Asset Value Investors

AVI JAPAN OPPORTUNITY TRUST

AJOT

October 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

Synchro Food – AVI EGM Request

AVI requested an extraordinary general meeting to dismiss Director Morita and appoint AVI Head of Japan Research, Kaz Sakai, as an external director. LIM Advisors separately requested an EGM.

Read more below

Saxa – Capital Allocation Decisions

In May 2025, Saxa announced plans to sell real estate to Mitsubishi Estate by April 2026. We will continue our constructive engagement to ensure efficient capital allocation.

Read more below

Mitsubishi Logistics – Buybacks

In May 2025, Mitsubishi Logistics announced a program to buyback 9.2% of the shares (33m) by March 2026. In early October 2025, the company announced the program was 27% complete.

Read more below

THE TRUST

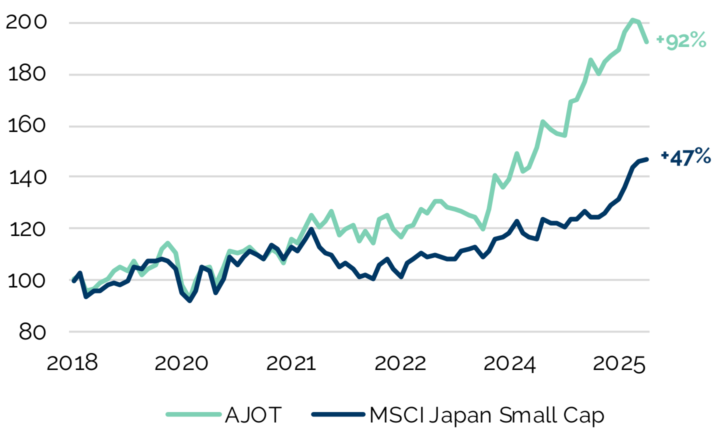
Share Price (pence)	NAV p/s (pence)	Prem./(Disc.)
170.5	172.3	(1.0)%

Net Performance

		Month	1Y	3Y	5Y
GBP	NAV p/s	-4.1%	23.2%	64.7%	74.0%
	MSCI Japan Small Cap	0.4%	21.8%	44.9%	38.3%
JPY	NAV p/s	-2.3%	27.3%	94.8%	160.6%
	MSCI Japan Small Cap	2.2%	25.9%	71.4%	107.1%

All performance shown net of fees total returns as of 31/10/2025
Source: Morningstar

NAV Total Return Since Inception (GBP)



Source: Morningstar as of 31/10/2025

PORTFOLIO

Top Ten Holdings

	%[1]
Wacom	11.4
Eiken Chemical	10.4
Rohto Pharmaceutical	9.7
Atsugi	8.9
Raito Kogyo	8.6
Kurabo Industries	8.0
Aoyama Zaisan Networks	7.8
Mitsubishi Logistics	7.7
Sharingtechnology	7.3
Synchro Food	6.8
TOTAL	**86.6**
No of Holdings	21

Contributors/Detractors (GBP)[2]

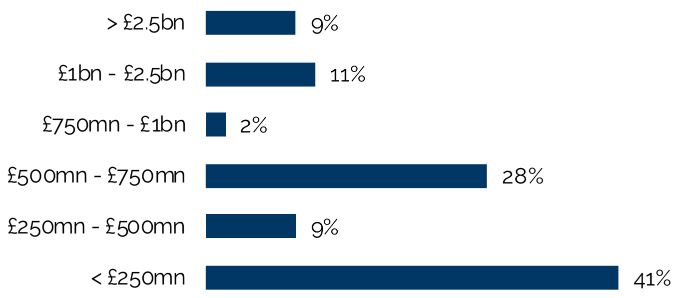
Largest Contributors	1M Contrib. bps	%[1]
Synchro Food	19	6.8
Saxa	6	1.4
Wacom	3	11.4
SK Kaken	-1	0.9
Shin-Etsu Polymer	-1	1.9

Largest Detractors	1M Contrib. bps	%[1]
Mitsubishi Logistics	-75	7.7
Sharingtechnology	-73	7.3
Rohto Pharmaceutical	-55	9.7
Ines Corp	-40	2.3
Eiken Chemical	-35	10.4

[1]All Figures shown as % of Net Asset Value
[2]Contributors and detractors from Factset

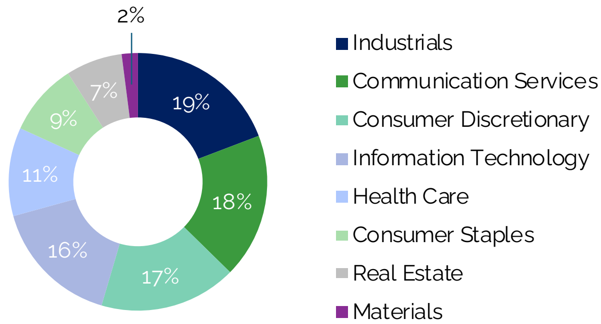
PORTFOLIO (continued)

Market Cap Breakdown[3]



Figures may not total to 100 due to rounding.

Sector Breakdown[3]



Figures may not total to 100 due to rounding. [3]Shown as % of Portfolio

MANAGER'S COMMENT

AJOT's NAV decreased by -4.1% (in GBP) and -2.3% (in JPY) over the month, while the benchmark returned +0.4% (in GBP) and +2.2% (in JPY).

The two largest contributors to performance over the month were Synchro Food (+5% share price), in which AVI declared a 1% ownership increase, and SAXA (+6%), which in May announced it was selling real estate. Meanwhile, Mitsubishi Logistics (-8%) was the most significant detractor, which revised its earnings guidance downwards.

AJOT started 2025 on a strong note, returning +5.9% in Q1, outperforming the benchmarks +0.7% (both in GBP). Key performance drivers were TSI Holdings' sale of real estate worth c.30% of its market cap and Tecnos Japan tender offer at a +39% premium. However, AJOT has recently underperformed the MSCI Japan Small Cap Index, as larger benchmark constituents, many of which fall outside AJOT's universe, have rallied sharply. The benchmark's weighted average market cap is £2.7bn (97 names >£3bn) versus AJOT's £0.7bn (largest: Rohto Pharmaceutical at £2.7bn). Since March 31st, those 97 larger names have risen +38% on average in JPY, while sub-£3bn names are up +18%. This divergence likely reflects foreign capital inflows following eased US trade tensions, the "Takaichi trade," and the BoJ's dovish stance on rate hikes.

Recent performance has been shaped more by macro and political factors than stock specifics. The surprise election win of Sanae Takaichi, a protégé of former PM Abe, drove market volatility and a weaker yen. Her pro-defence, tech, and stimulus agenda could support markets long-term, though coalition uncertainty, following the LDP's split with Komeito and a new partnership with the Japan Innovation Party, created some short-term volatility.

After an active AGM season, we have experienced a quieter period for catalysts. We used this time to increase ownership of several names, including Atsugi, Synchro Food, and Aoyama Zaisan Networks. At October month-end, AVI's combined stake exceeded 5% of voting rights in 9 holdings, representing 64% of NAV.

The Financial Services Agency is conducting a review of the Corporate Governance Code, aiming to accelerate reforms in capital efficiency, governance and shareholder communication. Proposals include longer AGM windows, tighter timelines for reducing cross-shareholdings, and encouraging reinvestment in core businesses. We look forward the outcome of the planned revision.

The team has several interesting ideas in the pipeline, ready for capital from the FJV rollover to be deployed. Subject to completion, the rollover of FJV assets into AJOT is expected to add approximately £185m of capital by November-end. This enhances capacity to build larger stakes in existing positions and new ideas.

AJOT is a major shareholder involved in AVI's constructive engagement strategy, building meaningful stakes to unlock value by driving improvements in business operations alongside traditional themes of capital efficiency, governance, and shareholder communication.

Synchro Food (3963) – AVI & LIM Advisors Launch Separate EGM Requests

Synchro Food was the largest contributor over the month, adding +18bps to performance as its share price increased by +5%.

Synchro Food operates a service matching platform for restaurants in Japan, with much of its sales coming from job listings. The company operates "Inshokuten.com" which provides an end-to-end business platform for restaurants, including supplier search, accountant search, interior design, food truck support and bulk ordering services.

Synchro Food is a high-quality business, with an operating margin of c.25% and 5-year revenue annual growth of c.14%. However, capital allocation issues are holding the company back from its true valuation potential. For example, the company issued 2m new shares in December 2024 at Y312 per share, raising around Y620m, despite having net cash equal to c.30% of the market cap. This sent the share price 20% lower. The company proceeded to repurchase Y500m of shares at Y528 per share months later. On top of this, Synchro Food's mid-term plan M&A budget of Y800m went out the window when it announced the acquisition of Horizon 14 Co for Y4.8bn in September 2025.

Across all client funds, AVI now controls over 20% of the voting rights (AVI made a +1% ownership declaration in October 2025), with foreign shareholders LIM Advisors and VIS Advisors each owning 14% and 10%, respectively. On 7th October 2025, Synchro Food announced it had received AVI's request for an extraordinary general meeting (EGM) to dismiss Director Morita and appoint AVI Head of Japan Research, Kaz Sakai, as an external director. This followed LIM Advisors separate EGM request in late September 2025, which also called for the dismissal of Director Morita in addition to Director Nakagawa, as well as the formation of a strategic review committee and launch of a large share buyback program.

MANAGER'S COMMENT (continued)

Added to the portfolio in March 2025, the company accounted for 6.8% of AJOT's NAV at month-end as a top 10 holding. We see significant upside through our constructive engagement and to month-end our investment has generated an ROI of +19% for an IRR of +50% (in JPY).

Saxa (6675) – Capital Allocation Decisions in 2026

Saxa was the second largest contributor over the month, adding +6bps to performance as its share price rose +6% in a quiet news period for the company.

The company's core office phone hardware business offers relatively low growth prospects but serves as a strong cash-cow. Saxa is one of the largest players in Japan's business phone market, with over 10% market share estimated. Other promising business areas that management are focused on include cyber security and CCTV car park solutions. In the security system business, Saxa is the number one domestic player, behind only dominant US players such as Palo Alto Networks and Fortinet.

Net cash, investment securities and real estate combined account for c.85% of the market cap, and in May 2025 the company announced plans to sell real estate to Mitsubishi Estate by April 2026. We look forward to continuing our constructive engagement with the company to ensure efficient capital allocation that serves the interests of all stakeholders, with significant value to be unlocked relative to the current share price.

SAXA was added to the portfolio in July 2025, and now accounts for 1.4% of AJOT's NAV, with the investment having so far generated a +9% ROI for an IRR of +66% to month-end (in JPY).

Mitsubishi Logistics (9301) – Buyback Program Only 27% Complete

Mitsubishi Logistics was the largest detractor, reducing performance by -76bps as its share price fell -8%.

Mitsubishi Logistics is a third-party logistics provider covering the entire supply chain. The company is the largest warehouse operator in Japan, enjoys strong presence at all seven of Japan's major ports, and operates an overseas air logistics business.

The company has an ongoing share buyback program, announced in May 2025, to repurchase 9.2% of the shares (33m) by March 2026. In early October, Mitsubishi Logistics announced the program was only 27% complete, and we hope management are taking advantage of the recent share price weakness. To end the month, the company announced its Q2 earnings on 31st October 2025, with full-year operating profit guidance revised downward from Y20bn to Y16bn.

Mitsubishi Logistics remains substantially overcapitalised, with investment securities and real estate accounting for over 100% of the market cap. We will continue to constructively engage with management to encourage the timely liquidation of investment securities and rotation of real estate to limit the accumulation capital gains tax.

Mitsubishi Logistics was added to the portfolio in January 2025, and at month-end accounted for 7.7% of AJOT's NAV as the eighth largest holding. To date, the investment has returned an ROI of -4% for an IRR of -11% (in JPY).

On 10 November, the Board of Fidelity Japan Trust (FJV) announced the results of Scheme Elections, 68% of FJV issued Shares will be reclassified as Reclassified Shares with "A" rights, being the right to receive New AJOT shares. The effective date and transfer agreement executed and implemented is expected to be 27 November 2025.

AVI JAPAN OPPORTUNITY TRUST

Asset Value Investors

AJOT

STATISTICS

Performance Summary (GBP)

Total Returns (%)	1M	1Y	3Y	5Y	SI[4]
Share Price	-3.5	27.7	67.6	72.6	86.3
NAV p/s	-4.1	23.2	64.7	74.0	92.1
MSCI Japan Small Cap	0.4	21.8	44.9	38.3	46.8
CY Total Returns (%)	**YTD**	**2024**	**2023**	**2022**	**2021**
Share Price	14.3	21.5	14.8	-6.0	10.0
NAV p/s	13.1	20.9	15.8	-4.3	12.3
MSCI Japan Small Cap	18.9	6.2	6.9	-1.0	-1.4

All performance shown net of fees in GBP Total Return and as at 31/10/2025
Source: Morningstar
[4]Start Date 23 October 2018

Characteristics

Portfolio Statistics	
EV/EBIT	8.7x
Net Cash/Market Cap[5]	13.7%
NFV/Market Cap[6]	45.8%

[5]Net Cash = Cash - Debt
[6]Net 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	£266.7m
Gross value of debt (GBP)	£32.6m
Gearing (net)[7]	11.4%

Fund Facts	
Launch Date	23-Oct-18
Net Assets	£234m
Investment Manager	Asset Value Investors Limited
Value Owned by AVI[8]	£5,608,384
Shareholder Services	MUFG Corporate Markets
Management Fee[9]	1.0% of lower of market cap or NAV
Ticker Code	AJOT.LN
ISIN	GB00BD6H5D36

[7]Net gearing at fair value
[8]Value owned by AVI Ltd & AVI Ltd employees as at 31/10/2025
[9]Annual Management Fee. 25% of Management Fee is reinvested in shares of AJOT

Investment Manager – Joe Bauernfreund

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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