

We launched our second public engagement campaign this month, highlighting the inefficiency of Teikoku Sen-i's balance sheet and its destruction of shareholder value. AVI funds have been shareholders in Teikoku since March 2018 and we now collectively hold 5.2% of the outstanding shares. It manufactures and distributes disaster prevention equipment, with 56% of its market cap covered by net cash and investment securities.

We have engaged with the company on a range of issues. However, despite improving corporate governance across Japan and widespread acceptance that hoarding excess cash and maintaining "strategic securities" portfolios erodes corporate value, Teikoku has failed to make adequate improvements.

Teikoku has received shareholder proposals at each of the past two AGMs. Despite being in shareholders' best interests, the proposals failed to receive sufficient support because Teikoku's "Group Shareholders" blindly voted with management. We are targeting these "Group Shareholders" to hold them accountable and encourage them to vote in favour of our proposals. More information can be found on www.transformingteikoku.com.

Our first public campaign targeted Tokyo Broadcasting System (TBS), where we have been engaging with the Board/Management for almost three years, conducting 7 meetings, presenting at their AGM and writing 11 letters. It was, therefore, most pleasing that at the start of February TBS announced a 2% buyback following a partial sale of an undisclosed investment (likely Tokyo Electron). While the buyback only scratches the surface of TBS's balance sheet problem, it is encouraging that they have listened to our suggestions and taken a positive first step to improve balance sheet efficiency.

What the public doesn't see is the engagement that happens behind closed doors. We also submitted shareholder proposals to another company, but its Board agreed to our suggestions, and announced satisfactory changes. The share price reacted positively and we quietly withdrew our proposals, keeping our conversations private. This is the first clear engagement success we have had. While it has been possible to link our engagement to positive results at other companies, the outcome at this company was indisputably driven by our efforts. Management told us that our letters had sparked discussions on these matters and that their new policies were formed around our views. It is a hugely encouraging outcome and points to the changing attitudes amongst Japanese management towards shareholders.

The total number of companies that have announced buybacks since AJOT's launch now stands at 12.

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 31 January 2020.

% Return	Month	Since Inception*	2020 Calendar Yr
AJOT Share Price	-1.5%	12.5%	-1.5%
AJOT NAV	-3.2%	10.7%	-3.2%
MSCI Japan Small Cap	-2.9%	4.8%	-2.9%

Cumulative Return	1 mo	2 mo	3 mo	6 mo	1 yr
AJOT Share Price	-1.5%	-2.2%	7.4%	4.4%	11.3%
AJOT NAV	-3.2%	-1.6%	4.5%	3.0%	14.7%
MSCI Japan Small Cap	-2.9%	-3.1%	-2.7%	-0.4%	9.1%

Statistics

Share Price (pence)	112.5
NAV (pence)	108.9
Premium / (Discount)	3.8%

Fund Facts

Launch Date	23 October 2018
Net Assets	£125m
Investment Manager	Asset Value Investors Limited
AJOT Shares owned by the Manager***	1,112,720
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

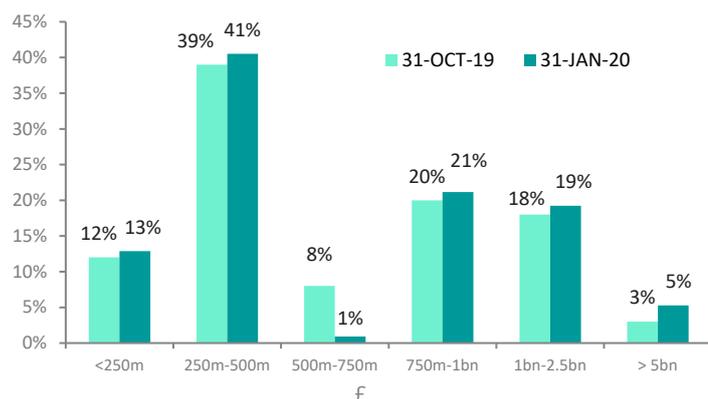
¹ All performance shown in GBP Total Return

* 23 October 2018 Start Date

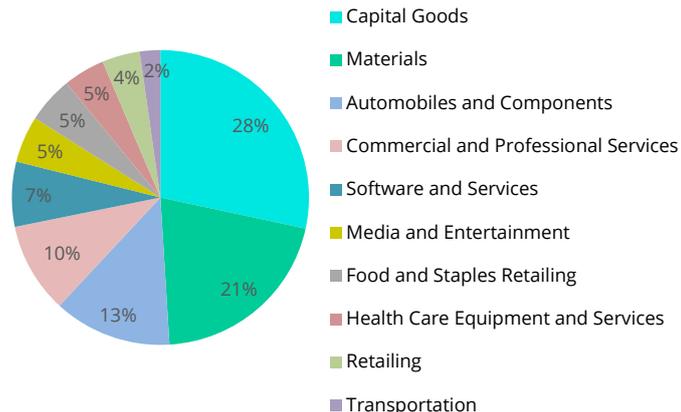
** 25% of Management Fee to be reinvested in shares of AJOT

*** Shares owned by AVI Ltd & AVI employees

Market Cap Breakdown (% of Portfolio)



Sector Breakdown (% of Portfolio)



Top Ten Equity Holdings % of NAV

Holding	30-Oct-19	Holding	31-JAN-20
Toshiba Plant	6.6	SK Kaken	7.5
Teikoku Sen-I	6.6	Teikoku Sen-I	7.4
Kato Sangyo	6.1	Fujitec	5.7
SK Kaken	5.9	Toyota Industries	5.5
Fujitec	5.6	Tokyo Broadcasting System	5.3
C Uyemura	5.6	Kato Sangyo	5.3
Secom Joshinetsu	5.5	Secom Joshinetsu	5.2
Pasona Group	5.5	Digital Garage	5.2
Digital Garage	5.4	Daiwa Industries	5.1
Konishi	4.9	C Uyemura	5.1
TOTAL	57.7	TOTAL	57.3
% Gearing	108.1	% Gearing	103.1
No. of Holdings	28	No. of Holdings	29

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.