

April 2021

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.

HEADLINES

Shareholder Engagement

We formally submitted shareholder proposals to seven of our portfolio companies in April.

[Read more below](#)

Fujitec continues positive steps

During the month, Fujitec commissioned a research report in English.

[Read more below](#)

PERFORMANCE¹

(Figures to 30 April 2021)

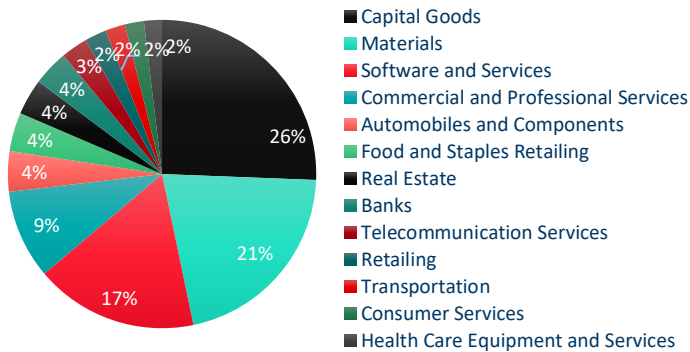
Share Price (pence)	112.0
NAV (pence)	106.0
Premium / (Discount)	5.7%

	Month	Since Inception*	2020 Calendar Yr
AJOT Share Price	0.6%	14.4%	1.3%
AJOT NAV	-1.5%	10.6%	-2.1%
MSCI Japan Small Cap	-1.5%	12.3%	0.9%

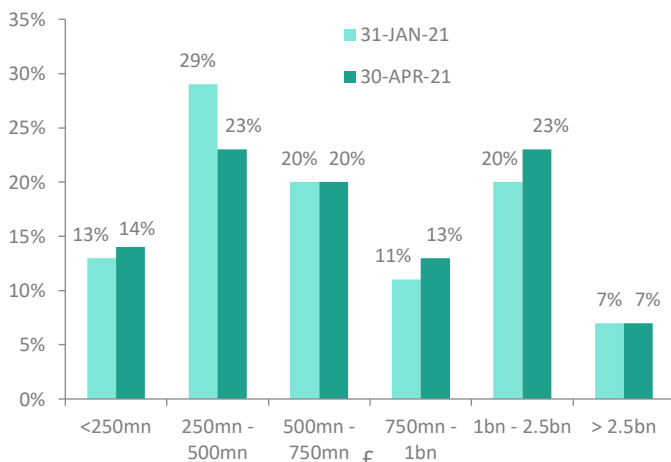
Cumulative Return	1 mo	2 mo	3 mo	6 mo	1 yr
AJOT Share Price	0.6%	6.8%	5.8%	6.0%	18.6%
AJOT NAV	-1.5%	2.0%	0.5%	0.2%	10.9%
MSCI Japan Small Cap	-1.5%	3.5%	2.1%	5.8%	17.1%

THE FUND

Sector Breakdown (% of Portfolio)



Market Cap Breakdown (% of Portfolio)



Top Ten Equity Holdings % of NAV

Holding	31-JAN-21	Holding	30-APR-21
Fujitec	8.3	Fujitec	7.6
DTS	7.1	DTS	7.6
SK Kaken	6.1	Digital Garage	6.5
Secom Joshinetsu	5.8	SK Kaken	5.4
Pasona Group	5.7	Secom Joshinetsu	5.1
C Uyemura	5.3	C Uyemura	5.0
Konishi	5.2	Pasona Group	5.0
Teikoku Sen-I	5.0	Konishi	4.7
NS Solutions	4.8	NS Solutions	4.4
Daiwa Industries	4.7	Kato Sango	4.4
TOTAL	58.0	TOTAL	55.7
% Gearing	110.6	% Gearing	108.6
No. of Holdings	27	No. of Holdings	28

MANAGER'S COMMENT

We formally submitted shareholder proposals to seven of our portfolio companies in April. We say formally, as we have been informally putting forward the same suggestions to management persistently since we first invested in each company. The submission of the shareholder proposals came as no surprise to management, as in the preceding months we have taken the time to explain, at great lengths, the reasonings for our actions. In fact, the shareholder proposals have allowed us to have more frequent and meaningful dialogue with our investee companies which has fostered closer relationships.

Two of the targeted companies announced their FY results over the month. The first announced the formation of a Sustainable Development Goals Committee which will formulate a mid-term plan considering ESG; cancelled 9% worth of outstanding shares held in treasury; committed to cancelling cross-holding relationships; and announced a sizeable buyback. We are in the process of withdrawing the shareholder proposals put to that company, so it will remain nameless. The second, **NS Solutions**, opposed our three shareholder proposals seeking a higher dividend, a share buyback, and the introduction of stock-based compensation for management. While we had hoped to reach an agreement on these issues, there was some movement from management as they had already adopted two of our suggestions (adopting an audit committee board structure and publishing mid-term targets for the first time in their history). NS Solutions is a conservative company, and we expect it will take a little more time to come round to our other suggestions.

Fujitec was the largest contributor over the month, with its share price increasing by 5%. During the month, Fujitec commissioned a research report in English. While unlikely to explain the share price move, it is nonetheless an encouraging step by management. Fujitec suffers from a lack of sell-side coverage, so the report should help to raise Fujitec's profile amongst investors. **Secom Joshinetsu** was the second-largest contributor, with a share price return of +7%, on what we expect is a greater appreciation for the Company's defensive characteristics.

On the detractors side, the **Bank of Kyoto** was the largest, with its share price falling -14% during a weak month for regional banks and its peer group falling -9%. **Kato Sangyo** was the second-largest detractor, falling -11%, on little news except for announcing that it would be acquiring a small wholesale food business in Vietnam as part of its overseas expansion plans.

Despite us building a new position in a company with a higher-than-average multiple (justified by being a commensurately higher quality business), the EV/EBIT of the portfolio fell a little from 4.8x to 4.5x. We expect that the upcoming full-year results will see a strong return of earnings growth, further highlighting the portfolio's extreme undervaluation.

FUND FACTS

Fund Facts	
Launch Date	23 October 2018
Net Assets	£140.3m
Investment Manager	Asset Value Investors Limited
AJOT Shares owned by the Manager***	1,752,669
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

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.