

November was a particularly strong month for AJOT's performance. This was primarily driven by Toshiba Corp's offer to acquire 100% of two of its listed subsidiaries that we held in our portfolio. Both NuFlare Technology and Toshiba Plant received bids from their parent, Toshiba Corp, at significant premia to prevailing share prices. The two Toshiba subsidiaries have been successful investments for AJOT, generating an IRR of 110% in the case of NuFlare, and 35% for Toshiba Plant.

The month also saw the continued share price recovery of many holdings that had experienced weakness over the summer. Adding to these positions at depressed valuations further enhanced our performance.

Reported earnings for the quarter ending September 2019 were muted, with operating profits for the TOPIX falling -3.6% and companies revising full-year profits down by -4.3%. This seems to have already been priced in, with the market taking the news in its stride and appreciating by +7.7% in JPY over October and November (+1.3% in GBP).

The parent-child subsidiary theme is one we have discussed extensively since the launch of this fund. Many large conglomerate-like companies such as Toshiba Corp are coming under pressure from their shareholders to simplify and consolidate their often complex subsidiary portfolios. By owning 50% of listed subsidiaries, they have effective control of these companies without having to pay up for full ownership, and this can often be detrimental to the interests of minority shareholders. The corporate governance and stewardship codes are forcing companies to focus on shareholder returns, and there can be significant value trapped in these subsidiaries.

Over the month Mitsubishi Chemical launched a 50% premium tender offer for the 44% of Mitsubishi Tanabe it didn't already own. Along with the two Toshiba buy-ins, there were no less than ten announced subsidiary acquisitions in November, and we believe this trend will continue. The two Toshiba subsidiaries we owned made up approximately 12% of the portfolio and we have a further 11% of the fund invested in five other subsidiary situations. Whilst the timing of these events is uncertain, the Toshiba case highlights the potential upside from these investments.

Despite the strong recovery in NAV since August, the portfolio still trades on an EV/EBIT multiple of 3.6x and the companies on average have 84% and 46% of their market caps covered by net financial value¹ and net cash respectively. While we are seeing an increasing amount of excess capital being returned to shareholders through buybacks (announced buybacks for TOPIX companies are up +112% year-to-date), our returns are not solely dependent on balance sheet reform. In the meantime, we benefit from our companies' good earnings prospects and a free cash flow yield of 6.1%.

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.

Performance Total Return¹

This investment management report relates to performance figures to 30 November 2019.

% Return	Month	Since Inception*	2019 Calendar Yr
AJOT Share Price	9.8%	15.0%	15.0%
AJOT NAV	6.2%	12.4%	17.1%
MSCI Japan Small Cap	0.9%	8.6%	15.5%

Cumulative Return	1 mo	2 mo	3 mo	6 mo	1 yr
AJOT Share Price	9.8%	11.1%	13.3%	10.3%	9.5%
AJOT NAV	6.2%	7.7%	10.3%	7.0%	10.2%
MSCI Japan Small Cap	0.9%	2.7%	3.7%	10.3%	5.9%

Statistics

Share Price (pence)	115.0
NAV (pence)	110.2
Premium / (Discount)	4.4%

Fund Facts

Launch Date	23 October 2018
Net Assets	£125m
Investment Manager	Asset Value Investors Limited
AJOT Shares owned by the Manager***	1,110,000
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

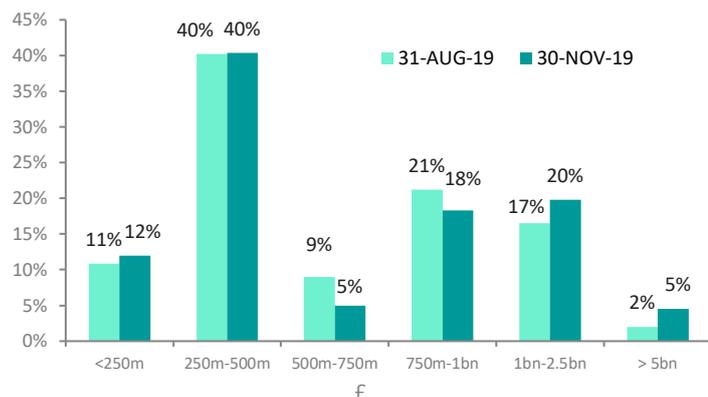
* 23 October 2018 Start Date

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

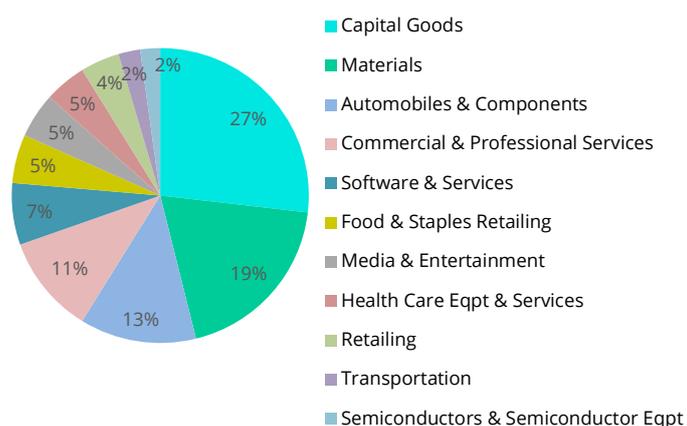
*** Shares owned by AVI Ltd & AVI employees

¹ Net Financial Value (NFV) = Cash + Investment Securities + Value of Treasury Shares – Debt – Net Pension Liabilities

Market Cap Breakdown (% of Portfolio)



Sector Breakdown (% of Portfolio)



Top Ten Equity Holdings % of NAV

Holding	31-AUG-19	Holding	30-NOV-19
SK Kaken	6.7	Teikoku Sen-I	6.1
NuFlare Technology	6.3	SK Kaken	6.1
Secom Joshinetsu	6.3	Pasona Group	5.7
Kato Sangyo	5.9	Fujitec	5.6
Pasona Group	5.6	Digital Garage	5.3
Teikoku Sen-I	5.6	Kato Sangyo	5.3
Toshiba Plant	5.5	C Uyemura	5.2
Konishi	4.9	Secom Joshinetsu	5.0
Fukuda Denshi	4.9	Tokyo Broadcasting System	4.9
Fujitec	4.7	Fukuda Denshi	4.6
TOTAL	56.4	TOTAL	53.8
% Gearing	108.4	% Gearing	102.8
No. of Holdings	28	No. of Holdings	29

Further Information

Investment Manager – Joe Bauernfreund, AVI Ltd.
+44 20 7659 4800 info@ajot.co.uk

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.