

April 2024

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

Taking Aichi Higher

Shortly after month end, we launched a public campaign highlighting serious governance failings at Aichi, which is controlled by Toyota Industries as part of a listed parent-subsidiary relationship.

[Read more below](#)

JADE – Disclosure Disappoints

Management's disclosure surrounding the acquisition of Magaseek left much to be desired, but we see it as a pivotal move expected to double Gross Merchandise Value (GMV) and profits.

[Read more below](#)

TSI Holdings – New MTP

For the first time, TSI Holdings disclosed a quantified shareholder return policy, coupled with an ambitious cost improvement plan to elevate operating margins.

[Read more below](#)

THE FUND

(Figures to 30 April 2024)

Unit Price:

€113.7

EV/EBIT:

8.9x

Net Cash % Market Cap:

33.1%

NFV % Market Cap:

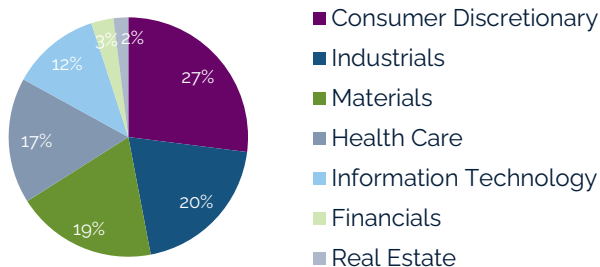
46.0%

		Month	3 Month	YTD	1Y	SI*
EUR	AJF NAV	-3.0%	3.1%	1.7%	9.5%	17.1%
	MSCI Jap Small Cap	-3.8%	1.1%	3.3%	11.7%	16.3%
JPY	AJF NAV	-0.1%	9.2%	9.9%	22.6%	39.0%
	MSCI Jap Small Cap	-1.0%	7.2%	11.6%	25.0%	38.0%

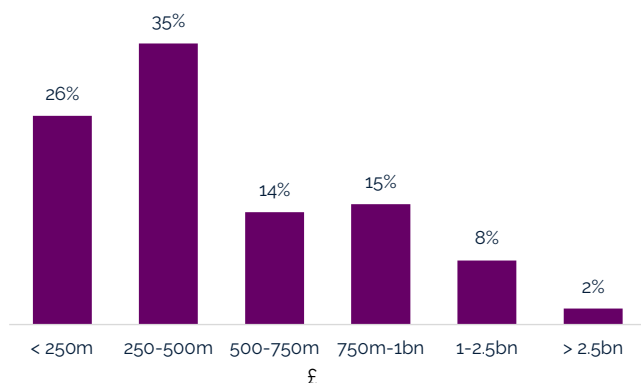
PORTFOLIO

(Holdings to 30 April 2024)

Sector Breakdown (% of Portfolio)



Market Cap Breakdown (% of Portfolio)



Top Ten Equity Holdings (% of NAV)

Holding	30-Apr-24
TSI Holdings	10.1
Eiken Chemical	8.2
Nihon Kohden	8.0
DTS	7.1
Konishi	6.7
Takuma	6.5
Beenos	6.0
Jade Group	5.4
Shin-Etsu Polymer	4.9
NC Holdings	4.2
TOTAL	67.1

MANGER'S COMMENT

The fund's NAV declined -3.0% over the month, primarily driven, once again, by a weakening in the Japanese Yen (-3.2% over the month). TSI Holdings (+9.5% share price) and NC Holdings (+12.5%) were the largest contributors to performance, while JADE Group (-43.9%) and Konishi (-14.2%) were two significant detractors.

We filed shareholder proposals to two portfolio companies, which we hope to withdraw should management take appropriate actions to address the identified issues. Shortly after month end, we launched a public campaign highlighting serious governance failings at Aichi, which is controlled by Toyota Industries (not in the fund's portfolio) as part of a listed parent-subsidary relationship.

Five new positions have entered the portfolio as we look to capitalise on an abundance of mispricing opportunities amongst Japanese smaller companies. In each case, we anticipate potential upsides of 50-100%, and we look forward to sharing their investment cases once target weights have been reached.

JADE Group (3558) – Volatile share price creates opportunity

Following a stellar first quarter in terms of share price performance, JADE's share price crashed back to earth after the market was underwhelmed by management's disclosure regarding the Magaseek acquisition. As we wrote in our Q1 letter, we perceive the Magaseek acquisition, expected to double Gross Merchandise Value (GMV) and profits, as a pivotal move for JADE. Unfortunately, the market did not share this view, with the share price falling by -32% following JADE's earnings results at the beginning of April, having already fallen by -19% from its peak in March.

We attribute the share price reaction to several factors; (1) JADE's share price had appreciated by +97% from Nov-2023 to the peak in March, offering investors a natural opportunity for profit taking, (2) individual investors own 55% of JADE, and they tend to have a more short-term focus, seemingly less interested in the profit impact from Magaseek, which is not anticipated until the year ending Feb 2026, and (3) management's disclosure surrounding the acquisition left much to be desired.

Considering these factors are non-fundamental, the share price weakness offered an enticing opportunity to increase our stake, which we promptly seized by increasing our holding by 44%, resulting in a 12% ownership. Management was equally perplexed by the share price weakness, and they too stepped into the market, with JADE buying back 5% of its shares over two weeks. In private conversations, management acknowledged that they could have done a better job with disclosure, which they committed to rectify.

While the short-term impact on our NAV isn't pleasant, as long-term investors, we view such share price distortions as an opportunity to add to a well-known position. The management team have our full support, and we are confident that as they execute the integration of Magaseek and see profit growth, the share price will follow suit. We just need to be patient. In the meantime, we estimate that Jade is trading on an EV/EBIT multiple of 4x to its FY26 guided profit.

TSI Holdings (3608) – New mid-term plan

TSI Holdings, our largest holding, announced a new mid-term plan during the month. For the first time, it disclosed a quantified shareholder return policy, aiming for a 4% dividend on equity target by FY27/3, coupled with an ambitious cost improvement plan to elevate operating margins to 6% (from 1% last year).

As TSI's largest shareholder, holding 10% of the vote, we were pleased to see that the Company had actioned some of our suggestions. However, we remain frustrated by the lack of concrete answers to several of our recommendations. TSI has likely received the most engagement from us this year compared to any other portfolio company, and we commend management for their proactive approach in listening to shareholders.

Despite already achieving an impressive +79% return to date, we still perceive a further +118% upside potential to the current share price. This underscores the enormous growth prospects of our portfolio companies. We don't think the market fully comprehends the scale of TSI's transformational program and its commitment to improving capital efficiency. Our engagement will continue, and TSI's 10% weight in the portfolio reflects our conviction in the upside we envision.

Contributors / Detractors (in GBP)

Largest Contributors	Monthly Contribution bps	% Weight
TSI Holdings	55	10.1
NC Holdings	33	4.2
Nihon Kohden	31	8.0

Largest Detractors	Monthly Contribution bps	% Weight
Jade Group	-324	5.4
Konishi	-129	6.7
Wacom	-45	3.8

Fund Facts

AVI Japan Fund

Launch Date	8 September 2022
Net Assets	€ 8,197,765
Investment Manager	Asset Value Investors Limited
AJF Minimum Investment	€100,000 or currency equivalent
Fund Structure:	Irish Qualifying Investor Alternative Investment Fund
Management Fee**	1.0%
Website	www.assetvalueinvestors.com/AJF
Ticker Code	AVIJAPY

Class

A	EUR	IE000YOOWKT3
B	USD	IE000NOYN6O8
C	GBP	IE000TWDE6J8
D	JPY	IE000CoSTZS6
E	EUR	IE000YSOI7A7
E	GBP	IE000HCG7Z92
E	JPY	IE0004D4HG49
E	USD	IE000EYJWQX3

Investment Manager – Joe Bauernfreund

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The share price can be found in [AJF - Asset Value Investors](#)

Further information may be found on the following websites:

www.assetvalueinvestors.com/ajf

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.