

MAY MID MONTH 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.

## MANAGER'S COMMENT

We wanted to provide this mid-month update as we have launched three public campaigns. As we commented in our April newsletter, we submitted shareholder proposals to seven companies ahead of their June 2021 AGMs. Since then, we have withdrawn proposals from three, are still in discussions with one (where we have a meeting with the President and its parent company at the end of the month) and three remain active, of which we highlight details below.

The broad theme connecting the three public campaigns is the mistreatment of minority shareholders. Each company has a controlling shareholder: Tokyo Radiator is 40% owned by KKR-owned Marelli; SK Kaken is 40% owned by the Fuji Family; and NS Solutions is 63% owned by Nippon Steel. Under the oversight of these shareholders, there have been a multitude of failings and while some improvements have been made following our private dialogue, they were not satisfactory.

We believe that these proposals will benefit all shareholders. While we do not expect an immediate outcome, we are hopeful that they will serve to raise our arguments to a wider shareholder base and build pressure on management to enact changes.

Further information on each campaign can be found at their dedicated websites below, and we would be happy to discuss our campaigns in further detail with anyone who is interested.

[www.anindependenttokyoradiator.com](http://www.anindependenttokyoradiator.com)

[www.paintingabetterSKKaken.com](http://www.paintingabetterSKKaken.com)

[www.takingnssoltothenextlevel.com](http://www.takingnssoltothenextlevel.com)

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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](http://www.ajot.co.uk)

[www.assetvalueinvestors.com](http://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.