

Investors may wonder why we have announced a placing for up to £30m during this turbulent time on world stock markets. Firstly, as we explain below, this is an opportune time to invest in the strategy. Secondly, this is a long-term strategy and we believe that the underlying thesis of improving corporate governance and compelling valuations has not changed. As we have experienced demand from investors in recent months we want to be in a position to continue to meet this interest with further issues over the next year to achieve the target fund size of £200m.

After a difficult month for Japanese small caps, the valuation of our portfolio has reached the lowest levels since launch. Our companies on average have 87% of their market caps covered by net cash and investment securities, and trade on average EV/EBIT of 2.2x. This compares to levels of 82% and 3.4x respectively as at the end of January. Furthermore, there are now eight companies trading on EV/EBITs of less than zero, vs three as at 31st January 2020. There are five companies trading with net cash above 90% of their market caps.

Whilst these kinds of extreme valuation levels will not be a firm line in the sand in the very short-term, they are highly irrational and are unlikely to persist for any extended period of time. In the current corporate governance environment, we have found that profitable companies with substantial cash balances, tend not to trade beyond 100% NFV/Market Cap for extended periods of time. In the short-term however, due to lack of research, liquidity and size, the share prices of some of the companies in our portfolio could experience severe price reactions. This is despite their high cash backing, which logically should offer resilience to market shocks; the cash is here today, whereas the intrinsic value of the operating business is derived from future cash flows which is susceptible to exogenous shocks. The share price reactions over the month and dislocation between market price and fundamental value provides an opportunity. We are excited to add to our existing holdings and have identified at least two new companies to purchase.

Over the month we declared a 5% stake in A-One Seimitsu. It is a manufacturer of collet chucks and cutting tools. While somewhat cyclical, it has a market share of around 60% and achieves an impressive 30% operating margin. With cash accounting for 99% of the market cap, investors are attributing very little value to the operating business. We have been engaging with management and hope to encourage better balance sheet management.

We are pleased to welcome an off-cycle intern to the AVI investment team. He has several years' experience working in investment banking at Nomura in Tokyo and will join the London based team. He is a native Japanese speaker.

We have also hired a native Japanese speaker who joins AVI as an assistant to the Team in London.

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 29 February 2020.

% Return	Month	Since Inception*	2020 Calendar Yr
AJOT Share Price	-14.7%	-4.0%	-16.0%
AJOT NAV	-10.8%	-1.3%	-13.7%
MSCI Japan Small Cap	-9.1%	-4.7%	-11.7%

Cumulative Return	1 mo	2 mo	3 mo	6 mo	1 yr
AJOT Share Price	-14.7%	-16.0%	-16.5%	-5.4%	-7.4%
AJOT NAV	-10.8%	-13.7%	-12.2%	-3.2%	-0.4%
MSCI Japan Small Cap	-9.1%	-11.7%	-12.3%	-9.0%	-0.8%

Statistics

Share Price (pence)	96.0
NAV (pence)	96.7
Premium / (Discount)	-0.7%

Fund Facts

Launch Date	23 October 2018
Net Assets	£111m
Investment Manager	Asset Value Investors Limited
AJOT Shares owned by the Manager***	1,112,226
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

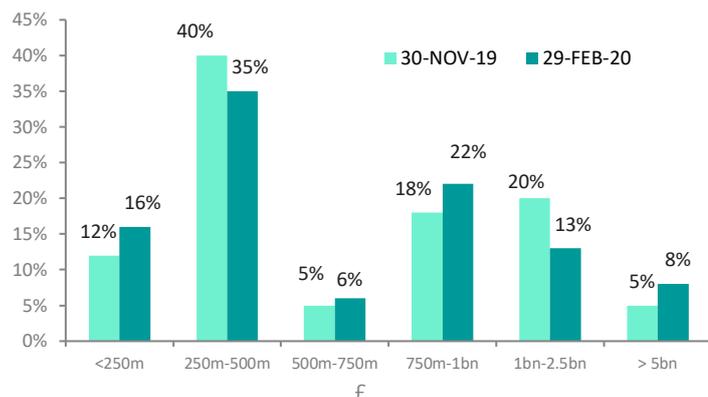
¹ All performance shown in GBP Total Return

* 23 October 2018 Start Date

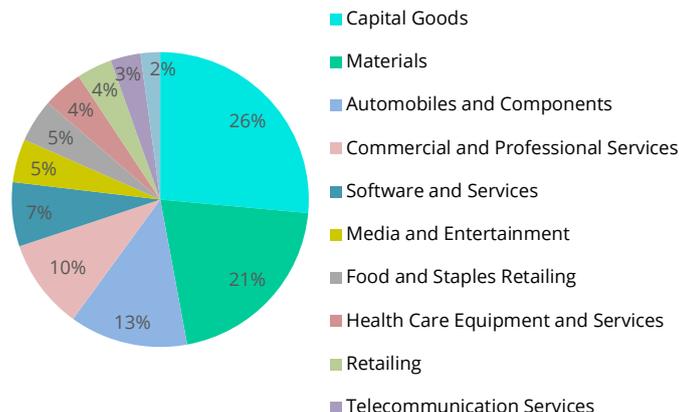
** 25% of Management Fee to be reinvested in shares of AJOT

*** Shares owned by AVI Ltd & AVI employees

Market Cap Breakdown (% of Portfolio)



Sector Breakdown (% of Portfolio)



Top Ten Equity Holdings % of NAV

Holding	30-NOV-19	Holding	29-FEB-20
Teikoku Sen-I	6.1	SK Kaken	8.2
SK Kaken	6.1	Teikoku Sen-I	6.7
Pasona Group	5.7	Fujitec	6.1
Fujitec	5.6	Secom Joshinetsu	6.0
Digital Garage	5.3	Toyota Industries	6.0
Kato Sangyo	5.3	Tokyo Broadcasting System	5.4
C Uyemura	5.2	Kato Sangyo	5.3
Secom Joshinetsu	5.0	C Uyemura	5.3
Tokyo Broadcasting System	4.9	Pasona Group	5.2
Fukuda Denshi	4.6	Konishi	5.2
TOTAL	53.8	TOTAL	59.4
% Gearing	102.8	% Gearing	112.9
No. of Holdings	29	No. of Holdings	30

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.