

June 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

AVI Passes Shareholder Proposal

AVI successfully passed a shareholder proposal at Eiken Chemical's AGM, which partially amended the articles of incorporation to allow the AGM vote to determine the dividend.

[Read more below](#)

AVI Builds Stake in Broadmedia

AVI made two large ownership declarations, increasing our stake from c.25% to c.27% overall. AVI will continue to engage extensively yet constructively with management.

[Read more below](#)

Kurabo Stock-Based Compensation

Having already implemented several of AVI's suggestions in May 2025, Kurabo Industries introduced stock-based compensation to enhance alignment of directors and shareholders interests.

[Read more below](#)

THE TRUST

Share Price (pence)

174.5

NAV p/s (pence)

172.3

Prem./(Disc.)

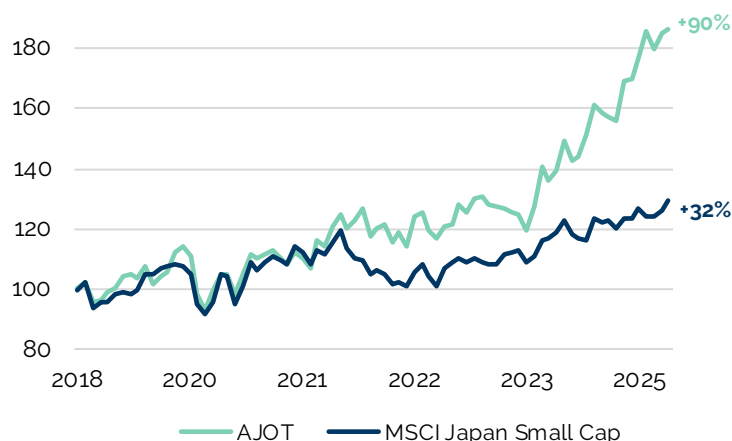
1.3%

Net Performance

		Month	1Y	3Y	5Y
GBP	NAV p/s	1.6%	25.3%	65.6%	80.5%
	MSCI Japan Small Cap	1.8%	13.4%	30.6%	26.4%
JPY	NAV p/s	3.4%	22.0%	98.7%	168.0%
	MSCI Japan Small Cap	3.5%	10.4%	56.7%	87.7%

All performance shown net of fees total returns as of 30/06/2025. Source: Morningstar.

NAV Total Return Since Inception (GBP)



Source: Morningstar as of 30/06/2025

PORTFOLIO

Top Ten Holdings

	% ¹
Kurabo Industries	12.5
TSI Holdings	11.5
Raito Kogyo	9.1
Atsugi	7.9
Wacom	7.7
Eiken Chemical	7.4
Broadmedia	7.3
Aoyama Zaisan Networks	6.4
Rohto Pharmaceutical	6.2
Sharingtechnology	5.9
TOTAL	81.9
No of Holdings	20

Contributors/Detractors (GBP)²

Largest Contributors	1M Contrib. bps	% ¹
Broadmedia	50	7.3
Kurabo Industries	41	12.5
Wacom	28	7.7
TSI Holdings	24	11.5
Atsugi	24	7.9

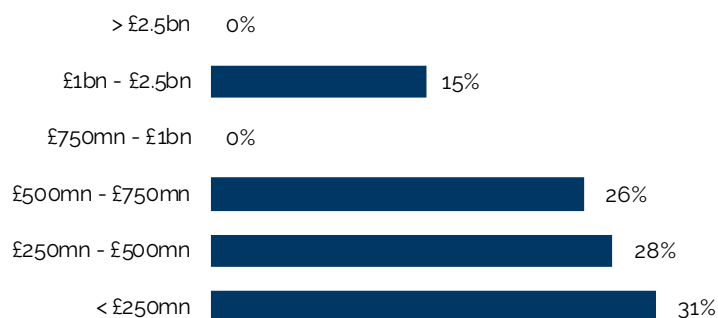
Largest Detractors	1M Contrib. bps	% ¹
Raito Kogyo	-23	9.1
Aoyama Zaisan Networks	-14	6.4
Rohto Pharmaceutical	-8	6.2
Helios Techno Holding	-7	0.8
Takuma	-6	Exited

¹All Figures shown as % of Net Asset Value

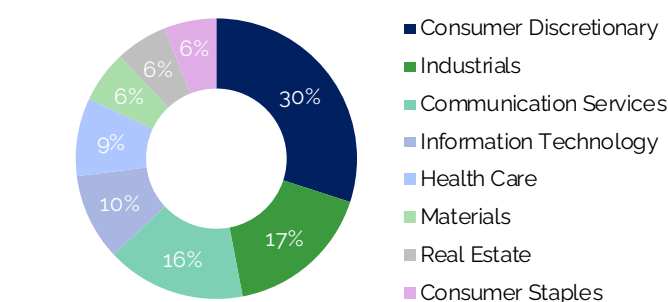
²Contributors and detractors from Facstet

PORTFOLIO (continued)

Market Cap Breakdown³



Sector Breakdown³



³Shown as % of Portfolio

MANAGER'S COMMENT

AJOT's NAV increased by +1.6% (in GBP) and +3.4% (in JPY) over the month, while the benchmark returned +1.8% (in GBP) and +3.5% (in JPY).

The two largest contributors to performance over the month were Broadmedia (+9% share price), which AVI increased its stake in as the largest shareholder, and Kurabo Industries (+5%), which saw its CEO's approval rating decline despite recent measures to refocus on the core business. Meanwhile, Raito Kogyo (-1%) was a modest detractor as AVI increased its stake amid a stagnant share price.

The AJOT portfolio performed strongly in H1 2025, demonstrating continued outperformance of the benchmark by +5.1% (in GBP) and +5.2% (in JPY). The portfolio's focus on domestically oriented companies, with c.80% of revenue derived domestically, has seemingly limited the impact of ongoing tariff uncertainty.

Across the AJOT portfolio, AVI made several large ownership declarations in June, with AVI holding more than 5% of the voting rights in 11 portfolio names, which account for 76% of NAV. During June, AVI increased its stake in Synchro Food to hold close to 16% of the voting rights, with the holding accounting for 4.6% of AJOT's NAV, as well as Broadmedia, with AVI now holding over 29% of the voting rights.

Many portfolio companies held AGMs in June, with AVI successfully passing one of two shareholder proposals at Eiken Chemical, which was a partial amendment to the articles of incorporation to allow the dividend to be determined by vote at the AGM, in addition to at Board of Directors meetings. AVI's proposal was passed with 73% approval, exceeding the 66% super majority required. The other proposal requesting share buybacks did not pass, with 38% approval. The 2025 AGM season saw a record high 52 companies receive proposals from 'activist' investors, up from 46 in 2024.

As corporate reform in Japan continues unabated, it was announced that the TSE is set to make IR systems mandatory for listed companies to facilitate relationship building with shareholders and prospective investors. The TSE had recently mandated timely English disclosure for both qualitative and quantitative information. In late June, it was also reported that the TSE is planning to introduce new rules to enhance the protection of minority shareholders amid a surge in management buyouts.

AVI's constructive engagement strategy has a unique focus on operational improvements, in addition to the traditional activist themes of capital efficiency, shareholder communication, and corporate governance. 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, focusing on operational improvements in addition to typical engagement areas.

The team has several high-conviction ideas in the pipeline, and we look forward to continuing to uncover opportunities in the under-researched small to mid-cap market, with a focus on overcapitalised high-quality companies with scope for improvement through our constructive engagement.

Broadmedia (4347) - AVI Increases Stake as Largest Shareholder

Broadmedia was the largest contributor over the month, adding +50bps to performance as its share price rose +9%.

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 study e-sports, KPOP and programming, on top of the standard arts/science curriculum. In addition to operating online-schools, Broadmedia operates an IT service business, specifically 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.

During the month, AVI made two large ownership declarations, increasing our stake from c.25% to c.27% overall. While pressure increases from AVI, the CEO saw his approval rating decline from 81% in 2024 to 65% at the AGM this year. As the largest shareholder, AVI will continue to engage extensively yet constructively with management.

Added to the portfolio in April 2024, Broadmedia accounted for 7.3% of AJOT's NAV at month-end as a top 10 holding.

MANAGER'S COMMENT (continued)

We see significant upside to the current share price and to month-end, our investment has generated an ROI of +19% for an IRR of +39% (in JPY).

Kurabo Industries (3106) – Stock-Based Compensation for Directors

Kurabo Industries was the second largest contributor over the month, adding +41bps to performance as its share price rose by +5%.

Kurabo Industries, established in 1988 as a textile manufacturer, has diversified its operations over the years to include chemicals, advanced technology, food and services, and real estate. Kurabo Industries has a history of stable revenues and 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 this year, the company announced plans in line with our recommendations, to close down its largest and most unprofitable textile factory, the Anjo Plant, by June 30, 2025.

Having announced plans in May to implement several of AVI's suggestions into its medium-term plan, as noted in last month's newsletter, in June Kurabo announced the introduction of stock-based compensation plans for the company's directors. This positive step will help to ensure alignment of management actions with shareholders' best interests. At the 2025 AGM held in June, the CEO saw his approval rating decline by -13% relative to the prior year. Additionally, the company continued its 12-month buyback plan announced last November to buy back 7.3% of shares, with 48,700 shares repurchased in June and the plan now 63% complete.

Kurabo Industries was added to the portfolio in January 2024 and is now the largest holding, accounting for 12.5% of AJOT's NAV, with the investment already generating a +70% ROI, for an IRR of +85% to month-end (in JPY).

Raito Kogyo (1926) – AVI Builds Stake Amid Stagnant Share Price

Raito Kogyo was the largest, albeit relatively modest, detractor, reducing performance by -23bps as its share price fell -1%.

Raito Kogyo is a leading company in the specialist construction sector, with core operations in slope construction and ground improvement—together comprising over 70% of total sales orders. The company holds the largest market shares in these areas, with approximately 30% in slope construction and 20% in ground improvement.

AVI's engagement with the company to date has focused on enhancing capital efficiency, corporate governance and shareholder communication. During the month, AVI continued to build its stake in Raito Kogyo, as we seek to step up our influence with the company and use engagement to drive the necessary change to unlock value. The CEO of Raito Kogyo was one of eight AJOT portfolio companies that did not see their approval rating decline this year.

Added to the portfolio in March 2024, Raito Kogyo accounted for 9.1% of AJOT's 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 returned an ROI of +24% for an IRR of +44% (in JPY).

STATISTICS

Performance Summary (GBP)

Total Returns (%)	1M	1Y	3Y	5Y	SI ⁴
Share Price	5.4	32.6	72.6	81.1	88.3
NAV p/s	1.6	25.3	65.6	80.5	89.7
MSCI Japan Small Cap	1.8	13.4	30.6	26.4	31.5
CY Total Returns (%)	YTD	2024	2023	2022	2021
Share Price	15.5	21.5	14.8	-6.0	10.0
NAV p/s	11.7	20.9	15.8	-4.3	12.3
MSCI Japan Small Cap	6.5	6.2	6.9	-1.0	-1.4

All performance shown net of fees in GBP Total Return and as at 30/06/2025

Source: Morningstar

⁴Start Date 23 October 2018

Characteristics

Portfolio Statistics

EV/EBIT	7.2x
Net Cash/Market Cap ⁵	21.2%
NFV/Market Cap ⁶	51.2%

⁵Net Cash = Cash - Debt

⁶Net Financial Value (NFV) = Net Cash + Investment Securities - Minority Interest

Trust Details

Capital Structure

Ordinary Shares	137,198,943
Shares held in Treasury	1,360,716
TONAR + 1.55% Revolving Credit Facility	¥6,600,000,000

Gross Assets/Gearing

Gross Assets	£267.4m
Debt at fair value (gross)	£33.3m
Gearing (net) ⁷	8.2%

Fund Facts

Launch Date	23-Oct-18
Net Assets	£234m
Investment Manager	Asset Value Investors Limited
Value Owned by AVI ⁸	£5,649,139
Shareholder Services	MUFG Corporate Markets
Management Fee ⁹	10% of lower of market cap or NAV
Ticker Code	AJOT.LN
ISIN	GB00BD6H5D36

⁷Net gearing at fair value

⁸Value owned by AVI Ltd & AVI Ltd employees as a percentage of Net Asset Value as at 30th June 2025

⁹Annual Management Fee. 25% of Management Fee is reinvested in shares of AJOT

Investment Manager – Joe Bauernfreund

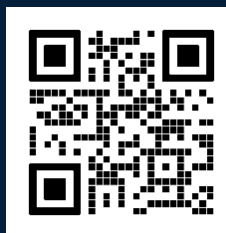
AVI Ltd. +44 20 7659 4800 info@ajot.co.uk

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

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") with reference number 119270 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.