

March 2026

**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

### Wakamoto – First OP Since 2023

Wakamoto has forecast its first operating profit since the financial year ending March 2023, while it was also announced President Igarashi would move to the role of Chairman effective April 2026.

[Read more below](#)

### Reeling in Non-Core Broadmedia

Broadmedia's share price has risen by +21% since AVI's TOB completed in late-January, while management have divested the non-core fishing-related media business amid earnings growth.

[Read more below](#)

### Kurabo – OP Guidance -18% YoY

Since the Feb earnings announcement, which forecast full-year operating profit down -18% YoY, the shares have returned -19%. The buyback program through Sep 2026 is c.50% complete.

[Read more below](#)

## THE FUND

Fund Launch Date

22/04/24

A GBP NAV per share

£131.21

Cash

7.1%

### Net Performance (GBP)

Total Returns (%)	Month	3 Month	YTD	SI <sup>1</sup>
A GBP Share Class	-8.3	2.8	2.8	31.2
MSCI Japan Small Cap	-10.1	5.6	5.6	29.8
IA Japan	-10.9	2.7	2.7	24.4

### 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 31/03/2026. Returns may increase or decrease as a result of currency fluctuations. Source: Morningstar. Benchmark: MSCI<sup>®</sup> Japan Small Cap Net Total Return Index. The Fund is actively managed with reference to the MSCI<sup>®</sup> 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](http://www.theia.org). <sup>1</sup>Share Class Launch Date 22<sup>nd</sup> April 2024.

## PORTFOLIO

### Top Ten Holdings

	% <sup>2</sup>
Eiken Chemical	7.7
Mitsubishi Logistics	7.0
Dai Nippon Printing	4.8
Sharingtechnology	4.7
Raito Kogyo	4.3
Kurabo Industries	4.2
Kyocera Corp	3.9
Foster Electric	3.6
Tokyo Gas	3.6
Maruzen Showa Unyu	3.3
<b>TOTAL</b>	<b>47.1</b>
No of Holdings	31

### Contributors & Detractors (GBP)<sup>3</sup>

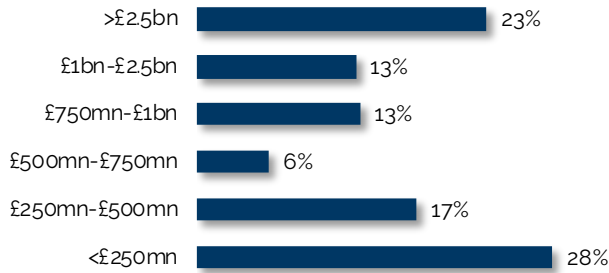
Largest Contributors	1M Contrib. bps	% <sup>2</sup>
Kyoto Financial Group	27	2.8
Wakamoto Pharmaceutical	7	1.4
Toyota Industries	5	Exited
Broadmedia	5	1.8

Largest Detractors	1M Contrib. bps	% <sup>2</sup>
Saxa	-69	2.5
Kurabo Industries	-64	4.2
Dai Nippon Printing	-63	4.8
Atsugi	-59	3.0
Mitsubishi Logistics	-55	7.0

<sup>2</sup>Shown as % of Net Asset Value. <sup>3</sup>Contributors and detractors from Factset

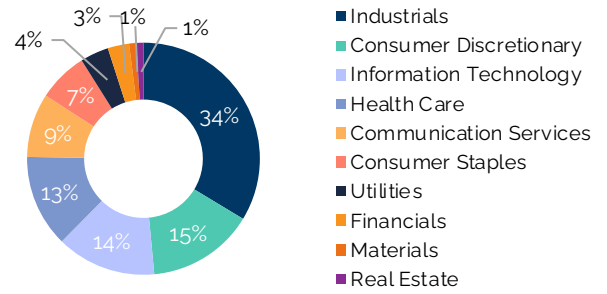
## PORTFOLIO (continued)

### Market Cap Breakdown<sup>4</sup>



Figures may not total to 100 due to rounding.

### Sector Exposure<sup>4</sup>



Figures may not total to 100 due to rounding. <sup>4</sup>Shown as % of Portfolio. Source: Capital IQ

## PERFORMANCE SUMMARY

%	Share Class	NAV per share	Month	3 Month	YTD	SI <sup>1</sup>
GBP	A GBP	£131.21	-8.3	2.8	2.8	31.2
	MSCI Japan Small Cap	-	-10.1	5.6	5.6	29.8
JPY	A JPY	¥14,466.74	-7.9	2.9	2.9	44.7
	MSCI Japan Small Cap	-	-10.2	5.0	5.0	42.7
EUR	B EUR	€131.00	-7.5	3.2	3.2	31.0
	MSCI Japan Small Cap	-	-9.7	5.5	5.5	28.2
GBP	B GBP	£131.78	-8.3	2.8	2.8	31.8
	MSCI Japan Small Cap	-	-10.1	5.6	5.6	29.8
JPY	B JPY	¥13,562.75	-7.9	3.0	3.0	35.6
	MSCI Japan Small Cap	-	-10.2	5.0	5.0	38.8
USD	B USD	\$141.13	-10.1	0.5	0.5	41.1
	MSCI Japan Small Cap	-	-11.9	3.5	3.5	38.8
GBP	B1 GBP <sup>5</sup>	£129.35	-8.3	2.9	2.9	29.4
	MSCI Japan Small Cap	-	-10.1	5.6	5.6	29.8
USD	B1 USD <sup>5</sup>					
	MSCI Japan Small Cap					

*Performance to be shown after 12 months*

Past performance does not predict future returns. All performance is shown net of fees and including net dividends as at 31/03/2026. 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. <sup>1</sup>Share Classes Launch Date was 22<sup>nd</sup> April 2024 except for the B JPY Share Class which launched on 28<sup>th</sup> June 2024 and B1 USD Share Class which launched on 25<sup>th</sup> November 2025. Performance data for the B1 USD Share Class will be presented once a minimum track record of 12 months has been established. <sup>5</sup>Performance fee share class - 0.50% management fee + 15% of outperformance of benchmark.

## MANAGER'S COMMENT

AJSS' NAV returned -8.3% over the month, while the benchmark returned -10.1% (both in GBP).

Wakamoto Pharmaceutical (+6%) contributed to performance this month as it forecast its first full year operating profit since 2023 and its CEO moved to the role of Chairman. Another contributor to performance over the month was Broadmedia (+3% share price), with the shares trending higher following the completion of AVI's tender offer through AVI Japan Opportunity Trust for c.10% of the shares, and the announcement of +40% YoY operating income growth. Meanwhile, Kurabo Industries (-15%) was a significant detractor as full year operating income management guidance forecast a -18% YoY decline.

Amid ongoing geopolitical conflict in the Middle East and associated energy-price volatility, our conviction in Japanese

small to mid-caps remains high in 2026. Around 80% of portfolio revenues are derived from Japan, and our companies typically have resilient, growing earnings, overcapitalised balance sheets (NFV of c.37%) and leading positions in niche products and services, which reduces sensitivity to global trade shocks and volatility in fuel prices.

Modest expected GDP growth of about 1% in 2026 and inflation close to the BoJ's 2% target suggest only gradual normalisation of interest rates rather than aggressive hikes. In this environment, we believe conditions remain favourable for AJSS' portfolio companies and continue to support our engagement agenda around improving capital efficiency, including reducing excess net cash and optimising the cost of capital through low-cost borrowing and returning excess capital to shareholders.

## MANAGER'S COMMENT (continued)

The Financial Services Agency (FSA) is currently conducting its first review of the Corporate Governance Code since 2021. Shortly after March-end, the FSA held its third meeting to discuss amendments to be included in the revised code aimed at speeding up and clarifying timelines for capital efficiency improvements by companies. While no specific date has been set, it has been reported the revision will be completed in 2026.

Across client funds, AVI controls more than 5% of the voting rights in 15 AJSS portfolio names, which account for 44% of NAV. 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 investor relations.

### Wakamoto Pharmaceutical (4512) – First Operating Profit Since FY23/03, CEO Steps Down

Wakamoto Pharmaceutical ("Wakamoto") was one of few contributors, adding +7bps as its share price returned +6%.

Wakamoto is a specialty pharma company manufacturing ethical and over-the-counter drugs, with strengths in gastrointestinal remedies and ophthalmic therapeutics in Japan. Its portfolio includes long-established self-medication brands such as Strong Wakamoto alongside ophthalmic prescription, diagnostic and supplement products, with growing overseas sales of unique and patented formulas. Rohto Pharmaceutical, which accounts for 3.3% of AJSS' NAV, is the largest shareholder in Wakamoto, with over 11% of the voting rights. Combined across client funds, AVI controls more than 11% of the voting rights.

Having generated an operating loss in the previous two financial years, in early February, Wakamoto released its cumulative Q3 earnings for the financial year ending March 2026, with operating income turning positive and a forecast 2% operating margin for the full year. In the day following the earnings announcement, the share price rose by +10%. In late-February, as part of the medium-term plan through March 2028, it was announced that President Arata Igarashi would step down from the role and move to the role of Chairman effective April 2026. Since this announcement, the shares have returned +9% to March-end, while the benchmark has returned -8%.

Added to the portfolio in February 2025, at month-end Wakamoto accounted for 1.4% of AJSS' NAV. To date, the investment has generated an ROI of +17% for an IRR of +22% (in JPY).

### Broadmedia (4347) – AVI TOB, Business Streamlining & Positive Earnings

Broadmedia was another contributor over the month, adding +5bps to performance as the shares returned +3%.

As a reminder, Broadmedia is mainly engaged in online education and IT services. It 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 individual learning interests. Broadmedia's IT service business distributes Akamai Technologies' software and solutions to domestic clients.

Since the completion of AVI's tender offer through AJOT for c.10% of the shares, which took AVI's combined ownership in Broadmedia to 40% of the voting rights, the share price has

risen by +21% to March-end. In early February, Broadmedia released its cumulative earnings to Q3 of the financial year ending March 2026, with operating income rising by +40% YoY as revenue fell modestly by -1%. The company also announced further streamlining of its business portfolio through the sale of its non-core fishing-related media operation, a key engagement focus for the AVI team. Positively, management guidance for the full-year forecast strong Q4 performance that would take full-year operating income and revenue growth to +56% and +6%, respectively. Following the earnings announcement, the shares have returned +11% to March-end vs the benchmark's +1% return.

Broadmedia serves as an example of AVI's constructive and creative approach to value enhancement in Japanese small-cap companies. AVI expects Broadmedia to continue driving business growth supported by rising demand in online education and IT services sectors.

Held in the portfolio since AJSS inception in April 2024, Broadmedia accounted for 1.8% of AJSS' NAV at month-end. The investment has generated a +40% ROI for an IRR of +29% to month-end (in JPY).

### Kurabo Industries (3106) – Full Year Operating Income Guidance Down -18% YoY

Kurabo Industries ("Kurabo") was a significant detractor over the month, reducing performance by -64bps as its shares returned -15%.

Kurabo, established in 1888 as a textile manufacturer, has diversified its operations over the years to include chemicals, advanced technology, food and services, and real estate. Kurabo Industries has a history of stable revenues and has doubled its operating margin to c.6% in recent years.

To recap, in 2025 Kurabo made several positive announcements in line with AVI's engagement suggestions. These included closing down its largest textile plant, with the legacy textiles business having been a drag on operating profits, as well as a new medium-term plan with increased commitment to shareholder returns, which included a 4.0% DOE target and ¥20.0bn buyback plans.

Kurabo was another AJSS portfolio name to report Q3 earnings in February, with cumulative operating income for the financial year ending March 2026 down by -10% YoY as revenue declined by -6%, while full-year operating income was revised upward modestly, but is still expected to be down -18% YoY due to one-off textile restructuring costs. Since the earnings announcement on 9<sup>th</sup> February, the shares have returned -19%. In early March 2026, Kurabo announced that 481,000 shares had been repurchased at a cost of ¥3.7bn as part of its buyback program from November 2025 to September 2026 for a maximum of c.6% of shares outstanding or ¥7.0bn total repurchase cost, making the program c.50% complete.

Held in the portfolio since AJSS inception in April 2024, the company accounted for 4.2% of AJSS' NAV at month-end as the sixth largest holding. The investment has so far generated an ROI of +24% for an IRR of +47% (in JPY).

## RISK &amp; 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 <sup>nd</sup> April 2024
Base Currency	JPY
Net Assets Value	JPY 22.5bn / GBP 106.8m
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*	<a href="mailto:info@assetvalueinvestors.com">info@assetvalueinvestors.com</a>

\*Also available on all major platforms.

## Share Classes

Share Class	OCF <sup>6</sup> (%)	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) <sup>5</sup>	0.85	IE000OPWA0E7	AVIJAB1 ID
B1 (USD) <sup>5</sup>	0.85	IE0001QXC6O7	AVIJSFB ID

Benchmark: MSCI<sup>®</sup> Japan Small Cap Total Return Index

<sup>5</sup>Performance fee share class - 0.50% management fee + 15% of outperformance of benchmark

<sup>6</sup>Ongoing 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](http://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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