

November 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

Beenos – Strong Earnings Growth

The E-Commerce site operator and largest position in the portfolio announced +153% EBIT growth YoY as revenue rose +22%. Activists own a more than 40% combined stake.

[Read more below](#)**AZN – Maiden Buyback Program**

Aoyama Zaisan Networks (AZN) announced a buyback program for the first time (equal to 6% of the market cap), alongside EBIT and revenue YoY growth of +38.5% and +23.5% respectively.

[Read more below](#)**Eiken – Earnings Revised Down**

Eiken Chemical at the end of October announced disappointing earnings, which included a downward revision of full-year OP guidance. Positively, it disclosed a new ¥5bn buyback program.

[Read more below](#)

THE FUND

(Figures to 30 November 2024)

Share Price (pence)

150.5

NAV (pence)

154.8

Prem./Disc.

-2.8%

EV/EBIT

8.7x

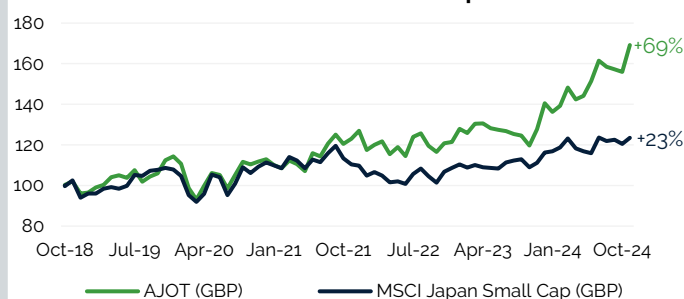
Net Cash/Market Cap¹

24.6%

NFV/Market Cap²

47.9%

NAV Total Return Since Inception (£)

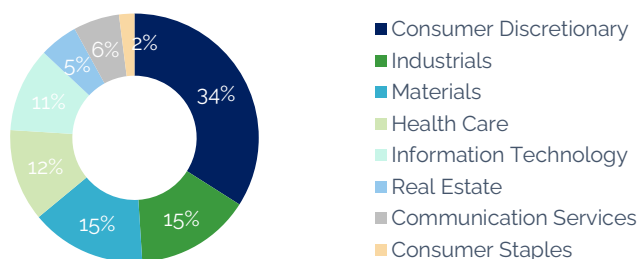


		Month	3 Month	YTD	1Y	3Y	SI*
GBP	AJOT NAV	8.5%	6.8%	20.4%	32.4%	37.6%	69.2%
	MSCI Japan Small Cap	2.4%	1.3%	6.2%	11.0%	11.9%	23.5%
JPY	AJOT NAV	5.7%	6.5%	27.9%	35.1%	74.9%	122.1%
	MSCI Japan Small Cap	-0.2%	1.0%	12.8%	13.2%	42.1%	62.1%

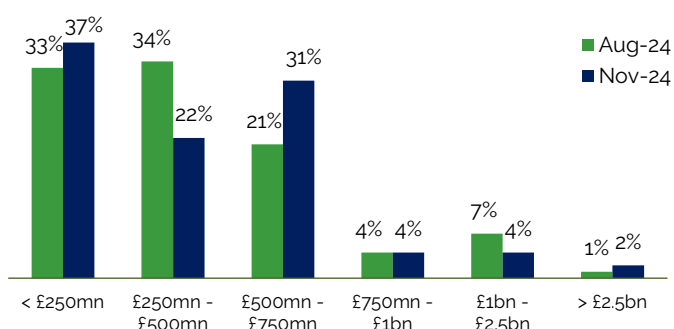
PORTFOLIO

(Holdings to 30 November 2024)

Sector Breakdown (% of Portfolio)



Market Cap Breakdown (% of Portfolio)



Top Ten Equity Holdings (% of NAV)

Holding	31-Aug-24	Holding	30-Nov-24
TSI Holdings	9.8	Beenos	9.7
Eiken Chemical	8.6	TSI Holdings	8.9
Beenos	7.9	Kurabo Industries	8.2
Kurabo Industries	7.0	Eiken Chemical	8.0
Nihon Kohden	7.0	Takuma	5.7
Takuma	5.9	Konishi	5.6
Konishi	5.7	Aoyama Zaisan Networks	5.4
Jade Group	5.7	Nihon Kohden	4.5
Aoyama Zaisan Networks	4.8	Atsugi	4.0
DTS	4.1	Araya Industrial	4.0
TOTAL	66.5	TOTAL	64.0
% Gearing	2.3	% Gearing	0.8
No. of Holdings	26	No. of Holdings	23

¹ Net cash = Cash – Debt² Net Financial Value (NFV) = Net cash + Investment Securities – Minority Interest

MANGER'S COMMENT

AJOT's NAV increased by +8.5% (in GBP) and +5.7% (in JPY) over the month, while the benchmark returned +2.4% (in GBP) and -0.2% (in JPY). Calendar year to date, AJOT has outperformed its benchmark by +14.1% (in GBP), returning +20.4% vs the MSCI Japan Small Cap Index's return of +6.2%.

The two largest contributors to performance in November were **Beenos** (+29% share price), which disclosed Q4 earnings with EBIT up +153% YoY, and **Aoyama Zaisan Networks** (+35%), which announced a buy-back program for the first time as well as EBIT growth of +39% YoY. Meanwhile, **Eiken Chemical** (-10%) was the most notable detractor, with full-year operating profit guidance reduced by -43% in late October. We explain these companies' performance in further detail below.

We are pleased to note that the 11 holdings we added to the portfolio in 2024 have generated an average ROI of +23% (in JPY). The lack of research coverage of companies within AJOT's small to mid-cap investment universe continues to present us with abundant opportunities. Over half of AJOT's portfolio companies (12/23) have zero sell-side coverage and 83% (19/23) are covered by two or fewer analysts.

In November we visited Japan and engaged with all portfolio companies, where we discussed strategic initiatives and collaborated with management teams to outline the next phases of their corporate transformation journeys. We also met with several other investors in Japan.

While capital efficiency remains a crucial consideration, we've found that our focus on operational enhancements and investor relations guidance has been particularly impactful in driving positive outcomes with management teams. Elevating the quality of shareholder communication is a pivotal step in addressing significant undervaluation's across the portfolio. We look forward to further deepening our partnerships with management teams as we collectively strive towards this shared objective.

Our approach of detailed, constructive engagement continues to drive catalysts to unlock significant upside in a concentrated portfolio of high-quality, under-appreciated and overcapitalised companies.

Beenos (3328) – Strong earnings growth with activists prominent

Beenos, now the largest position in the portfolio accounting for 9.7% of NAV, was the largest contributor over the month, adding +256bps to performance as its share price soared +28.9% higher.

Nearly all of Beenos' revenue is derived from 'Buyee', an E-Commerce site which allows overseas customers to purchase from Japanese sites, such as Yahoo! Japan, Mercari and Rakuten. The more than 40% combined stake held by activist investors leaves Beenos positioned for constructive engagement focused on driving corporate reform.

During the month, Beenos disclosed its Q4 earnings results, with EBIT growing +153% YoY and revenue up +22%. The announcement also included a dividend payout guideline of 30% for the first time, with a total shareholder return target ratio also included in the mid-term plan along with an increased ROE target of 20%.

We took advantage of the temporary share price weakness at the beginning of November, strategically adding to our position to support our engagement agenda.

We added Beenos to the portfolio in January 2024 and have generated an ROI of +106% for an IRR of +186% to month-end. We see substantial remaining upside to the current share price, with Beenos' 9.7% position in AJOT reflective of our conviction.

MANGER'S COMMENT

Aoyama Zaisan Networks (8929) – Maiden buy-back program

Aoyama Zaisan Networks (AZN), a wealth management consultancy, was the second largest contributor, adding +193bps to performance as its share price rose sharply +34.9%.

In addition to property consultancy, AZN specialises in providing financial advisory on areas spanning succession planning, corporate finance and strategic management of individual assets. The company has successfully maintained an operating margin of over 30% and a double-digit annual profit growth rate. The inheritance and business succession consulting needs are on the rise with the ageing Japanese population. At the time we initiated our investment, AZN's stock price had been flat for the past five years, despite operating income that had continued to grow steadily and non-operating assets that had expanded to c.47% of its market cap as of the end of December 2023.

The share price was spurred higher in mid-November, as AZN disclosed positive Q4 earnings results, with EBIT and revenue increasing YoY by +39% and +24%, respectively. Importantly, for the first time, the company also announced a buyback program, equal to 6% of the market cap, with capital allocation policy being one of the core focuses of our engagement with the company.

Added to the portfolio in March this year, at month-end Aoyama Zaisan Networks accounted for 5.4% of AJOT's NAV as the seventh largest holding. Trading at an EV/EBIT multiple of 7.8x, we see further upside to the current share price, and to date, our investment has generated an ROI of +30% for an IRR of +71%.

Eiken Chemical (4549) – Downward earnings revision

Eiken Chemical was the largest detractor in November, reducing performance by -72bps as its share price fell -10%.

As a reminder, Eiken Chemical is a diagnostics company specialising in manufacturing medical chemicals that react with body samples to obtain a diagnosis for cancer, disease or infection. Our investment case was based on Eiken's quality, valuation and scope for upside through our engagement. Eiken is a high-quality company with a track record of growing earnings, room for structural growth with the ageing population and a dominant market position in colon cancer screening. At the time of our investment, Eiken traded at a forward EV/EBIT of just 6.0x vs peers 18.0x average. We identified several areas for engagement, including focusing the product portfolio, growing overseas sales, optimising the balance sheet and communicating the growth story, as well as enhancing corporate governance.

This poor performance was a result of the disappointing earnings announcement at the end of October, which included a downward revision of full-year operating profit guidance by -43%. More positively, the company announced a new buy-back program of ¥5bn, around 6% of the market cap.

We first invested in Eiken Chemical in mid-2023, and to date our investment has generated an ROI of +37% for an IRR of +39%.

STATISTICS

Contributors / Detractors (in GBP)

Largest Contributors	Monthly Contribution bps	% Weight
Beenos	256	9.7
Aoyama Zaisan Networks	193	5.4
Kurabo Industries	153	8.2
Aichi Corp	63	3.9
Atsugi	54	4.0

Largest Detractors	Monthly Contribution bps	% Weight
Eiken Chemical	-72	8.0
Nihon Kohden	-36	4.5
Rohto Pharmaceutical	-21	1.8
T Hasegawa	-10	0.0

Fund Facts

Launch Date	23 October 2018
Net Assets	£216.7m
Investment Manager	Asset Value Investors Limited
AJOT Shares Owned by the Manager**	2,991,006
Shareholder Services	Link Company Matters Limited
Management Fee***	1.0% of lower of market cap or NAV
Website	www.ajot.co.uk
Ticker Code	AJOT.LN
ISIN	GB00BD6H5D36

Period Net Returns (%)****	1m	1y	3y	SI'
Share Price TR	10.5%	35.0%	31.8%	59.6%
Net Asset Value TR	10.6%	32.4%	37.6%	69.2%
MSCI Japan Small Cap	4.8%	11.0%	11.0%	23.5%

Calendar Year Net Returns (%)	YTD	2023	2022	2021
Share Price TR	20.2%	14.8%	-6.0%	10.0%
Net Asset Value TR	20.4%	15.8%	-4.3%	12.3%
MSCI Japan Small Cap	6.2%	6.9%	-1.0%	-1.4%

Capital Structure

Ordinary Shares	140,836,702
Shares held in Treasury	825,716
TONAR + 1.55% Revolving Credit facility	¥2,930,000,000

Gross Assets / Gearing

Gross Assets	£232.0m
Debt at fair value (gross)	£15.4m
Gearing (net)*****	0.8%

All performance shown in GBP Total Return

*23 October 2018 Start Date

** Shares owned by AVI Ltd & AVI employees

*** 25% of Management Fee is reinvested in shares of AJOT

**** Returns stated net of fees

***** Net gearing at fair value

Investment Manager – Joe Bauernfreund

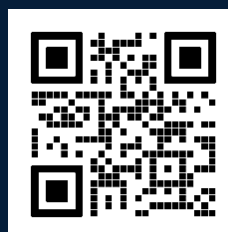
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The share price can be found in [The Financial Times](#).
ISIN: GB00BD6H5D36 Trading as: [AJOT:LN](#)

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.