

March 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

Fund Information

Share Classes

Share Class	ISIN	Price
A (GBP)	IE0000B7RI69	£116.36
A (JPY)	IE000SRLWUF2	¥11,775.79
B (EUR)	IE000Z7QO7O0	€120.39
B (GBP)	IE000STVDBB6	£116.63
B (JPY)	IE000BBWIQL4	¥10,999.99
B (USD)	IE000UIN5KK5	\$122.44
B1 (GBP)	IE000OPWA0E7	£114.23

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

Top Ten Holdings*

	%
Eiken Chemical	7.9
Kurabo Industries	7.2
TSI Holdings	6.8
Atsugi	6.2
Beenos	6.1
SharingTechnology	5.2
Raito Kogyo	4.8
Aoyama Zaisan Networks	4.7
Broadmedia	4.1
Dai Nippon Printing	3.7
TOTAL	56.7

Contributors & Detractors (GBP)**

Largest Contributors	Monthly Con bps	% Weight
Synchro Food	35	2.2
Eiken Chemical	21	7.9
Takuma	14	3.1

Largest Detractors	Monthly Con bps	% Weight
TSI Holdings	-62	6.8
Aichi Corp	-61	Exited
Aoyama Zaisan Networks	-34	4.7

**Contributors and detractors from Facstet

Portfolio

Sector Exposure*

Consumer Discretionary	26.3%
Industrials	24.3%
Communication Services	11.5%
Health Care	10.1%
Real Estate	7.8%
Information Technology	6.5%
Materials	5.5%
Consumer Staples	5.2%
Utilities	2.8%

Market Cap Breakdown*

>£25bn	22.8%
£1bn-£25bn	4.2%
£750mn-£1bn	6.5%
£500mn-£750mn	16.4%
£250mn-£500mn	23.3%
<£250mn	26.8%

*All figures shown as % of Portfolio

MANAGER'S COMMENT

AJSS' portfolio companies performed well over the month, with companies across a broad range of sectors outperforming the broader Japanese market.

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 in recent years, 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 AJSS portfolio has limited direct exposure to 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 AJSS portfolio, AVI made two large ownership declarations in March, with AVI now holding more than 5% of the voting rights in 10 names, which account for 40% 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.

Eiken Chemical (4549) – Share buyback program progress

Eiken Chemical was the second largest contributor over the month, adding +21bps 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.

MANAGER'S COMMENT

We anticipate substantial upside to the share price, with the 7.5% position as the top holding in AJSS reflective of our conviction. The investment since inception has achieved an ROI of +8% for an IRR of +17% (in JPY) to March month-end.

TSI Holdings (3608) – February sales down YoY

TSI Holdings, was the largest detractor, reducing performance by -62bps 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.

TSI Holdings accounted for 6.8% of the portfolio 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 +20% for an IRR of +36%.

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

AVI Japanese Special Situations Fund

Launch Date	22 nd April 2024
Net Assets	JPY 5.4bn / GBP 27.9m
Cash	5.1%
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	£116.36
A (JPY)	1.35	IE000SRLWUF2	AVIJAAJ ID	¥11,775.79
B (EUR)	1.15	IE000Z7QO7O0	AVIJASB ID	€120.39
B (GBP)	1.15	IE000STVDDB6	AVIJABG ID	£116.63
B (JPY)	1.15	IE000BBWIQL4	AVIJPSB ID	¥10,999.99
B (USD)	1.15	IE000UIN5KK5	AVIJABU ID	\$122.44
B1 (GBP)*	0.85	IE000OPWA0E7	AVIJAB1 ID	£114.23

All performance shown in GBP Total Return and as at 31/03/2025
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

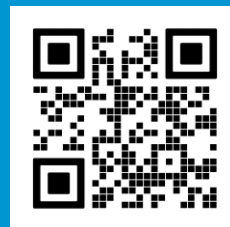
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The share price can be found in [AJSS - Asset Value Investors](#)

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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