

July 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

AJSS Exits Longstanding Holdings

AJSS successfully exited longstanding positions in former top holding TSI Holdings, as well as Konishi, via company buybacks, highlighting our ability to exit relatively illiquid names.

[Read more below](#)

Eiken Chemical – Earnings Growth

Eiken Chemical announced revenue growth of +7.1% YoY and EBIT growth of +37.2%, however, last year's financial performance was quite poor. AVI's shareholder proposal passed in June.

[Read more below](#)

Atsugi Operating Loss Continues

Atsugi, an apparel manufacturer primarily known for producing stockings, announced its operating loss had continued in Q1 2025, with EBIT falling by -12.1% YoY and revenue -4.2%.

[Read more below](#)

THE FUND

Fund Launch Date

22/04/24

A GBP NAV per share

£125.86

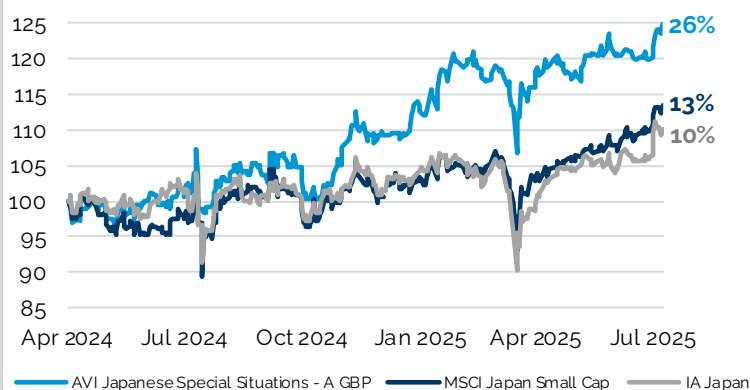
Cash

3.5%

Net Performance (GBP)

	Month	3 Month	YTD	SI ¹
A GBP Share Class	3.7%	4.9%	14.9%	25.9%
MSCI Japan Small Cap	3.7%	8.1%	10.5%	13.4%
IA Japan	2.6%	7.2%	6.9%	10.2%

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 31/07/2025. 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

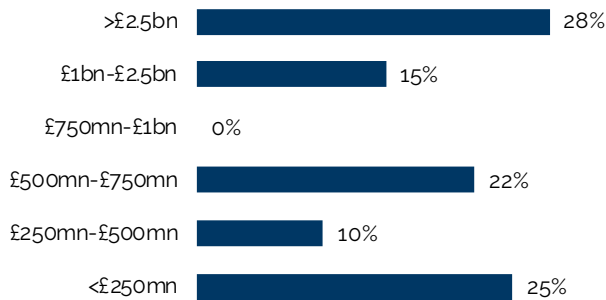
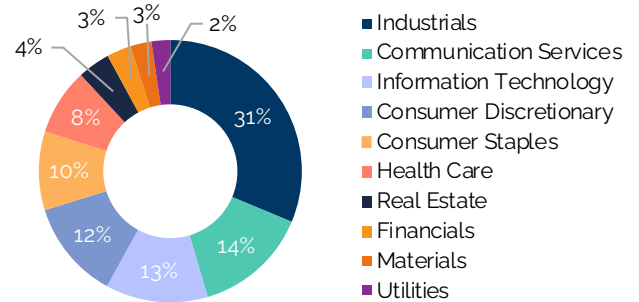
	% ²
Raito Kogyo	9.0
Rohto Pharmaceutical	7.5
Kurabo Industries	7.3
Mitsubishi Logistics	6.7
Eiken Chemical	6.2
Sharingtechnology	5.1
Kyocera Corp	4.8
Synchro Food	4.7
Dai Nippon Printing	4.6
Atsugi	4.4
TOTAL	60.3
No of Holdings	24

Contributors & Detractors (GBP)³

Largest Contributors	1M Contrib. bps	% ²
Sharingtechnology	87	5.1
Raito Kogyo	66	9.0
Eiken Chemical	57	6.2
Kurabo Industries	46	7.3
Mitsubishi Logistics	41	6.7
Largest Detractors	1M Contrib. bps	% ²
Atsugi	-38	4.4
Wacom	-20	3.6
TSI Holdings	-16	Exited
DTS	-13	3.5
Keisei Electric	-11	2.5

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

PORTFOLIO (continued)

Market Cap Breakdown⁴Sector Exposure⁴⁴Shown as % of Portfolio

PERFORMANCE SUMMARY

%	Share Class	NAV per share	Month	3 Month	YTD	SI ¹
GBP	A GBP	£125.86	3.7	4.9	14.9	25.9
	MSCI Japan Small Cap	-	3.7	8.1	10.5	13.4
JPY	A JPY	¥13,064.63	4.1	8.8	14.7	30.6
	MSCI Japan Small Cap	-	4.3	13.0	11.8	18.3
EUR	B EUR	€125.96	2.6	3.3	10.2	26.0
	MSCI Japan Small Cap	-	2.7	6.4	5.6	13.2
GBP	B GBP	£126.23	3.7	5.0	15.0	26.2
	MSCI Japan Small Cap	-	3.7	8.1	10.5	13.4
JPY	B JPY	¥12,223.05	4.2	9.0	14.9	22.2
	MSCI Japan Small Cap	-	4.3	13.0	11.8	15.0
USD	B USD	\$135.49	0.2	4.0	20.8	35.5
	MSCI Japan Small Cap	-	0.1	7.1	16.7	21.7
GBP	B1 GBP ⁵	£123.66	3.8	5.4	14.0	23.7
	MSCI Japan Small Cap	-	3.7	8.1	10.5	13.4

Past performance does not predict future returns. All performance is shown net of fees and including net dividends as at 31/07/2025. 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 +3.7% (in GBP) over the month, while the benchmark returned +3.7% (in GBP).

Two notable contributors to performance over the month were Sharingtechnology (+20% share price), which saw its volatile share price gain over the month, and Eiken Chemical (+12%), which announced Q1 FY2025 operating profit growth of +37.4% YoY. Meanwhile, Atsugi (-7%) was the most significant detractor as it announced a continued operating loss in Q1 FY2025.

During the month, we exited our position in former top holding TSI Holdings, as well as Konishi, which was held in the fund since inception. Both positions were held in the flagship AVI Japan strategy since 2022 and since inception in 2018, respectively, generating strong returns. Since AJSS' inception in April 2024, TSI

Holdings generated an ROI of +12% for an IRR of +27%, while Konishi generated an ROI of -5% for an IRR of -6%. We successfully exited both positions via company buybacks, highlighting our ability to exit relatively illiquid names in an efficient manner.

TSI Holdings serves as an excellent illustration of our full engagement repertoire, as AVI drove improvements in operational efficiency, as well as significant capital structure enhancements such as the liquidation of real estate equal to 30% of the market cap at the time of the announcement. Meanwhile, we engaged extensively with Konishi to address its undervaluation despite its high business quality as the manufacturer of the no. 1 adhesive brand in Japan, 'Bond'. We took the decision to exit both positions after realising engagement success, prioritising other attractive

MANAGER'S COMMENT (continued)

opportunities to drive improvement through constructive engagement both with existing portfolio names as well as new ideas.

Across the portfolio, AVI made several large ownership declarations in July, with AVI's combined stake across funds more than 5% of the voting rights in nine portfolio names, which account for 37% of NAV. During July, AVI increased its stake in Synchro Food, with AVI now holding close to 17% of the voting rights, with the holding accounting for 4.7% of the fund's NAV.

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.

Sharingtechnology (3989) – Share price rises amid volatility

Sharingtechnology was the largest contributor over the month, adding +87bps to performance as its share price rose +20%.

Sharingtechnology operates one of the largest life service matching platforms in Japan, which connects a variety of user needs arising from ever diversifying lifestyles, with high-quality services. With nearly 200 specialised websites and over 6,000 external service providers on the platform, the most frequent services catered for include lost keys, pet cremation, lawn mowing and termite control.

In a period of limited news, the volatile share price performed strongly over the month, taking the total return in 2025 YTD to +35%.

We believe there are several tailwinds to support continued growth, including the ageing Japanese population and projected increase in the number of single-person households, which have led to an increase in the number of urgent day-to-day problems.

Added to the portfolio in July 2024, Sharingtechnology accounted for 5.1% of the fund's NAV at month-end as a top 10 holding. We see significant upside to the current share price and to month-end, our investment has generated an ROI of +25% for an IRR of +64% (in JPY).

Eiken Chemical (4549) – +37% EBIT Growth

Eiken Chemical was another notable contributor over the month, adding +57bps to performance as its share price rose by +12%.

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.

At the end of July, Eiken Chemical reported its Q1 earnings for FY2025. Despite sales increasing by +7.1% YoY and EBIT rising +37.2% YoY, it is important to note that the previous year's financial performance was quite poor. Additionally, the company announced a special income of ¥1.9 billion from the sale of an overseas subsidiary in China, however, this was already factored into FY2025 guidance and therefore has no impact.

Eiken Chemical has been in the portfolio since inception and is now the fifth largest holding, accounting for 6.2% of the fund's NAV, with the investment already generating an +11% ROI, for an IRR of +19% to month-end (in JPY).

Atsugi (3529) – Operating loss continues in Q1 FY2025

Atsugi was the largest detractor, reducing performance by -38bps as its share price fell -7%.

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

During July, Atsugi announced its Q1 earnings results for FY25, with sales declining by -4.2% YoY and EBIT remaining in the red while falling -12.1% YoY.

AVI increased its stake in the company in late June, with AVI declaring combined ownership of 19% of the shares. This large stake will further support our engagement initiatives with the company as we seek to unlock long-term value through capital efficiency enhancement and turnaround of the operationally inefficient business.

Added to the portfolio in July 2024, Atsugi accounted for 4.5% of the fund's NAV at month-end as the tenth largest holding. We see significant upside to the current share price, and to month-end, our investment has returned an ROI of +25% for an IRR of +45% (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 8.9bn / GBP 44.8m
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	IE000SRLWUF2	AVIJAAJ ID
B (EUR)	1.15	IE000Z7QO7O0	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) ⁵	0.85	IE000OPWA0E7	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

Investment Manager – Joe Bauernfreund

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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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