

NAVF Q1 2026 commentary

NAV Total Return	Periodic			Cumulative		
	JPY	Sterling/Yen FX Change	GBP	JPY	FX	GBP
1st Quarter 31/12/2025-31/03/2026	4.58%	0.45%	5.03%	265.10%	-113.31%	151.79%
Since inception 21/02/2020-31/03/2026	23.37%	-7.21%	16.15%	265.10%	-113.31%	151.79%

¹ To 31 March 2026

Market Update

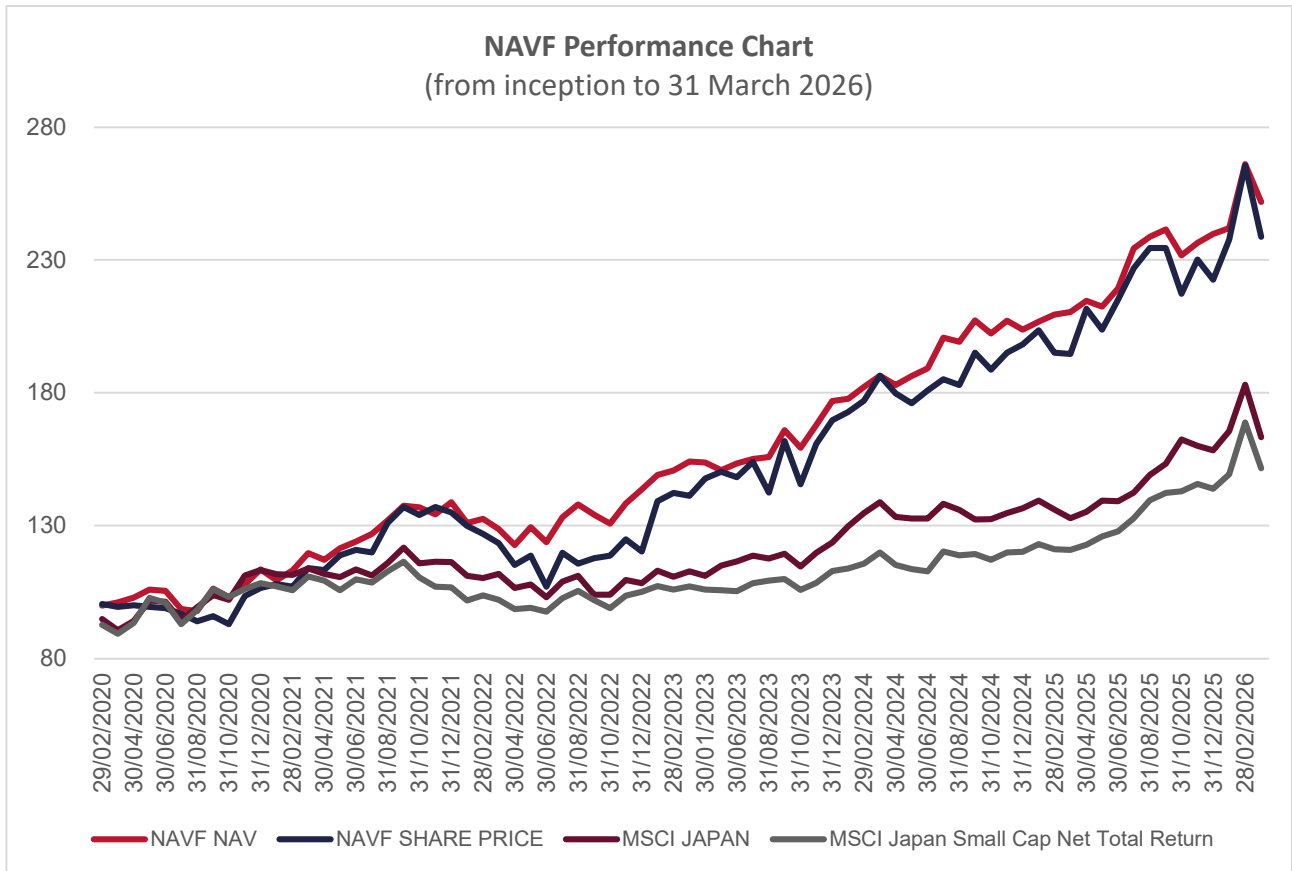
The purpose of this report is to provide a quarterly commentary on key events and themes affecting Nippon Active Value Fund plc (“NAVF”). Overall, Japanese equities generally delivered positive returns for the quarter. Strong gains in January and February were driven by the Liberal Democratic Party’s landslide victory in the House of Representatives election. Expectations for political stability and pro-growth policies were reinforced and further bolstered by the weak yen.

Then, as has become a continuous refrain, Trump intervened, and Japanese equities, along with those everywhere else, pulled back smartly in March. This was largely due to the Iran war and the resultant energy crisis, which had a particularly pronounced effect on Southeast Asian oil supplies.

Also in March, the Bank of Japan left interest rates unchanged at 0.75%, as expected, but warned that higher energy prices risk stoking underlying inflation. As the month progressed, worries that the conflict could be prolonged and push energy prices still higher intensified, contributing to further declines in global equities, including Japan.

Review of Results

The TOPIX index was up 3.6% over the first quarter, leading major global markets, gaining 4.6% in yen terms in January alone. By comparison, the Nikkei 225 index returned only 1.52% (though it recovered sharply in early April). Over the same period, the MSCI Japan index was 3.18% better, and the MSCI Smaller Japanese Companies index was up 5.35%. In such a changeable environment, NAVF kept up, moving 5.03% higher in sterling terms. The share price traded at a premium or very small discount to NAV at different moments throughout the quarter, allowing for several instances of tap issuance to satisfy demand.



NAVF NAV TR Cumulative Results 152%

NAVF Share Price TR Cumulative Results: 139%

MSCI Cumulative Results: 63%

MSCI Small Cap Cumulative Results: 52%

Q1 2026 NAVF Performance Attribution Table

	NAVF	AVG Weight (%)	Total Return (%)	Contribution (%)
Top 5 Contributors	EIKEN CHEMICAL CO LTD	9.25	28.88	2.31
	ASKA PHARMACEUTICAL HOLDINGS CO LTD	5.74	17.86	1.04
	MEIKO TRANS CO LTD	3.06	18.07	0.52
	NORITZ CORP	3.56	16.36	0.52
	EBARA JITSUGYO CO LTD	4.73	11.86	0.53
Top 5 Detractors	TEIKOKU SEN-I CO LTD	5.02	-12.28	-0.66
	MURAKAMI CORP	4.88	-5.50	-0.34
	BUNKA SHUTTER CO LTD	5.35	-4.81	-0.22
	SENKO GROUP HOLDINGS CO LTD	0.86	-6.79	-0.16
	NIPPON FINE CHEMICAL CO LTD	0.51	-6.36	-0.14

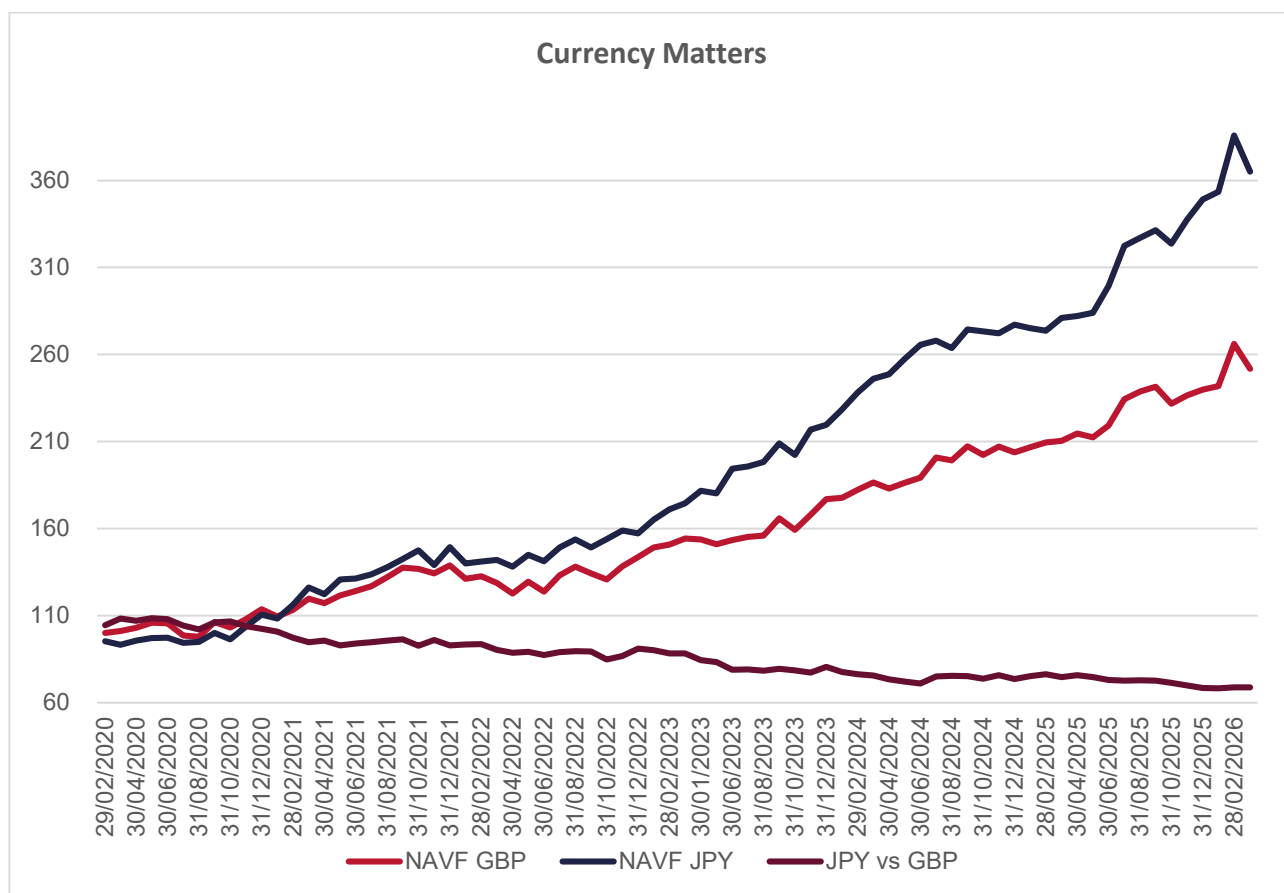
Closing at a record high at the end of February, we were able to proclaim that NAVF was now, once again, the top Japanese-focused investment trust over 1, 3, and 5 years.

During the quarter, the Management Buyout announced in mid-December by Hogy Medical closed successfully, returning substantial funds and allowing NAVF to re-invest a small percentage in the go-private vehicle, thus maintaining our support and interest in a company where NAVF and its affiliates have been long-term investors. Then, on 3rd February, Fuji Media Holdings (FMH) capitulated to our and fellow activists' demands to raise its dividend and start to tackle its dysfunctional structure by examining how to introduce external capital into the real estate business. More importantly, it announced the intention to buy back ¥235 billion, or around 30% of outstanding shares. This was carried out via the Tostnet 3 mechanism the following day at ¥3,839 per share. The amount was carefully calibrated to allow NAVF/Dalton, the Murakami family, and SBI, collectively about 30% shareholders and all activist critics, to exit. FMH may well celebrate having rid itself of its chief tormentors at a stroke, and, indeed, we welcomed the approximately 150% profit earned on our position; but we are concerned that this could prove only a pyrrhic victory. It did nothing to help shareholders generally, and as the stock weakened, there was a danger that both Murakami and SBI would buy back in. Our affiliate, Dalton, maintained a small residual position. Fear of the cycle of activist agitation starting all over again led, almost immediately, to the company announcing it is soliciting bids in mid-May for Sankai building, the real estate division we have been encouraging the divestment of since our first involvement. It appears FMH is finally about to do the 'right thing' for its own corporate health and that of all its shareholders.

The closure of Hogy Medical and sale of FMH have resulted in an influx of investable capital. We have been putting this to work diligently, both by increasing existing positions and instigating several new holdings in names that have been on the 'to do' list.

Currency

As already mentioned, the yen has remained weak throughout the quarter, leading to the usual vague threats to defend it as its value approached 160 to the US dollar. Mr Ueda, Governor of the central bank, continues to bide his time before increasing rates to the magical 1%. The regularisation of interest rates has become a national trauma for a country so long inured to their virtual non-existence. Nevertheless, it will be necessary we think, and at some point soon.



NAVF (GBP) Cumulative Performance: 151.8%

NAVF (JPY) Cumulative Performance: 265.1%

JPY/GBP Cumulative Performance: -31.2%

Comments on key stocks and engagement update:

Eiken Chemical

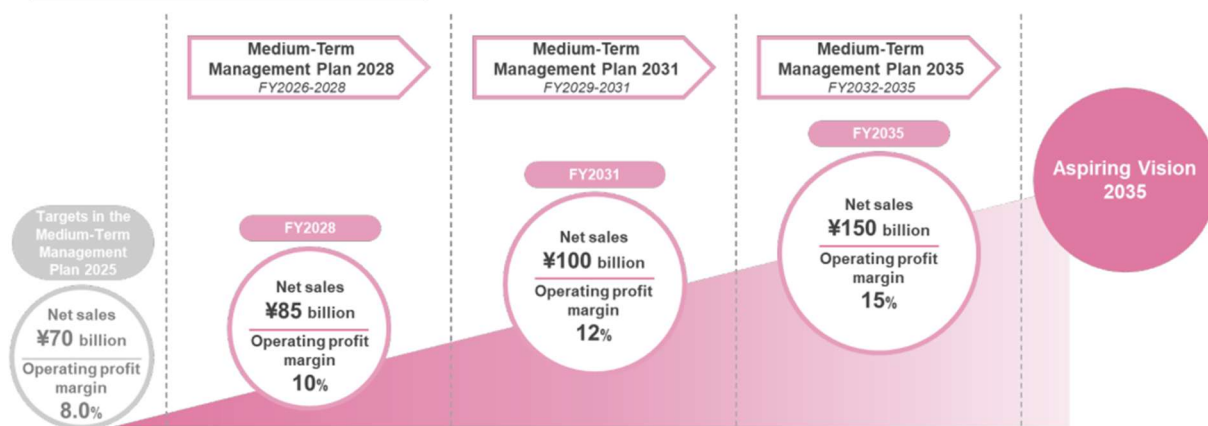
The share price of the global reagent maker increased in Q1, as, in February, media reported a rumour about the company considering going private.

ASKA Pharmaceutical

ASKA Pharmaceutical Holdings contributed to Q1 outperformance following the announcement of a more ambitious mid-term plan and long-term vision, which strengthened confidence in earnings growth and capital efficiency. Higher targets for revenue, margins, and ROE—alongside a clear strategy to expand its women’s health franchise, accelerate overseas growth, and monetize pipeline assets—signaled a shift toward tangible earnings delivery, while ongoing engagement likely reinforced management’s focus on corporate value.

<https://ssl4.eir-parts.net/doc/4886/tdnet/2779071/00.pdf>

ASKA VISION 2035 Milestones



Teikoku Sen-i

Teikoku Sen-I shares fell approximately 12% after rallying in Q4 2025 in anticipation of increased defence related revenues, driven by the increase in the Japanese defence budget.

Murakami

Murakami shares fell slightly, but the company continues to improve earnings. We continue to add.

Helios Techno Holding

Helios Techno Holding is a particularly interesting investment.

In May 2025, Rising Sun Management and Helios Techno Holding, one of our portfolio companies, signed a business alliance agreement, under which it was agreed to offer Rising Sun Management members, Kazu Mizuochi and Masumi Nishida, to help lead the company's M&A efforts. The company trades on the Standard market, started this strategy last May with a market capitalization of 100mm USD (which is up almost 60% as of March 2026), has a high-quality executive and management team led by CEO Yoshihisa Sato, and \$60mm USD in cash to fund future acquisitions.

Helios announced its first acquisition was completed in April 2026, with the purchase of Honda KK (not the auto OEM). Honda KK is a small but high-quality harness producer, operated and led by the son of the founding family. Helios is continuing its search for the next acquisition target and aims to leverage low funding costs in Japan, which are available far more readily to a Japanese corporate than to foreign investment managers. The business case is greatly enhanced by Japan's continuing issues around business succession planning. Helios' aim is to take advantage of the consolidation opportunities constantly afforded in a market where smaller company listings are expected by the regulators to halve over the next ten years. It is hoped that Helios becomes a Japanese version of Berkshire Hathaway.

Outlook

The fund has been the subject of considerable focus of journalists and podcasters recently – please check our website and follow us on LinkedIn.

There is no denying that we are not immune to the tergiversations of the markets generally, largely generated by macro-economic dislocations caused by the Iran war and a mercurial US administration. Nevertheless, we continue to see nothing that contradicts or side-tracks our central tenet that Japan is still home to excessive numbers of good companies, inefficiently managed and at highly attractive valuations – both on an absolute and relative basis. Indeed, every time we see representatives from Japan's Ministry of Economy, Trade and Industry (METI) or the Financial Services Agency (FSA), they reiterate their view that over the next decade roughly half of the still approximately 4,000 listed Japanese companies (the largest number of any developed market), will reduce, as they go private or get absorbed by the supply chain rationalisation already under way. As we have been since the fund launched, NAVF aims to continue to be an active player in this process – there is still much to do, and the opportunities are more exciting than ever.

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