

Performance Total Return¹

This investment management report relates to performance figures to 28 February 2019.

February has been an active month on the corporate governance front. Five companies announced a buyback (Kanaden, King, Tachi-S, Kato Sangyo and Secom Joshinetsu), Secom for the first time. In King's and Kato Sangyo's case they have been regularly buying back shares - showing their understanding that buybacks should form a part of consistent returns to shareholders and not only to provide liquidity to a large seller.

Given that we have written explicitly about the merits of buybacks to Kanaden, Tachi-S and Kato Sangyo, and expressed our views verbally to King and Secom Joshinetsu, it is pleasing that these companies have chosen to adopt our recommended policies. The market reacted positively to these measures with the average share price appreciating by +6.2% since the announcement compared to +1.6% for the MSCI Japan Small Cap Index with a range from -2.0% to +15.0%.

Kanaden's buyback was all the more encouraging given it was targeted at unwinding its cross-shareholding arrangements with two large domestic banks. We had been suggesting that Kanaden use excess capital to pursue buybacks given the astoundingly low 1.1x EV/EBIT multiple at which its shares trade, with net cash and investment securities covering 87% of the market cap.

Shortly after month end, Tokyo Broadcasting System ("TBS") announced that it had sold a portion of its investment securities portfolio. This news is most welcome, having engaged with the company numerous times over our ownership period, and having submitted a shareholder proposal last June seeking a reduction in its securities portfolio.

Both announcements by Kanaden and TBS highlight that the system of cross-shareholding relationships is beginning to unwind.

The multitude of corporate governance announcements adds tangible evidence to our original thesis. It confirms our view that the companies within AJOT, with net cash and investment securities covering 78% of market cap, are fundamentally mispriced and offer the prospect for material upside.

	Month	Since Inception*	2019 Calendar Yr
AJOT Share Price	2.5%	2.1%	3.7%
AJOT NAV	2.7%	-0.9%	3.2%
MSCI Japan Small Cap	0.0%	-4.0%	2.1%

Cumulative Return	1 mo	2 mo	3 mo	6 mo	1 yr
AJOT Share Price	2.5%	3.7%	-1.3%	-	-
AJOT NAV	2.7%	3.2%	-2.9%	-	-
MSCI Japan Small Cap	0.0%	2.1%	-6.4%	-	-

Investment Objective: To achieve capital growth through investing in a focussed 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.

Statistics

Share Price (pence)	103.7
NAV (pence)	97.1
Premium / (Discount)	6.8%

Fund Facts

Launch Date	23 October 2018
Net Assets	£77.7m
Investment Manager	Asset Value Investors Limited
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

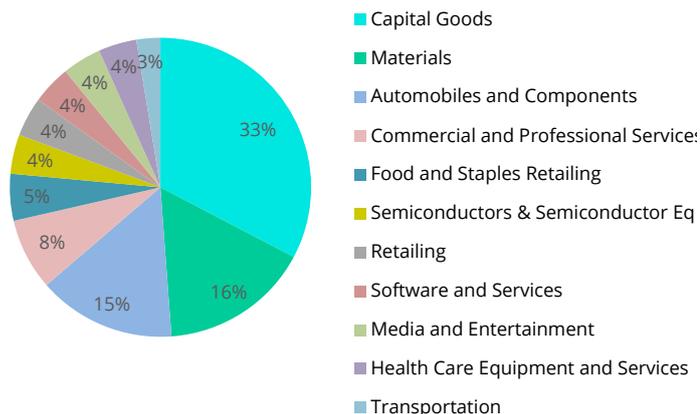
* 23 October 2018 Start Date

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

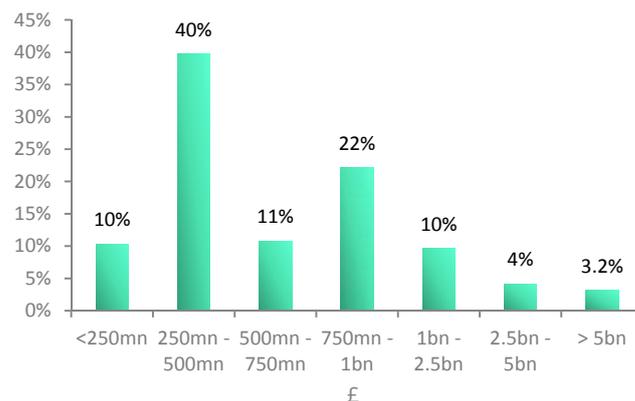
Top Ten Equity Holdings

Holding	% of NAV
Teikoku Sen-I Co Ltd	5.1
Fujitec Co Ltd	5.0
Kato Sangyo Co Ltd	4.9
Pasona Group Inc	4.8
Daiwa Industries Ltd	4.3
Sekisui Jushi Corp	4.3
C Uyemura & Co Ltd	4.3
Nakano Refrigerators Co Ltd	4.3
Fukuda Denshi Co Ltd	4.2
Tokyo Broadcasting System	4.1
TOTAL	45.3
% Cash	1.8
No. of Holdings	29

Sector Breakdown (% of Portfolio)



Market Cap Breakdown (% of Portfolio)



AVI Engagement & Corporate Development Update

Company	AVI Engagement	Outcome	Share Price Reaction ²	AVI Ownership
---------	----------------	---------	-----------------------------------	---------------

Buybacks

Kanaden	Five meetings Two letters (buyback and compensation committee)	4.0% buyback (reduction of cross-shareholdings)	+2%	5.5% [#]
King Corp	Two meetings	3.0% buyback (in addition to 2.0% last year)	+17%	1.8%
Tachi-S	Three meetings One letter (buyback and independent of committees)	2.8% buyback – first in four years	+3%	2.7% [#]
Kato Sangyo	Four meetings Three letters (buyback and director remuneration)	1.5% buyback (in addition to 1.5% buyback in October)	+14%	1.9% [#]
Secom Joshinetsu	One meeting, one conference call	6.5% buyback – first ever	-2%	0.7%

Dividends

Daiwa Industries	One meeting Three letters (change of dividend policy and performance-based remuneration, and thank you letter)	2 nd dividend hike since 1998. Two fold increase.	+1%	3.4% [#]
------------------	---	--	-----	-------------------

Other

TBS	Five meetings Nine letters (reduction of cross-shareholdings) Shareholder proposal	Reduction of cross-shareholdings	-	1.6% [#]
Toagosei	Three meetings Two letters (cancellation of anti-takeover measures, buybacks, stock-based compensation and advisory positions)	Cancellation of anti-takeover measures	-3%	0.5% [#]

²From date of announcement to 01/03/2019, [#]Including stake held in British Empire Trust plc

Further Information

Investment Manager – Joe Bauernfreund, AVI Ltd.
+44 20 7659 4800 info@ajot.co.uk

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.