



Interim Report  
2019

AVI Japan Opportunity Trust (“AJOT” or “the Company”) invests in a focussed 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.

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For more information visit:  
[www.ajot.co.uk](http://www.ajot.co.uk)

## Financial Highlights

### Investment Policy

AJOT will invest in a diversified portfolio of equities listed or quoted in Japan which are considered by the Investment Manager (AVI) to be undervalued and where cash, listed securities and/or realisable assets make up a significant proportion of the market capitalisation. AVI will seek to unlock this value through proactive engagement with management and taking advantage of the increased focus on corporate governance and returns to shareholders in Japan.

### Investment Objective

The investment objective is to provide Shareholders with capital growth in excess of the MSCI Japan Small Cap Index, through the active management of a focused portfolio of equity investments listed or quoted in Japan which have been identified by AVI as undervalued and having a significant proportion of their market capitalisation held in cash, listed securities and/or realisable assets.

## Portfolio Statistics<sup>1</sup>

**49.0%**

Net cash/Market Cap

**81.2%**

Net Financial Value/  
Market Cap

**6.1%**

FCF Yield

**24.8%**

EV/FCF Yield

**2.9**

EV/EBIT

**-40.0%**

Portfolio Discount

**2.0%**

Dividend Yield

**7.3%**

ROE

**19.9%**

ROE ex non-core  
financial assets

## Performance Summary

Net asset value per share at 30 June 2019	101.7p
Share price at 30 June 2019	107.0p

### Premium as at 30 June 2019

(difference between share price and net asset value) 5.2%

### Period from 23 October 2018 to 30 June 2019

Net asset value per share (total return) to 30 June 2019 <sup>1</sup>	3.8%
Share price total return to 30 June 2019 <sup>1</sup>	5.4%

### Benchmark

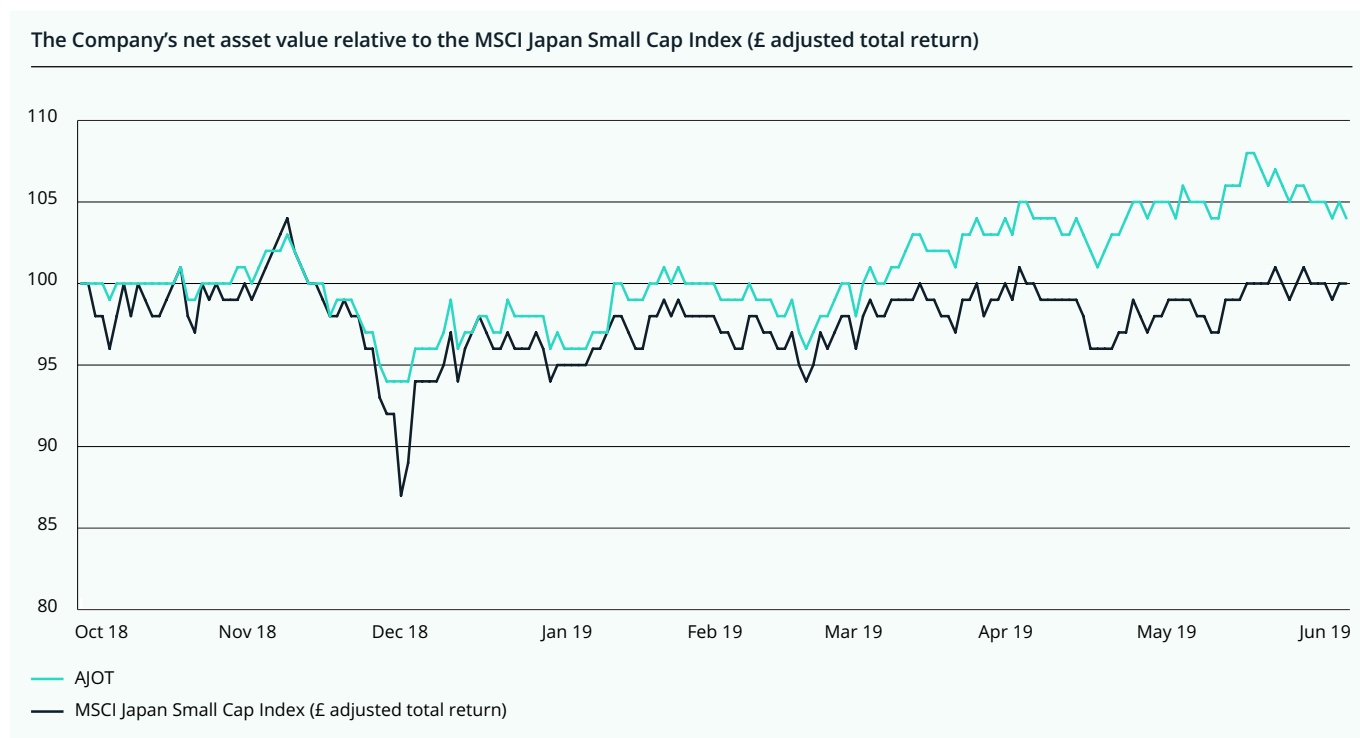
MSCI Japan Small Cap (£ adjusted total return) 0.1%

### Earnings and dividends

Investment Income	£1.3m
Revenue earnings per share	0.80p
Capital earnings per share	3.20p
Total earnings per share	4.00p

<sup>1</sup> For all Alternative Performance Measures, please refer to the definitions in the Glossary on pages 18 and 19.

## Net Asset Value



### About AJOT

AJOT was launched in October 2018 following increased conviction in the investment opportunity set in Japan and positive development in corporate governance. Japan is a highly attractive market with extraordinary under-valuations in cash-rich and over-capitalised companies. The market is under-researched and inefficient which presents AJOT with an opportunity to identify mispriced, quality companies and engage in shareholder activism to unlock long-trapped value.

“After a public campaign, nine letters and five meetings it was pleasing to see TBS reduce its cross-shareholding portfolio by selling a small portion of Tokyo Electron shares”

“As a 6% shareholder, it was encouraging to see Kanaden take a bold step to unwind cross-shareholding relationships and use the proceeds to conduct a 4% buyback”

## Chairman's Statement

### Dear Fellow Shareholders

I am pleased to present the first interim report of the AVI Japan Opportunity Trust plc.

AJOT launched on 23 October 2018 following support from a broad range of investors. Shareholders subscribed for 80 million shares and the Company was fully invested by the beginning of 2019. As you are aware, your Investment Manager, Asset Value Investors, has a strong track record of investing in Japan, and has been energetic since our launch in forging close working relationships with the investee businesses. The management of those companies has engaged with us in a very positive way, and we are especially appreciative of the constructive dialogue that has resulted.

Since launch, the AVI team has visited Japan three times, held 73 company meetings and written 21 letters, a level of engagement unusual even by active management standards.

### Performance

That engagement has already yielded positive results. In the few months since launch until 30 June 2019, your Company's net asset value per share and share price increased by 3.8% and 5.4% respectively, ahead of the comparative Index (MSCI Japan Small Cap Index) which fell by 0.1%.

### Share Issuance

As at 30 June 2019, the Company's shares were trading at a 5% premium to net asset value. The Board continues to monitor the premium carefully and will manage this by issuing shares periodically. In April 2019, the Company issued 13 million new shares, and currently has the ability to issue up to 16 million shares through a blocklisting, a cheap and efficient way of issuing shares to control the level of premium in the market. This facility has been utilised since then with the issue of 1.6 million shares at an average premium of 2.4% (as at 10 September 2019).

### Borrowings

The Board is supportive of the use of gearing to enhance portfolio performance. In April 2019, the Company entered into a one-year revolving credit facility with Scotiabank for approximately £11 million and as at 30 June 2019 it had all been drawn down, with gearing standing at 11.3% (or net of cash at 7.6%). The interest cost of this debt is 0.76% pa.

### Outlook

For many years now, Japan has appeared to offer compelling valuations and opportunities, only for international investors to be disappointed when the promised re-valuation continually remained elusive. It is our firm belief that the environment in 2019 is materially different to the past: with the government of Prime Minister Shinzo Abe introducing broad revisions to the Corporate Governance and Stewardship Codes in 2018, there is finally real evidence of a positive shift in attitudes. Boardrooms are beginning to see the appointment of truly independent directors, returns on equity and payout ratios are rising slowly but significantly, and share buy backs by companies are being approved and executed at record levels – you will see specific examples of all of these in our portfolio in the Investment Manager's Report.

### Conclusion

I would like to thank AVI and all of our service providers for their efforts that ensured a successful launch for AJOT. But above all, may I thank you, our Shareholders, for your support and for placing your trust in us. We very much hope that our relationship will be a long and prosperous one, and please be assured that we will work tirelessly on your behalf. If you have any queries, please do not hesitate to contact me personally ([norman.crighton@ajot.co.uk](mailto:norman.crighton@ajot.co.uk)), or alternatively speak to our broker N+1 Singer to arrange a meeting.

### Norman Crighton

Chairman  
13 September 2019



Digital Garage has three core businesses: cashless payment solutions, data-driven marketing and venture capital investing. Alongside this it owns a stake in Japan's largest price comparison and restaurant review site, Kakaku.com.

## Investment Manager's Report

“ I am very pleased to be writing the commentary for AJOT's first interim report. Since AJOT launched in October 2018, we have worked hard to execute on our strategy and, while only a short amount of time has elapsed, progress has been encouraging.

As this is the first official report, I think it is worthwhile reminding Shareholders what the Company's strategy is. We believe that small-cap, cash-rich Japanese companies represent one of the most compelling investment opportunities that exist today, anywhere in the world. From a fundamental valuation perspective, it is extremely difficult, if not impossible, to find companies in any developed market, trading on the kind of enterprise value/earnings before interest and tax (“EV/EBIT”) multiples that we see in Japan. Moreover, Japan is undergoing a corporate governance revolution where companies are coming under increasing pressure from the government, regulators and increasingly vocal shareholders, to boost shareholder returns and to put idle cash sitting on their balance sheets to more efficient use.

Institutional shareholders in Japan are coming under scrutiny from the Stewardship Code to vote their shares in a coherent manner and to engage proactively with management. Foreign shareholders have also become more forthright in their engagements with companies. AVI is playing its part in this, and we have been pleasantly surprised at how receptive managements have been to our form of shareholder activism. We are convinced that a respectful, constructive and patient dialogue with company directors will ultimately result in vastly improved policies relating to the use of surplus cash and the independence of company boards.

In the aftermath of the bursting of the Japanese asset bubble in 1989/90, companies embarked on an exercise to store up cash for a rainy day. The companies we have invested in operate successful businesses across a wide range of industries and sectors. However, they have built up substantial cash piles on their balance sheets. The combination of low pay-out ratios and cashflow-generating businesses means that these cash piles grow each year. Over 50% of the market cap of the companies we hold in your Company's portfolio is covered by excess cash. It is this cash that Prime Minister Abe wants to move off balance sheets and put to work to boost the Japanese economy. The third arrow of Abenomics is all about corporate reform and at its heart is the challenge to put idle cash to efficient use and to get company management to start focusing on shareholder returns and the share price.

After managing your Company's investment portfolio for a little over eight months, we see an increasing number of companies starting to address the inefficiencies that have plagued the Japanese stock market for years. Seven companies within our 30-stock portfolio have announced share buybacks in the period since launch; two have announced increases in payout

ratios; and two have improved the structure of their boards by appointing independent directors. The ultimate proof of how under-valued these companies are occurs when a third party makes a bid to take the company private. Your Company benefited from one such transaction when Nitto FC was taken private at a 38% premium to its share price – a compelling endorsement of the hidden value in this group of companies. With the growing presence of private equity investors actively looking to invest in Japan, we think more and more transactions of this nature will occur in coming years.

Japanese share prices have been held back for many years. Indeed, the valuation metrics we are finding in Japan today have existed for several years. We launched AJOT because we think Japan is changing. We believe that the commitment to corporate governance reform is real and the result will be that Japanese companies will focus on their balance sheet efficiency and returns on equity. Investors will come to recognise that they have been too pessimistic in their valuations of many companies in Japan.

In the following section, we describe a small number of the companies that have made an impact on returns over the period – both positive and negative.

“ With our persistent letters to the Board suggesting they allocate excess cash to buying back shares, we were happy to see Kato Sangyo announce two buybacks totalling 3% within six months of one another, and almost three years since the last buyback”.

### Performance Review

Over the period under review, AJOT's NAV rose by +3.8%, aided strongly by the strengthening of the Yen. Without the contribution from currency, returns would have been a more muted +0.7%, driven by a lacklustre period for Japanese equities, with our benchmark returning -5.6% in Yen.

Our companies benefited from a multitude of positive corporate events over the period, the most significant being the 38% premium takeover of Nitto FC. Our companies also posted respectable operating profit growth of +4.1% vs the median growth for the MSCI Japan Small Cap of +0.3% for the six months to 30 June 2019.

The period that has passed since AJOT's launch is a short one. Our investment theses are based on long-term themes and evaluating company share price changes over the short-term has its limitations. Moves are often driven by market noise or forced selling pressure which can have an outsized impact on the less liquid companies in AJOT's portfolio. Our focus is on the underlying business and it is the change in fundamental value that is most relevant to us. However, we believe it is important for Shareholders to understand what has driven performance over the period and for this reason we have provided some commentary on the top three contributors and detractors.

# Investment Manager's Report

Continued

## Contributors

### Digital Garage

Contribution to total return	1.3%
Weight in AJOT net assets	2.7%
EV/EBIT	13.5
NFV/Market Cap	49.6%

**Digital Garage** is one of the more complex companies in AJOT's portfolio and is unique in its exposure to new technology businesses. It has three core business areas: Financial Technology, Marketing Technology and a portfolio of start-up investments. On top of this, and what leads the market to inefficiently value the group, is a 20% stake in Japan's largest price comparison and restaurant review site, Kakaku.com. This stake alone accounts for 55% of Digital Garage's market cap, which after removing the fair value of their venture capital portfolio, leaves an implied valuation for the financial and marketing business of 12x EV/EBIT. Considering the financial and marketing businesses have compounded sales at 13% and 32% respectively per year for the past four years, and that peers trade on 22x and 41x, that is quite undemanding.

We built our position in Digital Garage in December 2018, following a steep 42% fall in the share price. Despite our shorter ownership history, the strength of the share price recovery has been such that Digital Garage ended the period as the most significant contributor, contributing 1.3% to returns.

After a 34% rise in the share price from our average buy-in price and a narrowing of the discount to our estimated fair value, we trimmed the position. At the end of the period, Digital Garage accounted for 2.7% of AJOT's NAV.

### Nitto FC

Contribution to total return	1.2%
Weight in AJOT net assets	0.0%
EV/EBIT	n/a
NFV/Market Cap	n/a

**Nitto FC** is a small domestic fertiliser manufacturer based in Nagoya. Chemicals are imported and processed in local production facilities, before being sold to farming cooperatives. These cooperatives control the market and set prices based on input costs. Nitto FC benefits from a steady customer and one that will absorb raw material cost increases which, coupled with a real estate portfolio contributing over one-third of profits, leads to a history of consistent and economically resilient profits.

In May 2019, the appeal of Nitto FC's business model and extreme undervaluation was noted by a Japanese private equity firm who made a takeover offer at a 38% premium. Before the takeover, Nitto FC was trading with 81% of its market cap covered by net cash and an EV/EBIT of 2.3x. In a little over six months, our investment in Nitto FC garnered a profit of +56%, adding 1.2% to returns.

### NuFlare Technology

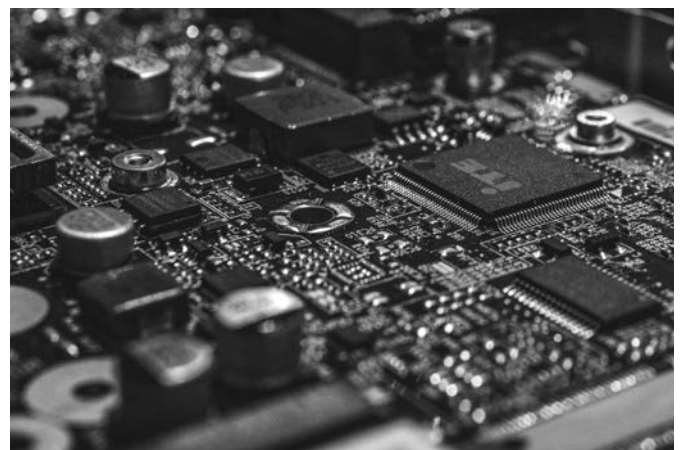
Contribution to total return	1.1%
Weight in AJOT net assets	5.2%
EV/EBIT	2.2
NFV/Market Cap	68.8%

**NuFlare Technology ("NuFlare")** manufactures highly specialised semiconductor machinery. Most of its profits derive from one type of machine that is critical to the semiconductor manufacturing process, where it has a near monopoly. Gross profit margins are more than 50%, and despite elevated R&D ahead of the launch of next-generation machinery, NuFlare trades on a free cash flow yield of 10%.

Considering that 68% of NuFlare's market cap is covered by net cash, a 10% free cash flow yield is even more impressive. In other words, if NuFlare were to pay out its redundant cash to shareholders and the market cap fell by that amount on the ex-dividend date, the free cash flow yield would be 29%. NuFlare has begun the process of returning cash to shareholders by announcing a 5% buyback at the start of May 2019. We are engaging with management and encouraging them to continue the return of cash after the buyback is completed.

Over the period, NuFlare's share price was buoyed by strong operating results, the buyback announcement and improved governance at NuFlare's parent company Toshiba, which we think improves the chances of a trade sale of NuFlare. NuFlare contributed 1.1% to performance over the period.

“With parent-child subsidiary relationships under scrutiny and improved governance at Toshiba, we have seen Toshiba Plant and NuFlare, both listed subsidiaries of Toshiba, take positive corporate governance actions, including an increase in the dividend payout ratio and a buyback.”



C Uyemura produces specialised chemicals for the plating of electronic circuit boards.

# Investment Manager's Report

Continued

## Detractors

### Teikoku Sen-i

Contribution to total return	-0.6%
Weight in AJOT net assets	5.8%
EV/EBIT	3.7
NFV/Market Cap	64.1%

**Teikoku Sen-I ("Teikoku")** manufactures and distributes disaster prevention equipment, from fire hoses to cutting tools to rescue vehicles. Geographically speaking, Japan sits in a precarious location, with several tectonic plates formed around and through the island. It also suffers from typhoons and torrential rains. To combat this, the government has been increasing public expenditure on natural disaster-related infrastructure, much to the benefit of Teikoku. Teikoku has seen profits grow +34% since 2016, after a successful period of sales following the Fukushima earthquake.

Despite the strong tailwind, Teikoku trades on an EV/EBIT of only 3.7x with net cash and listed investment securities covering 64% of its market cap. Teikoku's share price ended the period -12% lower than our average buy price, detracting -0.6% from returns. We do not believe this short-term share price move is reflective of any change in Teikoku's intrinsic value.

### Hi-Lex

Contribution to total return	-0.5%
Weight in AJOT net assets	1.4%
EV/EBIT	0.7
NFV/Market Cap	93.9%

Like other auto-related companies, **Hi-Lex** suffered during the period, on both weak sentiment and poor operating performance. Hi-Lex produces essential car componentry, including mechanisms to open windows, sliding door systems and control cables. A portion of Hi-Lex's control cables will be obsolete in an electric vehicle (approximately 10% of sales) and it has been allocating capital to door and window products. These are lower margin which, coupled with expansionary capital expenditure, has led to a deterioration in overall profitability.

Profits for the six months to April (Hi-Lex's year-end is October) fell -35%, although profits for the full year are expected to be flat. Outweighing this is the remarkable valuation. Net cash accounts for 67% of Hi-Lex's market cap which, when including stakes in other listed companies, rises to 94% of the market cap. Hi-Lex thus trades on an EV/EBIT of 0.7x.

Hi-Lex has fallen -26% from our average buy price, although its small 1.4% weighting dampened the impact on the portfolio, and over the period it detracted -0.5% from returns.

### C. Uyemura

Contribution to total return	-0.4%
Weight in AJOT net assets	4.3%
EV/EBIT	3.0
NFV/Market Cap	61.2%

**C. Uyemura ("Uyemura")** produces highly specialised chemicals predominantly for the plating of electronic circuit boards. In its niche product area, Uyemura has a dominant 30% market share, allowing the company to command a 21% operating margin. The demand for Uyemura's chemicals is driven by automotive and smartphone production.

The market's concern over stagnant smartphone sales has weighed on Uyemura's share price. The share price has fallen -14% from our average buy price, and over the period the position detracted -0.4% from returns. While we are cognisant of the challenging smartphone market, demand from the global 5G rollout and the considerable growth potential from auto-related electronics (connected cars and autonomous vehicles) are an added tailwind for Uyemura.

Considering this, we think Uyemura's 3.0x EV/EBIT valuation and high net cash balance (56% of market cap) more than fairly reflect smartphone related concerns.

## Outlook

The outlook for global equity markets remains uncertain. Less than a year ago, the Federal Reserve and other central banks, including the Bank of Japan, indicated a desire to tighten monetary policy after nearly a decade of unprecedented monetary easing. Markets panicked at this prospect and experienced a sharp sell-off in Q4 2018.

Fears of a weakening in the outlook for global growth were compounded by the trade dispute between the US and China. Japan, and particularly small-cap stocks, have a high degree of correlation to global trade and thus the broad market environment over this period has been challenging.

The companies in which we have chosen to invest have high-quality businesses, solid balance sheets, and trade at remarkably low valuation multiples. Investors have low expectations for these companies. It has been over four years since the Corporate Governance and Stewardship Codes were introduced in Japan. During that time, the pace of change has been slow. Many foreign investors have given up hope of Japan ever changing, and this has led to a sustained period of capital outflows from the Japanese stock market. However, there is compelling evidence of positive change in Japan. Your Company is very well placed to benefit from this change.

## Joe Bauernfreund

Asset Value Investors Limited  
13 September 2019



## Investment Portfolio

At 30 June 2019

Company	Stock Exchange Identifier	% of Investee company	Cost £'000*	Market value £'000	% of AJOT net assets	NFV/Market capitalisation <sup>1</sup>	EV/EBIT <sup>2</sup>
Secom Joshinetsu	JASDAQ: 4628	1.7	5,314	5,788	6.1%	85%	1.3
SK Kaken	TSE: 4342	0.6	5,761	5,745	6.1%	64%	4.7
Toshiba Plant Systems	TSE: 1983	0.4	5,663	5,533	5.9%	43%	5.7
Teikoku Sen-i	TSE: 3302	1.3	6,005	5,479	5.8%	64%	3.7
Pasona Group	TSE: 2168	1.1	4,776	5,204	5.5%	215%	<0
Kato Sangyo	TSE: 9869	0.6	5,123	5,019	5.3%	82%	1.5
Fujitec	TSE: 6406	0.5	4,377	4,941	5.2%	44%	7.1
NuFlare Technology	JASDAQ: 6256	0.8	4,099	4,862	5.2%	69%	2.2
Toyota Industries	TSE: 6201	0.0	4,486	4,844	5.1%	75%	3.8
Fukuda Denshi	JASDAQ: 6960	0.4	4,224	4,551	4.8%	70%	3.3
<b>Top ten investments</b>			<b>49,828</b>	<b>51,966</b>	<b>55.0%</b>		
Konishi	TSE: 4956	0.9	4,457	4,425	4.7%	54%	3.7
Daiwa Industries	TSE: 6459	1.0	4,270	4,150	4.4%	90%	0.4
C. Uyemura	TSE: 4966	0.9	4,524	4,095	4.3%	61%	3.0
Toagosei	TSE: 4045	0.4	3,993	3,949	4.2%	63%	3.5
Tokyo Broadcasting System	TSE: 9401	0.2	4,097	3,937	4.2%	111%	<0
Kanaden	TSE: 8081	1.5	3,679	3,926	4.1%	76%	2.1
Sekisui Jushi	TSE: 4212	0.5	3,053	3,322	3.5%	73%	2.7
Tokyo Radiator MFG	TSE: 7235	2.7	2,501	2,787	3.0%	81%	2.5
Digital Garage	TSE: 4819	0.2	1,997	2,575	2.7%	50%	13.5
Alps Logistics	TSE: 9055	1.3	2,614	2,450	2.6%	42%	4.0
<b>Top twenty investments</b>			<b>85,013</b>	<b>87,582</b>	<b>92.7%</b>		
Nishimatsuya Chain	TSE: 7545	0.6	2,605	2,330	2.5%	95%	0.9
Tachi-S	TSE: 7239	0.7	2,523	2,319	2.4%	103%	<0
A-One Seimitsu	JASDAQ: 6156	3.4	1,956	2,077	2.2%	90%	1.4
King	TSE: 8118	1.9	1,704	2,070	2.2%	97%	0.3
Nissan Shatai	TSE: 7222	0.2	1,480	1,770	1.9%	76%	5.2
Nishikawa Rubber	TSE: 5161	0.6	1,594	1,412	1.5%	77%	1.1
Hi-Lex	TSE: 7279	0.3	1,750	1,357	1.4%	94%	0.7
Soft99	TSE: 4464	0.5	676	724	0.8%	105%	<0
<b>Total investments</b>			<b>99,301</b>	<b>101,641</b>	<b>107.6%</b>		
Other net assets and liabilities				(7,204)	-7.6% <sup>3</sup>		
Net assets				94,437	100.0%		

\* Refer to Glossary on page 18.

<sup>1</sup> Estimates provided by AVI. Refer to Glossary on page 18.

<sup>2</sup> Estimates provided by AVI. Refer to Glossary on page 18.

<sup>3</sup> Gearing. Please refer to Glossary on page 18.

## Principal Risks and Uncertainties

The Prospectus issued in September 2018 (available from the Company's website – www.ajot.co.uk) includes details of what the Company considers to be the key principal risks faced by the business. The Board has a robust ongoing process for identifying, evaluating and managing the principal risks and uncertainties faced by the Company, including those that could threaten its business model, future performance, solvency or liquidity. However, as AJOT has a limited operating history, some risks are not yet known and some that are currently not deemed material, could later turn out to be material. The Board considers the following as the principal risks faced by the Company:

Risk Area	Controls and mitigation
<b>Investment Objective</b>	
The Company may be unsuccessful in achieving its investment objective, leading to a potential loss of demand for its shares.	<p>The Company has a clearly defined strategy and investment remit. The portfolio is managed by a highly experienced Investment Manager backed by a strong team. The Board relies on the Investment Manager's skills and judgement to make investment decisions based on research and analysis of individual stocks and sectors.</p> <p>The Board reviews the performance of the portfolio against the Company's Benchmark Index, that of its competitors and the outlook of the markets on a regular basis.</p> <p>The Board ensures that there is regular dialogue with major investors, primarily through the Company's broker and the Investment Manager; it follows up on any concerns and regularly reviews the discount control policy.</p>
Investment opportunities matching the criteria encapsulated in the Investment Objective may become less available in the future.	The Board monitors the portfolio's composition, performance and development. Should appropriate opportunities diminish, the Board will consider the future of the Company and may recommend that the Company's investments are sold, it is wound up and cash returned to shareholders.
<b>Gearing</b>	
The use of borrowings by the Company has the effect of amplifying the gains or losses the Company experiences.	The Board and the Investment Manager regularly review gearing, as well as the effect of interest rate movements on the Company's finances and the Company's on-going compliance with the loan covenants. Aggregate borrowings may not exceed 25% of net assets.
A significant fall in portfolio value could cause gearing levels to exceed pre-set limits, requiring Company to sell investments at short notice.	The Company has a 364 day 1.465 billion Yen (approximately £10.7 million as at 30 June 2019) unsecured revolving facility agreement with Scotiabank Europe PLC which has been fully drawn down; interest is payable at a rate equal to LIBOR plus 0.75%. As at 30 June 2019, gearing stood at 11.3%.
<b>Reliance on the Investment Manager and Other Service Providers</b>	
The Company has no employees and relies on a number of third party service providers, principally the Investment Manager, Registrar, Administrator and Custodian / Depositary. It is dependent on the effective operation of its service providers' control systems with regard to the security of the Company's assets, dealing procedures, accounting records and the maintenance of regulatory and legal requirements.	The Board carries out regular reviews of the delegated services to ensure their continued competitiveness and effectiveness, which include assessment of the providers' control systems, whistleblowing policies and business continuity plans.
The Company is heavily reliant on the Investment Manager's processes, both in terms of making investment decisions and compliance with the investment policy.	The Investment Manager has an established investment process which has proven to be successful within the AVI Global Trust plc portfolio. The Board evaluates the investment process and compliance with investment limits and restrictions in conjunction with its portfolio review at every board meeting.
<b>Cyber Security</b>	
The Company has limited direct exposure to cyber risk. However, the Company's operations or reputation could be affected if any of its service providers suffered a major cyber security breach.	The Board monitors the preparedness of its service providers in this regard and is satisfied that the risk is given due priority.

## Principal Risks and Uncertainties

Continued

Risk Area	Controls and mitigation
<p><b>Portfolio Liquidity</b></p> <p>The market for smaller Japanese stocks can be illiquid. The Company is exposed to the risk that it will not be able to sell its investments at the current market value or on a timely basis, when the Investment Manager chooses or is required to do so to meet financial liabilities.</p>	<p>The Investment Manager monitors trading volumes and prices and looks to ensure that a proportion of the portfolio is invested in readily realisable assets.</p> <p>The Board also receives updates on the liquidity of the portfolio and the current level of liquidity of the Company on a regular basis.</p>
<p><b>Foreign Exchange</b></p> <p>The functional and presentational currency of the Company is UK sterling. All of its assets and its income are denominated in Yen. Consequently, it is subject to currency risk on exchange rate movements between UK sterling and Yen.</p>	<p>It is the Company's current policy not to hedge against currency risk, however the Investment Manager and the Board continuously monitor currency movements and exposure.</p> <p>The loan facility is denominated in Yen and therefore the effect of Yen exchange rate movements on the loan facility will be offset against the assets.</p>

## Directors' Responsibility Statement

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting as adopted by the EU; and
- this Interim Report includes a fair review of the information required by:
  - a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the period under review and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place during the period ended 30 June 2019 and that have materially affected the financial position or performance of the Company during that period.

This Interim Report was approved by the Board of Directors on 13 September 2019 and the above responsibility statement was signed on its behalf by Norman Crighton, Chairman.

**Norman Crighton**

Chairman

13 September 2019

## Statement of Comprehensive Income

For the period ended 30 June 2019 (unaudited)

For the period 27 July 2018 to 30 June 2019				
	Notes	Revenue return £'000	Capital return £'000	Total £'000
<b>Income</b>				
Investment income	2	1,318	–	<b>1,318</b>
Gains on investments held at fair value		–	4,073	<b>4,073</b>
Exchange losses on currency balances		–	(324)	<b>(324)</b>
		1,318	3,749	<b>5,067</b>
<b>Expenses</b>				
Investment management fee		(53)	(480)	<b>(533)</b>
Other expenses (including irrecoverable VAT)		(473)	–	<b>(473)</b>
		792	3,269	<b>4,061</b>
<b>Profit before finance costs and tax</b>				
Finance costs		(4)	(32)	<b>(36)</b>
Exchange losses on revolving credit facility		–	(593)	<b>(593)</b>
		788	2,644	<b>3,432</b>
<b>Profit before taxation</b>				
Taxation		(124)	–	<b>(124)</b>
		<b>664</b>	<b>2,644</b>	<b>3,308</b>
<b>Profit for the period</b>				
		<b>0.80p</b>	<b>3.20p</b>	<b>4.00p</b>
<b>Earnings per Ordinary Share</b>				
	3	<b>0.80p</b>	<b>3.20p</b>	<b>4.00p</b>

The total column of this statement is the Income Statement of the Company prepared in accordance with IFRS, as adopted by the European Union. The supplementary revenue and capital columns are presented in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies ("AIC SORP").

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

There is no other comprehensive income, and therefore, the profit for the period after tax is also the total comprehensive income.

The accompanying notes are an integral part of these financial statements.

## Statement of Changes in Equity

For the period ended 30 June 2019 (unaudited)

	Ordinary share capital £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>For the period ended 30 June 2019</b>					
Balance as at 27 July 2018	-	-	-	-	-
Issue of Ordinary Shares	929	92,071	-	-	93,000
Expenses of share issue	-	(1,859)	-	-	(1,859)
Cancellation of share premium account	-	(77,588)	77,588	-	-
Expenses in relation to cancellation of share premium account	-	(12)	-	-	(12)
Total comprehensive income for the period	-	-	2,644	664	3,308
<b>Balance as at 30 June 2019</b>	<b>929</b>	<b>12,612</b>	<b>80,232</b>	<b>664</b>	<b>94,437</b>

The accompanying notes are an integral part of these financial statements.

## Balance Sheet

As at 30 June 2019 (unaudited)

	Notes	At 30 June 2019 £'000
<b>Non-current assets</b>		
Investments held at fair value through profit or loss		101,641
		101,641
<b>Current assets</b>		
Other receivables		178
Cash and cash equivalents		3,922
		4,100
<b>Total assets</b>		105,741
<b>Current liabilities</b>		
Revolving credit facility		(10,685)
Other payables		(619)
		(11,304)
<b>Total assets less current liabilities</b>		94,437
<b>Net assets</b>		94,437
<b>Equity attributable to Shareholders</b>		
Ordinary share capital	5	929
Share premium		12,612
Capital reserve		80,232
Revenue reserve		664
<b>Total equity</b>		94,437
<b>Net asset value per Ordinary Share – basic</b>	4	101.70p
<b>Number of shares in issue</b>		92,854,742

The accompanying notes are an integral part of these financial statements.

Registered in England & Wales No. 11487703

## Statement of Cash Flows

For the period ended 30 June 2019 (unaudited)

	Period to 30 June 2019 £'000
<b>Reconciliation of profit before taxation to net cash inflow from operating activities</b>	
Profit before taxation	3,432
Realised exchange gains on currency balances	-
Gains on investments held at fair value through profit or loss	(4,073)
Increase in other receivables	(178)
Increase in other payables	255
Taxation paid	(124)
<b>Net cash outflow from operating activities</b>	<b>(688)</b>
<b>Investing activities</b>	
Purchases of investments	(109,168)
Sales of investments	11,964
<b>Net cash outflow from investing activities</b>	<b>(97,204)</b>
<b>Financing activities</b>	
Issue of shares net of costs	91,141
Revolving credit facility	10,092
Share premium cancellation costs	(12)
Exchange loss on revolving credit facility	592
<b>Cash inflow from financing activities</b>	<b>101,813</b>
<b>Increase in cash and cash equivalents</b>	<b>3,921</b>
<b>Reconciliation of net cash flow movement in funds</b>	
Cash and cash equivalents at beginning of period	-
Exchange rate movements	1
Increase in cash and cash equivalents	3,921
<b>Increase in net cash</b>	<b>3,922</b>
<b>Cash and cash equivalents at end of period</b>	<b>3,922</b>

The accompanying notes are an integral part of these financial statements.

# Notes to the Financial Statements

## For the period ended 30 June 2019 (unaudited)

### 1. Accounting Policies

AVI Japan Opportunity Trust plc is a company incorporated on 27 July 2018 and registered in England and Wales. The principal activity of the Company is that of an investment trust company within the meaning of Sections 1158/1159 of the Corporation Tax Act 2010.

The Company commenced trading and was listed on the London Stock Exchange on 23 October 2018.

The interim financial statements have been prepared for the period 27 July 2018 to 30 June 2019. The financial statements of the Company have been prepared in conformity with IFRS as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and as applied in accordance with the provisions of the Companies Act 2006. The financial statements have also been prepared in accordance with the AIC SORP for the financial statements of investment trust companies and venture capital trusts, except to any extent where it is not consistent with the requirements of IFRS.

The financial information contained in this interim report does not constitute full statutory accounts as defined in the Companies Act 2006. The financial statements for the period ended 30 June 2019 have not been audited or reviewed by the Company's Auditors.

The interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

### Basis of Preparation

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been prepared alongside the Statement of Comprehensive Income.

The functional currency of the Company is Pounds Sterling because this is the primary economic currency in which the Company operates. The financial statements are also presented in Pounds Sterling rounded to the nearest thousand, except where otherwise indicated.

### Going Concern

The financial statements have been prepared on a going concern basis and on the basis that approval as an investment trust company will continue to be met.

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in operational existence for the foreseeable future (being a period of at least 12 months from the date these financial statements were approved). Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments (of which there are none of significance). Therefore, the financial statements have been prepared on the going concern basis.

### Segmental Reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business.

### Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts in the Balance Sheet, the Statement of Comprehensive Income and the disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

### Investments

The investment objective of the Company is to provide Shareholders with capital growth in excess of the MSCI Japan Small Cap Index, through the active management of a focused portfolio of equity investments listed or quoted in Japan which have been identified by the Investment Manager as undervalued and having a significant proportion of their market capitalisation held in cash, listed securities and/or realisable assets.

The investments held by the Company are designated 'at fair value through profit or loss'. All gains and losses are allocated to the capital return within the Statement of Comprehensive Income as 'Gains or losses on investments held through profit or loss'. Also included within this heading are transaction costs in relation to the purchase or sale of investments. When a purchase or sale is made under a contract, the terms of which require delivery within the timeframe of the relevant market, the investments concerned are recognised or derecognised on the trade date.

All investments are designated upon initial recognition as held at fair value through profit or loss, and are measured at subsequent reporting dates at fair value, which is the bid price. The Company derecognises a financial asset only when the contractual right to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable, and the cumulative gain or loss that had been accumulated, is recognised in profit or loss.

All investments for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy in note 6.

### Foreign Currency

Transactions denominated in currencies other than Pounds Sterling are recorded at the rates of exchange prevailing on the date of the transaction. Items which are denominated in foreign currencies are translated at the rates prevailing on the Balance Sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as exchange gain or loss in the



## Notes to the Financial Statements

### For the period ended 30 June 2019 (unaudited) – Continued

capital reserve or the revenue account depending on whether the gain or loss is capital or revenue in nature.

#### Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

#### Other Receivables and Payables

Trade and other receivables and payables are measured, where applicable, at amortised cost, and balances revalued for exchange rate movements.

#### Revolving Credit Facility

On 5 April 2019 the Company entered into a 1.465 billion Japanese Yen (£10,685,000) unsecured revolving credit facility which was fully drawn down on 10 April 2019 with interest payable at a rate equal to LIBOR plus 0.75%. The Company has the option to increase the facility to 2.93 billion Japanese Yen.

The revolving credit facility is shown at amortised cost and revalued for exchange rate movements. Any gain or loss arising from changes in exchange rates is included in the capital reserves and shown in the capital column of the Statement of Comprehensive Income.

#### Income

Dividends receivable on quoted equity shares are taken to revenue on an ex-dividend basis. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Fixed returns on non-equity shares are recognised on a time-apportioned basis. Dividends from overseas companies are shown gross of any withholding taxes. Irrecoverable withholding taxes are included within taxation within the Statement of Comprehensive Income.

Special dividends are taken to revenue or capital account depending on their nature. In deciding whether a dividend should be regarded as a capital or revenue receipt, the Board reviews all relevant information as to the reasons for the sources of the dividend on a case-by-case basis.

When the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend forgone is recognised as income. Any excess in the value of the cash dividend is recognised in the capital column.

All other income is accounted on a time-apportioned accruals basis and is recognised in the Statement of Comprehensive Income.

#### Expenses and Finance Costs

All expenses and finance costs are accounted for on an accruals basis. On the basis of the Board's expected long-term split of total returns the Company charges 90% of its management fee and finance costs to capital.

#### Taxation

The charge for taxation is based on the net revenue for the period and takes into account taxation deferred or accelerated because of temporary differences between the treatment of certain items for accounting and taxation purposes.

The actual charge for taxation in the Statement of Comprehensive Income relates to irrecoverable withholding tax on overseas dividends received during the period.

#### Share Capital

The Company is a closed-ended investment company with an unlimited life. The issuance, acquisition and resale of Ordinary shares are accounted for as equity transactions and no gain or loss is recognised in the Statement of Comprehensive Income.

#### Share Premium

The share premium account represents the accumulated premium paid for shares issued above their nominal value less issue expenses. This is a reserve forming part of the non-distributable reserves. The following items are taken to this reserve:

- costs associated with the issue of shares; and
- premium on the issue of shares.

#### Capital Reserve

The following are taken to the capital reserve through the capital column in the Statement of Comprehensive Income:

#### Capital reserve – items, forming part of the distributable reserves:

- gains and losses on the disposal of investments;
- amortisation of issue expenses;
- exchange differences of a capital nature; and
- expenses, together with the related taxation effect, allocated to this reserve in accordance with the above accounting policies.

#### Investment holding gains, not distributable:

- increase and decrease in the valuation of investments held at the year end.

#### Revenue Reserve

The revenue reserve represents the surplus of accumulated profits and is distributable by way of dividends.

## Notes to the Financial Statements

For the period ended 30 June 2019 (unaudited) – Continued

### 2. Income

	30 June 2019 £'000
<b>Income from investments</b>	
Overseas dividends	1,243
Bank and deposit interest	41
Exchange gains on receipt of income*	34
<b>Total income</b>	<b>1,318</b>

\*Exchange movements arise from ex-dividend date to payment date.

### 3. Earnings per Ordinary Share

	Period to 30 June 2019		
	Revenue	Capital	Total
Net profit (£'000)	664	2,644	3,308
Weighted average number of Ordinary Shares			82,509,491
<b>Earnings per Ordinary Share</b>	<b>0.80p</b>	<b>3.20p</b>	<b>4.00p</b>

There are no dilutive instruments in the Company. Both the basic and diluted earnings per share for the Company are represented above.

### 4. Net Asset Value per Ordinary Share

The net asset value per Ordinary Share is based on net assets of £94,437,000 and on 92,854,742 Ordinary Shares, being the number of Ordinary Shares in issue at 30 June 2019.

### 5. Share Capital

	Ordinary Shares of 1p each	
	Number of shares	Nominal value £'000
<b>Allotted, called-up and fully paid</b>	<b>92,854,742</b>	<b>928,547</b>

During the period to 30 June 2019, 92,854,742 Ordinary Shares were issued for a net consideration of £91,141,000.

This comprised the initial offering on 23 October 2018 of 80,000,000 Ordinary Shares at 100.00p and a subsequent placing of 12,854,742 shares at 101.13p on 15 May 2019.

## Notes to the Financial Statements

### For the period ended 30 June 2019 (unaudited) – Continued

#### 6. Values of financial assets and financial liabilities

##### Valuation of financial instruments

The Company measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value is the amount at which the asset could be sold or the liability transferred in an orderly transaction between market participants, at the measurement date, other than a forced or liquidation sale.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant assets as follows:

- Level 1 – valued using quoted prices, unadjusted in active markets for identical assets or liabilities.
- Level 2 – valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included in Level 1.
- Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data for the asset or liability.

##### Financial assets

The table below sets out fair value measurements of financial instruments as at the period end, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Financial assets at fair value through profit or loss at 30 June 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	101,641	-	-	101,641
	101,641	-	-	101,641

There have been no transfers during the period between Levels 1, 2 and 3.

#### 7. Related parties and transactions with the Investment Manager

The Company paid management fees to Asset Value Investors Limited during the period amounting to £468,000.

At 30 June 2019, £65,000 remained outstanding in respect of management fees.

Fees paid to Directors for the period ended 30 June 2019 amounted to £75,000.

The management fee of 1% per annum is calculated on the lesser of the Company's Net Asset Value or Market Capitalisation at each quarter end. The Investment Manager will invest 25% of the management fee it receives in shares of the Company and will hold these for a minimum of two years. As at 30 June 2019, AVI held 250,000 shares of the Company, and a further 350,000 shares were held by the AVI International Value Fund.

#### 8. Post Balance Sheet events

Further to the Company's application for a blocklisting of up to 16,000,000 Ordinary Shares, which became effective on 4 July 2019, since the period end, the Company has issued 1,635,000 Ordinary Shares raising a total of £1,726,000.

## Glossary

### Alternative Performance Measure (“APM”)

An APM is a numerical measure of the Company’s current, historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial framework.

The definitions below are utilised for the measures of the Company, the investment portfolio and underlying individual investments held by the Company. Certain of the metrics are to look through the investments held, excluding certain non-core activities, so the performance of the actual core of the investment may be evaluated. Where a company in the investment portfolio holds a number of listed investments these are excluded in order to determine the actual core value metrics.

### Comparator Benchmark

The Company’s Comparator Benchmark is the MSCI Japan Small Cap Index, expressed in Sterling terms. The benchmark is an index which measures the performance of the Japan equity market. The weighting of index constituents is based on their market capitalisation. Dividends paid by index constituents are assumed to be reinvested in the relevant securities at the prevailing market price. The Investment Manager’s investment decisions are not influenced by whether a particular company’s shares are, or are not, included in the benchmark. The benchmark is used only as a yard stick to compare investment performance.

### Cost

The book cost of each investment is the total acquisition value, including transaction costs, less the value of any disposals or capitalised distributions allocated on a weighted average cost basis.

### Discount/Premium

If the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium.

The discount and performance are calculated in accordance with guidelines issued by the AIC. The discount is calculated using the net asset values per share inclusive of accrued income with debt at market value.

### Earnings Before Interest and Taxes (“EBIT”)

EBIT is equivalent to profit before finance costs and tax set out in the statement of comprehensive income.

### Enterprise Value (“EV”)

Enterprise Value reflects the economic value of the business by taking the market capitalisation less cash, investment securities and the value of treasury shares plus debt and net pension liabilities.

### Enterprise Value (“EV”)/Earnings Before Interest and Taxes (“EBIT”)

A multiple based valuation metric that takes account of the excess capital on a company’s balance sheet. For example, if a company held 80% of its market capitalisation in NFV (defined under Net Financial Value / Market Capitalisation), had a market capitalisation of 100 and EBIT of 10, the EV/EBIT would be 2x,  $(100-80)/10$ .

### Enterprise Value (“EV”) Free Cash Flow Yield (“EV FCF Yield”)

A similar calculation to free cash flow yield except the free cash flow excludes interest and dividend income and is divided by enterprise value. This gives a representation for how overcapitalised and undervalued a company is. If a company were to pay out of all of its NFV (defined under Net Financial Value/Market Capitalisation) and the share price remained the same, the EV FCF Yield would become the FCF yield. For example, take a company with a market capitalisation of 100 that had NFV of 80 and FCF of 8. The FCF yield would be 8%,  $8/100$ , but if the company paid out all of its NFV the FCF yield would become 40%,  $8/(100-80)$ . This gives an indication of how cheaply the market values the underlying business once excess capital is stripped out.

### Free Cash Flow (“FCF”) Yield

Free cash flow is the amount of cash profits that a business generates, adjusted for the minimum level of capital expenditure required to maintain the company in a steady state. It measures how much a business could pay out to equity investors without impairing the core business. When free cash flow is divided by the market value, we obtain the free cash flow yield.

### Gearing

Gearing refers to the ratio of the Company’s debt to its equity capital. The Company may borrow money to invest in additional investments for its portfolio. If the Company’s assets grow, the Shareholders’ assets grow proportionately more because the debt remains the same. But if the value of the Company’s assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

The gearing of 11.3% represents borrowings of £10,685,000 expressed as a percentage of Shareholders’ funds of £94,437,000. The gearing of 7.6% represents borrowings net of cash of £7,204,000 expressed as a percentage of Shareholders’ funds of £94,437,000.

### Net Asset Value (“NAV”)

The NAV is Shareholders’ funds expressed as an amount per individual share. Shareholders’ funds are the total value of all of the Company’s assets, at their current market value, having deducted all liabilities and prior charges at their par value, or at their asset value as appropriate. The total NAV per share is calculated by dividing the NAV by the number of Ordinary Shares in issue.

### Net Cash/Market Capitalisation

Net cash consists of cash and the value of treasury shares less debt and net pension liabilities. It is a measure of the excess cash on a company’s balance sheet and, by implication, how much value the market attributes to the core operating business. For example, the implied valuation of the core operating business of a company trading with a net cash/market capitalisation of 100% is zero.

### Net Financial Value (“NFV”)/Market Capitalisation

Net Financial Value consists of cash, investment securities (less capital gains tax) and the value of treasury shares less debt and net pension liabilities. A measure of the excess cash on a company’s balance sheet and, by implication, how much value the market attributes to the core operating business. For example, the implied valuation of the core operating business of a company trading with a NFV/market capitalisation of 100% is zero.

## Glossary

### Continued

#### Ongoing Charges Ratio

As recommended by the AIC in its guidance, ongoing charges are the Company's annualised expenses of £1,458,000 (excluding finance costs and certain non-recurring items) expressed as a percentage of the average monthly net assets of £81,943,000 of the Company during the period.

#### Portfolio Discount

A proprietary estimate of how far below fair value a given company is trading. For example, if a company with a market capitalisation of 100 had 80 NFV and a calculated fair value of the operating business of 90, we would attribute it a discount of -41%,  $100/(90+80) - 1$ . This indicates the amount of potential upside. The company trading on a -41% discount has a potential upside of +69%,  $1/(1-0.41)$ .

#### Return on Equity ("ROE")

A measure of performance calculated by dividing net income by shareholder equity.

#### ROE ex non-core financial assets

Non-core financial assets consists of cash and investment securities (less capital gains tax) less debt and net pension liabilities. The ROE is calculated as if non-core financial assets were paid out to shareholders. Companies with high balance sheet allocations to non-core, low yielding financial assets have depressed ROEs. The exclusion of non-core financial assets gives a fairer representation of the true ROE of the underlying business.

#### Total Return – NAV and Share Price Returns

The combined effect of any dividends paid, together with the rise or fall in the share price or NAV. Total return statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. Any dividends received by a Shareholder are assumed to have been reinvested in either additional shares in the Company or in the assets of the Company at the prevailing NAV, in either case at the time that the shares begin to trade ex-dividend.

## Shareholder Information

### Investing in the Company

The Company's Ordinary Shares are listed on the London Stock Exchange and can be bought directly on the London Stock Exchange or through the platforms listed on [www.ajot.co.uk/how-to-invest/platforms/](http://www.ajot.co.uk/how-to-invest/platforms/).

### Share Prices

The share price is published daily in The Financial Times, as well as on the Company's website: [www.ajot.co.uk](http://www.ajot.co.uk)

### Dividends

Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandate forms may be obtained from Link Asset Services, using the contact details given below or via [www.signalshares.com](http://www.signalshares.com). The Company operates the BACS system for the payment of dividends. Where dividends are paid directly into Shareholders' bank accounts, dividend tax vouchers are sent to Shareholders' registered addresses.

### Registrar Customer Support Centre

Link Asset Services' Customer Support Centre is available to answer any queries you have in relation to your shareholding:

- By phone: from the UK, call 0871 664 0300, from overseas call +44 (0) 371 664 0300 (calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00-17:30, Monday to Friday excluding public holidays in England and Wales);
- By email: [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk);
- By post: The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

### Change of Address

Communications with Shareholders are mailed to the last address held on the share register. Any change or amendment should be notified to Link Asset Services using the contact details given above, under the signature of the registered holder.

### Daily Net Asset Value

The daily net asset value of the Company's shares can be obtained from the London Stock Exchange or via the website: [www.ajot.co.uk](http://www.ajot.co.uk)

## Company Information

### Directors

Norman Crighton (*Chairman*)  
Ekaterina (Katya) Thomson  
Yoshi Nishio  
Margaret Stephens

### Administrator

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EX4 4EP

### Auditor

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Counterslip  
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BS1 6BX

### Corporate Broker

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### Custodian

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25 Bank Street  
Canary Wharf  
London  
E14 5JP

### Depository

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Canary Wharf  
London  
E14 5JP

### Investment Manager and AIFM

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SW1Y 6AL

### Registered office

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Devon  
EX4 4EP

### Registrar and Transfer Office

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The Registry  
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Beckenham  
Kent  
BR3 4TU

Registrar's Shareholder Helpline  
Tel. 0871 664 0300

*Calls cost 12p per minute plus your phone company's access charge.  
Calls from outside the United Kingdom will be charged at the applicable  
international rate. Lines are open between 09:00-17:30, Monday to  
Friday, excluding public holidays in England and Wales.*

### Secretary

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EX4 4EP

### Solicitors

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