

June 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

AVI Shareholder Proposal Passed

One of two AVI shareholder proposals at Eiken Chemical's AGM was successfully passed, 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 FUND

Fund Launch Date

22/04/24

A GBP NAV per share

£121.34

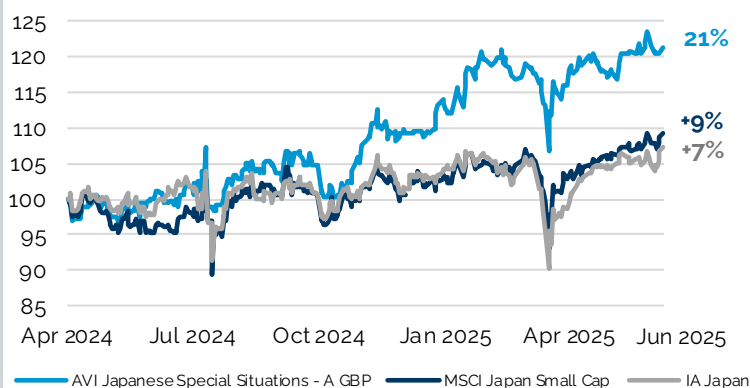
Cash

5.1%

Net Performance (GBP)

	Month	3 Month	YTD	SI ¹
A GBP Share Class	0.8%	4.3%	10.8%	21.3%
MSCI Japan Small Cap	1.8%	5.8%	6.5%	9.3%
IA Japan	0.9%	5.8%	4.2%	7.3%

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 30/06/2025. Returns may increase or decrease as a result of currency fluctuations. Source: Morningstar. Benchmark: MSCI® Japan Small Cap Net Total Return Index. The Fund is actively managed with reference to the MSCI® Japan Small Cap Index Net Total Return 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 Holdings

	% ²
TSI Holdings	9.2
Kurabo Industries	8.4
Raito Kogyo	7.1
Atsugi	4.9
Eiken Chemical	4.7
Rohto Pharmaceutical	4.7
Synchro Food	4.6
Sharingtechnology	4.4
Dai Nippon Printing	4.4
Kokuyo	4.2
TOTAL	56.6
No of Holdings	26

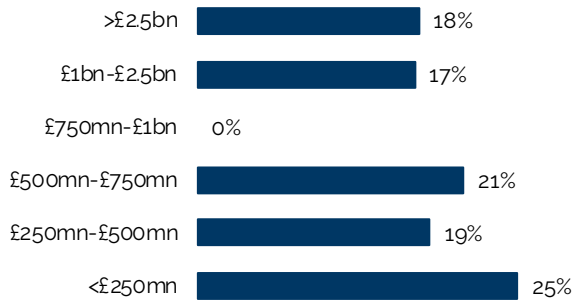
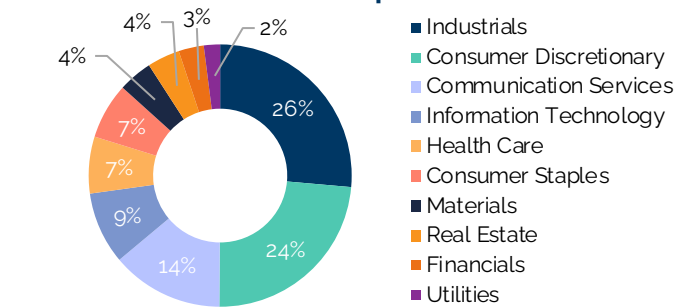
Contributors & Detractors (GBP)³

Largest Contributors	1M Contrib. bps	% ²
Broadmedia	28	4.1
Kurabo Industries	28	8.4
Kokuyo	26	4.2
TSI Holdings	20	9.2
Maruzen Showa Unyu	16	2.1

Largest Detractors	1M Contrib. bps	% ²
Raito Kogyo	-19	7.1
Toyota Industries	-16	1.2
Kyocera Corp	-9	2.8
Aoyama Zaisan Networks	-8	3.8
Keisei Electric	-7	1.6

²Shown as % of Net Asset Value. ³Contributors and detractors from Facstet

PORTFOLIO (continued)

Market Cap Breakdown⁴Sector Exposure⁴⁴Shown as % of Portfolio

PERFORMANCE SUMMARY

%	Share Class	NAV per share	Month	3 Month	YTD	S ¹
GBP	A GBP	£121.34	0.8	4.3	10.8	21.3
	MSCI Japan Small Cap	-	1.8	5.8	6.5	9.3
JPY	A JPY	¥12,551.05	2.7	6.6	10.2	25.5
	MSCI Japan Small Cap	-	3.5	8.5	7.1	13.4
EUR	B EUR	€122.73	-1.0	1.9	7.4	22.7
	MSCI Japan Small Cap	-	0.0	3.4	2.8	10.2
GBP	B GBP	£121.69	0.8	4.3	10.9	21.7
	MSCI Japan Small Cap	-	1.8	5.8	6.5	9.3
JPY	B JPY	¥11,735.21	2.7	6.7	10.3	17.4
	MSCI Japan Small Cap	-	3.5	8.5	7.1	10.3
USD	B USD	\$135.28	2.5	10.5	20.6	35.3
	MSCI Japan Small Cap	-	3.4	12.4	16.6	21.5
GBP	B1 GBP ⁵	£119.15	1.2	4.3	9.8	19.2
	MSCI Japan Small Cap	-	1.8	5.8	6.5	9.3

Past performance does not predict future returns. All performance is shown net of fees and including net dividends as at 30/06/2025. Source: Morningstar. Benchmark: MSCI[®] Japan Small Cap Index Net Total Return. The Fund is actively managed with reference to the MSCI[®] Japan Small Cap Net 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. ⁵Performance fee share class - 0.50% management fee + 15% of outperformance of benchmark.

MANAGER'S COMMENT

AJSS' NAV increased by +0.8% (in GBP) over the month, while the benchmark returned +1.8% (in GBP).

The two largest contributors to performance over the month were Broadmedia (+9% share price), which AJSS increased its stake in, with AVI controlling the largest number of voting rights on the shareholder register, 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 AJSS increased its stake amid a stagnant share price.

The AJSS portfolio performed strongly in H1 2025, demonstrating continued outperformance of the benchmark by +4.2% (in GBP). The portfolio's focus on domestically oriented companies has seemingly limited the impact of ongoing tariff uncertainty.

Across the AJSS 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 52% 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 AJSS' 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.

MANAGER'S COMMENT (continued)

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 investor relations 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) – AJSS Increases Stake, AVI Controls Largest Number of Voting Rights

Broadmedia was the largest contributor over the month, adding +28bps 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 across AVI funds 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. With AVI funds controlling the largest number of voting rights on the shareholder register, AVI will continue to engage extensively yet constructively with management.

Added to the portfolio in April 2024, Broadmedia accounted for 4.1% of AJSS' NAV at month-end. We see significant upside to the current share price and to month-end, our investment has generated an ROI of +18% for an IRR of +34% (in JPY).

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

Kurabo Industries was the second largest contributor over the month, adding +28bps 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 has been in the portfolio since inception in April 2024 and is now the second largest holding, accounting for 8.4% of AJSS' NAV, with the investment already generating a +36% ROI, for an IRR of +94% to month-end (in JPY).

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

Raito Kogyo was the largest, albeit relatively modest, detractor, reducing performance by -19bps 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 across AVI funds, as we seek to step up our influence with the company and use engagement to drive the necessary change to unlock value. Unlike many AJSS portfolio companies, the CEO of Raito Kogyo did not see their approval rating decline this year.

Held in the portfolio since fund inception April 2024, Raito Kogyo accounted for 7.1% of AJSS' 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 +14% for an IRR of +42% (in JPY).

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.

FUND DETAILS

AVI Japanese Special Situations Fund

Fund Launch Date	22 nd April 2024
Base Currency	JPY
Net Assets Value	JPY 8.4bn / GBP 42.4m
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 ⁶ (%)	ISIN	Ticker
A (GBP)	1.35	IE0000B7RI69	AVIJASA ID
A (JPY)	1.35	IE0000SRLWUF2	AVIJAAJ ID
B (EUR)	1.15	IE0000Z7QO700	AVIJASB ID
B (GBP)	1.15	IE0000STVDBB6	AVIJABG ID
B (JPY)	1.15	IE0000BBWIQL4	AVIJPSB ID
B (USD)	1.15	IE0000UIN5KK5	AVIJABU ID
B1 (GBP) ⁵	0.85	IE0000OPWA0E7	AVIJAB1 ID

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

⁵Performance fee share class - 0.50% management fee + 15% of outperformance of benchmark

⁶Ongoing Charges Figure

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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.

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