

Q4 – December
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.

	Net cash ¹ as a percentage of market cap	NFV ² as a percentage of market cap	EV/EBIT	FCF Yield	Dividend Yield
Q4 2024	24%	50%	8.7x	5.7%	2.5%
Q3 2024	31%	48%	8.1x	6.3%	2.3%
Q2 2024	31%	49%	7.7x	4.9%	2.4%
Q1 2024	35%	48%	8.7x	5.1%	2.2%

THE TRUST

(Figures to 31 December 2024)

		Month	3 Month	YTD	1Y	3Y	SI*
GBP	AJOT NAV	0.4%	8.0%	20.9%	20.9%	33.9%	69.9%
	vs. MSCI Jap Small Cap	0.0%	0.7%	6.2%	6.2%	12.5%	23.5%
JPY	AJOT NAV	3.6%	10.8%	32.4%	32.4%	69.0%	130.0%
	vs. MSCI Jap Small Cap	3.1%	3.3%	16.4%	16.4%	42.0%	67.1%

MANAGER'S COMMENT

Dear AJOT Shareholders,

AJOT's NAV increased by +8.0% (in GBP) over the quarter and +10.8% in local currency terms (in JPY), outperforming the benchmark, which returned +0.7% (in GBP) and +3.3% (in JPY). Over the calendar year AJOT's NAV increased by +20.9% (in GBP), outperforming the benchmark by +14.7%, which returned +6.2% (in GBP).

The two largest drivers of performance over the quarter were **Beenos** (+50%), which was the recipient of an advance notice of a tender offer bid at a +19% premium to the undisturbed share price on 18th December 2024, and **Aoyama Zaisan Networks** (+40%), which released a positive quarterly earnings announcement. Meanwhile, **Jade Group** (-26%), which failed to provide adequate disclosure around the post-merger integration with Magaseek, and **Eiken Chemical** (-8%), which revised full-year earnings forecasts downward, were the most notable detractors.

Corporate activity continues to rise in Japan amidst market reform driven by the Tokyo Stock Exchange. As discussed below, Beenos was the recipient of an advance notice of a tender offer bid. This follows **NC Holdings**, **Alps Logistics** and **Yaizu Suisan Kagaku**, which all received tender offer bids earlier in 2024.

The lack of research coverage of small-caps and their relative underperformance to large-caps continues to present us with abundant opportunities. We remain committed to selectively adding the most promising companies to our concentrated portfolio of 23 holdings. New names added to the portfolio in 2024 added +16.1% to calendar year performance.

At the end of December, the portfolio's EV/EBIT was 8.7x, with NFV accounting for 50% of the market cap. These metrics illustrate the relatively cheap valuations AJOT's portfolio companies trade at, with discounts attributed to their over-capitalised balance sheets and poor corporate governance – issues which provide ample opportunity for our constructive activist approach. We continue to focus the portfolio on high quality companies with resilient earnings that have room for improvement through our engagement.

¹ Net cash = Cash – Debt – Net Pension Liabilities + Value of Treasury Shares

² Net Financial Value (NFV) = Net cash + Investment Securities

* 23 October 2018 Start Date

MANAGER'S COMMENT

Beenos (3328) – Notice of tender offer at +19% premium

Beenos, an operator of E-commerce platforms allowing overseas consumers to purchase Japanese products, was the largest contributor over the quarter, adding +372bps to performance as its share price rose +50%.

A significant portion of Beenos' profits is derived from its Global E-commerce platform. This is primarily centred around a service called 'Buyee', which enables overseas customers to purchase items from popular e-commerce sites in Japan, such as Yahoo! Japan, Mercari and Rakuten. Buyee's gross merchandise value has experienced robust growth at an annual rate of +31%.

During the quarter, Beenos received an advance notice of a tender offer bid of Y4,000 per share from LY Corporation at a +19% premium to the undisturbed closing price on 18th December 2024, boosting AJOT's NAV by +1.7%.

As a large shareholder owning close to 10% of the voting rights of Beenos, we have engaged extensively with the Board of Beenos on ways to enhance sustainable long-term corporate value. Beenos serves as another example of how AJOT's concentrated portfolio of asset-backed small to mid-caps can benefit from AVI's active engagement strategy against a backdrop of rapidly increasing corporate activity in Japan.

We added Beenos to the portfolio in January 2024, and at month-end it is now the largest holding, accounting for 10.6% of AJOT's NAV. The investment has generated an ROI of +125% for an IRR of +188%.

Aoyama Zaisan Networks (8929) – Announced LTM operating income +39% YoY

Aoyama Zaisan Networks ("AZN") was the second largest contributor during the quarter, adding +188bps to performance as its share price rose +40%.

AZN specialises in providing wealth management consulting services across areas such as property, succession planning, corporate finance and strategic management of individual assets. AZN is set to benefit from the aging Japanese population as the need for inheritance and business succession consulting is on the rise.

In November, AZN disclosed favourable earnings, 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, as they are aiming to prevent dilution caused by the most recent share exchange deal with audit firm Chester Group. This is in line with AZN believing that its capital allocation policy should be one of the core focuses of the company.

At the time we initiated our investment (March 2024), 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.

Since initiating our position in AZN, the investment has generated an ROI of +34% for an IRR of +75%. We anticipate unlocking substantial upside to the current share price through our constructive engagement initiatives with management. At month-end, AZN accounted for 6.2% of AJOT's NAV as the fifth largest holding.

MANAGER'S COMMENT

Jade Group (3558) – Lack of clarity around growth ambitions

Over the period, Jade Group ("Jade"), the apparel E-commerce distributor, was the largest detractor, reducing performance by -123bps as its share price fell -26%.

During Q2 2024, Jade's share price was strong on the back of a press release made in July, which showed signs of successful post-merger integration of MagaSeek in a demonstration of improved IR communications, an area in which much of our recent engagement had focused. Unfortunately, since the announcement in July 2024, Jade has not made adequate disclosure around the significant acquisition, leaving shareholders and prospective investors in the dark on its progress. In its FY25 Q2 presentation material released in October 2024, rather than provide a clear timeline for cost cutting measures, management alluded to cross-sales as the likely method to revitalise sales to meet the FY25 forecast. This sent the share price down nearly -15% in the week that followed, and it has drifted a further -11% lower since.

Since we initiated our position in November 2021, Jade has made several acquisitions in pursuit of its ambitious growth path to cement itself as the #2 player in Japan's Y2.4tn fashion e-commerce market. We have supported management in pursuing this growth, however, with the market-wide reform that is occurring in Japan, the importance of investor relations cannot be understated, and we believe Jade is not meeting expectations.

With net cash reduced following several M&A transactions, uncertainty around plans for margin improvement through PMI, and managements apparent lack of desire to enhance IR disclosure, we have reduced our position in AJOT to 1.7% of NAV at month end. To date, we have generated an ROI of +32% for an IRR of +14% over the more than three year holding period.

Portfolio Trading Activity

During the quarter we exited one position, while we added to and trimmed several existing positions, with no new names entering the portfolio. The annualised turnover of the portfolio in 2024 was an elevated 64%, however, when adjusted for TOB's and trades in regional banks, turnover was 38%, which is in line with AJOT's historical average annual turnover of 35% from 2019 to 2023.

The largest purchases over the period were in 2024 additions **SharingTechnology**, **Araya Industrial**, **Atsugi**, **Aoyama Zaisan Networks**, **Kurabo Industries** and **Broadmedia**. We hold high conviction in each of these new ideas and look forward to continuing our constructive engagement with management to unlock value.

In terms of sales, the largest during the period was **Nihon Kohden**, which we trimmed from 7.6% to 3.6% of NAV by period end. Jade Group was the next largest sale, for reasons discussed above, followed by **T Hasegawa**, which we fully exited on valuation grounds.

Net gearing at the end of the quarter stood at 4.2%, which is within our target range.

MANAGER'S COMMENT

Investment Manager – Joe Bauernfreund

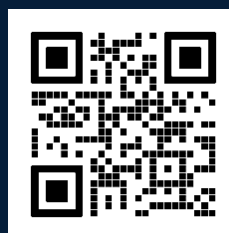
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The share price can be found in [The Financial Times](#).
ISIN: GB00BD6H5D36 Trading as: [AJOT:LN](#)

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.