3 April 2025

The Board of AVI Japan Opportunity Trust plc (AJOT) announces their proposal to merge with Fidelity Japan Trust plc (FJV)

- **The merger will be done by way of a scheme of reconstruction under section 110 of the Insolvency Act**
- **The merger will create a market-leading Japanese investment trust**
- **FJV's largest shareholder, City of London Investment Management have publicly supported the merger**
- **AJOT is making this proposal public ahead of FJV's continuation vote in May**

The proposed merger between AJOT and FJV will benefit both sets of shareholders, creating a larger combined entity providing increased liquidity and cost benefits. Importantly, it adds more fire power to AJOT's proven constructive activist investment approach in Japan, allowing us to take more meaningful positions in companies through which to catalyse change.

The Board of AJOT believes that there is a once-in-a-generation shift in Japan's corporate culture, and that AJOT's differentiated constructive engagement approach is particularly well suited to capitalise on this change. The merger would give FJV's shareholders access to AJOT's clearly defined and differentiated investment strategy that seeks to address material undervaluation amongst Japanese equities via careful stock selection and active engagement with management, boards, and other stakeholders.

Since AJOT's IPO on 23 October 2018 to 31 March 2025, AJOT's shares have traded at an average discount of 0.05% to NAV versus a 9.35% average discount to NAV for FJV shares over the same period. AJOT is a top decile performer across Japan focussed open ended investment companies and investment trusts over one, three and five years.

NAV Total Return	1 Year %	3 Years %	5 Years %
AJOT	+20.9	+47.3	+93.3
FJV	-9.3	-3.4	+28.1
MSCI Japan Small Cap Index	+0.9	+18.6	+35.2
TOPIX	-2.9	+20.5	+45.3

All figures sourced from Morningstar to 31 March 2025 date except discount data calculated by Asset Value Investors

Norman Crighton, Chair of AJOT, commented:
"The AJOT Board has closely followed Fidelity Japan Trust, its public disclosures, performance and its interactions with shareholders and the market over the last few years. We have sought to engage with the FJV Board on numerous occasions to discuss the combination of the two companies to create a market leading Japanese investment trust. We were disappointed to read in FJV's final results statements that the FJV Board recommends a continuation of the status quo, with no liquidity offered until 2028, instead of engaging in constructive dialogue regarding our proposal, which we believe is in the best interests of all shareholders."

Michael Sugrue, City of London Investment Management commented:
"*City of London Investment Management supports consolidation in the UK Investment Trust sector. We believe Trusts that deliver outperformance whilst protecting shareholder value through active discount management should be the beneficiaries. The manager of AJOT has delivered strong investment performance since inception and the ongoing discount control mechanisms implemented by the Board have protected shareholder value in an environment where many other closed end funds have seen their discounts significantly widen.*"

Joe Bauernfreund, Investment Manager of AJOT and CEO of Asset Value Investors, commented:
"AJOT's constructive-activist approach to investing in Japan is particularly well suited to the opportunities we are seeing. With the on-going corporate governance reforms gathering pace, and with the heightened activity from shareholder activists and private equity funds, there is a real sense that the corporate culture in Japan has shifted and shareholder returns have become a key focus of management. The investment case for the country is extremely compelling. We believe that now is the time to strengthen our position which is why we are proposing to merge with Fidelity Japan Trust. An enlarged asset base will enable us to be a more dominant shareholder in the companies we invest , making our engagement even more likely to succeed.

"FJV shareholders rolling into AJOT will benefit from an immediate uplift in the market value of their shareholding, given AJOT's current discount, while its robust discount control mechanisms provide protection against material discount widening.

"AJOT 's long-term performance is excellent and this merger represents complete confidence in our performance and approach to finding hidden value in Japan and catalysing change within the companies we invest."

Proposal Highlights

We would expect to see significant benefits for existing FJV shareholders:

- FJV's largest shareholder, City of London Investment Management, who own a 23% stake, have publicly[1] confirmed their support for the merger, believing it would provide an attractive alternative to the status quo
- FJV shareholders will benefit from a superior, shareholder-friendly, corporate governance structure. This includes an annual redemption opportunity at close to NAV. Under the terms of the Proposal, FJV shareholders will rollover into AJOT shares, and there will be an option for a cash exit of up to 25% of FJV's shares (at NAV less a 2% discount)
- FJV shareholders rolling into AJOT will benefit from an immediate uplift in their market value of their shareholding given AJOT's current discount and its typical trading range of close to or above NAV
- We would expect significant benefits from the combined entity, including increased liquidity and a reduced ongoing charges ratio benefitting all shareholders.
- The Board of AJOT are confident that the Investment Manager, Asset Value Investors will be able to invest the assets of FJV within a reasonable timeframe and with no dilution of their existing investment strategy or style drift.
- It is emphasised that there can be no certainty that engagement will progress, that heads of terms will be agreed (either on the basis set out in this announcement or otherwise), or whether the Proposed Transaction (whether along the lines of the illustrative terms set

out in this announcement or otherwise), will take place at all. Should heads of terms for the Proposed Transaction be agreed, further details and a proposed timetable of the Scheme will be announced.

[1]As stated in RNS released on 03 April 2025
All figures sourced from Morningstar to 31 March 2025 date except discount data calculated by Asset Value Investors

The full RNS is attached

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Background on AJOT
AJOT launched on the premium segment of the main market in October 2018, with an investment objective to achieve capital growth through investing in a focused portfolio of over-capitalised, small-cap, Japanese equities. The Company invests across equities listed or quoted in Japan which are considered by its investment manager, Asset Value Investors Limited ("AVI" or "Asset Value Investors"), to be under-valued and where cash, listed securities and/or realisable assets make up a significant proportion of the market capitalisation. Since IPO, AJOT has developed a track record for successful active management of its portfolio and thus performs significantly better than its peers and against both the MSCI Japan Small Cap Index and the TOPIX. AJOT's one year, three and five years NAV total return was 20.9%, 47.3% and 93.3% respectively, (FJV one year: -9.3%, three years: -3.4%, five years: 28.1%).

AJOT has a successful discount control policy whereby if, under normal market conditions, the four-month average share price discount to NAV is greater than 5% the Company will buy back shares with the intention of reducing the discount to a level no greater than 5%. AJOT also offers its shareholders an uncapped annual exit opportunity due to the Board's strong focus on corporate governance and discount management. In the 2024 exit opportunity, only 2.58% of the Company's issued share capital was tendered at a 2% discount to the prevailing NAV (less direct transaction costs). The Board was pleased to see this strong signal of support from its shareholders and considers that the annual exit opportunity provides a strong platform for the future growth of the Company.