

News



Asset Value praises Fujitec's actions

21st September 2020

Asset Value Investors has praised a series of actions by Fujitec management aimed at improving the Japanese company's valuation.

"We continue to hold private dialogue with Fujitec and have been encouraged by their improved communications with shareholders and their announcement that they will combine their escalator and elevator business in China to improve efficiencies," Asset Value's AVI Japan Opportunity Trust said in its August update to investors.

Asset Value said its public campaign likely "sparked investors' interest in Fujitec," and the stock was AVI Japan's greatest contributor for the month. AVI Japan, a closed-end fund launched by Asset Value in October 2018 to focus on Japanese small- and mid-caps, is still down 7.9% for the year, compared with the benchmark index MSCI Japan Small Cap, which is down 6.5%. Since inception, AVI Japan has risen 5.2%, while the index is up just 0.9%.

Asset Value launched its campaign at Fujitec in May 2020, calling for a strategic review, corporate governance improvements, and the sale of cross-held shares. Oasis Management joined the fray a few days later and submitted a shareholder proposal to cancel treasury shares, which got 33% of the votes.

At the end of June, Oasis threatened to call a special meeting to change the leadership if management does not "act urgently to secure the company's future."

In August, Fujitec promised to come up with a new strategic direction "for business strategy and capital policies" by year-end. It made the decision in light of the COVID-19 pandemic and "valuable feedback" from stakeholders.

Earlier this month, Fujitec combined its Chinese elevator and escalator businesses to "build an agile and efficient management system."

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Timeline

Date	Summary
29-Jun-20	Oasis Management announces that despite its shareholder proposals not being approved for the cancellation of treasury stock at Fujitec, it is encouraged by the results and states it will not stop engaging with the company
26-May-20	Oasis Management submits a shareholder proposal for consideration at the Fujitec 2020 AGM, requesting that the company cancel its treasury shares, amounting to 9.98% of total outstanding shares
12-May-20	Asset Value Investors publishes an investor presentation urging Fujitec to perform a strategic review, divest its holdings in other listed companies, and adopt a three-committee style board structure