

Performance Total Return¹

This investment management report relates to performance figures to 31 August 2019.

August was a tough month for many of our portfolio companies. The ongoing US - China trade war continues to weigh on sentiment. However, many of our companies have suffered seemingly irrational share price falls which appear to be more about liquidity and market inefficiency than fundamentals.

As a consequence of the price moves experienced over the summer, our portfolio is now cheaper than it has ever been. Since the end of April, the cash to market capitalisation ratio of our portfolio companies has gone up from 49% to 55%. Nine of our companies have a ratio of Net Financial Value (cash plus listed securities) to market capitalisation of close to 100% or more. At the same time, the EV/EBIT multiple of our portfolio companies has dropped from 3.4x to 2.2x. These are remarkable metrics. An inefficient market such as Japanese small caps, will behave irrationally at times. As a long-term investor we need to remain focused on valuations and be prepared to take advantage of these opportunities. Indeed, over the past few weeks we have been adding to our holdings in several names that have seen sharp falls over the summer. We expect that, over time, the market will recover from its current depressed valuations and apply what we consider to be a more rational valuation multiple to these businesses. There are several encouraging signs in this regard, including the TOPIX's +8% recovery since the nadir in late August (ahead of global equities), and the fact that foreign buying of Japanese stocks turned net positive in the first week of September.

We remain confident of the tremendous upside in this portfolio.

% Return	Month	Since Inception*	2019 Calendar Yr
AJOT Share Price	-5.8%	1.5%	1.5%
AJOT NAV	-5.2%	1.9%	6.2%
MSCI Japan Small Cap	-0.4%	4.7%	11.4%

Cumulative Return	1 mo	2 mo	3 mo	6 mo	1 yr
AJOT Share Price	-5.8%	-5.1%	-2.6%	-2.1%	-
AJOT NAV	-5.2%	-1.8%	-3.0%	2.9%	-
MSCI Japan Small Cap	-0.4%	4.8%	6.3%	9.0%	-

Investment Objective: To achieve capital growth through investing in a focused portfolio of over-capitalised small-cap Japanese equities. Asset Value Investors will leverage its three decades of experience investing in asset-backed companies to engage with company management and help to unlock value in this under-researched area of the market.

Statistics

Share Price (pence)	101.5
NAV (pence)	99.9
Premium / (Discount)	1.6%

Fund Facts

Launch Date	23 October 2018
Net Assets	£94.4m
Investment Manager	Asset Value Investors Limited
AJOT Shares owned by the Manager***	1,106,000
Shareholder Services	Link Asset Services
Management Fee**	1.0% of lower of market cap or NAV
Website	www.ajot.co.uk
Ticker Code	AJOT.LN
ISIN	GB00BD6H5D36

1 All performance shown in GBP Total Return

* 23 October 2018 Start Date

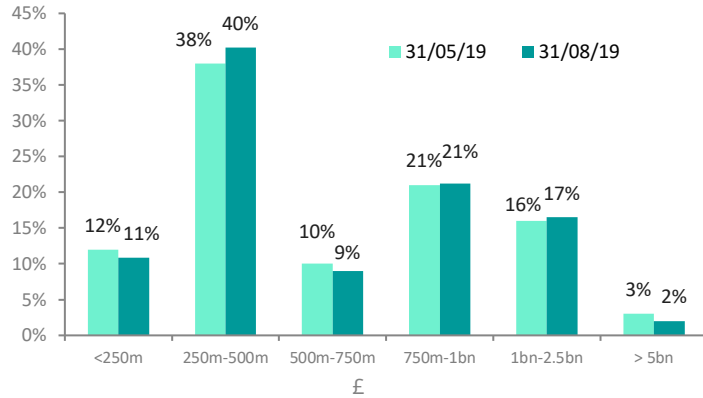
** 25% of Management Fee to be reinvested in shares of AJOT

*** Shares owned by AVI Ltd & AVI employees

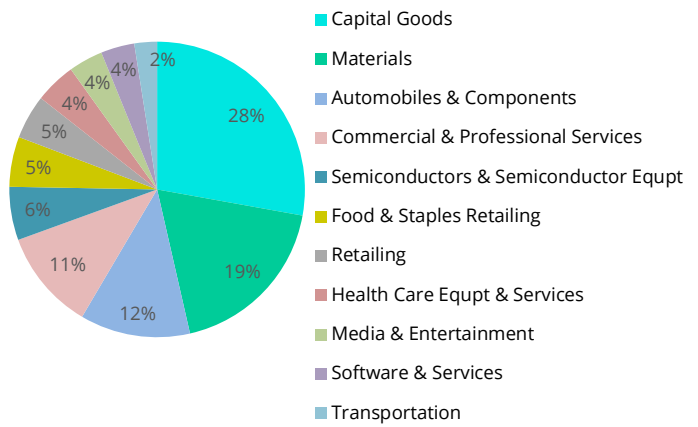
Top Ten Equity Holdings % of NAV

Holding	31/05/19	Holding	31/08/19
Pasona Group	5.8	SK Kaken	6.7
SK Kaken	5.8	Nuflare	6.3
Secom Joshinetsu	5.7	Secom Joshinetsu	6.3
Kato Sangyo	5.4	Kato Sangyo	5.9
Fujitec	5.2	Pasona Group	5.6
Nuflare Technology	5.2	Teikoku Sen-I	5.6
Teikoku Sen-I	5.1	Toshiba Plant	5.5
Toshiba Plant	5.0	Konishi	4.9
C Uyemura	4.4	Fukuda Denshi	4.9
Daiwa Industries	4.4	Fujitec	4.7
TOTAL	52.0	TOTAL	56.4
% Gearing	111.2	% Gearing	108.4
No. of Holdings	29	No. of Holdings	28

Market Cap Breakdown (% of Portfolio)



Sector Breakdown (% of Portfolio)



Further Information

Investment Manager – Joe Bauernfreund, AVI Ltd.
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The share price can be found under 'INVESTMENT COMPANIES' in The Financial Times.

Information may be found on the following websites.

www.ajot.co.uk

www.assetvalueinvestors.com

IMPORTANT INFORMATION

All figures are as at the period under review unless otherwise stated. All sources Asset Value Investors Ltd ("AVI") unless otherwise stated. AVI is authorised and regulated by the Financial Conduct Authority of the United Kingdom (the "FCA") and is a registered investment adviser with the Securities and Exchange Commission of the United States. While AVI is registered with the SEC as an investment adviser, it does not comply with the Advisers Act with regard to its non-U.S. clients. This document does not constitute an offer to buy or sell shares in AVI Japan Opportunity Trust plc (the "Trust"). The contents of this message are not intended to constitute, and should not be construed as, investment advice. Potential investors in the Trust should seek their own independent financial advice. AVI neither provides investment advice to, nor receives and transmits orders from, investors in the Fund.