January 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

Strong earnings

13 companies announced results, with 9 seeing not only profits returning to pre-COVID levels but growing.

Read more below

Revision to the Corporate Governance Code

We were especially pleased with the level of criticism on listed subsidiaries, which we think will lead to a further unwinding.

Read more below

PERFORMANCE¹ (Figures to 31 January 2021)

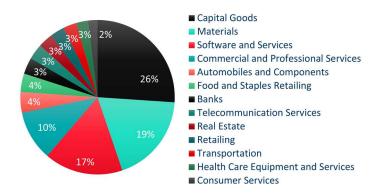
| Share Price (pence) | 106.5 |
|----------------------|-------|
| NAV (pence) | 106.1 |
| Premium / (Discount) | 0.4% |

| | Month | Since Inception* | 2020 Calendar Yr |
|----------------------|-------|------------------|---------------------|
| AJOT Share Price | -4.3% | 8.2% | -4.3% |
| AJOT NAV | -2.4% | 10.0% | -2.4% |
| MSCI Japan Small Cap | -1.2% | 9.9% | -1.2% |

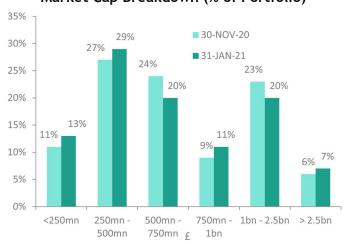
| Cumulative Return | 1 mo | 2 mo | 3 mo | 6 mo | 1 yr |
|----------------------|-------|-------|-------|-------|-------|
| AJOT Share Price | -4.3% | -1.8% | 0.2% | 3.0% | -3.9% |
| AJOT NAV | -2.4% | -1.6% | -0.3% | 11.7% | -0.6% |
| MSCI Japan Small Cap | -1.2% | 0.6% | 3.6% | 15.3% | 4.9% |

THE FUND

Sector Breakdown (% of Portfolio)



Market Cap Breakdown (% of Portfolio)



Top Ten Equity Holdings % of NAV

| Holding | 30-NOV-20 | Holding | 31-JAN-21 |
|------------------|-----------|------------------|-----------|
| Fujitec | 7.9 | Fujitec | 8.3 |
| Teikoku Sen-I | 6.4 | DTS | 7.1 |
| SK Kaken | 6.3 | SK Kaken | 6.1 |
| Pasona Group | 6.1 | Secom Joshinetsu | 5.8 |
| Secom Joshinetsu | 5.9 | Pasona Group | 5.7 |
| C Uyemura | 5.5 | C Uyemura | 5.3 |
| Konishi | 5.5 | Konishi | 5.2 |
| Softbank Group | 5.3 | Teikoku Sen-I | 5.0 |
| DTS | 5.0 | NS Solutions | 4.8 |
| Kato Sangyo | 4.8 | Daiwa Industries | 4.7 |
| TOTAL | 58.7 | TOTAL | 58.0 |
| % Gearing | 108.8 | % Gearing | 110.6 |
| No. of Holdings | 28 | No. of Holdings | 27 |

MANAGER'S COMMENT

Our companies have started to report post-COVID earnings, a hugely important quarter which we hope will prove to the market the quality of our portfolio and continue the V-shaped earnings recovery. So far so good. At the time of writing 13 companies announced results, with 9 seeing not only profits returning to pre-COVID levels but growing.

Alps Logistics was the standout performer, both in terms of contribution and earnings performance. Despite starting the period with a relatively small 2.5% weight, Alps Logistics contributed 55bps to performance, following a +24% share price return. Alps Logistics' share price benefitted from an upgrade to the 1st section of the Tokyo Stock Exchange and strong results, with YoY sales and profits growing +8% and +44%, following an uptick in electronic part shipments and continued growth in its ecommerce delivery business.

Soft99 was the next largest contributor, which again, despite starting the period with a modest 2.3% weight, contributed a respectable 38bps to performance with a +18% share price return. While Soft99 did not report results, its share price was buoyed by higher expectations for its semiconductor wafer cleaning business.

The two largest detractors were **Digital Garage** and **Pasona**, detracting -93bps and -66bps respectively. Digital Garage has yet to report results, and its -16% share price fall was remarkable considering its closet peer, GMO Payment, saw its share price increase by +8% while the share price of Kakaku.com, which accounts for 43% of Digital Garage's NAV, rose +7%. Digital Garage suffers from poor disclosure and a complex holding structure, which masks the true underlying quality of its fast-growing payments business, and we believe the weakness over the month was simply driven by a lack of investor interest, rather than a fundamental issue.

Pasona reported strong results, with profits increasing by 51% YoY buoyed by the highest Q2 operating margin for its unlisted businesses since 2008. Profit forecasts for the year were revised up +50%, admittedly from a low base, but to what we believe to still be excessively conservative levels. Share price weakness in its listed subsidiary, Benefit One, whose price fell -3%, only partially explains Pasona's -9% price fall, with Pasona's discount widening to 77%.

Towards the end of the month the FSA held a meeting to discuss the upcoming revisions to the Corporate Governance Code. The key points discussed were parent-subsidiary listings, cross-shareholdings and capital efficiency. We were especially pleased with the level of criticism on listed subsidiaries, which we think will lead to a further unwinding. At the end of the month, we were invested in seven listed subsidiaries accounting for 24% of our portfolio.

As has been a core tenet of our thesis, regulatory pressure is building on companies to improve their governance. Whether that be more independent board representation, improved disclosure, or better capital allocation, the direction of travel is clear, providing a tailwind to our performance as the remarkably low valuation of our portfolio - at just 4.1x EV/EBIT - becomes harder to justify.

FUND FACTS

| Fund Facts | |
|--|------------------------------------|
| Launch Date | 23 October 2018 |
| Net Assets | £124.6m |
| Investment Manager | Asset Value Investors Limited |
| AJOT Shares owned by the Manager*** 1,660, | |
| 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 |

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

