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If you have sold or otherwise transferred all of your shares in Nippon Active Value Fund plc (the “**Company**”), please send this Circular, but not the accompanying personalised Form of Proxy, as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

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## **NIPPON ACTIVE VALUE FUND PLC**

*(incorporated in England and Wales with registered no. 12275668 and registered as an investment company under section 833 of the Companies Act 2006)*

**Recommended proposals relating to (i) the issue of new ordinary shares pursuant to a scheme of reconstruction of abrdn Japan Investment Trust plc under section 110 of the Insolvency Act 1986; (ii) the issue of new ordinary shares pursuant to a scheme of reconstruction of Atlantis Japan Growth Fund Limited under section 391(1)(b) of the Guernsey Companies Law, 2008; (iii) the issue of new ordinary shares and/or C Shares pursuant to a placing programme; (iv) the admission of all of the Company’s existing and to be issued shares to the Official List of the Financial Conduct Authority and to trading on the premium segment of the London Stock Exchange’s Main Market; and (v) amendments to the Investment Policy**

**and**

### **Notice of General Meeting**

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Notice of the general meeting of the Company to be held on 20 September 2023 at 9.30 a.m. (the “**General Meeting**”) at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL is set out at the end of this Circular.

Subject to Shareholder approval of the New Investment Policy at the General Meeting, application will be made to the FCA and the London Stock Exchange for (i) the Existing Shares; and (ii) any Ordinary Shares and C Shares issued pursuant to the AJIT Scheme, the AJG Scheme or the Placing Programme, to be admitted to the Official List under Chapter 15 of the Listing Rules and to trading on the premium segment of the Main Market of the London Stock Exchange.

Subject to the AJIT Scheme becoming unconditional, it is expected that Admission in relation to the AJIT Scheme will become effective and dealings in the New Shares issued pursuant to the AJIT Scheme will commence on 11 October 2023. The timetable for implementation of the AJG Scheme (including the date of the proposed Admission and commencement of dealings in the New Shares to be issued pursuant to the AJG Scheme) will be announced by way of an RIS announcement following the publication of the AJG Circular. It is expected that Admissions in respect of the Placing Programme will become effective, and that dealings for normal settlement in New Shares issued pursuant to the Placing Programme will take place, between 1 September 2023 and 30 August 2024.

Your attention is drawn to the letter from the Chairman of the Company on pages 4 to 12 of this Circular, which contains the recommendation of the Board that Shareholders vote in favour of the resolutions to be proposed at the General Meeting.

To be valid for use at the General Meeting, the Form of Proxy accompanying this Circular must be completed and returned, in accordance with the instructions printed on it, so as to be received by the Company’s Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible, but in any event, not later than 9.30 a.m. on 18 September 2023.

As an alternative to completing the Form of Proxy, shareholders can appoint a proxy electronically via the Registrar’s online voting portal [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). For an electronic proxy appointment to be valid, your appointment must be received by the Registrar no later than 9.30 a.m. on 18 September 2023.

**Shareholders should make their own investigation of the proposals set out in this Circular, including the merits and risks involved. Nothing in this Circular constitutes legal, tax, financial or other advice, and if they are in any doubt about the contents of this Circular, Shareholders should consult their own professional advisers.**

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## EXPECTED TIMETABLE

### General Meeting Timetable

Latest time and date for receipt of Forms of Proxy 9.30 a.m. on 18 September 2023

General Meeting 9.30 a.m. on 20 September 2023

### Migration

Expected admission of the Existing Shares to the Official List and to trading on the premium segment of the Main Market 8.00 a.m. on 21 September 2023

### AJIT Scheme Timetable

First AJIT General Meeting 4.00 p.m. on 28 September 2023

AJIT Scheme Calculation Date 5.00 p.m. on 5 October 2023

Second AJIT General Meeting 3.00 p.m. on 10 October 2023

Announcement of results of the AJIT Scheme and respective FAVs per share 10 October 2023

Effective Date for the AJIT Scheme 10 October 2023

Admission of the Ordinary Shares pursuant to the AJIT Scheme 8.00 a.m. on 11 October 2023

CREST accounts credited in respect of Ordinary Shares issued in uncertificated form 8.00 a.m. on 11 October 2023

Certificates despatched in respect of Ordinary Shares issued in certificated form Week commencing 16 October 2023

### Placing Programme Timetable

Prospectus published and Placing Programme opens 1 September 2023

Publication of the Placing Programme Price in respect of each Placing undertaken As soon as reasonably practicable following the closing of each Placing

Admission of the New Shares to be issued pursuant to the Placing Programme to the Official List and dealings commence 8.00 a.m. on each day New Shares are issued

CREST accounts credited in respect of New Shares issued in uncertificated form As soon as possible after 8.00 a.m. on each day New Shares are issued

Certificates despatched in respect of New Shares issued in certificated form Approximately one week following Admission of the relevant New Shares

Placing Programme closes 30 August 2024\*

(1) References to times above and in this Circular generally are to London times unless otherwise specified.

(2) All times and dates in the expected timetable and in this Circular may be adjusted by the Company in consultation with Shore Capital and Berenberg. Any material changes to the timetable will be notified via an RIS.

(3) The timetable for implementation of the AJG Scheme will be announced by way of an RIS announcement following the publication of the AJG Circular.

\* or, if earlier, the date on which all of the New Shares available for issue under the Placing Programme have been issued (or such other date as may be agreed between the Company, the Investment Adviser, Shore Capital and Berenberg (such agreed date to be announced by way of an RIS announcement)).

## PART 1

### LETTER FROM THE CHAIRMAN

## NIPPON ACTIVE VALUE FUND PLC

*(incorporated in England and Wales with registered no. 12275668 and registered as an investment company under section 833 of the Companies Act 2006)*

*Directors:*

Rosemary Morgan (*Chairman*)  
Chetan Ghosh  
Rachel Hill  
Aya Hirota Weissman  
Alicia Ogawa

*Registered Office:*

6th Floor  
125 London Wall  
London  
EC2Y 5AS

1 September 2023

Dear Shareholder

**Recommended proposals relating to (i) the issue of new ordinary shares pursuant to a scheme of reconstruction of abrdn Japan Investment Trust plc under section 110 of the Insolvency Act 1986; (ii) the issue of new ordinary shares pursuant to a scheme of reconstruction of Atlantis Japan Growth Fund Limited under section 391(1)(b) of the Guernsey Companies Law 2008; (iii) the issue of new ordinary shares and/or C Shares pursuant to a placing programme; (iv) the admission of all of the Company's existing and to be issued shares to the Official List of the Financial Conduct Authority and to trading on the premium segment of the London Stock Exchange's Main Market; and (v) amendments to the Investment Policy**

and

### Notice of General Meeting

#### 1. Introduction

Further to the Company announcements dated 18 May 2023 and 11 August 2023, the Board is today pleased to publish detailed proposals relating to the rollover of assets of each of abrdn Japan Investment Trust plc ("**AJIT**") and Atlantis Japan Growth Fund Limited ("**AJG**") into the Company pursuant to schemes of reconstruction of AJIT and AJG (respectively the "**AJIT Scheme**" and the "**AJG Scheme**", and together the "**Schemes**"). Neither Scheme is conditional on completion of the other.

AJIT is a UK-domiciled investment trust with net assets, as at 30 August 2023, of approximately £83.4 million and a market capitalisation as at that date of approximately £78.9 million. AJG is a Guernsey-domiciled investment trust with net assets, as at 30 August 2023, of approximately £76.8 million and a market capitalisation as at that date of approximately £70.9 million.

The Company is also proposing a placing programme to issue up to 250 million new Ordinary Shares and/or C Shares pursuant to a 12-month placing programme (the "**Placing Programme**").

In connection with the Schemes (but, in any event, whether or not either Scheme proceeds) the Company intends to transfer its listing from the Specialist Fund Segment and have its Existing Shares and New Shares (whether issued pursuant to the Schemes or the Placing Programme) be admitted to (i) the Official List; and (ii) to trading on the premium segment of the Main Market (the "**Migration**").

The proposed Migration is not directly conditional on Shareholder approval, although the adoption of the revised Investment Policy is a necessary element of the completion of the Migration and therefore the Migration is conditional on Shareholder approval of the revised Investment Policy pursuant to Resolution 1 at the General Meeting.

The issues of New Shares pursuant to each Scheme and the Placing Programme are conditional upon sufficient shareholder authorities being in place for the allotment and issue of New Shares. The Directors already have unutilised authority (granted at the Company's most recent annual general meeting) to issue 11,302,143 New Shares, which they may choose to issue pursuant to either Scheme or the Placing Programme, however additional allotment authority is required. Resolutions 2 and 3 at the General Meeting are proposed in order to authorise the Directors to allot and issue a sufficient number of New Shares in order to complete each Scheme.

Resolution 4 at the General Meeting is proposed in order to allow the Company to allot up to 250 million New Shares pursuant to the Placing Programme. Resolution 5 at the General Meeting is proposed in order to allow any New Shares to be issued pursuant to the Schemes and/or the Placing Programme to be issued on a non-pre-emptive basis.

In terms of the proposals described above therefore, Shareholder resolutions are required to (i) approve the issue of New Shares pursuant to the Schemes to AJIT Shareholders and AJG Shareholders who elect to roll their investment into the Company; (ii) approve the issue of New Shares under the Scheme and the Placing Programme on a non-pre-emptive basis; and (iii) approve the proposed amendments to the Investment Policy, each as described further below.

At the General Meeting, Shareholders will be asked to consider and, if thought fit, approve the Resolutions. The General Meeting, notice of which is set out on pages 38 to 40 of this Circular, will be held at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL at 9.30 a.m. on 20 September 2023.

In connection with the issue of New Shares under the Schemes and the Placing Programme, the Company is required by the Prospectus Regulation Rules to publish a prospectus. Following the FCA's approval of the Prospectus, a copy of the Prospectus has been submitted to the National Storage Mechanism and will shortly be available at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>, and is available on the Company's website at <https://www.nipponactivevaluefund.com/shareholder-information/shareholder-documents/>. It is not proposed that any hard copies of the Prospectus be posted to Shareholders.

Overseas AJIT Shareholders and Overseas AJG Shareholders will not be granted access to the Prospectus unless they have satisfied the Directors and the directors of AJIT or AJG (as applicable) that they are entitled to receive and hold New Shares without breaching any relevant securities laws and without the need for compliance on the part of (i) the Company; or (ii) AJIT or AJG (as applicable), with any overseas laws, regulations, filing requirements or the equivalent.

I and the rest of your Board believe that the proposals described above are compelling for both sets of shareholders and we look forward to your support. We consider the proposals described above to be in the best interests of Shareholders as a whole and recommend that Shareholders vote in favour of the Resolutions at the General Meeting.

## **2. Summary of the AJIT Scheme**

### ***The AJIT Scheme***

Subject to the passing of the resolutions to be proposed at the AJIT General Meetings and to the satisfaction of the AJIT Scheme Conditions, AJIT will be placed into members' voluntary liquidation and the AJIT Scheme will take effect. It is expected that the AJIT Scheme will become effective on the AJIT Scheme Effective Date, whereupon the cash, undertaking and other assets of AJIT comprising the AJIT Rollover Pool will be transferred to the Company pursuant to the AJIT Transfer Agreement, in exchange for the allotment of New Shares to the AJIT Liquidators (as nominees for AJIT Shareholders entitled to them in accordance with the AJIT Scheme). Thereafter, the AJIT Liquidators will renounce the allotments of the New Shares in favour of AJIT Shareholders who have elected (or are deemed to have elected) to receive New Shares, and such New Shares will be issued by the Company to those AJIT Shareholders pursuant to the AJIT Scheme.

The issue of New Shares under the AJIT Rollover Option will be effected on a formula asset value ("**FAV**") for FAV basis as at the AJIT Scheme Calculation Date. For the purposes of the AJIT Scheme, the net asset values ("**NAVs**") of each of the Company and AJIT will be adjusted to take account of (*inter alia*) all the costs associated with the AJIT Scheme not already accrued, in order to determine their respective FAVs. Further details of the relevant FAV calculations of each company are set out in Part 2 (Additional Information) of this

Circular. The new Ordinary Shares issued pursuant to the AJIT Scheme will rank *pari passu* with the existing Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the issue of the relevant new Ordinary Shares).

### **AJIT Cash Option**

As part of the AJIT Scheme, AJIT Shareholders may elect to receive cash instead of New Shares in respect of some or all of their holdings in AJIT at a discount of two per cent. to the AJIT FAV per Share (the “**AJIT Cash Option**”). The maximum number of AJIT Shares that can be elected for the AJIT Cash Option is 25 per cent. of the total number of AJIT Shares in issue (excluding AJIT Shares held in treasury) as at the AJIT Scheme Calculation Date.

### **AJIT Transfer Agreement**

On the AJIT Scheme Effective Date, or as soon as practicable thereafter, the Company and the AJIT Liquidators (in their personal capacity and on behalf of AJIT) will enter into and implement the AJIT Transfer Agreement (subject to such modifications as may be agreed between the parties thereto), whereby the AJIT Liquidators will procure the transfer of the cash, undertaking and other assets of AJIT comprising the AJIT Rollover Pool to the Company (or its nominee) in consideration for the allotment of New Shares to the AJIT Liquidators (as nominees for the AJIT Shareholders entitled to them), such shares to be renounced by the AJIT Liquidators in favour of the holders of AJIT Rollover Shares.

The AJIT Transfer Agreement provides that the assets to be transferred to the Company will be transferred with such rights and title as AJIT may have in respect of the same or any part thereof subject to (and with the benefit of) all and any rights, restrictions, obligations, conditions and agreements affecting the same or any part thereof. The AJIT Transfer Agreement further provides that AJIT, acting by the AJIT Liquidators, insofar as they are reasonably able to do so by law or otherwise, will comply with all reasonable requests made by the Company (or its nominee) in respect of the cash, undertaking and other assets of AJIT to be acquired.

### **Costs and expenses of the AJIT Scheme**

Any stamp duty, SDRT (or equivalent Japanese tax payable in connection with the transfer of Japanese securities) or other transaction tax, or investment costs incurred by the Company on the acquisition of the AJIT Rollover Pool and listing fees in relation to the listing of the Ordinary Shares will be borne by the Enlarged Company. If the AJIT Scheme does not proceed on the terms agreed or the required AJIT Scheme Conditions are not satisfied, then the Company and AJIT will each bear their own costs. The Company's costs in connection with the AJIT Scheme are estimated at approximately £570,000. The Investment Adviser has agreed to pay for AJIT's costs to implement the AJIT Scheme up to a cap of £800,000.

## **3. Summary of the AJG Scheme**

### **The AJG Scheme**

Subject to the passing of the resolutions to be proposed at the AJG EGM and to the satisfaction of the AJG Conditions, AJG will be placed into members' voluntary winding up and the AJG Scheme will take effect. It is expected that the AJG Scheme will become effective on the AJG Scheme Effective Date, whereupon the cash, undertaking and other assets of AJG comprising the AJG Rollover Pool will be transferred to the Company pursuant to the AJG Transfer Agreement, in exchange for the allotment of New Shares to the AJG Liquidators (as nominees for AJG Shareholders entitled to them in accordance with the AJG Scheme). Thereafter, the AJG Liquidators will renounce the allotments of the New Shares in favour of AJG Shareholders who have elected (or are deemed to have elected) to receive New Shares, and such New Shares will be issued by the Company to those AJG Shareholders pursuant to the AJG Scheme.

The issue of New Shares under the AJG Rollover Option will be effected on a formula asset value (“**FAV**”) for FAV basis as at the AJG Scheme Calculation Date. For the purposes of the AJG Scheme, the NAVs of each of the Company and AJG will be adjusted to take account of (among other matters) all of the costs associated with the AJG Scheme not already accrued, in order to determine their respective FAVs. Further details of the relevant FAV calculations of each company are set out in Part 2 (Additional Information) of this Circular. The new Ordinary Shares issued pursuant to the AJG Scheme will rank *pari passu* with the existing

Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the issue of the relevant new Ordinary Shares).

### ***AJG Cash Option***

As part of the AJG Scheme, AJG Shareholders may elect to receive cash instead of New Shares in respect of some or all of their holdings in AJG at a discount of two per cent. to the AJG FAV per Share (the “**AJG Cash Option**”). The maximum number of AJG Shares that can be elected for the AJG Cash Option is 25 per cent. of the total number of AJG Shares in issue (excluding AJG Shares held in treasury) as at the AJG Scheme Calculation Date.

### ***AJG Scheme Transaction Agreement***

Pending publication of the AJG Circular, the Company and AJG have entered into the AJG Scheme Transaction Agreement. Pursuant to the AJG Scheme Transaction Agreement, subject to receipt of relevant tax clearances, AJG has undertaken to use all reasonable endeavours to (i) publish the AJG Circular by 15 September 2023; and (ii) to implement the AJG Scheme in accordance with the terms of the AJG Scheme set out in the Prospectus.

### ***AJG Transfer Agreement***

On the AJG Scheme Effective Date, or as soon as practicable thereafter, the Company and the AJG Liquidators (in their personal capacity and on behalf of AJG) will enter into and implement the AJG Transfer Agreement (subject to such modifications as may be agreed between the parties thereto), whereby the AJG Liquidators will procure the transfer of the cash, undertaking and other assets of AJG comprising the AJG Rollover Pool to the Company (or its nominee) in consideration for the allotment of New Shares to the AJG Liquidators (as nominees for the AJG Shareholders entitled to them), such shares to be renounced by the AJG Liquidators in favour of the holders of AJG Rollover Shares.

The AJG Transfer Agreement provides that the assets to be transferred to the Company will be transferred with such rights and title as AJG may have in respect of the same or any part thereof subject to (and with the benefit of) all and any rights, restrictions, obligations, conditions and agreements affecting the same or any part thereof. The AJG Transfer Agreement further provides that AJG, acting by the AJG Liquidators, insofar as they are reasonably able to do so by law or otherwise, will comply with all reasonable requests made by the Company (or its nominee) in respect of the cash, undertaking and other assets of AJG to be acquired.

### ***Costs and expenses of the AJG Scheme***

Any stamp duty, SDRT (or equivalent Japanese tax payable in connection with the transfer of Japanese securities) or other transaction tax, or investment costs incurred by the Company on the acquisition of the AJG Rollover Pool and listing fees in relation to the listing of the New Shares will be borne by the Enlarged Company. If the AJG Scheme does not proceed on the terms agreed or the required AJG Scheme Conditions are not satisfied, then the Company and AJG will each bear their own costs. The Company's costs in connection with the AJG Scheme are estimated at approximately £470,000. The Investment Adviser has agreed to pay for AJG's costs to implement the AJG Scheme up to a cap of £800,000.

## **4. Benefits of the Schemes**

Your Board believes that the issue of New Shares pursuant to the Schemes would have the following benefits to Shareholders:

- (a) Shareholders will immediately benefit from an enlarged capital base;
- (b) the implementation of the Schemes will result in an enlarged and more diverse portfolio of assets which the Investment Adviser is well placed to manage (given its experience);
- (c) it will result in a reduction of the estimated pro forma ongoing charges ratio of the Company;
- (d) the increase in the size of the Company should mean that the Ordinary Shares have enhanced liquidity in the secondary market;
- (e) the Company will be able to deploy additional capital at an advantageous time;

- (f) a larger capital base will allow the Investment Adviser to pursue its activist strategy in opportunities involving companies with larger capitalisations; and
- (g) the Investment Adviser will be able to have more effective conversations with investee companies (on the basis of the Company having more firepower to build stakes in these companies).

The assets to be received by the Company pursuant to each Scheme, which in each case will consist of shares in listed Japanese companies, will be managed in accordance with the Investment Policy and may be realised over time and redeployed into more activist opportunities. Any proceeds of any such realisation are expected to be redeployed into more activist opportunities within six months of receipt.

## **5. Proposed Directors**

### ***Claire Boyle (non-executive director)***

If the AJIT Scheme is implemented, in order to provide continuity for AJIT Shareholders, particularly with regard to the proposed structure of the AJIT Scheme whereby a transfer of the AJIT portfolio comprising the AJIT Rollover Pool is made, it is intended that Claire Boyle will join the Board on the AJIT Scheme Effective Date. Claire Boyle will be a non-executive Director and is considered to be independent of the AIFM and the Investment Adviser.

Claire Boyle was appointed as an independent non-executive director of AJIT with effect from 1 February 2019 and was appointed Chair of the Audit and Risk Committee from October of that year. She is also the Chair of Life Science REIT plc, a non-executive director and Chair of the Audit Risk Committee of Fidelity Special Values plc and a non-executive director of The Monks Investment Trust PLC.

Claire is a Fellow of the Institute of Chartered Accountants in England and Wales, qualifying in 1993 whilst working in litigation support at Coopers & Lybrand. She has over 17 years' experience working in finance and equity investment management, working on funds over a wide range of sectors for international corporate, Government, State and retail clients, including unit and investment trusts. She started her investment career on the UK research desk at Robert Fleming, was a partner at Oxburgh Partners LLP with responsibility for their European Equity Hedge Fund, and prior to that a European Equity Fund Manager at American Express Asset Management, where her role included both equity investment and business development.

### ***Noel Lamb (non-executive director)***

If the AJG Scheme is implemented, in order to provide continuity for AJG Shareholders, particularly with regard to the proposed structure of the AJG Scheme whereby a transfer of the AJG portfolio comprising the AJG Rollover Pool is made, it is intended that Noel Lamb will join the Board on the AJG Scheme Effective Date. Noel Lamb will be a non-executive Director and is considered to be independent of the AIFM and the Investment Adviser.

Noel Lamb was appointed to the board of AJG on 1 February 2011 and appointed as Chairman on 1st May 2014. He graduated from Exeter College, Oxford University and is a barrister-at-law. He joined Lazard Brothers & Co Limited in 1987 and from 1992 to 1997 he was the managing director of Lazard Japan Asset Management where he was the fund manager for their Japanese equities. In 1997, he moved to the Russell Investment Group where he established the investment management capability of Russell in London. In 2002, he was promoted to Chief Investment Officer in North America where he managed assets of \$150bn until his departure in 2008. In 2020, he was appointed as a director of Guinness Asset Management Funds and in January 2022 as chairman of Rockwood Strategic plc.

### ***Board composition***

Notwithstanding the proposed appointments of Claire Boyle and Noel Lamb, following the absorption of the new assets from AJIT and AJG into the Portfolio pursuant to the Schemes, it remains the intention of the Board over the longer-term to reduce the number of Directors back to a maximum of five. Assuming that each Scheme completes and Claire Boyle and Noel Lamb join the Board, it is intended that one Director will retire and not stand for re-election at each of the annual general meetings of the Company to be held in 2025 and 2026 respectively, thereby returning the number of Directors to five.



## **6. Summary of the Placing Programme**

The Directors intend to implement the Placing Programme to enable the Company to raise additional capital in the 12 month period from the publication of the Prospectus. Subject to the passing of the relevant Resolutions, the Directors will have discretion to issue Ordinary and/or C Shares, provided that such number of Ordinary Shares and C Shares to be issued pursuant to the Placing Programme may not exceed 250 million Shares in aggregate. The Placing Programme is intended to be flexible and may have a number of closing dates in order to provide the Company with the ability to issue Ordinary Shares and/or C Shares over a period of time. The Placing Programme is intended to satisfy market demand for New Shares and to raise further money for investment in accordance with the Investment Policy.

### ***Prospectus-exempt retail offers***

The Directors intend to preserve the ability of retail investors to participate in future issues of Shares by the Company. The Company, therefore, expects, where market conditions allow, to periodically conduct offers of Shares which are generally available to retail investors in the United Kingdom, whether through an offer for subscription, intermediaries offer, or other means, but in any event where such offer does not cause the Company to be required to publish a further prospectus in accordance with the Prospectus Regulation Rules (“**Retail Offers**”). Such Retail Offers may coincide with issues of New Shares pursuant to the Placing Programme. Details of any Retail Offer, including the terms and conditions of such Retail Offer, will be announced by the Company through a Regulatory Information Service.

### ***Pricing and costs of the Placing Programme***

The Company is targeting the issue of up to 250 million New Shares under the Placing Programme. All Shares issued pursuant to the Placing Programme will be paid up to the relevant Placing Programme Price.

The Placing Programme Price for Ordinary Shares issued pursuant to the Placing Programme will be at a premium to the prevailing NAV at the time of determination of the Placing Programme Price which, over the course of the Placing and the Placing Programme, is intended to cover the fixed costs of the Placing Programme. The final Placing Programme Price is to be determined by the Board at its discretion and will be announced via an RIS prior to an Admission in connection with the Placing Programme. It is expected that the costs of the Placing Programme will be recovered through the Placing Programme Price, although the recovery of all or any part of the costs cannot be guaranteed. The total costs and expenses of any Placing of C Shares under the Placing Programme will be borne out of the gross proceeds of such Placing.

The costs and expenses referred to above will be borne by the Company and not separately charged to the investor. No expenses or taxes will be charged directly by the Company to investors.

Fractions of new Ordinary Shares or C Shares will not be issued.

The net proceeds of the Placing Programme is dependent on the number of new Ordinary Shares and/or C Shares issued pursuant to the Placing Programme and the applicable Placing Programme Price of any new Ordinary Shares issued.

Where new Ordinary Shares or C Shares are issued, the total assets of the Company (before direct issue costs) will increase by that number of new Ordinary Shares or C Shares issued multiplied by the applicable Placing Programme Price. It is not expected that there will be any material impact on the earnings and Net Asset Value per Ordinary Share, as the net proceeds resulting from any issue under the Placing Programme are expected to be invested in investments consistent with the Investment Policy and the Placing Programme Price of the new Ordinary Shares is expected to represent a modest premium to the then prevailing Net Asset Value per Ordinary Share, whilst the total costs and expenses of any Placing of C Shares under the Placing Programme will be borne out of the gross proceeds of such Placing.

## **7. Summary of the proposed Migration and revised Investment Policy**

### ***Migration***

In connection with the Schemes (but, in any event, whether or not either Scheme proceeds) the Company intends to transfer its listing from the Specialist Fund Segment and have its Existing Shares and New Shares (whether issued pursuant to the Schemes or the Placing Programme) be admitted to (i) the Official List; and (ii) to trading on the premium segment of the Main Market (the “**Migration**”).

The proposed Migration is not directly conditional on Shareholder approval, although the adoption of the New Investment Policy is a necessary element of the completion of the Migration and, therefore, the Migration is conditional on Shareholder approval of the New Investment Policy at the General Meeting. The Migration is further conditional on the FCA approving the Company's eligibility for admission to the Official List in accordance with the eligibility criteria contained in the Listing Rules.

As well as being a condition of each Scheme, the Migration is expected to improve the access of retail investors to the Company and, therefore, its share rating and liquidity. The Migration is conditional on the FCA confirming the Company's eligibility for admission to the Official List under Chapter 15 of the Listing Rules and, as noted above, is therefore conditional on the adoption of the New Investment Policy. The Company has appointed Berenberg as its FCA sponsor in connection with the proposed Migration.

### ***New Investment Policy***

With a view to completion of the Schemes and consequential increase in the assets of the Company, and considering that the Company will become subject to the Listing Rules following completion of the Migration, the Board has considered whether any amendments should be made to the Company's existing Investment Policy. The existing Investment Policy was established on the basis that the Company has, to date, had its Ordinary Shares admitted to trading on the Specialist Fund Segment. The Company has, therefore, not been required to comply with the Listing Rules in relation to its Investment Policy (including, in particular, that the Company must manage its assets consistent with an objective of "spreading investment risk" – within the FCA's meaning of that term).

The Board considers that adopting the New Investment Policy will allow the Company to increase the number of investments typically expected to be held in the Portfolio and provide greater flexibility in relation to the expected size (as a percentage of issued share capital of the investee company) of those investments and, overall, will enhance diversification of assets.

The proposed revisions to the Investment Policy are designed in part to cater for a larger portfolio of assets following the acquisition of shares in companies which currently sit within the portfolios of AJIT and AJG pursuant to the Schemes. Notwithstanding this, the Board considers that the increased flexibility offered by the New Investment Policy, combined with the potential improvement in the access of retail investors to the Company, its share rating and liquidity offered by the Migration, will be for the benefit of Shareholders regardless of whether or not either Scheme completes.

The proposed New Investment Policy is considered by the Board to represent a more appropriate investment policy for the Company going forward, and will facilitate the Migration insofar as it meets the FCA's eligibility criteria for admission of the Company to the Official List under Chapter 15 of the Listing Rules. For the avoidance of doubt, the proposed New Investment Policy does not represent a fundamental change to the Investment Policy or to the Investment Adviser's strategy or process.

### **8. Smaller related party transaction**

As noted above, in connection with the AJIT Scheme, the Investment Adviser has agreed to pay for AJIT's costs to implement the AJIT Scheme up to a cap of £800,000 (the "**AJIT Scheme Rising Sun Contribution**"). In connection with the AJG Scheme, the Investment Adviser has agreed to pay for AJG's costs to implement the AJG Scheme up to a cap of £800,000 (the "**AJG Scheme Rising Sun Contribution**"), and each of the AJIT Scheme Rising Sun Contribution and the AJG Rising Sun Contribution being a "**Rising Sun Contribution**").

The Company has, therefore, agreed to a variation to the terms of the investment advisory agreement between the Company, the AIFM and the Investment Adviser (the "**IAA**"). Pursuant to the variation, an amount equal to a proportion of a Rising Sun Contribution (in respect of the AJIT Scheme and/or the AJG Scheme, as applicable) would be payable by the Company to the Investment Adviser in the event that the IAA is terminated prior to the third anniversary of the AJIT Scheme Effective Date and/or the AJG Scheme Effective Date (as applicable) (a "**Reimbursement Amount**").

The circumstances in which a Reimbursement Amount would be due in the event that the IAA is terminated prior to the third anniversary of the AJIT Scheme Effective Date and/or the AJG Scheme Effective Date (as applicable) are:

- (a) if the Company terminates the IAA on 12 months' notice;
- (b) if the Investment Adviser terminates the IAA following (i) a change of control of the Company; or (ii) a material change in the Investment Policy which has not been approved in advance by the Investment Adviser; or
- (c) if the IAA is immediately terminated as a result of the termination of the AIFM Agreement other than in circumstances where the Company would have been entitled at that time to terminate the IAA immediately for the Investment Adviser's cause (including unremedied material breach of the IAA or the Investment Adviser's wilful misfeasance, gross negligence or fraud).

No Reimbursement Amount will be payable if the IAA is terminated in circumstances where (i) the 2025 Continuation Resolution is not passed by Shareholders; and (ii) any Rosenwald Shares are voted against the 2025 Continuation Resolution.

The Reimbursement Amount, if payable, would amortise daily on a three-year basis such that if, for example:

- (a) the Rising Sun Contribution in respect of each Scheme was £800,000 (£1,600,000 in total);
- (b) the AJIT Scheme Effective Date and the AJG Scheme Effective Date occurred on the same date; and
- (c) the IAA was terminated on notice by the Company on the first anniversary of the AJIT Scheme Effective Date and the AJG Scheme Effective Date,

the Reimbursement Amount would be equal to £1,066,666.67 (having amortised by one-third of the three-year amortisation period).

The variations described above are reflected in an amended and restated IAA entered into between the Company, the AIFM and the Investment Adviser dated 1 September 2023 (the "**Amended and Restated IAA**").

As a Specialist Fund Segment company, the Company is not required to comply with the Listing Rules (although, as noted above, were the Migration to complete, the Company would become subject to the Listing Rules in full). As a matter of good corporate governance, however, the Company has undertaken to apply the terms of Listing Rule 11 regarding related party transactions to its entry into the amended and restated IAA and, specifically, the provisions of the Amended and Restated IAA between the Company and the Investment Adviser relating to the Reimbursement Amount (the "**Transaction**").

If Listing Rule 11 were to apply to the Transaction, the Transaction would constitute a "smaller related party transaction" within the meaning of Listing Rule 11.1.10. In accordance with the Company's voluntary undertaking therefore, no Shareholder approval of the Transaction is required. The Company has, however, obtained written confirmation from Berenberg, as financial adviser, that the terms of the Transaction are fair and reasonable as far as the shareholders of the Company are concerned.

## 9. Risk factors

Shareholders are strongly urged to carefully read the risk factors contained in Part 3 of this Circular which sets out the material risks known to the Directors at the date of this Circular in relation to the proposals described in this Circular.

## 10. General Meeting

You will find set out on pages 38 to 40 at the end of this Circular a notice convening the General Meeting at which Shareholders will be asked to consider and, if thought fit, approve the Resolutions.

The Resolution to adopt the New Investment Policy, and the Resolutions authorising the Directors to issue New Shares pursuant to the Schemes and the Placing Programme, will be proposed as ordinary resolutions. The Resolution to disapply statutory pre-emption rights in connection with the issue of New Shares pursuant to the Schemes and the Placing Programme will be proposed as a special resolution.

In accordance with the Company's Articles of Association, all Shareholders are entitled to attend and vote at the General Meeting and all Shareholders entitled to vote and be present in person or by proxy at the

General Meeting will upon a show of hands have one vote and upon a poll will have one vote in respect of every Ordinary Share held.

#### **11. Action to be taken**

Shareholders will find enclosed a Form of Proxy for use in relation to the General Meeting.

To be valid for use at the General Meeting, the Form of Proxy accompanying this Circular must be completed and returned, in accordance with the instructions printed on it, so as to be received by the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible, but in any event not later than 9.30 a.m. on 18 September 2023.

As an alternative to completing the Form of Proxy, Shareholders can appoint a proxy electronically via the Registrar's online voting portal [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). For an electronic proxy appointment to be valid, your appointment must be received by the Registrar no later than 9.30 a.m. on 18 September 2023.

#### **12. Recommendation**

The Board considers the proposals described in this Circular to be in the best interests of Shareholders as a whole. Accordingly, the Board recommends unanimously that Shareholders vote in favour of the Resolutions. The Directors intend to vote in favour of the Resolutions in respect of their own beneficial holdings which total 247,791 Ordinary Shares (representing 0.23 per cent. of the total voting rights in the Company exercisable at the General Meeting).

In addition, your Board understands that the AJIT Directors who hold shares in AJIT, and the AJG Directors who hold shares in AJG, all intend to roll over their entire beneficial holdings of AJIT Shares and AJG Shares into New Shares.

Your Board greatly appreciates the support it receives from Shareholders, and the Board and/or the Investment Adviser will endeavour to address any questions received on the proposals or this Circular.

Shareholders who are in any doubt as to the contents of this Circular or as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or an appropriately qualified and duly authorised independent financial adviser without delay.

Yours faithfully,

**Rosemary Morgan**  
*Chairman*

## PART 2

### ADDITIONAL INFORMATION

#### The Schemes

##### Details of the AJIT Scheme

The AJIT Scheme is being undertaken pursuant to the proposed members' voluntary liquidation of AJIT and a scheme of reconstruction of AJIT under which AJIT Shareholders will be entitled to elect to receive in respect of some or all of their AJIT Shares:

- (a) Ordinary Shares (the "**AJIT Rollover Option**"); and/or
- (b) cash at a discount of two per cent. to the AJIT FAV per Share (the "**AJIT Cash Option**").

The default option under the AJIT Scheme is for eligible AJIT Shareholders to receive New Shares, meaning that AJIT Shareholders who, in respect of all or part of their holding of AJIT Shares, do not make a valid AJIT Scheme Election or who do not make an AJIT Scheme Election at all under the AJIT Scheme will be deemed to have elected for New Shares in respect of such holding.

The maximum number of AJIT Shares that can be elected for the AJIT Cash Option is 25 per cent. of the total number of AJIT Shares in issue (excluding AJIT Shares held in treasury) as at the AJIT Scheme Calculation Date. AJIT Shareholders are entitled to elect to receive cash in respect of more than 25 per cent. of their individual holdings of AJIT Shares (the "**AJIT Basic Entitlement**", such excess amount being an "**AJIT Excess Application**"). However, in the event that aggregate AJIT Scheme Elections are made for the AJIT Cash Option which exceed 25 per cent. of the issued AJIT Shares (excluding AJIT Shares held in treasury) as at the AJIT Scheme Calculation Date, AJIT Shareholders who have made an AJIT Scheme Election in excess of their AJIT Basic Entitlement will have their AJIT Excess Application scaled back in a manner which is, as near as practicable, *pro rata* to the number of AJIT Shares elected under such AJIT Excess Applications. Ordinary shares in AJIT which are subject to such scaling back will be deemed to have elected for the AJIT Rollover Option.

The New Shares are only available to AJIT Shareholders under the AJIT Scheme. The New Shares are not being offered to Shareholders or to the public.

Subject to the satisfaction of the AJIT Scheme Conditions, AJIT will be placed into members' voluntary liquidation and the AJIT Scheme will take effect. It is expected that the AJIT Scheme will become effective on the AJIT Scheme Effective Date, whereupon the securities, cash and other assets of AJIT comprising the AJIT Rollover Pool will be transferred to the Company pursuant to the AJIT Transfer Agreement, in exchange for the allotment of New Shares to the AJIT Liquidators (as nominees for AJIT Shareholders entitled to them in accordance with the AJIT Scheme). Thereafter, the AJIT Liquidators will renounce the allotments of the New Shares in favour of AJIT Shareholders who have elected (or are deemed to have elected) to receive New Shares and such New Shares will be issued by the Company to those AJIT Shareholders pursuant to the AJIT Scheme.

The issue of the New Shares under the AJIT Rollover Option will be effected on a FAV for FAV basis as at the AJIT Scheme Calculation Date.

In consideration for the transfer of the AJIT Rollover Pool to the Company, the New Shares will be issued to holders of AJIT Rollover Shares on the basis that the number of such shares to which each such holder is entitled will be determined in accordance with the following formula (rounded down to the nearest whole number of New Shares):

$$\text{Number of New Shares} = \frac{A}{B} \times C$$

where:

A is the AJIT FAV per Share (as at the AJIT Scheme Calculation Date);

B is the AJIT Scheme Company FAV per Share (as at the AJIT Scheme Calculation Date); and

C is the aggregate number of AJIT Rollover Shares held by the relevant AJIT Shareholder.

No value will be attributable to AJIT Shares held in treasury by AJIT. Fractions of New Shares will not be issued under the AJIT Scheme and entitlements to such New Shares will be rounded down to the nearest whole number. Any assets representing a fraction of the entitlements of holders of AJIT Rollover Shares and whose holding of New Shares is rounded down will be retained by the Company and represent an accretion to its assets.

The New Shares will rank equally in all respects with the existing issued Ordinary Shares in the Company other than in respect of any dividend declared with a record date prior to the AJIT Scheme Effective Date.

### **Details of the AJG Scheme**

The AJG Scheme is being undertaken pursuant to the proposed members' voluntary winding up of AJG and a scheme of reconstruction of AJG under which AJG Shareholders will be entitled to elect to receive in respect of some or all of their AJG Shares:

- (a) Ordinary Shares (the "**AJG Rollover Option**"); and/or
- (b) cash at a discount of two per cent. to the AJG FAV per Share (the "**AJG Cash Option**").

The default option under the AJG Scheme is for eligible AJG Shareholders to receive New Shares, meaning that AJG Shareholders who, in respect of all or part of their holding of AJG Shares, do not make a valid AJG Scheme Election or who do not make an AJG Scheme Election at all under the AJG Scheme will be deemed to have elected for New Shares in respect of such holding.

The maximum number of AJG Shares that can be elected for the AJG Cash Option is 25 per cent. of the total number of AJG Shares in issue (excluding AJG Shares held in treasury) as at the AJG Scheme Calculation Date. AJG Shareholders are entitled to elect to receive cash in respect of more than 25 per cent. of their individual holdings of AJG Shares (the "**AJG Basic Entitlement**", such excess amount being an "**AJG Excess Application**"). However, in the event that aggregate AJG Scheme Elections are made for the AJG Cash Option which exceed 25 per cent. of the issued AJG Shares (excluding AJG Shares held in treasury) as at the AJG Scheme Calculation Date, AJG Shareholders who have made an AJG Scheme Election in excess of their AJG Basic Entitlement will have their AJG Excess Application scaled back in a manner which is, as near as practicable, *pro rata* to the number of AJG Shares elected under such AJG Excess Applications. Ordinary shares in AJG which are subject to such scaling back will be deemed to have elected for the AJG Rollover Option.

The New Shares are only available to AJG Shareholders under the AJG Scheme. The New Shares are not being offered to Shareholders or to the public.

Subject to the satisfaction of the AJG Scheme Conditions, AJG will be placed into members' voluntary winding up and the AJG Scheme will take effect. It is expected that the AJG Scheme will become effective on the AJG Scheme Effective Date, whereupon the securities, cash and other assets of AJG comprising the AJG Rollover Pool will be transferred to the Company pursuant to the AJG Transfer Agreement, in exchange for the allotment of New Shares to the AJG Liquidators (as nominees for AJG Shareholders entitled to them in accordance with the AJG Scheme). Thereafter, the AJG Liquidators will renounce the allotments of the New Shares in favour of AJG Shareholders who have elected (or are deemed to have elected) to receive New Shares and such New Shares will be issued by the Company to those AJG Shareholders pursuant to the AJG Scheme.

The issue of the New Shares under the AJG Rollover Option will be effected on a FAV for FAV basis as at the AJG Scheme Calculation Date.

In consideration for the transfer of the AJG Rollover Pool to the Company, the New Shares will be issued to holders of AJG Rollover Shares on the basis that the number of such shares to which each such holder is entitled will be determined in accordance with the following formula (rounded down to the nearest whole number of New Shares):

$$\text{Number of New Shares} = \frac{A}{B} \times C$$

where:

A is the AJG FAV per Share (as at the AJG Scheme Calculation Date);

B is the AJG Scheme Company FAV per Share (as at the AJG Scheme Calculation Date); and

C is the aggregate number of AJG Rollover Shares held by the relevant AJG Shareholder.

No value will be attributable to AJG Shares held in treasury by AJG. Fractions of New Shares will not be issued under the AJG Scheme and entitlements to such New Shares will be rounded down to the nearest whole number. Any assets representing a fraction of the entitlements of holders of AJG Rollover Shares and whose holding of New Shares is rounded down will be retained by the Company and represent an accretion to its assets.

The New Shares will rank equally in all respects with the existing issued Ordinary Shares in the Company other than in respect of any dividend declared with a record date prior to the AJG Scheme Effective Date.

### ***AJIT Scheme Conditions***

The AJIT Scheme is conditional upon:

- (a) completion of the Migration;
- (b) the recommendation of the boards of the Company and AJIT to proceed with the AJIT Scheme, which may be withdrawn at any time (including, without limit, for material adverse change reasons);
- (c) the Share Allotment Authorities relating to the AJIT Scheme being approved by Shareholders and not having been revoked or superseded;
- (d) the passing of the resolutions to be proposed at the First AJIT General Meeting and the resolution to be proposed at the Second AJIT General Meeting or any adjournment of those meetings and upon any conditions of such resolutions being fulfilled; and
- (e) Admission occurring in respect of the New Shares to be issued pursuant to the AJIT Scheme.

Any AJIT Scheme condition may, subject to compliance with legal requirements, be waived with the mutual agreement of each of the Company, the Investment Adviser and AJIT at any time up to completion of the AJIT Scheme.

### ***AJG Scheme Conditions***

The AJG Scheme is conditional upon:

- (a) completion of the Migration;
- (b) the recommendation of the boards of the Company and AJG to proceed with the AJG Scheme, which may be withdrawn at any time (including, without limit, for material adverse change reasons);
- (c) the Share Allotment Authorities relating to the AJG Scheme being approved by Shareholders and not having been revoked or superseded;
- (d) the passing of the resolutions to be proposed at the AJG EGM or any adjournment of that meeting and upon any conditions of such resolutions being fulfilled; and
- (e) Admission occurring in respect of the New Shares to be issued pursuant to the AJG Scheme.

Any AJG Scheme condition may, subject to compliance with legal requirements, be waived with the mutual agreement of each of the Company, the Investment Adviser and AJG at any time up to completion of the AJG Scheme.

### ***Admission and dealings***

Application will be made to the FCA and to the London Stock Exchange for the New Shares to be issued pursuant to each Scheme to be admitted to the Official List and to trading on the premium segment of the Main Market.

The Ordinary Shares issued pursuant to each Scheme will be in registered form. Temporary documents of title will not be issued. The ISIN of the Ordinary Shares will be GB00BKLGLS10. It is expected that shareholders who hold their AJIT Shares or AJG Shares in uncertificated form and are entitled to receive Ordinary Shares will receive Ordinary Shares in uncertificated form on the relevant date of Admission of the New Shares.

Fractional entitlements to Ordinary Shares pursuant to the Schemes will not be issued and entitlements will be rounded down to the nearest whole number. No cash payments will be made or returned in respect of any fractional entitlements which will be retained for the benefit of the Company.

### **Dilution**

Only certain AJIT Shareholders are eligible to participate in the AJIT Scheme, and only certain AJG Shareholders are eligible to participate in the AJG Scheme. Existing Shareholders (who are not eligible AJIT Shareholders or eligible AJG Shareholders) are not able to participate in either Scheme and will suffer a dilution to the percentage of the issued share capital that their current holding represents based on an actual number of New Shares issued. For the avoidance of doubt, the value of the underlying assets will not be altered as a direct consequence of either Scheme becoming effective.

#### *AJIT Scheme dilution illustration*

For illustrative purposes only, had the calculation date in respect of the AJIT Scheme been 5.00 p.m. on 30 August 2023 (being the latest practicable date prior to the publication of this Circular), assuming that no AJIT Shareholders exercise their right to dissent from participation in the AJIT Scheme, that the AJG Scheme had not become unconditional at that time, that Company costs in connection with the AJIT Scheme were £564,957, that AJIT costs in connection with the AJIT Scheme were £725,393 and that:

- (a) the maximum amount is elected for the cash option available under the AJIT Scheme, the conversion ratio would have been 4.54 and in aggregate 42,360,524 New Shares would have been issued to AJIT Shareholders under the AJIT Scheme, representing approximately 27.26 per cent. of the issued ordinary share capital of the enlarged Company, Existing Shareholders would have suffered a dilution of approximately 27.26 per cent. to their existing percentage holdings; or
- (b) all AJIT Shareholders had elected to receive New Shares, the conversion ratio would have been 4.52 and in aggregate 56,199,698 New Shares would have been issued to AJIT Shareholders under the AJIT Scheme, representing approximately 33.21 per cent. of the issued ordinary share capital of the enlarged Company, Existing Shareholders would have suffered a dilution of approximately 33.21 per cent. to their existing percentage holdings.

#### *AJG Scheme dilution illustration*

For illustrative purposes only, had the calculation date in respect of the AJG Scheme been 5.00 p.m. on 30 August 2023 (being the latest practicable date prior to the publication of this Circular), assuming that the AJIT Scheme had not become unconditional at that time, that Company costs in connection with the AJG Scheme were £462,942, that AJG costs in connection with the AJG Scheme were £699,935 and that:

- (a) the maximum amount is elected for the cash option available under the AJG Scheme, the conversion ratio would have been 1.28 and in aggregate 38,987,891 New Shares would have been issued to AJG Shareholders under the AJG Scheme, representing approximately 25.65 per cent. of the issued ordinary share capital of the enlarged Company, Existing Shareholders would have suffered a dilution of approximately 25.65 per cent. to their existing percentage holdings; or
- (b) all AJG Shareholders had elected to receive New Shares, the conversion ratio would have been 1.27 and in aggregate 51,725,204 New Shares would have been issued to AJG Shareholders under the AJG Scheme, representing approximately 31.40 per cent. of the issued ordinary share capital of the enlarged Company, Existing Shareholders would have suffered a dilution of approximately 31.40 per cent. to their existing percentage holdings.

### **Concert party**

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- (a) a person acquires an interest in shares which, when taken together with shares already held by them or persons acting in concert with them, carry 30 per cent. or more of the voting rights in the Company; or
- (b) a person who, together with persons acting in concert with them, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,



the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Takeover Panel) to make a cash offer for the outstanding shares at a price not less than the highest price paid for any interests in the shares by the acquirer or its concert parties during the previous 12 months.

The Rosenwald Associates hold in excess of 30 per cent. of the issued Ordinary Shares. Further details regarding individual members of the Rosenwald Associates are set out below.

At the time of the Company's IPO, the Takeover Panel confirmed to the Company that no mandatory offer for the Company would need to be made as a result of the Rosenwald Associates acquiring 30 per cent. or up to a maximum of 49.9 per cent. of the voting rights attached to the issued share capital of the Company as a result of the IPO on the basis that the participation by the Rosenwald Associates in the IPO and the maximum controlling interest that the Rosenwald Associates concert party could have as a result of the IPO were disclosed in the IPO Prospectus.

So far as the Company is aware, none of the Rosenwald Associates (except possibly in Shore Capital's capacity as an exempt principal trader for the purposes of the Takeover Code) are shareholders in AJIT or AJG and, therefore, are not entitled to participate in either Scheme. Assuming that 65 million Ordinary Shares are issued pursuant to the AJIT Scheme and 65 million Ordinary Shares are issued pursuant to the AJG Scheme, the Rosenwald Associates' combined holding of Ordinary Shares would be reduced to 15.83 per cent. of the issued Ordinary Shares. If neither Scheme is completed, no such dilution will occur and neither James B. Rosenwald, III nor any other member of the Rosenwald Associates will be able to increase their aggregate percentage interest in the Company (in connection with the Placing Programme or otherwise) without triggering the requirement to make a cash offer for the outstanding Shares in the Company at the highest price paid by any of the Rosenwald Associates in the preceding 12 months, as provided for in Rule 9 of the Takeover Code.

If the Rosenwald Associates' aggregate percentage interest in the Company's voting interests is diluted as a result of the AJIT Scheme, the AJG Scheme, the Placing Programme or otherwise, the thresholds set out above will apply to any future acquisitions of Shares by the Rosenwald Associates.

The following investors, defined as the "Rosenwald Associates", are regarded as acting in concert for the purposes of the Takeover Code:

- (a) James B. Rosenwald, III (together with his family and related trusts);
- (b) Gifford Combs (together with his related trust);
- (c) Paul ffolkes Davis;
- (d) Rosenwald Clients;
- (e) Rising Sun; and
- (f) Shore Capital.

The Rising Sun Management Team includes four key individuals, two of whom are shareholders in the Company, namely James B. Rosenwald, III and Paul ffolkes Davis (in each case together with their family and related trusts, associates and/or connected persons). They are considered to be acting in concert with each other because they are among the principals of the Investment Adviser.

James B. Rosenwald, III is a Portfolio Manager at Dalton and the President of Dalton's managing member, Rosenwald Capital. Dalton and Rosenwald Capital are the investment managers for the Rosenwald Clients. Accordingly, the Rosenwald Clients will be presumed to be acting in concert with James B. Rosenwald, III in relation to any interest acquired in the Company by the Rosenwald Clients (in each case either directly or through a custodian or nominee). As a result, the Rosenwald Clients are members of the Rosenwald Associates concert party.

James B. Rosenwald, III is a director of Shore Capital's ultimate parent company, Shore Capital Group Limited. Shore Capital is, therefore, considered to be acting in concert with him.

Each of the Directors are considered to be independent of James B. Rosenwald, III and are, therefore, considered not to be acting in concert with James B. Rosenwald, III or any other member of the Rosenwald Associates concert party.

### ***Dissenting AJIT Shareholders***

The AJIT Scheme is a reconstruction to which Section 111(2) of the Insolvency Act 1986 applies. Under Section 111(2) any AJIT Shareholder who does not vote in favour of the resolutions to approve the AJIT Scheme to be proposed at the First AJIT General Meeting may, within seven days of the passing of the resolutions at the First AJIT General Meeting, express his/her dissent in writing to the proposed AJIT Liquidators at the registered office of AJIT for the attention of the proposed AJIT Liquidators. If Dissenting AJIT Shareholders validly exercise their rights under Section 111 in respect of more than five per cent. of, in aggregate, the issued ordinary share capital of AJIT, the AJIT Directors have discretion under the AJIT Scheme to decide that the AJIT Scheme should not proceed. The AJIT Liquidators may, at their discretion, abstain from implementing the AJIT Scheme or else purchase the interest(s) of the Dissenting AJIT Shareholder(s). The purchase price for such Dissenting AJIT Shareholders' AJIT Shares will not exceed that which the Dissenting AJIT Shareholder(s) would receive on a straightforward winding-up of AJIT and will only be paid once all liabilities have been settled or provided for to the AJIT Liquidators' satisfaction.

### **Placing Programme**

#### ***Details of the Placing Programme***

The Company will have the flexibility to issue further Ordinary Shares or C Shares on a non-pre-emptive basis where there appears to be reasonable demand for Ordinary Shares in the market if, for example, the Ordinary Shares trade at a premium to their Net Asset Value per Ordinary Share. In addition, any Ordinary Shares issued under the Placing Programme will be issued at a price not less than the last published cum income Net Asset Value per Ordinary Share, as determined by the Directors. An issue of new Ordinary Shares under the Placing Programme may be used by the Company to reduce any premium over NAV at which its Shares may be trading.

The Placing Programme is flexible in that it may have a number of closing dates in order to provide the Company with the ability to raise capital over a period of time, enabling the Company to take advantage of investment opportunities as they arise in the future, mitigating the risk of cash drag.

The Board may look to issue C Shares rather than new Ordinary Shares in circumstances where there is substantial investor demand such that an issue of new Ordinary Shares would have the potential to exert "cash drag" on the performance of the existing Ordinary Shares. The assets representing the net proceeds of an issue of C Shares would be accounted for as a separate pool, and the C Shares would bear a proportionate share of the Company's costs and expenses, until such pool is substantially invested in accordance with the Investment Policy, following which the C Shares would be converted into Ordinary Shares based on the respective NAV per Ordinary Share and NAV per C Share.

For the purposes of assessing the conversion date of an issue of C Shares into Ordinary Shares, a separate pool underlying an issue of C Shares will be deemed to have been substantially invested when at least 90 per cent. (or such other percentage as the Directors determine) of the pool has been invested.

The C Shares will carry voting rights at general meetings of the Company. The detailed terms of the C Shares will be set out in the Prospectus.

In utilising its discretion under the Placing Programme and in seeking such authority, the Directors intend to take into account relevant factors, including the desirability of limiting the premium to Net Asset Value at which the Ordinary Shares trade in order to ensure that Shareholders and new investors who acquire Ordinary Shares are not disadvantaged by being required to acquire additional Ordinary Shares at a high premium to NAV per Ordinary Share.

#### ***Benefits of the Placing Programme***

The Directors believe that the issue of Ordinary Shares or C Shares pursuant to the Placing Programme will have the following benefits:

- (a) it should enable the Company to take advantage of investment opportunities as they arise in the future, mitigating the risk of cash drag;
- (b) it will enable the Company to raise additional capital quickly, in order to take advantage of pipeline investment opportunities or follow-on investments;
- (c) the market capitalisation of the Company will increase, and secondary market liquidity of the Ordinary Shares is expected to be improved;
- (d) additional acquisitions will further grow and diversify the Company's portfolio;
- (e) the Company's competitive position will be increased by it becoming a larger market participant and through growth in its portfolio; and
- (f) the Company's fixed running costs will be spread across a larger equity capital base, thereby further reducing the Company's ongoing charges ratio.

### ***Pricing and costs of the Placing Programme***

The Company is targeting the issue of up to 250 million New Shares under the Placing Programme. All Shares issued pursuant to the Placing Programme will be paid up to the relevant Placing Programme Price.

The Placing Programme Price for Ordinary Shares issued pursuant to the Placing Programme will be at a premium to the prevailing NAV at the time of determination of the Placing Programme Price which, over the course of the Placing and the Placing Programme, is intended to cover the fixed costs of the Placing Programme. The final Placing Programme Price is to be determined by the Board at its discretion and will be announced via an RIS prior to an Admission in connection with the Placing Programme. It is expected that the costs of the Placing Programme will be recovered through the Placing Programme Price, although the recovery of all or any part of the costs cannot be guaranteed.

The total costs and expenses of any Placing of C Shares under the Placing Programme will be borne out of the gross proceeds of such Placing.

Fractions of new Ordinary Shares or C Shares will not be issued.

The net proceeds of the Placing Programme is dependent on the number of new Ordinary Shares and/or C Shares issued pursuant to the Placing Programme and the applicable Placing Programme Price of any new Ordinary Shares issued.

Where new Ordinary Shares or C Shares are issued, the total assets of the Company (before direct issue costs) will increase by that number of new Ordinary Shares or C Shares issued multiplied by the applicable Placing Programme Price. It is not expected that there will be any material impact on the earnings and Net Asset Value per Ordinary Share, as the net proceeds resulting from any issue under the Placing Programme are expected to be invested consistent with the Investment Policy and the Placing Programme Price of the new Ordinary Shares is expected to represent a modest premium to the then prevailing Net Asset Value per Ordinary Share.

### ***Conditions of each Placing***

Each allotment and issue of Ordinary Shares and/or C Shares under the Placing Programme is conditional, among other things, on:

- (a) in the case of new Ordinary Shares, the Placing Programme Price being determined by the Directors as described below;
- (b) Admission of the new Ordinary Shares or C Shares being issued pursuant to such issue;
- (c) the Sponsor and Placing Agreement becoming otherwise unconditional in respect of the relevant Placing of new Ordinary Shares and/or C Shares in all respects and not having been terminated on or before the date of such Admission; and
- (d) a valid supplementary prospectus being published by the Company if such is required by the UK Prospectus Regulation.

In circumstances where these conditions are not fully met, the relevant issue of new Ordinary Shares or C Shares pursuant to the Placing Programme will not take place.

If any of these conditions are not met in respect of any Placing, that Placing will not proceed.

New Ordinary Shares issued pursuant to the Placing Programme will rank *pari passu* with the Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant Ordinary Shares).

Subject to completion of the Migration, applications will be made to the FCA for the New Shares to be issued from time to time pursuant to the Placing Programme to be admitted to the Official List and to the London Stock Exchange for such shares to be admitted to trading on the premium segment of the Main Market. Any placings under the Placing Programme are not conditional on completion of the Migration. If the Migration is not completed for any reason, the proceeds of any placings under the Placing Programme will be invested in accordance with the existing Investment Policy and application will be made for the New Shares to be issued from time to time pursuant to the Placing Programme to be admitted to trading on the Specialist Fund Segment.

No Placing under the Placing Programme is, or will be, underwritten and, as at the date of this Circular, the actual number of New Shares to be issued under the Placing Programme is not known. There is no minimum size of the Placing Programme. The maximum number of New Shares available under the Placing Programme should not be taken as an indication of the number of New Shares finally to be issued.

So far as the Directors are aware as at the date of this Circular, no major Shareholders or Directors intend to make a commitment for New Shares under the Placing Programme. If a related party (as defined in the Listing Rules) wishes to make a commitment for New Shares under the Placing Programme, the Company would comply with its obligations under Chapter 11 of the Listing Rules (with which it would be required to comply following the Migration) including, if required, seeking Shareholder approval for the allotment and issue of New Shares to that related party.

Should the Board wish to issue New Shares in excess of the amount which it will then be authorised to issue, further authorities will be sought at an appropriate time by convening a general meeting for this purpose.

The Placing Programme will be suspended at any time when the Company is unable to issue new Ordinary Shares and/or C Shares pursuant to the Placing Programme under any statutory provision or other regulation applicable to the Company or otherwise at the Directors' discretion.

Fractions of New Shares will not be issued and placing consideration will be allocated accordingly.

The ISIN for the Ordinary Shares to be admitted to trading in connection with any the Scheme or any Placing is: GB00BKLGLS10. The ISIN for any tranches of C Shares to be issued by the Company under the Placing Programme will be published by the Company at the appropriate time.

### **Placing Programme Dilution**

Assuming that 65 million new Ordinary Shares are issued pursuant to the AJIT Scheme, 65 million new Ordinary Shares are issued pursuant to the AJG Scheme and, subsequently to the Schemes, 250 million new Ordinary Shares or C Shares are issued pursuant to the Placing Programme, a Shareholder holding one per cent. of the Shares following the Schemes and not participating in the Placing Programme would suffer a dilution of 77.08 per cent. in their voting control of the Company after the completion of the Placing Programme. The voting rights may be further diluted on conversion of any C Shares depending on the applicable conversion ratio. However, because no Ordinary Shares will be issued at a discount to prevailing NAV, and the Company intends new Ordinary Shares are issued at a premium to the last published cum income NAV per Ordinary Share, there will be no dilution in the NAV per Ordinary Share as a result of any subsequent issue under the Placing Programme.

### **Sponsor and Placing Agreement**

The Company, the Investment Adviser, Shore Capital and Berenberg have entered into the Sponsor and Placing Agreement pursuant to which Shore Capital and Berenberg have each agreed, subject to certain

conditions and as agent for the Company, to use reasonable endeavours to procure Placees in the Placing Programme. Further, Berenberg has agreed, subject to certain conditions, to act as sponsor to the Company in connection with the Migration. The Company has given certain warranties to Shore Capital and Berenberg as to the accuracy of the information in the Prospectus and as to other matters relating to the Company. The Investment Adviser has also given certain warranties to Shore Capital and Berenberg as to certain information in the Prospectus and as to itself. The Directors and the Proposed Directors have also given certain warranties to Berenberg and Shore Capital as to certain information in the Prospectus and as to themselves. The Company has given an indemnity to Shore Capital and Berenberg in respect of any losses or liabilities arising out of the proper performance by Shore Capital and Berenberg of their duties under the Sponsor and Placing Agreement. The Investment Adviser has given an indemnity to Shore Capital and Berenberg in respect of warranties given by the Investment Adviser under the Sponsor and Placing Agreement.

Provided the Sponsor and Placing Agreement becomes unconditional, Berenberg will be entitled to receive a corporate finance fee and Shore Capital and Berenberg will be entitled to receive a placing commission (which will be calculated by reference to the gross proceeds of the relevant Placing). Shore Capital and Berenberg will be reimbursed by the Company for certain of their properly incurred costs and expenses of and incidental to the Placing Programme and related arrangements together with any applicable VAT.

### ***The Migration and proposed amendment to the Investment Policy***

The existing Investment Policy, with the proposed changes highlighted, is set out in Appendix 1 to this Circular. If Resolution 1 is approved at the General Meeting, the New Investment Policy will be as follows with effect from the passing of the Resolution:

#### ***“Investment objective***

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

#### ***Investment policy***

##### *Asset allocation*

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

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

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

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

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

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

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

#### *Investment restrictions*

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

- not more than twenty per cent. (20 per cent.) of the Gross Asset Value at the time of investment will be invested in the securities of a single issuer (such restriction does not, however, apply to investment of cash held for working capital purposes and pending investment or distribution in near cash equivalent instruments including securities issued or guaranteed by a government, government agency or instrumentality of any EU or OECD Member State or by any supranational authority of which one or more EU or OECD Member States are members);
- the Company will only make an investment in an unquoted company if the aggregate interest of the Company in unquoted companies at the time of such investment is not more than ten per cent. (10 per cent.) of the Net Asset Value of the Company at that time. This will mean if a quoted portfolio company is delisted or an unquoted investment is revalued with the effect of increasing the Company's interest in unquoted investments to above ten per cent. (10 per cent.) of the Company's Net Asset Value at that time, the Company will not be in breach of its Investment Policy and will not have to divest itself of any unquoted investments. Nevertheless, while the Company's interest in unquoted investments remains above ten per cent. (10 per cent.) of its Net Asset Value, the Company will not be able to make any further investments in unquoted companies;
- total net investment Derivative exposure will not exceed twenty per cent. (20 per cent.) of Gross Asset Value at the time of investment; and
- total exposure to any single counterparty which has issued Derivatives to the Company will not exceed twenty per cent. (20 per cent.) of Gross Asset Value at the time of investment.

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

- neither the Company, nor any of its subsidiaries will conduct any trading activity which is significant in the context of the Group as a whole;
- no more than ten per cent. (10 per cent.), in aggregate, of the value of the total assets of the Company will be invested in other listed closed-ended investment funds (except to the extent that those investment funds have stated investment policies to invest no more than fifteen per cent. (15 per cent.) of their total assets in other investment companies which are listed on the Official List); and
- the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the published Investment Policy.

#### *Treasury policy*

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

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

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

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

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

### **The Pre-emption Disapplication Resolution**

In accordance with the Act, Shareholders would have pre-emption rights over the issue of New Shares pursuant to the Schemes (in respect of any cash to be transferred to the Company as consideration for the issue of New Shares) and the Placing Programme. Pre-emption rights may be disappplied pursuant to a special resolution of Shareholders. As none of the AJIT Scheme, the AJG Scheme or the Placing Programme will be pre-emptive, Shareholders are being asked to approve, by way of the Pre-emption Disapplication Resolution the allotment and issue of New Shares (being the maximum number of New Shares that could be issued pursuant to the Schemes and/or the Placing Programme) on a non-pre-emptive basis.

Assuming that all New Shares issued pursuant to the Placing Programme are Ordinary Shares, the maximum number of New Shares which could be allotted on a non-pre-emptive basis pursuant to the Schemes and the Placing Programme would represent 336.22 per cent. of the total issued Ordinary Shares of the Company as at the date of this Circular.

## PART 3

### RISK FACTORS

Prior to making any decision to vote in favour of the Resolutions, Shareholders should carefully consider all the information contained in this Circular including, in particular, the specific risks and uncertainties described below.

The risks and uncertainties set out below are those which the Directors believe are the most material risks relating to the proposals contained in this Circular.

The risks and uncertainties described below are not intended to be exhaustive and are not the only ones that face the Company. The information given is as at the date of this Circular and, except as required by the FCA, the London Stock Exchange, the Listing Rules and Disclosure Guidance and Transparency Rules or other applicable laws and/or regulations, will not be updated. Additional risks and uncertainties not currently known to the Directors, or that they currently deem immaterial, may also have an adverse effect on the business, financial condition, results of operations and prospects of the Company.

#### **The Migration is conditional and may not be completed**

Implementation of the Migration is conditional on Shareholders approving the adoption of the New Investment Policy. If the Migration does not occur, neither Scheme will be implemented and certain costs and expenses of the Company incurred in connection with the Schemes will be borne by the Company (resulting in a reduction in the Company's Net Asset Value), estimated to be not more than £1,040,000 (comprising not more than £570,000 in respect of the AJIT Scheme and not more than £470,000 in respect of the AJG Scheme), as at the date of this Circular.

#### **The AJIT Scheme is conditional and may not be completed**

Implementation of the AJIT Scheme is conditional on, amongst other things, completion of the Migration and AJIT Shareholders approving the AJIT Scheme. If any condition of the AJIT Scheme is not met (including, for example, if the Migration does not occur as a result of Shareholders not approving the adoption of the New Investment Policy), the AJIT Scheme will not be implemented and certain costs and expenses of the Company incurred in connection with the AJIT Scheme will be borne by the Company (resulting in a reduction in the Company's Net Asset Value), estimated to be not more than £570,000 as at the date of this Circular.

#### **The AJG Scheme is conditional and may not be completed**

Implementation of the AJG Scheme is conditional on, amongst other things, completion of the Migration and AJG Shareholders approving the AJG Scheme. If any condition of the AJG Scheme is not met (including, for example, if the Migration does not occur as a result of Shareholders not approving the adoption of the New Investment Policy), the AJG Scheme will not be implemented and certain costs and expenses of the Company incurred in connection with the AJG Scheme will be borne by the Company (resulting in a reduction in the Company's Net Asset Value), estimated to be not more than £470,000 as at the date of this Circular.

#### **The Company is reliant on the investment record of the Rising Sun Management Team who may not be able to effectively implement the revised Investment Policy on behalf of the Company**

The past performance of the Company or other investments managed, advised or operated by the Rising Sun Management Team cannot be relied upon as an indicator of the future performance of the Company. Investor returns will be dependent upon the Company successfully pursuing the Investment Policy. Therefore, the success of the Company will depend, among other things, on the Investment Adviser's ability to identify, acquire and (potentially) realise investments in accordance with the Investment Policy and, once acquired, to effectively monitor those investments. The acquisition of investments, will, in turn, depend on the ability of the Investment Adviser to apply its investment processes in a way which is capable of identifying suitable investments for the Company to invest in. There can be no assurance that the Investment Adviser will be



able to do so or that the Company will be able to invest the Company's assets on attractive terms or generate any investment returns for Shareholders or indeed avoid investment losses.

**Delays in deployment of the proceeds of (i) disposals of assets transferred to the Company pursuant to the Schemes; or (ii) the Placing Programme**

In due course, the Company expects to dispose of some or all of the securities transferred to it pursuant to the Schemes and to reinvest the proceeds of such disposals in new opportunities in line with the Investment Policy, but there can be no guarantee that such disposals can be made on attractive terms, or at all. Similarly, the Company is aiming to have invested substantially all of the proceeds of (i) disposals of assets transferred to the Company pursuant to the Schemes within six months of any such disposal; or (ii) any issuance of Shares pursuant to the Placing Programme within six months from the relevant Admission in connection with the Placing Programme, but there can be no guarantee that this will be achieved. Depending on the availability of attractive investee companies that fit within the Investment Policy and investment strategy and the ability to successfully acquire positions in such investee companies at an appropriate price, it may take the Company more than six months to invest such proceeds. There can be no assurance as to how long it will take for the Company to invest the proceeds of (i) disposals of assets transferred to the Company pursuant to the Schemes; or (ii) the Placing Programme and the longer the period the greater the likelihood that the Company's NAV, revenues and returns to Shareholders will be materially adversely affected.

**The Rosenwald Clients currently hold, and may retain in the medium or long term, a significant interest in the Company and, given the relationship between the Rosenwald Clients and the Investment Adviser, their interest may conflict with those of other Shareholders in certain circumstances**

So far as the Company is aware, no Rosenwald Client is a shareholder in AJIT or AJG and therefore no Rosenwald Client will acquire any New Shares pursuant to either Scheme. It is expected that the Rosenwald Clients will not participate in the Placing Programme and that, therefore, their interests in the Company will be diluted to 7.80 per cent. of the total issued share capital of the Company (assuming that 380 million Ordinary Shares are issued pursuant to the Schemes and the Placing Programme in aggregate). If that were to occur then Rosenwald alone would not be able to prevent special resolutions being passed, but would still possess significant influence over the passing (or not) of ordinary and special resolutions. There will be no dilution to the Rosenwald Clients' holding of Ordinary Shares as a result of the issue of any C Shares until the conversion of those C Shares into Ordinary Shares. The dilution of the Rosenwald Clients' holding at that point will be determined by the conversion ratio applied at that time.

James B. Rosenwald, III is the chief investment officer at Rising Sun. In addition to any influence acquired through this role with Rising Sun, James B. Rosenwald, III may be in a position to influence through the votes attaching to the Rosenwald Clients' shareholdings the outcome of matters relating to the Company, including approval of significant changes such as a change to the Investment Policy or the appointment or removal of Directors. In particular, this potential control may have the effect of making certain transactions more difficult to implement without the support of the Rosenwald Clients, and may have the effect of delaying or preventing decision making on significant matters relating to the Company. To the extent that the Rosenwald Clients' interests conflict with those of the other Shareholders, this may have a material adverse effect on the value of the Shares, the performance of the Company and the Company's returns to Shareholders.

**An investor may not recover the amount originally invested**

The value of an investment in the Company, and the income derived from it, if any, is subject to normal market fluctuations and other risks inherent in investing in securities. The market price of the Shares may rise or fall rapidly and the Shares may trade at a discount to the NAV attributable to them.

The market price of the Shares, like shares in all investment companies, may fluctuate independently of their underlying NAV and may trade at a discount or premium at different times, depending on factors such as supply and demand for the Shares, market or economic conditions and general investor sentiment. There can be no guarantee that any discount control policy will be successful or capable of being implemented. The market value of a Share may therefore vary considerably from its NAV.

An investor may not recover the amount originally invested. The Company can offer no assurance that its investments will generate gains or income or that any gains or income that may be generated on particular investments will be sufficient to offset any losses that may be sustained.

### **It may be difficult for Shareholders to realise their investment and a liquid market in the Shares may fail to develop or be maintained**

The price at which the Shares are traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Company and its investments and some which may affect companies generally. Admission of the Shares to trading should not be taken as implying that there is or will be a liquid market for the Shares. Consequently, the share price may be subject to greater fluctuation on small volumes of trading of Shares and the Shares may be difficult to sell at a particular price. The market price of the Shares may not reflect their underlying Net Asset Value.

While the Directors retain the right to effect repurchases of Ordinary Shares in the manner described in this Circular, they are under no obligation to use such powers or to do so at any time and Shareholders should not place any reliance on the willingness of the Directors so to act. Shareholders wishing to realise their investment in the Company may, therefore, be required to dispose of their Shares in the market. There can be no guarantee that a liquid market in the Shares will be maintained or that the Shares will trade at prices close to their underlying NAV. Accordingly, Shareholders may be unable to realise their investment at such Net Asset Value or at all.

Subject to a maximum of 380 million New Shares, the number of New Shares to be issued pursuant to the Schemes or the Placing Programme is not yet known and there may be a limited number of holders of such Shares. Limited numbers and/or holders of Shares may mean that there is limited liquidity in the Shares which may affect (i) an investor's ability to realise some or all of its investment; and/or (ii) the price at which such investor can effect such realisation; and/or (iii) the price at which the Shares trade in the secondary market.

### **Further issues of Shares may be dilutive**

Subject to the approval of the Share Allotment Authorities, the Directors will be authorised to issue up to 65 million New Shares pursuant to the AJIT Scheme, up to 65 million New Shares pursuant to the AJG Scheme and up to 250 million New Shares pursuant to the Placing Programme on a non-pre-emptive basis. The Directors also have an additional residual authority, granted at the Company's 2023 annual general meeting, to allot and issue up to 11,302,143 Ordinary Shares on a non-pre-emptive basis. If the Directors decide to issue any Shares on a non-pre-emptive basis, the proportions of the voting and economic rights held by holders of Shares on the date of Admission will be diluted on the issue of such shares as each Share carries the right to one vote and an equal proportion of the economic interests in the Company.

### **Risks relating to the C Shares**

The NAV performance of the C Shares may diverge significantly from that of the Ordinary Shares between the admission of the C Shares to trading on the premium segment of the Main Market and conversion of the C Shares into Ordinary Shares in accordance with the Articles.

Trading liquidity in the C Shares may be lower than in the Ordinary Shares which may affect: (i) a Shareholders' ability to realise some or all of its investments; (ii) the price at which such Shareholder can effect such realisation; and/or (iii) the price at which the Shares trade in the secondary market. Accordingly, Shareholders may be unable to realise their investment in C Shares at Net Asset Value per Share or at all.

C Shares will represent interests in a segregated pool of assets and, therefore, holders of C Shares will not, until conversion, have exposure to the Company's existing investments and C Shareholders' returns will be dependent on the deployment of cash raised in a timely manner.

Dividends will be declared on C Shares only in the event that there is material net income available for distribution to the C Shares.

## DEFINITIONS

The following definitions apply throughout this Circular unless the context requires otherwise:

<b>2025 Continuation Resolution</b>	the ordinary resolution to be proposed at the annual general meeting of the Company to take place in 2025 regarding the continuation of the Company
<b>Act</b>	the Companies Act 2006, as amended from time to time
<b>Admission</b>	an admission of New Shares to the Official List and to trading on the premium segment of the London Stock Exchange's Main Market (or in the case of the Placing Programme only, and only if the Migration is not completed, an admission of New Shares to trading on the Specialist Fund Segment)
<b>AI/QP Letter</b>	an Accredited Investor/Qualified Purchaser investor letter, the form of which is annexed to the Prospectus
<b>AIFM</b>	alternative investment fund manager, as defined in the UK AIFM Directive
<b>AIFM Agreement</b>	the alternative investment fund management agreement between the Company and the AIFM dated 7 January 2020
<b>AJG</b>	Atlantis Japan Growth Fund Limited
<b>AJG Cash Option</b>	the option for AJG Shareholders to receive cash under the terms of the AJG Scheme
<b>AJG Cash Option Discount</b>	2 per cent. of the AJG FAV per Share
<b>AJG Cash Pool</b>	the pool of assets attributable to AJG Cash Shares
<b>AJG Cash Pool NAV</b>	the AJG FAV per Share multiplied by the total number of AJG Cash Shares, minus the AJG Cash Option Discount multiplied by the total number of AJG Cash Shares
<b>AJG Cash Shares</b>	AJG Shares elected, or deemed to have elected, for the AJG Cash Option
<b>AJG Circular</b>	the circular to be sent to AJG Shareholders containing details of the AJG Scheme and convening the AJG EGM
<b>AJG Directors</b>	the directors of AJG
<b>AJG EGM</b>	the extraordinary general meeting of AJG to be convened in connection with the AJG Scheme (or any adjournment thereof)
<b>AJG FAV</b>	means the difference between the Residual AJG Net Asset Value and the AJG Cash Pool NAV
<b>AJG FAV per Share</b>	the AJG FAV divided by the total number of the AJG Rollover Shares (expressed in pence and rounded down to six decimal places)
<b>AJG Liquidation Pool</b>	the pool of cash and other assets to be retained by the AJG Liquidators in connection with the AJG Scheme to meet all known and unknown liabilities of AJG and other contingencies

<b>AJG Liquidators</b>	the liquidators of AJG to be appointed in connection with the implementation of the AJG Scheme
<b>AJG Rollover Option</b>	the option for AJG Shareholders to elect to receive New Shares under the terms of the AJG Scheme
<b>AJG Rollover Pool</b>	the pool of cash and other assets to be established under the AJG Scheme to be transferred to the Company pursuant to the AJG Transfer Agreement
<b>AJG Rollover Shares</b>	the number of AJG Shares elected, or deemed to have elected, for the AJG Rollover Option
<b>AJG Scheme</b>	the proposed scheme of reconstruction and voluntary winding up of AJG under section 391(1)(b) of the Companies (Guernsey) Law, 2008
<b>AJG Scheme Calculation Date</b>	the time and date to be determined by the Directors and the AJG Directors at which the value of AJG's assets and liabilities will be determined for the creation of the AJG Liquidation Pool, the AJG Cash Pool and the AJG Rollover Pool, and at which the Residual AJG Net Asset Value, the Residual Net Asset Value per AJG Share, the AJG FAV per Share, the AJG Scheme Company FAV per Share, the AJG Cash Pool NAV and the Cash NAV per AJG Share will be calculated for the purposes of the AJG Scheme
<b>AJG Scheme Company FAV</b>	means the Company's NAV as at the AJG Scheme Calculation Date in accordance with its normal accounting policies, on a cum income basis as adjusted for debt calculated at fair value post the costs of the proposals and adjusted to exclude any dividends declared but not paid prior to the AJG Scheme Effective Date by the Company to Shareholders
<b>AJG Scheme Company FAV per Share</b>	means the AJG Scheme Company FAV divided by the number of Shares in issue (excluding treasury shares) at the AJG Scheme Calculation Date (expressed in pence and rounded down to six decimal places)
<b>AJG Scheme Conditions</b>	the conditions to the AJG Scheme set out in Part 2 of this Circular
<b>AJG Scheme Effective Date</b>	the date on which the AJG Scheme becomes effective as determined by the terms of the AJG Scheme
<b>AJG Scheme Election</b>	the choice made by an AJG Shareholder for the AJG Rollover Option and/or the AJG Cash Option pursuant to the AJG Scheme (including, where the context so permits, a deemed choice for the AJG Rollover Option or the AJG Cash Option) and any reference to "elect" or "election" will, except where the context requires otherwise, mean "elect or is deemed to elect" or "election or deemed election", respectively
<b>AJG Scheme Transaction Agreement</b>	the transaction agreement between the Company and AJG relating to the conduct of the AJG Scheme
<b>AJG Shareholders</b>	holders of AJG Shares
<b>AJG Shares</b>	ordinary shares of no par value each in the capital of AJG
<b>AJG Transfer Agreement</b>	the agreement for the transfer of assets from AJG to the Company pursuant to the AJG Scheme

<b>AJIT</b>	abrdn Japan Investment Trust plc
<b>AJIT Cash Option</b>	the option for AJIT Shareholders to receive cash under the terms of the AJIT Scheme
<b>AJIT Cash Option Discount</b>	2 per cent. of the AJIT FAV per Share
<b>AJIT Cash Pool</b>	the pool of assets attributable to AJIT Cash Shares excluding the assets attributable to any AJIT Cash Shares held by Dissenting AJIT Shareholders
<b>AJIT Cash Pool NAV</b>	the AJIT FAV per Share multiplied by the total number of AJIT Cash Shares, minus the AJIT Cash Option Discount multiplied by the total number of AJIT Cash Shares
<b>AJIT Cash Shares</b>	the number of AJIT Shares elected, or deemed to have elected, for the AJIT Cash Option
<b>AJIT Directors</b>	the directors of AJIT
<b>AJIT FAV</b>	means the difference between the Residual AJIT Net Asset Value and the AJIT Cash Pool NAV
<b>AJIT FAV per Share</b>	the AJIT FAV divided by the total number of the AJIT Rollover Shares (expressed in pence and rounded down to six decimal places)
<b>AJIT General Meetings</b>	the First AJIT General Meeting and the Second AJIT General Meeting
<b>AJIT Interim Dividend</b>	the interim dividend to be paid by AJIT to AJIT Shareholders prior to winding-up in order to meet the requirements on AJIT as an investment trust
<b>AJIT Liquidation Pool</b>	the pool of cash and other assets to be retained by the AJIT Liquidators in connection with the AJIT Scheme to meet all known and unknown liabilities of AJIT and other contingencies
<b>AJIT Liquidators</b>	the liquidators of AJIT to be appointed in connection with the implementation of the AJIT Scheme
<b>AJIT Rollover Option</b>	the option for AJIT Shareholders to elect to receive New Shares under the terms of the AJIT Scheme
<b>AJIT Rollover Pool</b>	the pool of cash and other assets to be established under the AJIT Scheme to be transferred to the Company pursuant to the AJIT Transfer Agreement
<b>AJIT Rollover Shares</b>	AJIT Shares elected, or deemed to have elected, for the AJIT Rollover Option
<b>AJIT Scheme</b>	the proposed scheme of reconstruction and voluntary winding up of AJIT under section 110 of the Insolvency Act 1986
<b>AJIT Scheme Calculation Date</b>	the time and date to be determined by the Directors and the AJIT Directors at which the value of AJIT's assets and liabilities will be determined for the creation of the AJIT Liquidation Pool, the AJIT Cash Pool and the AJIT Rollover Pool, and at which the Residual AJIT Net Asset Value, the Residual Net Asset Value per AJIT Share, the AJIT FAV per Share, the AJIT Scheme Company FAV per Share,

	the AJIT Cash Pool NAV and the Cash NAV per AJIT Share will be calculated for the purposes of the AJIT Scheme
<b>AJIT Scheme Company FAV</b>	means the Company's NAV as at the AJIT Scheme Calculation Date in accordance with its normal accounting policies, on a cum income basis as adjusted for debt calculated at fair value post the costs of the proposals and adjusted to exclude any dividends declared but not paid prior to the AJIT Scheme Effective Date by the Company to Shareholders
<b>AJIT Scheme Company FAV per Share</b>	means the AJIT Scheme Company FAV divided by the number of Shares in issue (excluding treasury shares) at the AJIT Scheme Calculation Date (expressed in pence and rounded down to six decimal places)
<b>AJIT Scheme Conditions</b>	the conditions to the AJIT Scheme set out in Part 2 of this Circular
<b>AJIT Scheme Effective Date</b>	the date on which the AJIT Scheme becomes effective, which is expected to be 10 October 2023
<b>AJIT Scheme Election</b>	the choice made by an AJIT Shareholder for the AJIT Rollover Option and/or the AJIT Cash Option pursuant to the AJG Scheme (including, where the context so permits, a deemed choice for the AJIT Rollover Option or the AJIT Cash Option) and any reference to "elect" or "election" will, except where the context requires otherwise, mean "elect or is deemed to elect" or "election or deemed election", respectively
<b>AJIT Shareholders</b>	holders of AJIT Shares
<b>AJIT Shares</b>	ordinary shares of £0.10 each in the capital of AJIT
<b>AJIT Transfer Agreement</b>	the agreement for the transfer of assets from AJIT to the Company pursuant to the AJIT Scheme
<b>Articles or Articles of Association</b>	the articles of association of the Company, as amended from time to time
<b>Berenberg</b>	Joh. Berenberg, Gossler & Co. KG, London Branch
<b>Board</b>	the board of directors of the Company
<b>Business Day</b>	any day on which the London Stock Exchange is open for business and banks are open for business in London
<b>C Shares</b>	C Shares of £0.10 each in the capital of the Company
<b>Cash NAV per AJG Share</b>	shall be equal to the AJG Cash Pool NAV divided by the total number of AJG Cash Shares, and rounded down to six decimal places
<b>Cash NAV per AJIT Share</b>	shall be equal to the AJIT Cash Pool NAV divided by the total number of AJIT Cash Shares, and rounded down to six decimal places
<b>Circular</b>	this document
<b>Company</b>	Nippon Active Value Fund plc

<b>CREST</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755)
<b>Dalton</b>	Dalton Investments LLC and Dalton Investments, Inc.
<b>Directors</b>	the directors of the Company from time to time
<b>Disclosure Guidance and Transparency Rules</b>	the Disclosure Guidance and Transparency Rules made by the FCA under section 72 of FSMA
<b>Dissenting AJIT Shareholder</b>	means an AJIT Shareholder who has validly dissented from the Scheme pursuant to section 111(2) of the Insolvency Act 1986
<b>Eligible US Shareholder</b>	means a US Shareholder of AJIT or AJG (as applicable) who is not an Ineligible US Shareholder
<b>Enlarged Company</b>	the Company following completion of the AJIT Scheme and/or the AJG Scheme, as the context requires
<b>Existing Shareholders</b>	holders of Ordinary Shares as at the date of this Circular
<b>Existing Shares</b>	the Ordinary Shares which are in issue as at the date of this Circular
<b>FAV</b>	formula asset value
<b>FCA</b>	the Financial Conduct Authority
<b>First AJIT General Meeting</b>	the first general meeting of AJIT to be convened in connection with the AJIT Scheme (or any adjournment thereof)
<b>Form of Proxy</b>	the form(s) of proxy for use by Shareholders at the General Meeting which accompanies this Circular
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended
<b>General Meeting</b>	the general meeting of the Company convened for 9.30 a.m. on 20 September 2023 (or any adjournment thereof)
<b>Gross Asset Value or Gross Assets</b>	the aggregate value of the assets of the Company, AJIT or AJG, as appropriate
<b>Group</b>	the Company and its subsidiary undertakings, if any, from time to time
<b>Ineligible US Shareholder</b>	a US Shareholder which does not execute and return the AI/QP Investor to the Company and which, by acquiring New Shares, the Board believes would: (i) give rise to an obligation on the Company to register as an “investment company” under the US Investment Company Act or any similar legislation; (ii) give rise to an obligation on the Company to register under the US Exchange Act or any similar legislation; (iii) result in the Company no longer being considered a “foreign private issuer” for the purposes of the US Securities Act or the US Exchange Act; (iv) result in a US Person holding Shares in violation of the transfer restrictions put forth in any prospectus published by the Company from time to time

<b>Investment Adviser</b>	Rising Sun Management Ltd.
<b>Investment Policy</b>	the investment policy of the Company, as may be amended from time to time
<b>IPO</b>	initial public offering
<b>IPO Prospectus</b>	the prospectus published by the Company relating to its IPO dated 7 January 2020, as supplemented by a supplementary prospectus dated 13 February 2020
<b>ISIN</b>	International Securities Identification Number
<b>Listing Rules</b>	the Listing Rules of the FCA made pursuant to Part VI of FSMA
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Main Market</b>	the main market of the London Stock Exchange
<b>Migration</b>	the proposed admission of the Existing Shares to the Official List (under Chapter 15 of the Listing Rules) and to trading on the premium segment of the Main Market
<b>Net Asset Value or NAV</b>	the Gross Assets of the Company, AJIT or AJG, as appropriate, less its liabilities (including provisions for such liabilities) determined by the relevant board of directors in their absolute discretion in accordance with the accounting principles adopted by that company
<b>New Investment Policy</b>	the proposed new investment policy of the Company, in the form set out in Part 2 of this Circular, to be adopted subject to the passing of Resolution 1 at the General Meeting
<b>New Shares</b>	means (i) the Ordinary Shares to be issued pursuant to the Schemes; and/or (ii) the Ordinary Shares and/or C Shares to be issued pursuant to the Placing Programme, as the context may require
<b>Official List</b>	the official list maintained by the FCA pursuant to Part VI of FSMA
<b>Ordinary Shares</b>	ordinary shares of £0.01 in the capital of the Company
<b>Overseas AJG Shareholder</b>	an AJG Shareholder (excluding any Eligible US Shareholder) who has a registered address outside of, or who is a resident in, or citizen, resident or national of, any jurisdiction outside the United Kingdom, the Channel Islands or the Isle of Man
<b>Overseas AJIT Shareholder</b>	an AJIT Shareholder (excluding any Eligible US Shareholder) who has a registered address outside of, or who is a resident in, or citizen, resident or national of, any jurisdiction outside the United Kingdom, the Channel Islands or the Isle of Man
<b>Placees</b>	any investor with whom New Shares are placed by Berenberg and Shore Capital, in either case as agent of the Company, pursuant to a Placing
<b>Placing</b>	an issue of Ordinary Shares or C Shares pursuant to the Placing Programme



<b>Placing Programme</b>	the proposed programme of placings in the 12-month period from the publication of the Prospectus of an aggregate number of Ordinary Shares and/or C Shares equal in aggregate to 250 million (less the number of Ordinary Shares issued under the Scheme), as described in this Circular
<b>Placing Programme Price</b>	100p per C Share and such price per Ordinary Share as is determined by the Directors in relation to a particular issue of New Shares pursuant to the Placing Programme
<b>Portfolio</b>	the Company's portfolio of investments from time to time
<b>Pre-emption Disapplication Resolution</b>	Resolution 5 to be proposed at the General Meeting
<b>Proposed Directors</b>	Claire Boyle and Noel Lamb, being prospective Directors whose appointments are subject to completion of the AJIT Scheme and the AJG Scheme respectively
<b>Prospectus</b>	means the prospectus relating to the issue of New Shares and their Admission to be published by the Company
<b>Prospectus Regulation Rules</b>	the prospectus regulation rules made by the FCA under section 73A of FSMA
<b>Registrar</b>	Computershare Investor Services PLC
<b>Regulation S</b>	Regulation S under the US Securities Act
<b>Regulatory Information Service</b>	a regulatory information service that is on the list of regulatory information services maintained by the FCA
<b>Residual AJG Net Asset Value</b>	the gross assets of AJG as at the AJG Scheme Calculation Date less the value of the cash and other assets appropriated to the AJG Liquidation Pool and adjusted for any dividends declared by AJG
<b>Residual AJIT Net Asset Value</b>	the gross assets of AJIT as at the AJIT Scheme Calculation Date less the value of the cash and other assets appropriated to the AJIT Liquidation Pool (which includes any assets attributable to any Dissenting AJIT Shareholders) and adjusted for any dividends declared by AJIT including the AJIT Interim Dividend
<b>Residual Net Asset Value per AJG Share</b>	the Residual AJG Net Asset Value divided by the number of AJG Shares in issue (excluding any AJG Shares held in treasury), expressed in pence and rounded down to six decimal places
<b>Residual Net Asset Value per AJIT Share</b>	the Residual AJIT Net Asset Value divided by the number of AJIT Shares in issue (excluding any AJIT Shares held in treasury and AJIT Shares held by Dissenting AJIT Shareholders), expressed in pence and rounded down to six decimal places
<b>Resolutions</b>	the resolutions to be proposed at the General Meeting
<b>RIS</b>	regulatory information service
<b>Rising Sun Management Team</b>	Rising Sun's investment professionals and the senior team members responsible for providing the investment advisory services pursuant to the Company and the AIFM

<b>Rosenwald Associates</b>	has the meaning given to such term in the section headed “Concert party” in Part II of this Circular
<b>Rosenwald Clients</b>	Rosenwald Capital Management, Inc. and its affiliates and clients
<b>Rosenwald Shares</b>	any shares in the capital of the Company with voting rights which are held or otherwise controlled by Rosenwald Capital Management, Inc. and/or its affiliates
<b>Schemes</b>	the AJIT Scheme and/or the AJG Scheme, as the context requires
<b>SDRT</b>	stamp duty reserve tax
<b>Second AJIT General Meeting</b>	the second general meeting of AJIT to be convened in connection with the AJIT Scheme (or any adjournment thereof)
<b>Share Allotment Authorities</b>	the resolutions to be proposed at the General Meeting granting the Directors the authority to allot New Shares pursuant to the Schemes and the Placing Programme and relating to the disapplication of pre-emption rights in respect of the Shares to be issued pursuant to the Schemes and the Placing Programme
<b>Shareholder</b>	a registered holder of one or more Ordinary Shares (or, if in issue, C Shares) from time to time
<b>Shares</b>	Ordinary Shares and/or C Shares, as the context requires
<b>Shore Capital</b>	Shore Capital Stockbrokers Limited together with, where the context requires, companies within its group
<b>Specialist Fund Segment</b>	the specialist fund segment of the Main Market
<b>Sponsor and Placing Agreement</b>	the sponsor and placing agreement relating to the Migration, the Schemes and the Placing Programme between Directors, the Proposed Directors, the Company, Rising Sun, Berenberg and Shore Capital
<b>Takeover Code</b>	the City Code on Takeovers and Mergers, as amended from time to time
<b>Takeover Panel</b>	the UK Panel on Takeovers and Mergers
<b>US Exchange Act</b>	the United States Securities Exchange Act of 1934, as amended
<b>US Investment Company Act</b>	the United States Investment Company Act of 1940, as amended
<b>US Person</b>	a US person as defined in Regulation S
<b>US Securities Act</b>	the United States Securities Act of 1933, as amended
<b>US Shareholder</b>	an AJIT Shareholder or a AJG Shareholder (as applicable) who is a US Person

## APPENDIX 1

### NEW INVESTMENT POLICY

If the proposed amendment to the Investment Policy is approved at the General Meeting by the passing of Resolution 1 then the full text of the amended Investment Policy will be amended as set out below.

#### Investment objective

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

#### Investment policy

##### Asset allocation

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

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

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

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

The Board will not set any limits on sector weightings or stock selection within the portfolio. The

~~Board will apply the following restrictions on the size of its investments: ● not more than 30 per cent. of the Gross Asset Value at the time of investment will be invested in the securities of a single issuer (such restriction does not, however, apply to investment of cash held for working capital purposes and pending investment or distribution in near cash equivalent instruments including securities issued or guaranteed by a government, government agency or instrumentality of any EU or OECD Member State or by any supranational authority of which one or more EU or OECD Member States are members); and~~

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

~~The~~ Company will not be constrained by any index benchmark in its asset allocation.

The Company may use derivatives for efficient portfolio management purposes. Such purposes would include the management of cash received by the Company upon the occurrence of significant liquidity events (including, without limitation, the receipt of proceeds of fundraisings, the realisation of Portfolio assets and other cash-generative events such as the completion of a management buyout by an investee company). Such derivative contracts may, for example, give the Company exposure to the whole or a sub-section of

the Japanese stock market until such time as the Investment Adviser determines that the Company's derivative position should be liquidated and invested in an investee company in accordance with the Investment Policy (the foregoing derivative contracts being, for the purposes of this Investment Policy "Derivatives").

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

### **Investment restrictions**

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

- not more than twenty per cent. (20%) of the Gross Asset Value at the time of investment will be invested in the securities of a single issuer (such restriction does not, however, apply to investment of cash held for working capital purposes and pending investment or distribution in near cash equivalent instruments including securities issued or guaranteed by a government, government agency or instrumentality of any EU or OECD Member State or by any supranational authority of which one or more EU or OECD Member States are members);
- the Company will only make an investment in an unquoted company if the aggregate interest of the Company in unquoted companies at the time of such investment is not more than ~~10~~ ten per cent. (10%) of the Net Asset Value of the Company at that time. This will mean if a quoted portfolio company is delisted or an unquoted investment is revalued with the effect of increasing the Company's interest in unquoted investments to above ~~10~~ ten per cent. (10%) of the Company's Net Asset Value at that time, the Company will not be in breach of its Investment Policy and will not have to divest itself of any unquoted investments. ~~However, Nevertheless,~~ while the Company's interest in unquoted investments remains above ~~10~~ ten per cent. (10%) of its Net Asset Value, the Company will not be able to make any further investments in unquoted companies.;
- total net investment Derivative exposure will not exceed twenty per cent. (20%) of Gross Asset Value at the time of investment; and
- total exposure to any single counterparty which has issued Derivatives to the Company will not exceed twenty per cent. (20%) of Gross Asset Value at the time of investment.

### **Investment restrictions**

~~There are no restrictions placed on the market capitalization of investee companies, but it is expected that the portfolio will be weighted towards small cap companies with market capitalization of up to US\$1 billion. Once fully invested, the portfolio is expected to have up to 20 holdings although there is no guarantee that this will be the case and it may contain a lesser or greater number of holdings at any time.~~

~~The Company intends to acquire large minority stakes of typically 4.9 to 25.0 per cent. in each investee company. Nevertheless, in certain limited circumstances the Company may acquire a larger stake in an investee company if the investment case so warrants. The Company will not, however, acquire any stake which could cause a change in its status as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010.~~

The Company will comply with the following investment restrictions for so long as they remain requirements of the Listing Rules ~~(relevant elements of which the Company has voluntarily undertaken to comply):~~

- ~~neither the Company, nor any of its subsidiaries will conduct any trading activity which is significant in the context of the Group as a whole;~~
- ~~no more than ~~10~~ ten per cent. (10%), in aggregate, of the value of the total assets of the Company will be invested in other listed closed-ended investment funds (except to the extent that those investment~~

funds have stated investment policies to invest no more than fifteen per cent. (15%) of their total assets in other investment companies which are listed on the Official List); and

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

### **Treasury policy**

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

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

~~The Company may also use derivatives for gearing and efficient portfolio management purposes.~~

## NIPPON ACTIVE VALUE FUND PLC

*(incorporated in England and Wales with registered no. 12275668 and registered as an investment company under section 833 of the Companies Act 2006)*

### NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of Nippon Active Value Fund PLC (the “**Company**”) will be held at 9.30 a.m. on 20 September 2023 at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A2AL to consider and, if thought fit, pass the following resolutions:

#### ORDINARY RESOLUTIONS

1. **THAT** the revised Investment Policy as set out in the circular of the Company dated 1 September 2023 of which this Notice forms part (the “**Circular**”) be and is hereby approved and adopted to the exclusion of the Company’s current Investment Policy with immediate effect.
2. **THAT**, subject to the passing of Resolution 1 and conditional upon the scheme of reconstruction and winding up of abrdn Japan Investment Trust plc (“**AJIT**”) (as described in the Circular) becoming unconditional in all respects, and in addition to any existing authority, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “**Act**”) to exercise all powers of the Company to allot up to 65 million ordinary shares of £0.01 each in the capital of the Company to shareholders of AJIT in connection with the scheme of reconstruction and winding up of AJIT, provided that this authority will (unless previously revoked) expire on 31 December 2023.
3. **THAT**, subject to the passing of Resolution 1 and conditional upon the scheme of reconstruction and winding up of Atlantis Japan Growth Fund Limited (“**AJG**”) (as described in the Circular) becoming unconditional in all respects, and in addition to any existing authority, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Act to exercise all powers of the Company to allot up to 65 million ordinary shares of £0.01 each in the capital of the Company to shareholders of AJG in connection with the scheme of reconstruction and winding up of AJG, provided that this authority will (unless previously revoked) expire on 31 December 2023.
4. **THAT**, in addition to any existing authority, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Act to exercise all powers of the Company to allot up to 250 million ordinary shares of £0.01 each and/or C Shares of £0.10 each in the capital of the Company pursuant to the Placing Programme (as described in the Circular), provided that this authority will expire on the date of the annual general meeting of the Company to be held in 2025.

#### SPECIAL RESOLUTION

5. **THAT**, subject to the passing of Resolutions 2, 3 and 4 respectively, in substitution for any existing power under sections 570 and 573 of the Act, but without prejudice to the exercise of any such power prior to the date hereof, the Directors be and are hereby empowered, pursuant to sections 570 and 573 of the Act, to allot shares and/or sell shares from treasury, in each case for cash pursuant to the authorities conferred by Resolutions 2, 3 and 4 respectively as if section 561 of the Act did not apply to any such allotment or sale. The authority conferred by this resolution will lapse on the date of the annual general meeting of the Company to be held in 2025.

Save where the context requires otherwise, the definitions contained in the Circular have the same meanings where used in this Notice of General Meeting.

By order of the Board

## **Nippon Active Value Fund PLC**

1 September 2023

### *Registered office*

6th Floor  
125 London Wall  
London EC2Y 5AS

### **Notes:**

1. Holders of ordinary shares of one penny each in the capital of the Company ("**Shares**") are entitled to attend, speak and vote at the General Meeting. A Shareholder entitled to attend, speak and vote at the General Meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the General Meeting. A proxy need not be a shareholder of the Company. If multiple proxies are appointed, they must not be appointed in respect of the same Shares. To be effective, the enclosed form of proxy ("**Form of Proxy**"), together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the office of the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by no later than 9.30 a.m. on 18 September 2023.
2. If you return more than one proxy appointment, either by paper or electronic communication, that validly received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
3. As an alternative to completing the Form of Proxy, shareholders can appoint a proxy electronically via the Registrar's online voting portal [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). For an electronic proxy appointment to be valid, your appointment must be received by the Registrar no later than 9.30 a.m. on 18 September 2023.
4. The appointment of a proxy will not normally prevent a Shareholder from attending the General Meeting, speaking and voting if he/she so wishes, however, there are currently restrictions on attendance as set out above. The Articles provide that (subject to certain exceptions) at the General Meeting each Shareholder present, in person or by proxy, will have one vote on a show of hands and on a poll every Shareholder present, in person or by proxy, will have one vote for every Share of which he/she is the holder. The termination of the authority of a person to act as proxy must be notified to the Company in writing by no later than 9.30 a.m. on 18 September 2023. Amended instructions must be received by the Registrar by the deadline for receipt of proxies. Where you have appointed a proxy using the Form of Proxy and would like to change the instructions using another hard-copy Form of Proxy, please contact the Registrar's helpline on 0370 707 1235 (or +44 370 707 1235 from outside the UK). Lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales).
5. To appoint more than one proxy, Shareholders will need to complete a separate Form of Proxy in relation to each appointment, stating clearly on each Form of Proxy the number of Shares in relation to which the proxy is appointed. A failure to specify the number of Shares to which each proxy appointment relates or specifying an aggregate number of Shares in excess of those held by the Shareholder will result in the proxy appointment being invalid. Please indicate if the proxy instruction is one of multiple instructions being given. If you require additional Forms of Proxy, please contact the Registrar's helpline on 0370 707 1235 (or +44 370 707 1235 from outside the UK). Lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales). All Forms of Proxy must be signed and should be returned together in the same envelope if possible.
6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holders (the first named being the most senior).
7. Only those Shareholders registered in the register of members of the Company as at 6.30 p.m. on 18 September 2023 (the "**specified time**") will be entitled to vote at the General Meeting in respect of the number of Shares registered in their name at that time. Changes to entries on the relevant register of securities after 6.30 p.m. on 18 September 2023 will be disregarded in determining the rights of any person to vote at the General Meeting. If the General Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of Shareholders to vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If, however, the General Meeting is adjourned for a longer period then, to be so entitled, Shareholders must be entered on the Company's register of members at the time which is 48 hours before the time fixed for the adjourned meeting, or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.
8. Shareholders who hold their Shares electronically may submit their votes through CREST. Instructions on how to vote through CREST can be found by accessing the following website: [www.euroclear.com](http://www.euroclear.com).
9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by following the procedures described in the CREST manual (available

via [www.euroclear.com](http://www.euroclear.com)). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

10. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST manual (available via [www.euroclear.com](http://www.euroclear.com)). The message, in order to be valid, must be transmitted so as to be received by the Company's agent, ID: 3RA50, by the latest time for receipt of proxy appointments specified in note 1 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as will be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.
12. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.
13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.
14. A person to whom this Notice of General Meeting is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in note 1 above do not apply to a Nominated Person. The rights described in those notes can only be exercised by registered Shareholders of the Company. Shareholders and Nominated Persons are reminded that there are restrictions on attendance at the General Meeting, as set out in these Notes.
15. As at the date of this Notice, the Company's issued share capital amounted to 113,021,433 Shares carrying one vote each. No Shares were held in treasury. Therefore, the total voting rights of the Company as at the date of this Notice of General Meeting were 113,021,433.
16. Any corporation which is a Shareholder may appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Shareholder provided that they do not do so in relation to the same Shares. However, before deciding to elect to appoint a corporate representative, Shareholders should take note of the restrictions on attendance at the General Meeting, as set out in this Notice of General Meeting. Corporate shareholders may also appoint one or more proxies in accordance with note 6.
17. While Shareholders are invited to submit questions in advance by email to [NAVFCoSec@apexfs.group](mailto:NAVFCoSec@apexfs.group) by the close of business on 18 September 2023, the Company must cause to be answered any question asked by a Shareholder relating to the business being dealt with at the meeting unless: (a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
18. Any person holding 3 per cent. or more of the total voting rights of the Company who appoints a person other than the Chair of the meeting as his/her proxy is to ensure that both he/she and his/her proxy comply with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.
19. This Notice of General Meeting, the information required by section 311A of the Companies Act 2006 and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice of General Meeting, will be available on the Company's website at <https://www.nipponactivevaluefund.com/>.
20. Shareholders may not use any electronic address provided either in the Notice of General Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.



