

AVI Japan Opportunity agrees terms for Fidelity Japan combination

The Board of AVI Japan Opportunity Trust plc (AJOT) has agreed on heads of terms for a proposed rollover of Fidelity Japan Trust plc (FJV) assets into AJOT.

AJOT initially proposed a merger with FJV in August 2024, driven by the belief that a larger, combined trust would deliver enhanced value for both shareholder bases. This rationale remains firmly in place.

Key benefits of the proposed rollover

FJV shareholders will gain exposure to a strongly performing strategy that targets undervalued small- and mid-cap Japanese equities. AJOT has consistently delivered robust returns since its inception in 2018, outperforming its benchmark and peer group in NAV growth, while exhibiting a lower discount to NAV.

The strategy has proven resilient across varying market conditions, including periods of persistent yen weakness: since inception in 2018, AJOT has delivered a NAV total return of 102%, versus 41% for the MSCI Japan Small Cap Index and 53% for the TOPIX index¹.

AJOT's investment manager, Asset Value Investors (AVI), has a strong track record of managing Japanese equity portfolios. The firm's data-driven, high-conviction stock selection approach is complemented by active engagement with companies, which continues to gain traction as Japan's corporate governance reforms accelerate.

The AVI team is led by CEO and CIO Joe Bauernfreund, who is supported by an experienced team of six additional investment professionals. They include bilingual professionals based in both London and Tokyo, spanning diverse backgrounds across private equity, investment banking, and management consulting.

The enlarged entity will continue to follow AJOT's proven strategy of investing in undervalued smaller cap Japanese companies which display underutilised balance sheets and compelling corporate governance reform potential.

AJOT can absorb FJV's capital without style drift, and the enhanced scale will further strengthen AVI's constructive activism process. The additional capital would allow for increased holdings in existing portfolio companies, helping reinforce influence and expedite the ability to drive governance and operational improvements.

AVI also reinvests 25% of its investment management fee into AJOT shares, ensuring long-term alignment with shareholders.

If approved by shareholders of both companies, the move will be implemented via a scheme of reconstruction under section 110 of the Insolvency Act 1986, resulting in the voluntary liquidation and reconstruction of FJV.

Norman Crichton, Chairman of AVI Japan Opportunities Trust Plc, said: *"We are pleased to have reached agreement with the Fidelity Japan Trust board for a proposed rollover into AVI Japan Opportunity Trust. As AJOT set out last year, and again in April 2025, we strongly believe that this combination could unlock greater returns and continued outperformance for existing shareholders of both trusts."*

"An enlarged AJOT will have greater firepower to capitalise on what we consider are once-in-a generation structural corporate governance reforms in Japan, focusing on under-valuation in the vast opportunity set of smaller cap Japanese equities, backed by AJOT's discount control mechanisms. We look forward to engaging further with Fidelity Japan shareholders, and demonstrating to them the value of AVI's differentiated process which has continued to outperform the sector."

¹ As at 7 August 2025. Source: Morningstar.

Joe Bauernfreund, CEO and CIO of Asset Value Investors, commented: *"We are pleased both boards have reached agreement on this proposed rollover. AJOT has delivered strong long-term performance through combining a disciplined and focused strategy targeting undervalued Japanese SMID-cap equities and leveraging Japan's ongoing corporate governance reforms by working intensely with company management in a wide opportunity set.*

"With a team of seven investment professionals across London and Tokyo, we bring deep insights and a constructive engagement approach. Should shareholders agree to the rollover, we believe the enlarged AJOT would be well-positioned to create lasting value for shareholders through greater scale, influence, and investment opportunity."

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For further information, please contact:

AVI Japan Opportunity Trust plc

KL Communications – Financial PR

AJOT@kl-communications.com

Charles Gorman | Henry Taylor

+44 (0)20 3882 6644 / +44 (0)7795 977 967

Notes to Editors

Further details:

The rollover is expected to include the option for FJV shareholders to elect to receive cash, at NAV less 1%, in respect of some or all their FJV holdings, in place of the default option of AJOT shares, and subject to an aggregate cap of 50% cash election across the whole shareholder base. Further details will be provided in shareholder circulars in due course. Subject to shareholder approvals, the rollover is expected to be completed later in 2025, with FJV shareholders who receive AJOT shares expected to be eligible for AJOT's annual redemption opportunity. Full details are published in RNS announcements from AJOT and FJV today.

About AJOT:

AJOT was launched in October 2018 to capitalise on inefficiencies in the Japanese equity market through a disciplined strategy of constructive shareholder engagement. With net assets of £234m at 30 June 2025, AJOT is managed by Asset Value Investors (AVI).

About AVI:

Established in 1985, AVI manages over £1.8bn across public strategies including AVI Global Trust, AVI Japan Opportunity Trust, and MIGO Opportunities Trust. AVI is known for its value-oriented investment philosophy and constructive activist approach across global markets.