

August 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

Rohto – Revenue +20% YoY

Rohto announced its Q1 earnings, with revenue rising +20% YoY while operating profit fell modestly by -1% YoY, although this beat consensus guidance. Full-year guidance was unchanged.

[Read more below](#)

AZN – Encouraging Q2 Earnings

AZN announced its Q2 earnings, with revenue growing +28% and EBIT rising +48% YoY. Revenue growth was driven by inheritance advisory for HNWI's, and business succession planning for SMEs.

[Read more below](#)

Broadmedia – Q1 Revenue Falls

Broadmedia reported a 6% decline in Q1 revenue, but EBIT grew by +8%, resulting in a 6% operating margin. The revenue decline was primarily due to the prior-year sale of a loss-making non-core media contents business.

[Read more below](#)

THE FUND

Fund Launch Date

22/04/24

A GBP NAV per share

£129.91

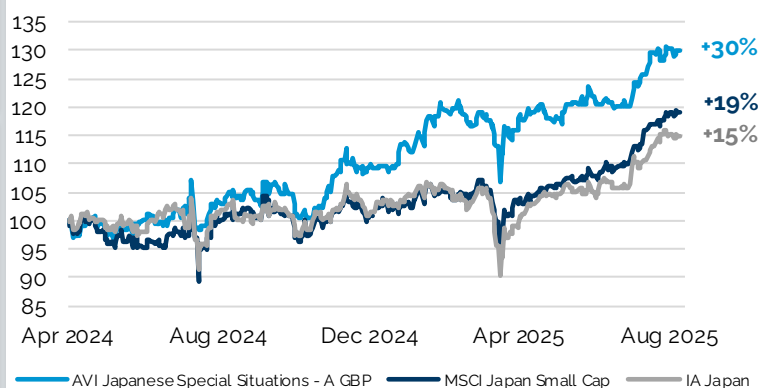
Cash

1.6%

Net Performance (GBP)

	Month	3 Month	YTD	SI ¹
A GBP Share Class	3.2%	7.9%	18.6%	29.9%
MSCI Japan Small Cap	5.1%	10.9%	16.2%	19.2%
IA Japan	4.0%	7.7%	11.3%	14.7%

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 31/08/2025. 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	9.2
Rohto Pharmaceutical	8.4
Eiken Chemical	6.9
Mitsubishi Logistics	6.5
Kurabo Industries	6.3
Dai Nippon Printing	4.7
Kyocera Corp	4.6
Synchro Food	4.5
Aoyama Zaisan Networks	4.5
Wacom	4.4
TOTAL	60.0
No of Holdings	27

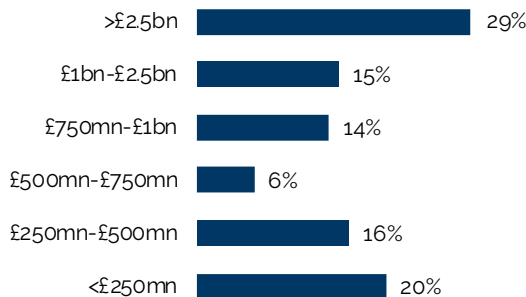
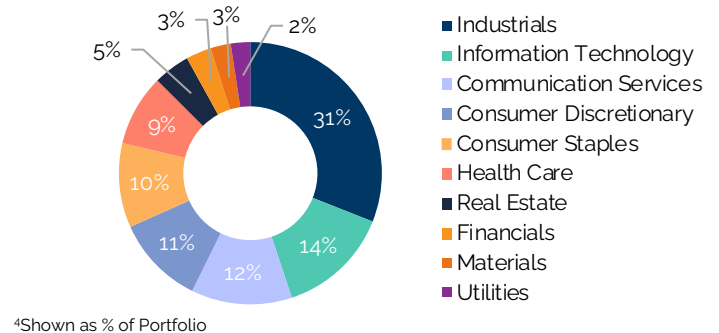
Contributors & Detractors (GBP)³

Largest Contributors	1M Contrib. bps	% ²
Rohto Pharmaceutical	118	8.4
Aoyama Zaisan Networks	64	4.5
Raito Kogyo	51	9.2
Kyocera Corp	44	4.6
Wacom	40	4.4

Largest Detractors	1M Contrib. bps	% ²
Sharingtechnology	-34	4.4
Mitsubishi Logistics	-34	6.5
Kurabo Industries	-32	6.3
Broadmedia	-29	3.4
Atsugi	-16	4.2

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

PORTFOLIO (continued)

Market Cap Breakdown⁴Sector Exposure⁴

PERFORMANCE SUMMARY

%	Share Class	NAV per share	Month	3 Month	YTD	SI ¹
GBP	A GBP	£129.91	3.2	7.9	18.6	29.9
	MSCI Japan Small Cap	-	5.1	10.9	16.2	19.2
JPY	A JPY	¥13,472.00	3.1	10.2	18.2	34.7
	MSCI Japan Small Cap	-	4.7	13.1	17.1	23.9
EUR	B EUR	€129.78	3.0	4.7	13.5	29.8
	MSCI Japan Small Cap	-	5.0	7.8	10.9	18.8
GBP	B GBP	£130.32	3.2	7.9	18.8	30.3
	MSCI Japan Small Cap	-	5.1	10.9	16.2	19.2
JPY	B JPY	¥12,606.24	3.1	10.3	18.5	26.1
	MSCI Japan Small Cap	-	4.7	13.1	17.1	20.5
USD	B USD	\$142.35	5.1	7.9	26.9	42.4
	MSCI Japan Small Cap	-	7.3	11.2	25.3	30.6
GBP	B1 GBP ⁵	£127.70	3.3	8.4	17.7	27.7
	MSCI Japan Small Cap	-	5.1	10.9	16.2	19.2

Past performance does not predict future returns. All performance is shown net of fees and including net dividends as at 31/08/2025. 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 +3.2% (in GBP) over the month, while the benchmark returned +5.1% (in GBP).

The two largest contributors to performance over the month were Rohto Pharmaceuticals (+16% share price), which announced FY2025 Q1 revenue grew +20% YoY, and Aoyama Zaisan Networks (+17%), which also disclosed strong earnings growth for FY2025 Q2. Meanwhile, Broadmedia (-8%) was a notable detractor in a quiet news period for the company following its Q1 earnings announcement in late July.

During August we added several new small-cap names to the portfolio with operations spanning the consumer goods, B2B services and IT sectors. The team continue to identify attractive undervalued, overcapitalised, high-quality companies in the small

to mid-cap space, and have several ideas in the pipeline. We look forward to unlocking substantial value through our constructive engagement initiatives, with a unique focus on operational improvements in addition to the traditional engagement areas.

Across the AJSS portfolio, AVI made several large ownership declarations in August, with AVI's combined stake across funds more than 5% of the voting rights in 9 portfolio names, which account for 38% of NAV. During August, AVI declared increased stakes in Wacom (13.2%), Atsugi (20.2%) and Sharingtechnology (14.5%).

AJSS is a major shareholder that is involved in the combined AVI engagement highlighted below. Investment Manager AVI's constructive engagement strategy has a unique focus on

MANAGER'S COMMENT (continued)

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.

Rohto Pharmaceutical (4527) – Revenue +20% YoY, EBIT beats consensus

Rohto Pharmaceutical ("Rohto") was the largest contributor over the month, adding +121bps to performance as its share price increased +16%.

Rohto is the largest skincare and eye-drop manufacturing company in Japan, yet trades at a significant discount to peers. AVI believes that Rohto's undervaluation can be explained by the lack of focus on its core businesses, misleading IR communication, and lower allocation to shareholder returns than its peers. Specifically, management needs to reallocate its R&D spending from low-profit business areas such as the prescription drug business and regenerative medicine business, towards its high-value, high market share product lines, such as skin care products.

In August, Rohto announced its FY2025 Q1 earnings, with revenue rising +20% YoY while operating profit fell modestly by -1% YoY, although this beat consensus guidance. Full-year guidance remained unchanged, with revenue forecast to grow by +8% YoY and operating profit to increase by +2%. The share price rose +14% in the day following the announcement.

In line with our suggestions, Rohto announced its first mid-term plan in March, which indicated management now views the core skincare and eye-drops businesses as long-term growth drivers. Positively, corporate governance is improving, and with a diverse Board in terms of experience, age, tenure and gender, we look forward to engaging further with the company on constructive suggestions to rectify the undervaluation.

Added to the portfolio in June 2024, Rohto accounted for 8.4% of AJSS' NAV at month-end as the second largest holding. We see significant upside to the current share price and to month-end, our investment has generated an ROI of +11% for an IRR of +34% (in JPY).

Aoyama Zaisan Networks (8929) – Encouraging Q2 earnings announcement

Aoyama Zaisan Networks ("AZN") was the second largest contributor over the month, adding +66bps to performance as its share price rose +17%.

AZN specialises in providing wealth management consulting services across areas such as property, succession planning, corporate finance and strategic management of individual assets. AZN is set to benefit from the aging Japanese population as the need for inheritance and business succession consulting is on the rise.

During August, the company announced its FY2025 Q2 earnings results, with revenue growing +28% YoY and EBIT rising +48% YoY. Revenue growth was driven by inheritance advisory for high-net-worth individuals, as well as business succession planning for SMEs. The newly acquired subsidiary in January this year also contributed to business growth. Full-year guidance remains unchanged, with revenue and operating income forecast to grow by +3% and +10% respectively.

At the time we initiated our investment at inception in April 2024, AZN's stock price had been flat for the previous five years, despite operating income that had continued to grow steadily and non-operating assets that had expanded to c.47% of its market cap as of the end of December 2023.

AZN is now the ninth largest holding, accounting for 4.5% of AJSS' NAV, with the investment having so far generated a +23% ROI for an IRR of +40% to month-end (in JPY).

Broadmedia (4347) – Share price drifts lower following Q1 revenue dip

Broadmedia was a notable detractor, reducing performance by -28bps as its share price fell -8%.

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.

Across AVI funds, AVI now controls over 27% of Broadmedia shares, as declared on 17 June 2025. This large stake provides AJSS with significant engagement influence as we seek to unlock substantial value through our constructive suggestions.

In late July, Broadmedia announced revenue for FY2025 Q1 had fallen by -6%, however, EBIT grew by +8% for a 6% operating margin. The top-line decrease was due to the sale of a non-core media contents business last year, which was loss-making. Full-year guidance for the year ended March 2026 forecasts revenue growth of +6% and operating income growth of +56%.

Added to the portfolio at inception in April 2024, Broadmedia accounted for 3.4% of AJSS' 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 returned an ROI of +7% for an IRR of +10% (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 9.2bn / GBP 46.4m
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	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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