant and where they may have a material impact on stock performance. The factors considered by the Portfolio Manager vary by the industry and company under review and may include the following:

- **Environmental**: Pollution, site management/consideration, greenhouse gas emissions, climate change, habitat protection, recycling, water.
- **Social**: Human/employee rights, working conditions, health and safety, firm-employee relations, child/forced labour, conflict zones.
- **Governance**: Board composition, independence, transparency, compensation and accountability, shareholder rights and relations, cyber security, protection of personal data, corruption.

The ESG factors are integrated into the Portfolio Manager's bottom-up investment process and these issues are considered alongside financial and strategic issues during assessment and engagement with companies. The ESG risks are qualitative factors rather than quantitative inputs in a financial model.

Using ESG screening, integration and stewardship techniques, the portfolio management team seeks to consider how ESG risks and opportunities may have a financial impact on investment opportunities.

The portfolio management team conducts its own research which is complemented by data and research of third parties. Chikara has engaged a third party ESG and climate data provider, who provides ESG related metrics and analysis. These reports are reviewed by the portfolio management team where available and assist them in identifying potential areas for engagement with companies as it relates to ESG factors. Third party reporting includes Corporate ESG assessments, Climate Impact Reporting, Norms Based Research, and EU Regulatory Reporting.

The Portfolio Manager has a policy that prohibits investment in a list of companies that manufacture controversial weapons but does not specifically exclude investment in industries or individual companies on standardised ESG factors.

A key component of the ESG process is engagement. The Portfolio Manager dedicates a significant amount of time and resource focusing on the ESG characteristics of the companies in which the Portfolio Manager invests, and monitoring is carried out through investment reviews.

The strategy of the portfolio has an explicit focus on improving relationships between corporate managers and shareholders in Japan. Consequently, corporate governance is a key point of discussion in every meeting held with company management. The goal in each case is to help the senior representatives of the company develop not only an understanding of the role and requirements of long-term shareholders but also the realisation that their actions must be consistent with mutually determined objectives. Engagement serves three main purposes as it relates to ESG:

1. **Due Diligence** – engaging with companies, conducting due diligence, and understanding potential risks and opportunities relating to the investment.
2. **Education** – through engagement with companies, sharing best practices and providing insights into the ESG practices of peers (e.g., disclosures, targets, and benchmarking).
3. **Action** – engaging with companies to encourage disclosures and target setting.

Although the Portfolio Manager does not seek to agitate management through aggressive behaviour with public disclosures or proposals, it does and will vote on resolutions which it believes are consistent with the future growth and development of the company.

Conversely, it will vote against those that do not and would be prepared to sell the shareholding if this were deemed to be the most appropriate course of action.

The likely impacts of sustainability risks on the returns of the Company

Both the Company and Chikara believe that environmental, social and governance related issues can affect both the performance and sustainability of an investment portfolio and that ESG factors can be potential indicators of management quality and operational performance. Companies with strong sustainable profiles will, it believes, have greater potential to grow and survive in all market conditions. The Portfolio Manager is responsible for engagement on ESG matters and has a structured, yet flexible approach to incorporating ESG into the investment process. Its fundamental, hands-on research approach allows it to integrate seamlessly its responsible investment strategy in an effective manner, which the Board believes will achieve the best long-term results for the Company's investors.

Chikara's ESG Policy defines the views of the Portfolio Manager in relation to responsible investment and the general approach followed by the portfolio management team. The ESG Policy is incorporated into Chikara's overall investment process for the Company in order to deliver long-term investment returns.

Amendment of this document

Any changes to this document will be notified to investors by way of disclosure on the Company's website: www.chikarajapantrust.com