

February 2025

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

Tecnos Japan – 39% Premium

AVI has signed a tender agreement with Ant Capital Partners to tender AVI's 10% stake in Tecnos Japan, an IT services company. The ¥1,155 tender price was a +39% premium to the prior closing price.

[Read more below](#)**Sharingtechnology – EBIT +30%**

An operator of one of the largest service-provider matching platforms in Japan, Sharingtechnology announced its Q1 earnings with EBIT growing by 30% YoY as revenue grew +12%.

[Read more below](#)**Broadmedia – Bullish Guidance**

Having achieved less than half of full-year operating profit guidance (¥477m of ¥1bn) by Q3, Broadmedia's ambitious forecast is reliant on achieving substantial sales in the final quarter.

[Read more below](#)

THE TRUST

(Figures to 28 February 2025)

Share Price (pence)

161.0

NAV (pence)

169.9

Prem./Disc.

(5.2)%

EV/EBIT

9.2x

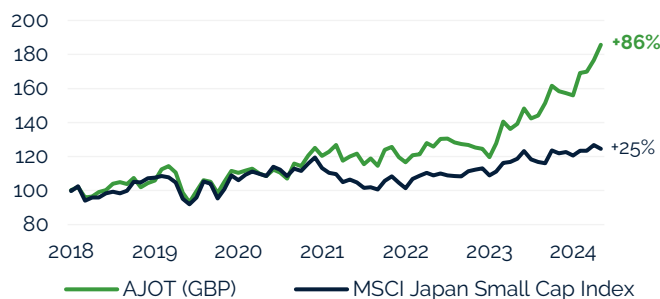
Net Cash/Market Cap¹

19.6%

NFV/Market Cap²

47.2%

NAV Total Return Since Inception (£)

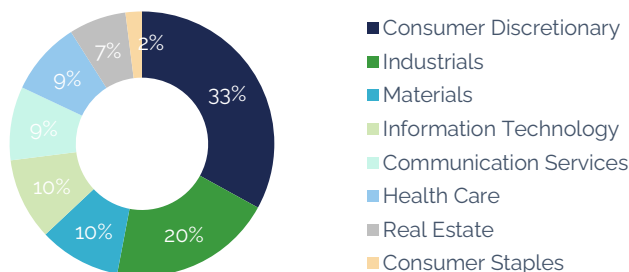


		Month	3 Month	YTD	1Y	3Y	SI*
GBP	AJOT NAV	5.1%	9.8%	9.3%	33.4%	54.7%	85.7%
	MSCI Japan Small Cap	-1.8%	0.9%	0.9%	4.9%	16.9%	24.5%
JPY	AJOT NAV	3.7%	9.1%	5.4%	33.7%	89.9%	142.3%
	MSCI Japan Small Cap	-3.1%	0.3%	-2.8%	5.1%	43.5%	62.5%

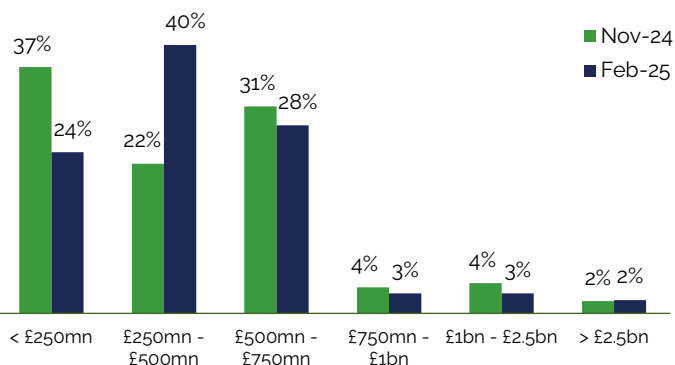
PORTFOLIO

(Holdings to 28 February 2025)

Sector Breakdown (% of Portfolio)



Market Cap Breakdown (% of Portfolio)



Top Ten Equity Holdings (% of NAV)

Holding	30-Nov-24	Holding	28-Feb-25
Beenos	9.7	Beenos	10.1
TSI Holdings	8.9	TSI Holdings	10.0
Kurabo Industries	8.2	Kurabo Industries	9.5
Eiken Chemical	8.0	Eiken Chemical	8.1
Takuma	5.7	Aoyama Zaisan Networks	7.3
Konishi	5.6	SharingTechnology	6.2
Aoyama Zaisan Networks	5.4	Atsugi	5.9
Nihon Kohden	4.5	Raito Kogyo	5.2
Atsugi	4.0	Tecnos Japan	4.9
Araya Industrial	4.0	Konishi	4.4
TOTAL	64.0	TOTAL	71.6
% Gearing	0.8	% Gearing	5.4
No. of Holdings	23	No. of Holdings	25

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

MANGER'S COMMENT

AJOT's NAV increased by +5.1% (in GBP) and +3.7% (in JPY) over the month, while the benchmark returned -1.8% (in GBP) and -3.1% (in JPY).

The two largest contributors to performance in February were **Tecnos Japan** (+38% share price), which received a tender offer bid at a +39% premium, and **Sharingtechnology** (+14%), which announced strong earnings as EBIT grew +30% YoY. Meanwhile, **Broadmedia** (-11%) was the most notable detractor, as investors' confidence in its full-year guidance waned.

During the month it was announced that Japan's real GDP rose by an annualised +2.8% in Q4 2024, far exceeding the +1.1% consensus estimate. In 2025, capital expenditure by private corporates is forecast to rise by around 10% on average as companies seek to improve capital efficiency and drive growth. Meanwhile, the weak Yen, which has been a headwind to sterling-based returns, may be set for a reversal amidst pressure from the Trump administration and indications by the Bank of Japan that rates will be raised again in 2025.

AVI's engagement initiatives with portfolio companies helped drive a wave of corporate activity at the start of 2025, including multiple announcements of enhanced capital allocation measures. Our strategy of building meaningful stakes has strengthened our engagement, eliciting impressive responses to our recommendations. Across the AJOT portfolio, AVI holds more than 5% of the voting rights in 11 names, which account for 63% of NAV.

Key highlights this year include TSI Holding's 15th January announcement it would liquidate real estate equivalent to c.30% of its market cap. Additionally, as discussed further below, Tecnos Japan received a tender offer in early February at a +39% premium to the previous day's share price. This follows four buyout events in the portfolio in 2024, including Beenos, which received advanced notice of a tender offer at a +19% premium in December. Share buybacks also remain a powerful driver of returns, with several portfolio companies completing notable buybacks in early 2025.

Our constructive approach to active engagement differentiates AVI from many of our peers, and from traditional US activist doctrine. We have found that offering solutions to the issues that keep corporate management awake at night is a far more effective opening salvo than taking a more aggressive and antagonistic stance from the offset.

With the team visiting Tokyo in early March, we look forward to further deepening our partnerships with management teams to unlock long-term value. 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.

Tecnos Japan (3666) – Tender offer at +39% premium

Tecnos Japan was the largest contributor over the month, adding +151bps to performance as its share price rose by +38%.

An IT services company, Tecnos Japan is engaged in the business of providing information technology services, especially the installation of Enterprise Resource Planning (ERP) systems. Our investment thesis was built on the track-record of high-quality earnings under the digitalisation trends in Japan, with revenue growing at a +13% CAGR and operating margins consistently in the low double digits, in addition to the overcapitalised balance sheet that had net financial value equal to c.35% of the market cap.

As per the regulatory news service announcement on 4th February, AVI has signed a tender agreement with Ant Capital Partners Co., Ltd. (the "Offeror") for AVI's 10% stake in Tecnos Japan. The tender offer price of Y1,155 per share represented a +39% premium to the undisturbed closing price on 04 February 2025.

As the largest shareholder of Tecnos Japan, AVI has engaged extensively with the company's Board on ways to enhance corporate value and returns to shareholders. Tecnos Japan serves as another example of how AJOT's concentrated portfolio of asset-backed Japanese small-caps can benefit from AVI's active engagement strategy against a backdrop of rapidly increasing corporate activity in Japan.

Tecnos Japan has held a position in the portfolio since April 2024, with the investment generating a +61% ROI for a +114% IRR (in JPY).

Sharingtechnology (3989) – Announced Q1 EBIT grew +30% YoY

Sharingtechnology was the second largest contributor over the month, adding +81bps to performance as its share price rose +14%.

MANGER'S COMMENT

Sharingtechnology operates one of the largest life service matching platforms in Japan, which connects a variety of user needs arising from ever diversifying lifestyles, with high-quality services. With nearly 200 specialised websites and over 6,000 external service providers on the platform, the most frequent services catered for include lost keys, pet cremation, lawn mowing and termite control.

At the time we initiated our position in 2024, the company had already achieved +13% annual revenue growth since FY19, during which period the operating margin had recovered from -13% to +22%. In mid-February, the company announced its FY25 Q1 results, with revenue up +12% YoY and an operating margin of +25% achieved.

We believe there are several tailwinds to support continued growth, including the declining Japanese population and projected increase in the number of single-person households, which have led to an increase in the number of urgent day-to-day problems.

In addition to excellent operational performance, we anticipate a bloating balance sheet as cash continues to accumulate each year unless shareholder returns are increased.

Undervalued relative to peers and with a fresh and aspirational CEO that has openness to change, we see substantial upside to the share price remaining. Added to the portfolio in July 2024, the investment has achieved an ROI of +25% for an IRR of +99% (in JPY) to February month-end.

Broadmedia (4347) – Uncertainty around earnings guidance

Broadmedia, was the largest detractor, reducing performance by -35bps as its share price fell by -11%.

Broadmedia, mainly engaged in online education and IT service businesses, is a leading player in Japan

running online-learning secondary schools with the brand name "Renaissance High School Group," allowing students to learn at their own pace remotely and to focus on their learning interests. Broadmedia's unique education curriculum allows students to earn degrees in e-sports, KPOP and programming schools, on top of the standard arts/science curriculum. In addition to operating online-schools, Broadmedia operates an IT service business, especially for distributing Akamai Technologies' software and solutions to domestic clients. The online education business is the most profitable segment for the conglomerate, with studio contents and other smaller segments a drag on the bottom-line.

In addition to net-cash and off-balance sheet asset-backing, our investment thesis was built on Broadmedia's growing online-education business, which holds the fourth largest market share in Japan, as well as management's openness to engaging in dialogue with shareholders.

After a positive Q3 earnings announcement at the end of January, Broadmedia saw its share price gains erode in February amidst uncertainty around the viability of its ambitious full-year guidance, ending the month up +2% in 2025 YTD. Having achieved less than half of full-year operating profit guidance (Y477m of Y1bn), the ambitious forecast is reliant on achieving substantial sales in the final quarter.

As the largest shareholder, owning more than 13% of the voting rights, AVI will continue to engage extensively with management.

Added to the portfolio in April 2024, Broadmedia accounted for 3.3% of NAV at month-end. We see significant upside to the current share price, and to month-end, our investment has generated an ROI of +10% for an IRR of +17%.

STATISTICS

Contributors / Detractors (in GBP)

Largest Contributors	Monthly Contribution bps	% Weight
Tecnos Japan	151	4.9
SharingTechnology	81	6.2
Raito Kogyo	77	5.2
TSI Holdings	72	10.0
Aoyama Zaisan Networks	72	7.3

Largest Detractors	Monthly Contribution bps	% Weight
Broadmedia	-35	3.3
Rohto Pharmaceutical	-34	1.7
Wacom	-18	2.6
Konishi	-17	4.4
Mitsubishi Logistics	-5	1.8

Fund Facts

Launch Date	23 October 2018
Net Assets	£231.3m
Investment Manager	Asset Value Investors Limited
AJOT Shares Owned by the Manager**	3,218,297
Shareholder Services	MUFG Corporate Markets
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	3.2%	31.7%	46.6%	72.4%
Net Asset Value TR	5.1%	33.4%	54.7%	85.7%
MSCI Japan Small Cap	-1.8%	4.9%	16.9%	24.5%
Calendar Year Net Returns (%)	YTD	2024	2023	2022
Share Price TR	5.7%	21.5%	14.8%	-6.0%
Net Asset Value TR	9.3%	20.9%	15.8%	-4.3%
MSCI Japan Small Cap	0.9%	6.2%	6.9%	-1.0%

Capital Structure

Ordinary Shares	137,198,943
Shares held in Treasury	1,075,716
TONAR + 1.55% Revolving Credit facility	¥2,930,000,000

Gross Assets/Gearing

Gross Assets	£246.7m
Debt at fair value (gross)	£15.4m
Gearing (net)*****	5.4%

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

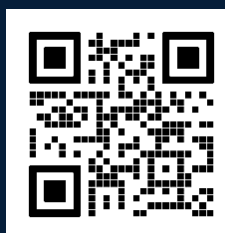
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The share price can be found in [The Financial Times](#).
ISIN: GB00BD6H5D36 Trading as: [AJOT:LN](#)

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 Japan Opportunity 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.