

January 2023

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

Earnings

Although it is too early to say for certain, there are encouraging signs that cost pressures are easing, and price increases are taking effect.

[Read more below](#)

TSI Holdings

TSI, the diversified apparel holding company, saw a share price increase of +18% over the month.

[Read more below](#)

LOCONDO

During the month LOCONDO reported quarterly results which saw sales and operating profit increase by +9% and +24% YoY.

[Read more below](#)

THE FUND

(Figures to 31 January 2023)

Share Price (pence)

118.0

NAV

120.2

Prem./Disc.

-1.8%

EV/EBIT

6.6

Net Cash/Market Cap

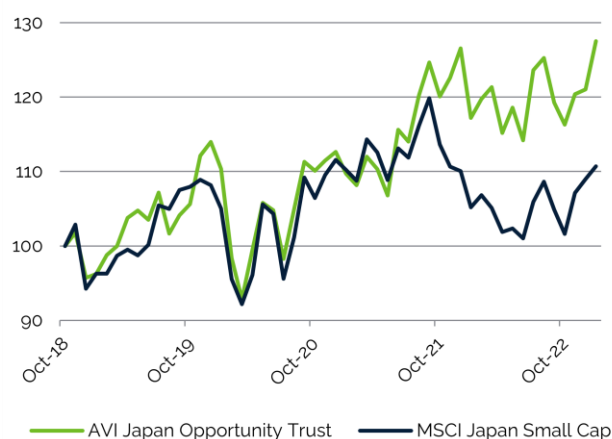
39.7%

NFV/Market Cap

60.1%

GBP	Month	YTD	1Y	3Y	SI*
AJOT Share Price	5.4%	5.4%	8.8%	15.8%	24.4%
AJOT NAV	5.4%	5.4%	8.8%	15.6%	27.9%
MSCI Jap Small Cap	1.6%	1.6%	5.2%	5.4%	10.4%

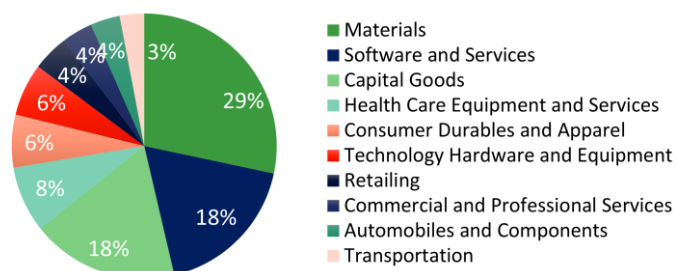
NAV Total Return Since Inception (£)



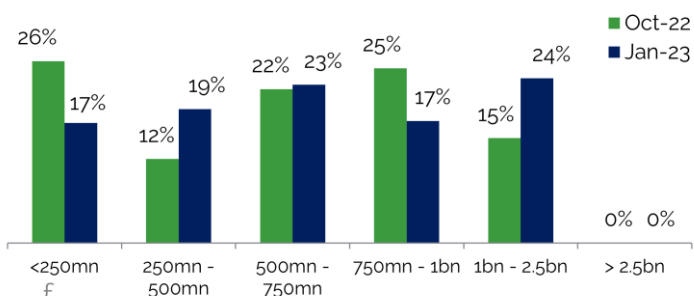
PORTFOLIO

(Holdings to 31 January 2023)

Sector Breakdown (% of Portfolio)



Market Cap Breakdown (% of Portfolio)



Top Ten Equity Holdings % of NAV

Holding	31-Oct-22	Holding	31-Jan-23
DTS Corp	9.5	DTS Corp	8.6
T Hasegawa	9.3	Nihon Kohden	8.6
Konishi	7.1	Konishi	7.3
Wacom	7.0	Shin-Etsu Polymer	7.1
Shin-Etsu Polymer	6.9	TSI Holdings	6.8
NC Holdings	6.1	Wacom	6.8
Fujitec	5.6	T Hasegawa	6.7
NS Solutions	5.3	NC Holdings	6.3
Nihon Kohden	5.2	Fujitec	5.9
C Uyemura	4.8	Digital Garage	5.4
TOTAL	66.8	TOTAL	69.5
% Gearing	5.4	% Gearing	5.1
No. of Holdings	25	No. of Holdings	24

MANAGER'S COMMENT

AJOT had a strong month, with NAV growth of +5.4%. This came despite Japanese small companies lagging buoyant markets, with the MSCI Japan Small Cap returning +1.6% compared to the MSCI Japan's +3.8% and the MSCI World +4.6% (all in GBP).

It was an encouraging month, with two large holdings, TSI Holdings and Shin-Etsu Polymer, seeing their share prices rise by +18% and +14%, respectively, together contributing 184bps to performance. There were few detractors, LOCONDO being the largest with a -6% share price decline reducing performance by 28bps.

At the end of the month, roughly half of portfolio companies had reported earnings. The overall pattern was one of strong sales growth but lagging profits due principally to cost pressures. Although it is too early to say for certain, there are encouraging signs that cost pressures are easing, and price increases are taking effect.

Over the month we continued to build our position in Nihon Kohden, which ended the month with a weight of 8.5%, and we added to DTS after a period of share price weakness that we believe is not justified by fundamentals. At the end of the month, the weighted average EV/EBIT valuation multiple on the portfolio was 6.6x, slightly higher than last month, with net cash and investment securities covering 60% of the market cap.

TSI Holdings (3608)

TSI, the diversified apparel holding company, saw a share price increase of +18% over the month. Results were in line with our expectations, with sales rising +11% YoY and profits falling -22% (higher raw material prices and one-off costs relating to head office move), the shares likely rose on the announcement of a 5.8% share buyback (following a 6.6% buyback last year) and the resignation of the Chairman from the founding family.

The +18% share price gain does little to change TSI's undervaluation. At the start of the month, net cash, investment securities, and realisable real estate accounted for 172% of its market cap compared to 147% at the end. We still see an estimated upside to the share price of +110%. Over the month we added modestly to the holding, although eased buying following the market's strong reaction to results. We own just under 5% of the voting shares and plan to engage with management on ways in which to further rectify the undervaluation – although given the spate of buyback announcements – we think we are pushing on an open door.

LOCONDO (3558)

During the month LOCONDO reported quarterly results which saw sales and operating profit increase by +9% and +24% YoY. The market seemed to have expected more, with the share price falling -6% over the month in response.

We share the market's concern over the stagnation in LOCONDO's core ecommerce website growth, which reported YoY -2% decline in gross merchandise value. However, LOCONDO's third-party logistics business saw +8% growth in shipping volume, taking two-year growth to an impressive +56%, while there were encouraging signs from the recently acquired Reebok brand.

The rights to manage the Japan Reebok brand should be hugely accretive for LOCONDO, who only paid for the inventory and is a large contributing factor behind management's confidence in growing profits by +75% next year. Management's tendency to overpromise and underdeliver, means investors are reluctant to believe rosy forecasts, but given the magnitude of anticipated profit growth (which we don't think is entirely unreasonable) management can miss by a long way and profits would still grow strongly. We do not believe that the current share price reflects LOCONDO's intrinsic value and we will be working with management on ways to rectify the lowly 8.6x EV/EBIT valuation.

STATISTICS

Contributors / Detractors (in GBP)

Largest Contributors	Quarterly Contribution bps	% Weight
TSI Holdings	102	6.8
Shin-Etsu Polymer	82	7.1
Konishi	58	7.3
Wacom	54	6.8
T Hasegawa	50	6.7

Largest Detractors	Quarterly Contribution bps	% Weight
Locondo	-28	3.8
NC Holdings	-16	6.3
Aichi Corp	-1	1.7
Digital Garage	0	5.4
ITFOR Inc	0	0.1

Fund Facts

Launch Date	23 October 2018
Net Assets	£164.8m
Investment Manager	Asset Value Investors Limited
AJOT Shares owned by the Manager***	2,424,235
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

	1m	%1y	3y	SI
Share Price TR ²	5.4%	8.8%	15.8%	8.8%
Net Asset Value TR ¹	5.4%	8.8%	15.6%	8.8%
MSCI Jap Small Cap	1.6%	5.2%	5.4%	5.2%
Fiscal Year Net Returns (%)	2023	2022	2021	2020
Price ¹	5.4%	-4.5%	12.4%	-0.7%
Net Asset Value ¹	5.4%	-4.3%	12.3%	-1.2%
MSCI Jap Small Cap	1.6%	-1.0%	-1.4%	3.2%

Capital Structure

Ordinary Shares	137,461,702
Shares held in Treasury	400,000
TONAR + 1.15% Revolving Credit facility	¥2,930,000

Gross Assets/Gearing

Gross Assets	180.2m
Debt at fair value (gross)	15.4m
Gearing (net)	5.1%

¹ All performance shown in GBP Total Return

² 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

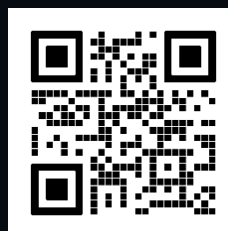
AVI Ltd. +44 20 7659 4800 info@ajot.co.uk

The share price can be found in The Financial Times.
ISIN: GB00BD6H5D36 Trading as: AJOT:LN

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 Global 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.