

April 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.

HEADLINES

Toyota Industries – \$42bn Buyout

Akio Toyoda, Chairman of Toyota Motor, proposed a \$42bn buyout of Toyota Industries at a +40% premium to the undisturbed share price, with the share price rising +23% the following day.

[Read more below](#)**Kurabo – Textiles restructuring**

Kurabo Industries, a conglomerate founded as a textiles business, announced plans to shut down its Anjo textiles plant as part of its textiles business structural reform.

[Read more below](#)**Atsugi – Caught in Tariff Turmoil**

Atsugi is an apparel manufacturer primarily known for producing stockings, innerwear, and legwear for women. The company saw its share price fall amidst the tariff turmoil around 'Liberation Day'.

[Read more below](#)

THE FUND

Fund Launch Date

22/04/24

A GBP NAV per share

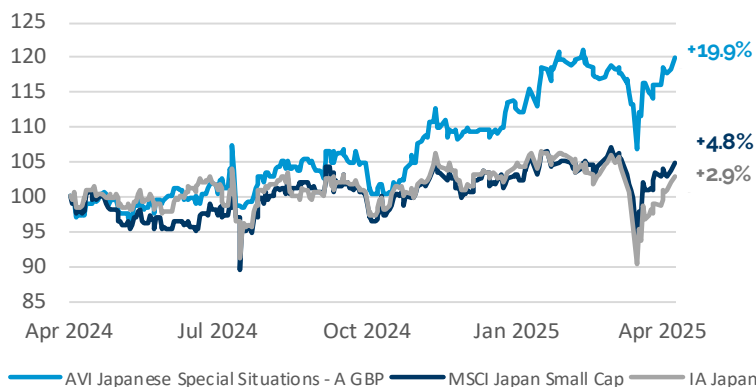
£119.93

Cash

1.6%

Net Performance (GBP)

	Month	3 Month	YTD	SI ¹
A GBP Share Class	3.1%	4.3%	9.5%	19.9%
MSCI Japan Small Cap	1.5%	-0.5%	2.2%	4.8%
IA Japan	1.3%	-3.1%	-0.2%	2.9%

NAV Total Return Since Inception (GBP)

Past performance does not predict future returns. All performance is shown in GBP, net of fees and including net dividends as at 30/04/2025. Returns may increase or decrease as a result of currency fluctuations. Source: Morningstar. Benchmark: MSCI® Japan Small Cap Total Return Index. The Fund is actively managed with reference to the MSCI® Japan Small Cap Total Return Index for performance comparison purposes. The portfolio is unconstrained by the benchmark and holdings may deviate significantly from those in the benchmark index. The fund was attributed the IA Japan sector by The IA. The IA Japan sector consists of The IA member UK based funds which invest at least 80% of their assets in Japanese equities. The use of the IA Japan sector is purely indicative and should not be used as a benchmark. For further information on the The IA and its sectors, visit www.theia.org. ¹Share Class Launch Date 22nd April 2024.

PORTFOLIO

Top Ten Holdings²

	%
Kurabo Industries	8.2
Eiken Chemical	7.4
TSI Holdings	6.3
Beenos	5.8
Atsugi	5.5
Raito Kogyo	5.0
Rohto Pharmaceutical	4.9
Sharingtechnology	4.8
Aoyama Zaisan Networks	4.5
Broadmedia	4.4
TOTAL	56.8
No of Holdings	29

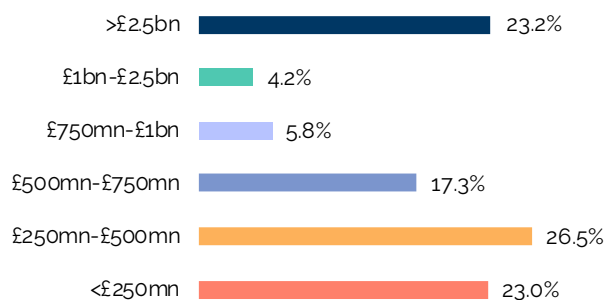
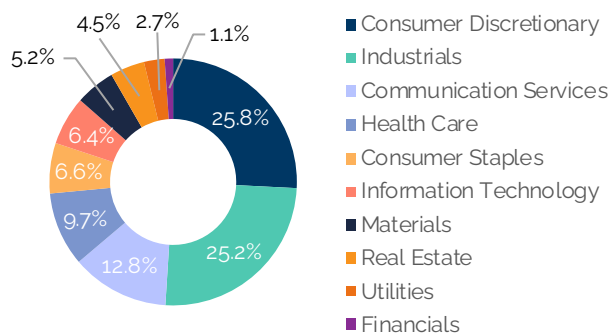
Contributors & Detractors (GBP)³

Largest Contributors	Monthly Con bps	% Weight ²
Toyota Industries	97	3.8
Kurabo Industries	51	8.2
Sharingtechnology	49	4.8
Raito Kogyo	45	5.0
Rohto Pharmaceutical	43	4.9

Largest Detractors	Monthly Con bps	% Weight ²
Atsugi	-50	5.5
Dai Nippon Printing	-18	4.0
TSI Holdings	-15	6.3
Tokyo Tatemono	-12	Exited
Eiken Chemical	-9	7.4

²Shown as % of Portfolio³Contributors and detractors from Facstet

PORTFOLIO (continued)

Market Cap Breakdown²Sector Exposure²

PERFORMANCE SUMMARY

	Share Class	NAV per share	Month	3 Month	YTD	SI ¹
GBP	A GBP	£119.93	31%	4.3%	9.5%	19.9%
	MSCI Japan Small Cap	-	1.5%	-0.5%	2.2%	4.8%
JPY	A JPY	¥12,004.53	1.9%	3.7%	5.4%	20.0%
	MSCI Japan Small Cap	-	0.2%	-1.5%	-1.1%	4.7%
EUR	B EUR	€121.98	1.3%	2.4%	6.7%	22.0%
	MSCI Japan Small Cap	-	-0.2%	-2.2%	-0.7%	6.3%
GBP	B GBP	£120.22	31%	4.3%	9.6%	20.2%
	MSCI Japan Small Cap	-	1.5%	-0.5%	2.2%	4.8%
JPY	B JPY	¥11,215.51	2.0%	3.7%	5.4%	12.2%
	MSCI Japan Small Cap	-	0.2%	-1.5%	-1.1%	1.8%
USD	B USD	\$130.28	6.4%	12.3%	16.2%	30.3%
	MSCI Japan Small Cap	-	5.0%	7.0%	9.0%	13.6%
GBP	B1 GBP ⁴	£117.34	2.7%	3.7%	8.2%	17.3%
	MSCI Japan Small Cap	-	1.5%	-0.5%	2.2%	4.8%

Past performance does not predict future returns. All performance is shown net of fees and including net dividends as at 30/04/2025. Source: Morningstar. Benchmark: MSCI® Japan Small Cap Total Return Index. The Fund is actively managed with reference to the MSCI® Japan Small Cap Total Return Index for performance comparison purposes as well as for the purposes of calculating the performance fee. The performance of each share class is stated in the share class relevant currency as specified in the table. The performance of the benchmark has been converted into the currency of the relevant share class for comparison purposes. Returns may increase or decrease as a result of currency fluctuations. The portfolio is unconstrained by the benchmark and holdings may deviate significantly from those in the benchmark index. ¹Share Classes Launch Date was 22nd April 2024 except for the B JPY Share Class which launched on 28th June 2024. ⁴Performance fee share class - 0.50% management fee + 15% of outperformance of benchmark.

MANAGER'S COMMENT

This newsletter marks one year since the launch of AJSS. Since inception on 22nd April 2024, AJSS' NAV has increased by +19.9% (in GBP), while the benchmark returned +4.8% (in GBP). During April 2025, AJSS' NAV increased +3.1% (in GBP), while the benchmark returned +1.5% (in GBP).

The two largest contributors to performance in April were Toyota Industries (+32% share price), as the Chairman of Toyota Motor proposed plans for a buyout of the company at a +40% premium, and Kurabo Industries (+5%), which announced plans to shut down its largest textiles plant. Meanwhile, Atsugi (-9%) was the most notable detractor due to being somewhat caught in the tariff turmoil.

Over the last month, markets have been dominated and dictated by "Liberation Day" and the ensuing tariff turmoil. Despite the

ongoing global volatility, we are pleased to report that the AJSS portfolio continued to outperform the benchmark. The portfolio's resilience can partly be ascribed to the domestic nature of the companies' underlying businesses, with sales at a portfolio level domestically driven. We have also experienced share price strength in companies where we have seen engagement success, like Kurabo (discussed below), which, in line with our recommendation, announced plans to close down its largest and most unprofitable textile factory. Additionally, in a seminal moment in the corporate reform story unfolding in Japan, the Chairman of Toyota Motor proposed a plan to buyout Toyota Industries.

The expectation of AVI's future engagement success also seems to have moved Rohto Pharmaceutical, a leader in eye drops and skincare.

MANAGER'S COMMENT

We launched a public campaign, "[Awakening Rohto](#)" in April, highlighting the strengths of the company as well as a proposed roadmap to improved corporate efficiency and shareholder value. Our newest portfolio addition, Synchro Food's share price has also reacted positively to our appearance on the shareholder register and was one of the period's top performers.

During the period, the team launched public campaigns for both Rohto Pharmaceuticals and Wacom, and held around 30 in-person meetings in Japan across our portfolio companies.

Across the AJSS portfolio, AVI made several large ownership declarations in April, including a 5% declaration in Kurabo Industries, the largest position in the portfolio. AVI now holds more than 5% of the voting rights in 12 names, which account for 58% of the portfolio. 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.

Toyota Industries (6201) – Toyota Chairman proposes \$42bn buyout at +40% premium

Toyota Industries was the largest contributor over the month, adding +97bps to performance as its share price rose +32%.

Toyota Industries manufactures forklifts, automotive components, and assembles vehicles like the RAV4 SUV. The company holds a 9% stake in Toyota Motor, while Toyota Motor owns c.24% of Toyota Industries.

Akio Toyoda, Chairman of Toyota Motors, proposed plans in late April for a \$42bn buyout of Toyota Industries at a +40% premium to the undisturbed share price. This lifted the share price +23% in the following day of trading.

Since 2015, we at AVI have been encouraging management to unwind their cross-shareholdings and investment securities, which made up almost half of Toyota Industries' balance sheet assets. At the same time, AVI (across our Japan dedicated mandates) was also invested in Aichi Corp (since 2019), which was majority owned by Toyota Industries. Working with both companies, we sought to catalyse change in their ownership structures as part of a broader set of recommendations. Our efforts with Aichi moved into the public sphere last year, when we launched a campaign entitled Taking Aichi Higher. In March of this year, Toyota Industries and Aichi announced a sale and buyback that would bring Toyota Industries' controlling stake of 52% in Aichi down to 20%.

As we see it, the potential take-private transaction implicitly acknowledges, ratifies, and supports the mantra of both activists and Abenomics advocates. At the same time, the actions of Toyoda dissolve a symbolic bastion of resistance to the wave of corporate governance reform, opening the floodgates for that wave to spread its influence throughout the market.

Currently a 3.8% position in the portfolio, held since inception in April 2024, the investment has achieved an ROI of +40% for an IRR of +63% (in JPY) to April month-end.

Kurabo Industries (3106) – Shut down of largest textiles plant

Kurabo Industries was the second largest contributor over the month, adding +51bps to performance as its share price rose by +5%.

Kurabo Industries, originally established as a textile manufacturer, has diversified its operations over the years to include chemicals, advanced technology, food and services, and real estate. Kurabo has a history of stable revenues, while it has doubled its operating margin in recent years.

Much of our engagement with the company has focused on encouraging management to direct resources towards the high-quality chemicals and advanced technology segments, and away from the unprofitable textiles business.

Pleasingly, in March, Kurabo Industries announced plans in line with our recommendations, to close down its largest and most unprofitable textile factory, the Anjo Plant, by June 30 2025. This is part of a strategic shift toward high-value-added materials and overseas production to strengthen profitability.

Kurabo Industries is now the largest holding, accounting for 8.2% of the portfolio, with the investment already generating a +27% ROI, for an IRR of +61% (in JPY) to month-end.

Atsugi (3529) – Share price unfairly hit in tariff fallout

Atsugi was the largest detractor, reducing performance by -50bps as its share price fell -9%.

Atsugi is an apparel manufacturer primarily known for producing stockings, innerwear, and legwear for women. The company manufactures and retails under its own brands.

In positive news, on March 31st, the company announced it had completed the sale of cross-shareholdings, with a Y1.8bn gain on sale, which was previously expected to be Y1.4bn. However, following Trump's 'Liberation Day', the share price fell -13%, which was unjustified in our view given the mostly domestic sales limits the impact of tariffs and overseas markets. The share price rebounded c.10% the next day and trended higher for the remainder of April.

Added to the portfolio in July 2024, Atsugi accounted for 5.5% of the portfolio at month-end as the fifth largest holding. We see significant upside to the current share price, and to month-end, our investment has generated an ROI of +13% for an IRR of +31%.

RISK & REWARD

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.

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.

Signatory of:



FUND DETAILS

AVI Japanese Special Situations Fund

Fund Launch Date	22 nd April 2024
Base Currency	JPY
Net Assets Value	JPY 5.4bn / GBP 28.4m
Cash	1.6%
IA Sector	Japan
Fund Structure	UCITS
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

*Also available on all major platforms.

Share Classes

Share Class	OCF ⁵ (%)	ISIN	Ticker
A (GBP)	1.35	IE0000B7RI69	AVIJASA ID
A (JPY)	1.35	IE000SRLWUF2	AVIJAAJ ID
B (EUR)	1.15	IE000Z7Q0700	AVIJASB ID
B (GBP)	1.15	IE000STVDBB6	AVIJABG ID
B (JPY)	1.15	IE000BBWIQL4	AVIJPSB ID
B (USD)	1.15	IE000UIN5KK5	AVIJABU ID
B1 (GBP) ⁴	0.85	IE000OPWA0E7	AVIJAB1 ID

Benchmark: MSCI[®] Japan Small Cap Total Return Index

⁴Performance fee share class - 0.50% management fee + 15% of outperformance of benchmark

⁵Ongoing Charges Figure

Investment Manager – Joe Bauernfreund

AVI Ltd. +44 20 7659 4800 info@assetvalueinvestors.com

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

Further information may be found 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.

This is a marketing communication. Please refer to the Prospectus and the KIID, available at www.assetvalueinvestors.com/ajss, before making any final investment decision. Gateway Fund Services Limited is authorised and supervised by the Central Bank of Ireland under reference number C18307. A summary of investor rights associated with an investment in the Fund shall be available in English from www.gatewayfundservices.com.

MSCI[®] is a registered trademark of MSCI Inc. and/or its affiliates. The use of MSCI indices or data does not imply sponsorship, endorsement, or affiliation with MSCI.