

May 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

NC Holdings

NCND's share price rallied +18% after the news broke that we had submitted shareholder proposals.

[Read more below](#)

Shareholder Proposals

We submitted shareholder proposals to NC Holdings' and SK Kaken's June AGM, covering a variety of issues.

[Read more below](#)

Digital Garage

Digital Garage's share price fell -20% after a disappointing mid-term plan. We are evaluating our next steps for engagement.

[Read more below](#)

THE FUND

(Figures to 31 May 2023)

Share Price (pence)

124.0

NAV

119.8

Prem./Disc.

+3.5%

EV/EBIT

7.2

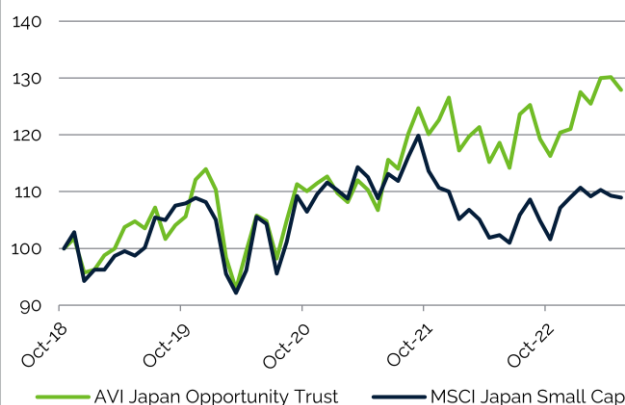
Net Cash/Market Cap

35.9%

NFV/Market Cap

58.2%

NAV Total Return Since Inception (£)

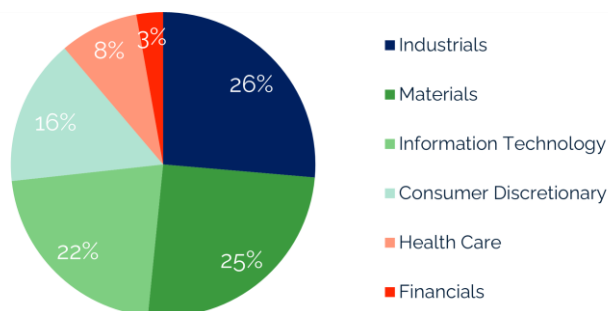


	Month	YTD	1Y	3Y	SI*
GBP					
AJOT Share Price	-1.7%	5.5%	7.7%	21.0%	24.6%
AJOT NAV	-1.7%	5.7%	7.8%	20.9%	28.3%
MSCI Jap Small Cap	-0.3%	0.0%	6.4%	3.2%	8.6%

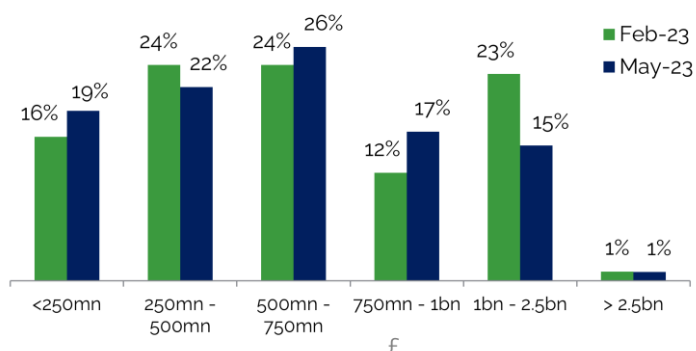
PORTFOLIO

(Holdings to 31 May 2023)

Sector Breakdown (% of Portfolio)



Market Cap Breakdown (% of Portfolio)



Top Ten Equity Holdings % of NAV

Holding	28-Feb-23	Holding	31-May-23
DTS	8.5	Nihon Kohden	8.9
Nihon Kohden	8.3	DTS	8.8
TSI Holdings	7.9	TSI Holdings	8.7
Shin-Etsu Polymer	7.2	Konishi	7.4
Konishi	7.1	Shin-Etsu Polymer	6.8
Wacom	6.7	Wacom	6.8
T Hasegawa	6.0	NC Holdings	6.0
NC Holdings	5.9	T Hasegawa	5.8
Digital Garage	5.7	Jade Group	5.5
Fujitec	5.5	Takuma	5.2
TOTAL	68.8	TOTAL	69.9
% Gearing	2.0	% Gearing	6.0
No. of Holdings	27	No. of Holdings	26

MANAGER'S COMMENT

AJOT's NAV decreased -1.7% over the month, with continued Yen weakness weighing on returns (a -1.1% headwind). Small-cap stocks underperformed large-caps, with the MSCI Japan Small Cap Index returning -0.3% vs the MSCI Japan Index's +3.3%. We attribute the large-cap outperformance to strong foreign inflows, which tend to focus on more liquid companies.

Over the month NC Holdings and DTS were the largest contributors, adding 85bps and 64bps to returns respectively. Digital Garage and Jade Group (formerly LOCONDO) reduced returns by -130bps and -85bps respectively.

We built a new position in Takuma (more on this in the quarterly letter next month) funded by reducing our position in NS Solutions. Modest additions were made to TSI Holdings, Nihon Kohden and Digital Garage, while we started building a small stake in an undisclosed position.

We submitted shareholder proposals to NC Holdings (more below) and SK Kaken. In the case of SK Kaken, this is the third year in a row in which we have submitted shareholder proposals due to the controlling-family's refusal to pay heed to our (rather mild) recommendations. We achieved a majority of the votes from minority shareholders last year and hope to achieve similar levels of support this year.

At the end of the month, the weighted average EV/EBIT valuation multiple on the portfolio was 7.2x, with net cash and investment securities covering 58% of the market cap. We are encouraged by the increased interest from foreign investors in Japan, indicative of a growing recognition that Japan isn't a market to be ignored.

NC Holdings (6236) – submission of shareholder proposals

NC Holdings' (NCHD) share price rallied +18% over the month, adding 85bps to performance, gaining once the news broke on 2nd May that we had submitted shareholder proposals to the June AGM. As detailed on our website www.enhancingNCHD.com, we submitted eight shareholder proposals covering a variety of topics, including the election of two independent outside directors, the establishment of a strategic review committee, an increase in stock compensation for directors, and a dividend equivalent to a 70% pay-out ratio.

We have been seeking ways to bring NCHD's value closer to its intrinsic value through friendly and constructive dialogue in private with management for two years. It is disappointing, therefore, that management have not listened to our recommendations and since submitting our shareholder proposals have embarked on a campaign of hostility and self-protection. The Board have made little attempt to understand the benefits of our shareholder proposals, making baseless claims that AVI is planning to sell off the conveyor belt business and that we are seeking control of the Company so that it conforms to our wishes.

Despite seeking constructive dialogue to further explain our views, the Company is now refusing to meet with us. Of the ten companies to which we have submitted shareholder proposals to date, we have never before experienced a management team behave so unprofessionally. Management's refusal to engage with its second largest shareholder (with more than 20% of the votes) highlights their appalling attitude towards shareholders and raises further concerns over their stewardship.

To any observer of our presentation and shareholder proposals, it is obvious that we are not seeking to control the Company and that our shareholder proposals will benefit all shareholders. We are disappointed and bemused that NCHD has chosen the path of confrontation, even opposing our proposal that seeks to increase director compensation. We would have been more than willing to withdraw our shareholder proposals and continue our dialogue in private if the Board had listened to our concerns. It is only proxy and legal advisors who stand to benefit from confrontation, with their fee revenue growing with protracted and acrimonious shareholder conflicts. We sincerely hope that NCHD's Board of Directors is not wasting shareholder funds on such advisors like it has done in the past.

We hope that NCHD's shareholders will look past management's misleading and superficial rhetoric to see that our interests are aligned with all shareholders in seeking to maximise the Company's corporate value. If any shareholders would like to discuss our shareholder proposals in more detail, please do get in touch via our [website](#).

Digital Garage (4819) – lacklustre mid-term plan

Digital Garage was the largest detractor, with a -20% fall in its share price reducing performance by 130bps following a hugely disappointing mid-term plan. We have been engaging with Digital Garage extensively and ahead of the mid-term plan sent a letter to the Board calling for all strategic options to be considered to address the inefficient holding structure.

Instead of listening to our concerns and those raised publicly by another shareholder, a Hong-Kong based activist fund, management released an uninspiring mid-term plan. The plan failed to address the holding structure nor justify why Digital Garage needed a 20% stake in Kakaku.com, and neither did it make a convincing case as to how, without change, the performance of the payment business will improve. The negative share price reaction shows we are not alone in our disappointment with the mid-term plan, and we are exploring next steps.

STATISTICS

Contributors / Detractors (in GBP)

Largest Contributors	Monthly Contribution bps	% Weight
NC Holdings	85	6.0
DTS	64	8.8
Shin-Etsu Polymer	15	6.8
ITFOR Inc	14	1.1
Softgg	10	2.0

Largest Detractors	Monthly Contribution bps	% Weight
Digital Garage	-130	5.0
Jade Group	-85	5.5
T Hasegawa	-46	5.8
Nihon Kohden	-39	8.9
SK Kaken	-26	4.0

Fund Facts

Launch Date	23 October 2018
Net Assets	£168.7m
Investment Manager	Asset Value Investors Limited
AJOT Shares owned by the Manager***	2,611,786
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	-1.7%	7.7%	21.0%	24.6%
Net Asset Value TR	-1.7%	7.8%	20.9%	28.3%
MSCI Jap Small Cap	-0.3%	6.4%	3.2%	8.6%
Calendar Year Net Returns	YTD	2022	2021	2020
Price	5.5%	-4.5%	12.4%	-0.7%
Net Asset Value	5.7%	-4.3%	12.3%	-1.2%
MSCI Jap Small Cap	0.0%	-1.0%	-1.4%	3.2%

Capital Structure

Ordinary Shares	140,836,702
Shares held in Treasury	0
TONAR + 1.15% Revolving Credit facility	¥2,930,000

Gross Assets/Gearing

Gross Assets	185.6m
Debt at fair value (gross)	16.9m
Gearing (net)	6.0%

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

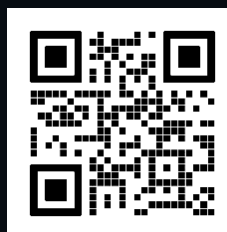
AVI Ltd. +44 20 7659 4800 info@ajot.co.uk

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

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.