

October 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

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, the company announced the program was 27% complete.

[Read more below](#)

THE FUND

Fund Launch Date

22/04/24

A GBP NAV per share

£124.50

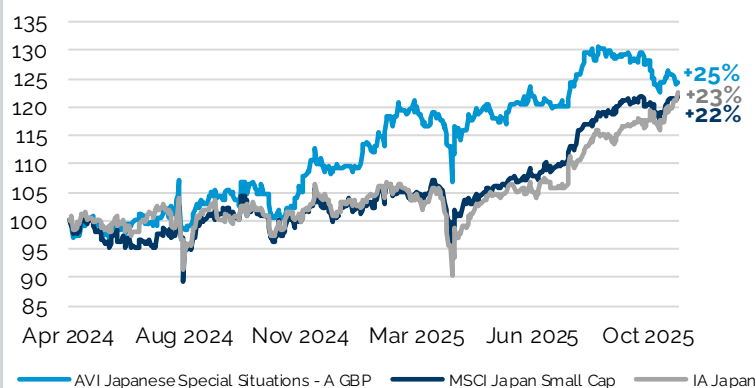
Cash

6.8%

Net Performance (GBP)

	Month	3 Month	YTD	SI ¹
A GBP Share Class	-3.5%	-11%	13.7%	24.5%
MSCI Japan Small Cap	0.4%	7.6%	18.9%	22.0%
IA Japan	4.3%	11.3%	19.0%	22.6%

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 31/10/2025. 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
Mitsubishi Logistics	8.0
Eiken Chemical	7.0
Rohto Pharmaceutical	6.8
Raito Kogyo	6.1
Wacom	5.8
Kyocera Corp	4.2
Atsugi	4.2
Dai Nippon Printing	4.1
Sharingtechnology	4.1
Synchro Food	3.5
TOTAL	53.8
No of Holdings	28

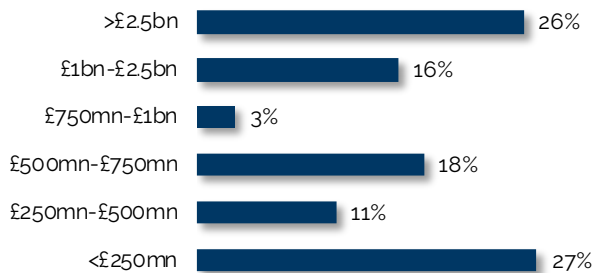
Contributors & Detractors (GBP)³

Largest Contributors	1M Contrib. bps	% ²
Synchro Food	13	3.5
Kyocera Corp	7	4.2
Saxa	7	1.2
Foster Electric	6	2.8
Tokyo Gas	6	3.3

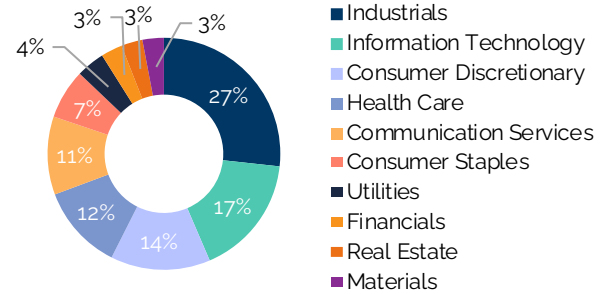
Largest Detractors	1M Contrib. bps	% ²
Mitsubishi Logistics	-75	8.0
Sharingtechnology	-43	4.1
Rohto Pharmaceutical	-42	6.8
Eiken Chemical	-30	7.0
Keisei Electric	-25	1.9

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

PORTFOLIO (continued)

Market Cap Breakdown⁴

Figures may not total to 100 due to rounding.

Sector Exposure⁴Figures may not total to 100 due to rounding. ⁴Shown as % of Portfolio

PERFORMANCE SUMMARY

%	Share Class	NAV per share	Month	3 Month	YTD	SI ¹
GBP	A GBP	£124.50	-3.5	-1.1	13.7	24.5
	MSCI Japan Small Cap	-	0.4	7.6	18.9	22.0
JPY	A JPY	¥13,173.42	-1.9	0.8	15.6	31.7
	MSCI Japan Small Cap	-	2.2	9.4	22.3	29.5
EUR	B EUR	€122.40	-4.2	-2.8	7.1	22.4
	MSCI Japan Small Cap	-	-0.3	6.0	11.9	19.9
GBP	B GBP	£124.94	-3.5	-1.0	13.9	24.9
	MSCI Japan Small Cap	-	0.4	7.6	18.9	22.0
JPY	B JPY	¥12,339.48	-1.8	1.0	16.0	23.4
	MSCI Japan Small Cap	-	2.2	9.4	22.3	25.9
USD	B USD	\$133.08	-5.7	-1.8	18.7	33.1
	MSCI Japan Small Cap	-	-2.0	6.9	24.8	30.0
GBP	B1 GBP ⁵	£122.49	-3.5	-0.9	12.9	22.5
	MSCI Japan Small Cap	-	0.4	7.6	18.9	22.0

Past performance does not predict future returns. All performance is shown net of fees and including net dividends as at 31/10/2025. 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 decreased by -3.5% over the month, while the benchmark returned +0.4% (both in GBP).

Two 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.

AJSS started 2025 on a strong note, returning +6.2% 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, AJSS has recently underperformed the MSCI Japan Small Cap Index, which has a larger weighting to mid-cap names with market caps exceeding £3bn (35% for the benchmark

vs AJSS' 17%). These larger names have rallied sharply since March 31st, returning +38%, 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 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

MANAGER'S COMMENT (continued)

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 34% 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 to the outcome of the planned revision.

AJSS 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 +13bps 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 ¥312 per share, raising around ¥620m, despite having net cash equal to c.30% of the market cap. This sent the share price 20% lower. The company proceeded to repurchase ¥500m of shares at ¥528 per share months later. On top of this, the mid-term plan ¥800m M&A budget went out the window as Synchro Food announced the acquisition of Horizon 14 Co for ¥4.8bn in September 2025.

Across all client funds, AVI now controls over 20% of the voting rights (AVI made a +1% ownership declaration in October), with foreign shareholders LIM Advisors and VIS Advisors each owning 14% and 10%, respectively. On 7th October, 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, 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.

Added to the portfolio in March 2025, the company accounted for 3.5% of AJSS' 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 +18% for an IRR of +60% (in JPY).

Saxa (6675) – Capital Allocation Decisions in 2026

Saxa was the other second largest contributor over the month, adding +7bps 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 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 1.2% of AJSS' NAV, with the investment having so far generated a +9% ROI for an IRR of +65% 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, with full-year operating profit guidance revised downward from ¥20bn to ¥16bn.

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 8.0% of AJSS' NAV as the largest holding. To date, the investment has returned an ROI of -2% 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 13.8bn / GBP 68.2m
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. Past performance is not an indicator of future results, and you may not get back the original amount invested.

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