

April 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

## LOCONDO

LOCONDO with its +62% share price return and 240bps contribution was the standout performer.

[Read more below](#)

## Shareholder Proposals

We expect that our shareholder proposals to two companies' June AGMs will be made public in the coming months.

[Read more below](#)

## Shin-Etsu Polymer

Shin-Etsu Polymer's share price weakened -11% which followed the release of results towards the end of the month.

[Read more below](#)

## THE FUND

(Figures to 30 April 2023)

Share Price (pence)

119.0

NAV

121.9

Prem./Disc.

-2.4%

EV/EBIT

7.9

Net Cash/Market Cap

36.4%

NFV/Market Cap

58.7%

NAV Total Return Since Inception (£)

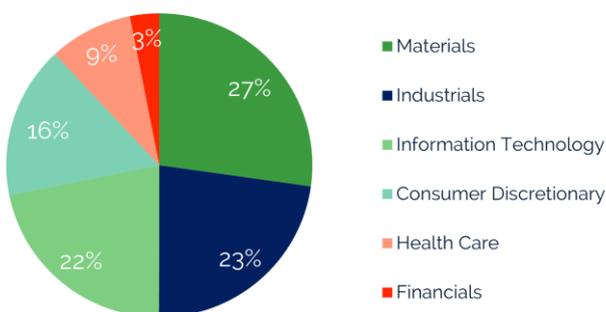


GBP	Month	YTD	1Y	3Y	SI*
AJOT Share Price	-0.1%	7.4%	13.0%	30.8%	26.8%
AJOT NAV	0.1%	7.5%	13.0%	30.8%	30.5%
MSCI Jap Small Cap	-0.9%	0.3%	7.3%	13.7%	9.0%

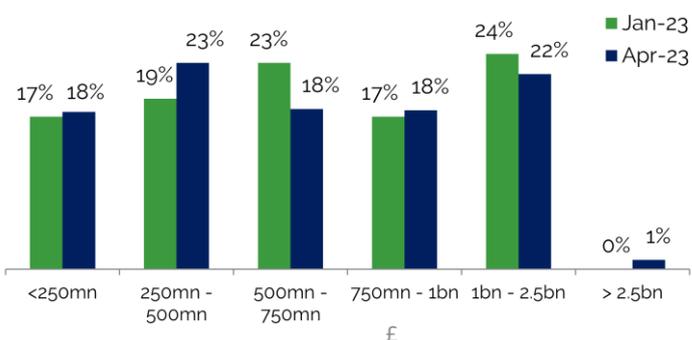
## PORTFOLIO

(Holdings to 30 April 2023)

## Sector Breakdown (% of Portfolio)



## Market Cap Breakdown (% of Portfolio)



## Top Ten Equity Holdings % of NAV

Holding	31-Jan-23	Holding	30-Apr-23
DTS Corp	8.6	Nihon Kohden	8.6
Nihon Kohden	8.6	DTS Corp	8.3
Konishi	7.3	TSI Holdings	8.1
Shin-Etsu Polymer	7.1	Konishi	7.3
TSI Holdings	6.8	Wacom	6.8
Wacom	6.8	Shin-Etsu Polymer	6.7
T Hasegawa	6.7	LOCONDO	6.3
NC Holdings	6.3	T Hasegawa	6.2
Fujitec	5.9	Digital Garage	5.7
Digital Garage	5.4	NC Holdings	5.2
<b>TOTAL</b>	<b>69.5</b>	<b>TOTAL</b>	<b>69.2</b>
% Gearing	5.1	% Gearing	1.3
No. of Holdings	24	No. of Holdings	27

## MANAGER'S COMMENT

AJOT's NAV increased marginally by +0.1% over the month. LOCONDO, with its +62% share price return and 241bps contribution, was the standout performer while Fujitec added 34bps and Digital Garage 29bps. Shin-Etsu Polymer and NC Holdings were detractors, reducing returns by 109bps and 86bps respectively. Yet again Yen weakness weighed on Sterling returns acting as a -3.9% headwind over the month.

We marginally reduced our holding in Fujitec, although remain supportive of the new board's aim to strengthen corporate governance and grow shareholder value. We are building positions in two new undisclosed companies, both cash rich and deeply undervalued while we exited a small position in Papyrus.

At the end of the month, the weighted average EV/EBIT valuation multiple on the portfolio was 7.9x (unchanged from last month) with net cash and investment securities covering 59% of the market cap. As we approach the June AGM season, we have been busy engaging with Companies and, while most of our engagement will stay private, we expect that our shareholder proposals to two companies will be made public.

### LOCONDO (3558) – strong performance

LOCONDO's +62% performance over the month came after it reported full-year results and published a highly informative shareholder letter. Beginning the month as a 4.2% position, it added 241bps to performance.

Full-year profits came in above forecasts (Y991m vs. Y900m), but it was the Company's +33% and +76% sales and profit growth forecast for next year that excited investors. LOCONDO has been heavily investing in its logistics capacity with fixed costs weighing on profits. Last year it won the right to manage the Reebok brand in Japan in a JV with Itochu. Having already made the warehouse capacity investments, Reebok's incremental sales flowed straight to profits. Next year's profit guidance is in-line with LOCONDO's mid-term plan, and management estimated that - with further accretive acquisitions - they can grow profits by 34% the year after next.

Alongside results, LOCONDO announced a 3.6% share buyback and that it will be changing its name to Jade Group. CEO Yusuke Tanaka's insightful [14 page shareholder letter](#), detailed the history of LOCONDO, what they have learned, and the strategy for future growth. He made a compelling argument for why LOCONDO should trade not at its current ¥20bn market cap, but with a market cap of ¥30bn-50bn. While it will take perfect execution of the plan to meet the higher end of the range, we don't think it is entirely unrealistic. Across AVI funds, we are LOCONDO's largest shareholder, owning 10% of the shares, and are optimistic about the Company's growth prospects, which we don't think are being fairly recognised by investors in its 11x EV/EBIT multiple.

### Shin-Etsu Polymer (7970) – parent/subsidiary opportunity

Shin-Etsu Polymer's share price weakened -11% following the release of results towards the end of the month. As one of our largest positions it reduced returns by 109bps. The company's full-year results undershot consensus by -8% driven by higher electricity and logistics costs. Next year's guidance also underwhelmed with +3% and +2% sales and profit growth respectively. Despite the recent share price weakness, Shin-Etsu Polymer has been one of the strongest performers year to date with a share price gain of +19%. Management plans to disclose a mid-term plan for the first time later in May (something we had suggested to them), a positive step towards improving shareholder communication. Trading on a 4.6x EV/EBIT multiple with the possibility of being privatised by its parent company Shin-Etsu Chemical, we are optimistic about the upside potential.

## STATISTICS

## Contributors / Detractors (in GBP)

Largest Contributors	Monthly Contribution bps	% Weight
Locondo	241	6.3
Fujitec	34	4.9
Digital Garage	29	5.7
T Hasegawa	25	6.2
Konishi	14	7.3

Largest Detractors	Monthly Contribution bps	% Weight
Shin-Etsu Polymer	-109	6.7
NC Holdings	-86	5.2
DTS Corp	-34	8.3
Wacom	-30	6.8
SK Kaken	-26	4.2

## Fund Facts

Launch Date	23 October 2018
Net Assets	£170.4m
Investment Manager	Asset Value Investors Limited
AJOT Shares owned by the Manager***	2,591,786
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	-0.1%	13.0%	30.8%	26.8%
Net Asset Value TR	0.1%	13.0%	30.8%	30.5%
MSCI Jap Small Cap	-0.9%	7.3%	13.7%	9.0%
Calendar Year Net Returns (%)	YTD	2022	2021	2020
Price	7.4%	-4.5%	12.4%	-0.7%
Net Asset Value	7.5%	-4.3%	12.3%	-1.2%
MSCI Jap Small Cap	0.3%	-1.0%	-1.4%	3.2%

## Capital Structure

Ordinary Shares	140,361,702
Shares held in Treasury	585,000
TONAR + 1.15% Revolving Credit facility	¥2,930,000
Gross Assets/Gearing	
Gross Assets	184.8m
Debt at fair value (gross)	11.4m
Gearing (net)	1.3%

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

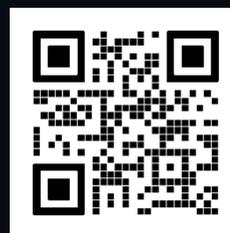
AVI Ltd. +44 20 7659 4800 info@ajot.co.uk

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](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 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.