

March 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

**Activist Appetite for Synchro Food**

AVI initiated a position in Synchro Foods after the CEO reduced his stake from 35% in Dec-2024 to 16%. Hong-Kong based activist, LIM Advisors, now owns 12%, while AVI declared >5% on 27-Mar.

[Read more below](#)**Eiken Chemical Buyback Progress**

Eiken Chemical, the medical diagnostics company, bought back 266,800 of its own shares in early March as part of the Nov-2024 to Jul-2025 buyback program (2m shares) announced by the company.

[Read more below](#)**TSI Holdings Feb Sales Down YoY**

TSI announced Feb sales were down -11% YoY due to temporary site closure before the launch of a new e-commerce platform, and discontinuing certain brands, restructuring its brand portfolio.

[Read more below](#)

## THE TRUST

Share Price (pence)

158.0

NAV (pence)

164.7

Prem./Disc.

(4.0)%

EV/EBIT

8.9x

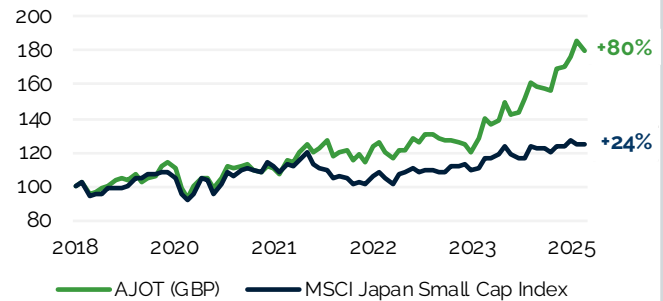
Net Cash/Market Cap<sup>1</sup>

19.3%

NFV/Market Cap<sup>2</sup>

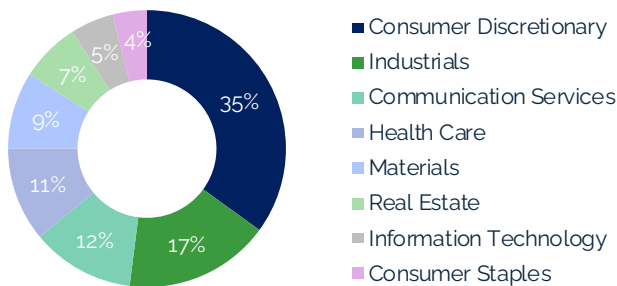
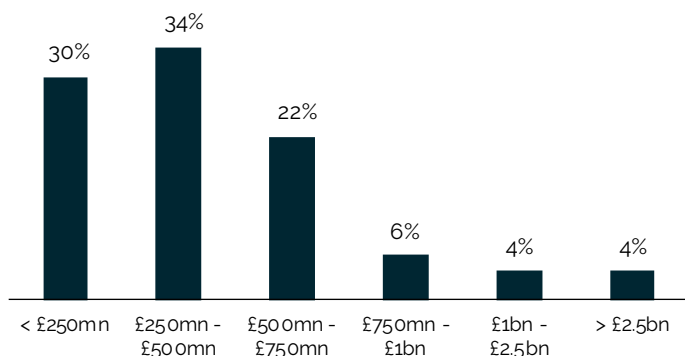
49.5%

## NAV Total Return Since Inception (£)



		Month	3 Month	YTD	1Y	3Y	SI*
GBP	AJOT NAV	-3.1%	5.9%	5.9%	21.5%	47.9%	80.0%
	MSCI Japan Small Cap	-0.2%	0.7%	0.7%	0.9%	18.6%	24.3%
JPY	AJOT NAV	-1.4%	3.9%	3.9%	22.6%	78.6%	138.9%
	MSCI Japan Small Cap	1.5%	-1.3%	-1.3%	1.9%	43.3%	65.0%

## PORTFOLIO

Sector Breakdown<sup>3</sup>Market Cap Breakdown<sup>3</sup>Top Ten Holdings<sup>3</sup>

	%
Beenos	10.2
Kurabo Industries	9.5
TSI Holdings	9.4
Eiken Chemical	8.5
Aoyama Zaisan Networks	7.2
SharingTechnology	6.4
Atsugi	6.3
Raito Kogyo	5.7
Rohto Pharmaceutical	4.0
Konishi	3.7
<b>TOTAL</b>	<b>70.9</b>
% Net Gearing	0.04
No. of Holdings	23

<sup>1</sup> Net cash = Cash - Debt<sup>2</sup> Net Financial Value (NFV) = Net cash + Investment Securities - Minority Interest<sup>3</sup> All Figures shown as % of Portfolio

## MANAGER'S COMMENT

AJOT's NAV decreased by -3.1% (in GBP) and -1.4% (in JPY) over the month, while the benchmark returned -0.2% (in GBP) and +1.5% (in JPY).

The two largest contributors to performance in March were **Synchro Food** (+31% share price), as activists continued to build stakes, and **Eiken Chemical** (+5%), which continued its buyback program. Meanwhile, **TSI Holdings** (-7%) was the most notable detractor, with February sales down -11% YoY. Each of the most significant detractors over the month had enjoyed very strong share price appreciation in the preceding 12 months.

The Bank of Japan is facing rising pressure from the Trump administration to continue lifting its benchmark interest rate, with the consensus view among economists being that rates will peak between 1.0% to 1.5% by mid-2026. The weak Yen has been a headwind to sterling-based returns since AJOT inception, and a closing of the interest rate differential to the US should support a reversal of this trend, although nothing is guaranteed.

This pressure comes as US tariffs are expected to come into effect on April 2nd, with the automotive sector the hardest hit in Japan, a sector the AJOT portfolio is not exposed to directly due to its cyclical nature. Overall, we do not see the forthcoming tariffs having an impact on our engagement strategy and the small to mid-cap companies we focus on.

During March, the TSE also ramped up the pressure on companies to provide adequate English disclosure to attract foreign investors. The key criteria emphasised were providing timely disclosure, in line with the release of Japanese versions, as well as ensuring all relevant, including qualitative, information is included in English disclosures.

Across the AJOT portfolio, AVI made two large ownership declarations in March, with AVI now holding more than 5% of the voting rights in 12 names, which account for 63% of NAV. Building large stakes is beneficial for AVI's differentiated engagement strategy, as it signals to management teams our intention to unlock long-term value through constructive engagement, with a unique

focus on operational improvements in addition to the traditional engagement areas.

The team visited Tokyo in early March, meeting with most portfolio companies to deepen our partnerships with management teams and prepare for the next stage of our engagement in the coming AGM season. 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.

### **Synchro Food (3963) – Activists' appetite grows**

Synchro Food was the largest contributor over the month, adding +35bps to performance as its share price rose by +31%.

Synchro Food operates a service matching platform for restaurants in Japan, with much of its sales coming from job listings. The company operates "Inshokuten.com" which provides an end-to-end business platform for restaurants, including supplier search, accountant search, interior design, food truck support and bulk ordering services.

Our investment thesis was built on the track-record of high-quality earnings under the digitalisation trends in Japan, with revenue growing at a +17% CAGR and operating margins consistently around 30%, in addition to the overcapitalised balance sheet that had net cash equal to c.45% of the market cap.

The company also presents a special situation, with Hong-Kong based activist LIM Advisors continually increasing its stake since the beginning of 2025 (now 12%), while the founder and CEO has reduced his stake from 35% in December 2024 to 16% by February 2025. AVI declared >5% ownership on 27-Mar.

Synchro Food was added to the portfolio in early March, with the investment already generating a +24% ROI (in JPY) to month-end.

## MANAGER'S COMMENT

**Eiken Chemical (4549) – Share buyback program progress**

Eiken Chemical was the second largest contributor over the month, adding +23bps to performance as its share price rose +5%.

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 thesis centred on Eiken's fundamentals, attractive valuation and room for improvement through our constructive engagement. The company has a track record of earnings growth, benefits from structural tailwinds such as the ageing population, and holds a leading market position in colon cancer screening.

In early March, the company announced it had completed a buyback of 266,800 shares, taking the total number of shares acquired in its Nov 2024 to July 2025 buyback program to 996,800, in which a maximum of 2m shares (c.6% of outstanding) may be acquired. It was also announced that another activist on the register, Dalton Investments, was engaged in dialogue with Eiken Chemical, seeking to appoint three external directors to the board.

We anticipate substantial upside to the share price, with the 8.5% position in AJOT (4th largest) reflective of our conviction. Added to the portfolio in July 2023, the investment has achieved an ROI of +37% for an IRR of +33% (in JPY) to March month-end.

**TSI Holdings (3608) – February sales down YoY**

TSI Holdings, was the largest detractor, reducing performance by -90bps as its share price fell -7%.

The apparel holding company, with a diversified collection of brands, had enjoyed a period of very strong share price performance to start 2025. Since TSI Holdings announced the sale of its former HQ building for a value equal to 30% of the market cap on 14th January, the share price remains up +16%.

During the month, TSI Holdings announced sales in February were down -11% YoY due to the temporary site closure before the launch of a new e-commerce platform. The company also discontinued certain brands, which weighed on sales, as part of the restructuring of its brand portfolio.

Our investment thesis was predicated on valuation of their real estate assets, investment securities and net cash exceeding the market cap at the time of investment, as well as their diversified brand portfolio and diminishing founding family influence. Pleasingly, in line with our suggestions, in April 2024 the company announced a mid-term plan focusing on improving EBIT margin as well as optimising non-operating assets to improve capital efficiency.

As the largest shareholder, owning more than 8% of the shares, AVI will continue to engage extensively with management on ways to enhance operations, capital efficiency, governance and shareholder communications.

Added to the portfolio in July 2022, TSI Holdings accounted for 9.4% of NAV at month-end as the third-largest holding. We see significant upside to the current share price, and to month-end, our investment has generated an ROI of +136% for an IRR of +52%.

## STATISTICS

 Contributors / Detractors (in GBP)<sup>1</sup>

Largest Contributors	Monthly Contribution bps	% Weight
Synchro Food	35	2.1
Eiken Chemical	23	8.5
Takuma	14	3.0
Maruzen Showa Unyu	5	2.6
Wakamoto Pharmaceutical	3	2.1

Largest Detractors	Monthly Contribution bps	% Weight
TSI Holdings	-90	9.4
Aichi Corp	-63	Exited
Aoyama Zaisan Networks	-53	7.2
Kurabo Industries	-37	9.5
Wacom	-18	2.4

## Performance Summary

Period Net Returns (%)****	1m	1y	3y	SI
Share Price TR	-1.9%	22.8%	40.8%	69.2%
Net Asset Value TR	-3.1%	21.5%	47.9%	80.0%
MSCI Japan Small Cap	-0.2%	0.9%	18.6%	24.3%
Calendar Year Net Returns (%)	YTD	2024	2023	2022
Share Price TR	3.8%	21.5%	14.8%	-6.0%
Net Asset Value TR	5.9%	20.9%	15.8%	-4.3%
MSCI Japan Small Cap	0.7%	6.2%	6.9%	-1.0%

## Trust Details

Capital Structure	
Ordinary Shares	137,198,943
Shares held in Treasury	1,075,716
TONAR + 1.55% Revolving Credit facility	¥6,600,000,000
Gross Assets/Gearing	
Gross Assets	£239.3m
Debt at fair value (gross)	£15.2m
Gearing (net)*****	0.04%
Fund Facts	
Launch Date	23-Oct-18
Net Assets	£224.1m
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	<a href="http://www.ajot.co.uk">www.ajot.co.uk</a>
Ticker Code	AJOT.LN
ISIN	GB00BD6H5D36

All performance shown in GBP Total Return and as at 31/03/2025  
 Source: Morningstar for all performance figures  
<sup>1</sup>23 October 2018 Start Date  
<sup>2</sup> Shares owned by AVI Ltd & AVI employees  
<sup>3</sup> 25% of Management Fee is reinvested in shares of AJOT  
<sup>4</sup> Returns stated net of fees  
<sup>5</sup> Net gearing at fair value  
<sup>1</sup> Contributors and detractors from Facstet

## Investment Manager – Joe Bauernfreund

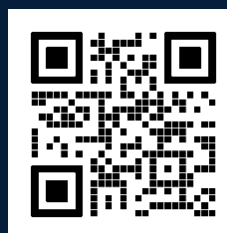
AVI Ltd. +44 20 7659 4800 [info@ajot.co.uk](mailto:info@ajot.co.uk)

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](http://www.ajot.co.uk)

[www.assetvalueinvestors.com](http://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.