

This is a marketing communication. Please refer to the Prospectus and the Key Investor Information Document (KIID).

February 2025

Investment Objective:

The investment objective of the Fund is to generate long-term returns through investment in a focused portfolio of over-capitalised Japanese equities while engaging with company management to help unlock value.

Share Price

(Figures to 28 February 2025)

Fund Information

Share Classes

Share Class	ISIN	Price
A (GBP)	IE0000B7RI69	£119.81
A (JPY)	IE000SRLWUF2	¥11,888.00
B (EUR)	IE000Z700700	€125.52
B (GBP)	IE000STVDBB6	£120.07
B (JPY)	IE000BBWIQL4	¥11,103.04
B (USD)	IE000UIN5KK5	\$122.70
B1 (GBP)*	IE000OPWA0E7	£117.18

As per regulations, until the fund has a complete 12-month history, performance cannot be shown.

Fund Attributes

- High-conviction concentrated portfolio
- Actively managed with specialist experience in constructive engagement
- Sector agnostic, bottom-up approach
- Capitalising on corporate governance reform in Japan

Fund Risks

As a focused equity portfolio of between 25 and 35 investments, the fund can involve higher risk and higher volatility. The value of an investment can fall as well as rise as a result of market and currency movement; you may not get back the amount originally invested. You should therefore regard your investment as long term. Details on the risk factors are included in the fund's prospectus, available on our website.

Fund Facts

(Figures to 28 February 2025)

Top Ten Equity Holdings

	% Weight
Eiken Chemical	7.1
TSI Holdings	6.9
Kurabo Industries	6.8
Beenos	5.7
Atsugi	5.5
SharingTechnology	4.7
Aoyama Zaisan Networks	4.7
Raito Kogyo	4.6
Aichi	4.1
Broadmedia	3.9
TOTAL	54.0

Contributors & Detractors (GBP)

Largest Contributors	Monthly Con bps	% Weight
Tecnos Japan	114	3.7
Raito Kogyo	77	4.6
SharingTechnology	67	4.7

Largest Detractors	Monthly Con bps	% Weight
Broadmedia	-42	3.9
Rohto Pharmaceutical	-33	1.7
Toyo Suisan Kaisha	-21	1.7

Portfolio

(Holdings to 28 February 2025)

Sector Exposure (% of Portfolio)

Industrials	26.8%
Consumer Discretionary	26.0%
Information Technology	9.8%
Health Care	9.4%
Communication Services	9.0%
Real Estate	6.7%
Materials	6.1%
Consumer Staples	3.5%
Utilities	2.7%

Market Cap Breakdown (% of Portfolio)

> £2.5bn	19.2%
£1bn - £2.5bn	3.8%
£750mn - £1bn	3.5%
£500mn - £750mn	23.6%
£250mn - £500mn	28.0%
< £250mn	21.9%

MANGER'S COMMENT

Dear AJSS Shareholders,

AJSS' portfolio companies continued their strong start to 2025, with companies across a broad range of sectors outperforming the broader Japanese market.

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 **Raito Kogyo** (+15%), which announced strong earnings as EBIT grew +22% 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 AJSS portfolio, AVI holds more than 5% of the voting rights in 10 names, which account for 47% 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 +114bps 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 ¥1,155 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 AJSS'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 had a position in the portfolio since April 2024, with the investment generating a +66% ROI for a +135% IRR (in JPY).

Raito Kogyo (1926) – EBIT growth of +22% and capital policy disclosure

Raito Kogyo was the second largest contributor over the month, adding +77bps to performance as its share price rose +15%.

Raito Kogyo is the number one market leader in the specialist construction market. The company's core businesses are slope construction and ground improvement, accounting for more than 70% of the company's total sales orders. Raito Kogyo holds the largest market shares, c.30% and c.20%, respectively, in each of these core business areas.

MANGER'S COMMENT

At the time of our investment, Raito Kogyo had achieved revenue growth at 2.4% CAGR from FY13 to FY22, with the operating profit margin consistently exceeding 10% over recent years. This profitability is underpinned by lower outsourcing costs relative to industry peers. The company anticipates public project demand providing a runway for further growth, such as the Osaka Integrated Resort and Maglev Train.

During February, Raito Kogyo announced its FY25 Q3 earnings, with revenue growing by +13% YoY and EBIT +22% YoY, and a strong orders pipeline. In addition, the company released a capital policy disclosure, including a buyback equal to over 7% of shares outstanding, cancellation of treasury shares equal to 6% of shares outstanding (94% of total treasury shares) and a very comprehensive 3-year balance sheet plan. This included plans to unwind cross shareholdings by 20%, reduce the cash conversion cycle by 20% and to sell 30% of leased property assets, as well as a clear cash allocation plan.

Since being added to the portfolio in April 2024, AVI's engagement has focused on enhancing capital efficiency, corporate governance and investor communications. To date, the investment has generated a +17% ROI for a +40% IRR (in JPY).

Broadmedia (4347) - Uncertainty around earnings guidance

Broadmedia, was the largest detractor, reducing performance by -42bps 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 3.9% 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 +6% for an IRR of +15%.

ESG

ESG Integration

ESG is integrated into each stage of our investment process. AVI has eschewed a box-ticking approach to ESG and developed a proprietary ESG monitoring system.

Engagement is central to our strategy. Our ESG monitoring system helps to highlight areas where we can actively engage with portfolio companies to build resilience to sustainability risks, promote responsible attitudes, and enhance sustainable corporate value.

For more information, AVI's ESG Report can be accessed on its website [here](#)

Article 6

This Fund has an Article 6 classification within the meaning of the Sustainable Finance Disclosure Regulation (SFDR). Engagement is central to delivering long term returns, and we integrate environmental, social and governance (ESG) factors into our risk management on an ongoing basis. As part of our engagement process, we monitor the climate-related risks of our portfolio companies within a bespoke system developed for AVI. However, the Fund does not have a sustainability objective.



Fund Details

(Figures to 28 February 2025)

AVI Japanese Special Situations Fund

Launch Date	22 nd April 2024
Net Assets	JPY 5.5bn / GBP 28.8m
Cash	3.8%
Fund Structure	UCITS
IA Sector	Japan
Fund Domicile	Ireland
Investment Manager	Asset Value Investors
Manager	Gateway Fund Services
Administrator/ Transfer Agent	Société Générale
Dealing	Daily
Subscription Deadline	1 Business Day prior by 12PM
Dealing Information*	info@assetvalueinvestors.com
Website	AJSS Fund Page

*Also available on all major platforms.

Share Classes

Share Class	OCF.* (%)	ISIN	Ticker	Price
A (GBP)	1.35	IE000B7RI69	AVIJASA ID	£119.81
A (JPY)	1.35	IE000SRLWUF2	AVIJAAJ ID	¥11,888.00
B (EUR)	1.15	IE000Z7QO7O0	AVIJASB ID	€125.52
B (GBP)	1.15	IE000STVDDB6	AVIJABG ID	£120.07
B (JPY)	1.15	IE000BBWIQL4	AVIJPSB ID	¥11,103.04
B (USD)	1.15	IE000UIN5KK5	AVIJABU ID	\$122.70
B1 (GBP)*	0.85	IE000OPWA0E7	AVIJAB1 ID	£117.18

Benchmark: MSCI Japan Small Cap Total Return Index.

*Performance fee share class - 0.50% management fee + 15% of outperformance of benchmark.

**Ongoing Charges Figure.

Investment Manager – Joe Bauernfreund

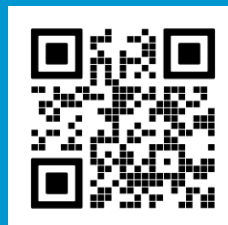
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The share price can be found in [AJSS - Asset Value Investors](#)

Further information may be found on the following websites:

<https://www.assetvalueinvestors.com/ajss>

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 Japanese Special Situations (the "Fund"). The contents of this message are not intended to constitute, and should not be construed as, investment advice. Potential investors in the Fund should seek their own independent financial advice. AVI neither provides investment advice to, nor receives and transmits orders from, investors in the Fund.

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