AVI JAPAN OPPORTUNITY TRUST

AVI Asset Value Investors

AJOT

July 2026

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

Sanyo Shokai — Steady earnings

Sanyo Shokai disclosed steady earnings and is scheduled to expand its shareholder benefits programme.

Read more below

Mitsubishi Logistics — Corporate value enhancement

Mitsubishi Logistics is now focusing on its ROE and PBR targets for 2030.

Read more below

Eiken Chemical— Margin decline

Eiken Chemical released quarterly earnings, with EBIT declining year-on-year.

Read more below

THE TRUST

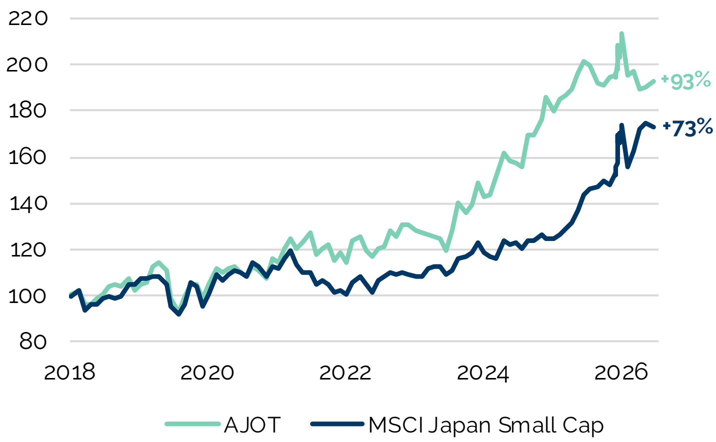
Share Price (pence)	NAV p/s (pence)	Prem./(Disc.)
164.0	172.5	(4.9)%

Net Performance

	Total Returns (%)	Month	1Y	3Y	5Y
GBP	NAV p/s	1.3	-1.8	52.2	68.8
	MSCI Japan Small Cap	-0.7	27.1	55.7	55.4
JPY	NAV p/s	0.7	5.7	78.4	137.0
	MSCI Japan Small Cap	-1.3	36.7	82.5	118.2

All performance shown net of fees total returns as of 31/07/2026
Source: Morningstar

NAV Total Return Since Inception (GBP)



Source: Morningstar as of 31/07/2026

PORTFOLIO

Top Ten Holdings

	%[1]
Sharingtechnology	10.1
Mitsubishi Logistics	9.5
Kurabo Industries	8.4
Wacom	7.2
Sanyo Shokai	7.2
Maruzen Showa Unyu	6.4
Foster Electric	5.9
Eiken Chemical	5.9
Atsugi	5.6
Broadmedia	5.5
TOTAL	**71.7**
No. of Holdings	27

Contributors/Detractors (GBP)[2]

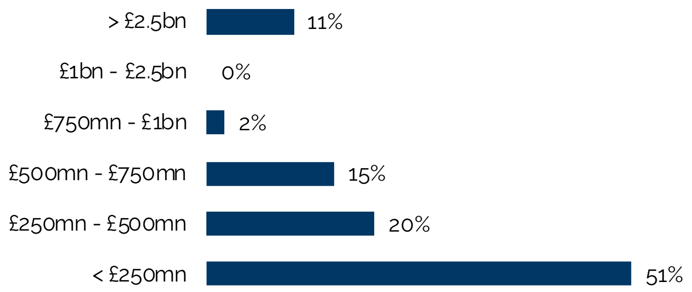
Largest Contributors	1M Contrib. bps	%[1]
Sanyo Shokai	120	7.2
Mitsubishi Logistics	45	9.5
Synchro Food	43	2.9
Maruzen Showa Unyu	34	6.4
DTS	32	2.2

Largest Detractors	1M Contrib. bps	%[1]
Eiken Chemical	-101	5.9
Foster Electric	-40	5.9
Sharingtechnology	-35	10.1
Senshu Electric	-25	1.1
Raito Kogyo	-8	Exited

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

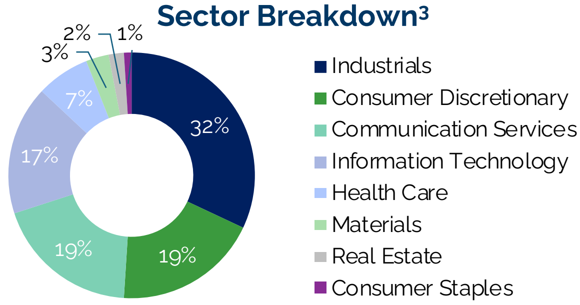
PORTFOLIO (continued)

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 listed Portfolio. Unlisted holdings which represent 2.4% of NAV as at 31/07/2026 have been excluded from analysis. Source: Capital IQ

MANAGER'S COMMENT

AJOT's NAV returned +1.3% in GBP and +0.7% in JPY over the month, while the benchmark returned -0.7% in GBP and -1.3% in JPY.

In July, AI and semiconductor-related stocks came under pressure, despite having been a major driver of market performance earlier in the year. The sell-off reflected growing concerns around stretched valuations, the financing burden of AI infrastructure investment and rising competition, and highlighted the risk of market leadership being concentrated in a narrow group of momentum-driven stocks.

At the same time, Japan's policy agenda continued to focus on capital allocation and the effective use of corporate balance sheets. On 21 July 2026, the Financial Services Agency ("FSA") and Tokyo Stock Exchange ("TSE") jointly published the revised Corporate Governance Code. The revision should be viewed alongside the TSE's April 2026 update to its "request for management to be conscious of the cost of capital and stock price", which placed particular emphasis on the appropriate allocation of management resources. The scale of Japan's "idle cash" issue has also been highlighted by Nomura, who recently estimated that listed Japanese companies would need to deploy JPY 30–40 trillion into areas such as capital expenditures, mergers and acquisitions, and shareholder returns for cash ratios to converge with those in the US and Europe.

These developments may gradually broaden investor attention beyond a narrow group of growth stocks. The policy direction in Japan is increasingly focused not only on shareholder returns, but also on whether companies can explain how they intend to use capital to improve profitability, growth and corporate value. If investors become more selective about crowded growth themes while Japanese companies face greater pressure to put capital to work, this could create a more supportive backdrop for value stocks with strong balance sheets, underutilised assets and credible scope for capital allocation improvement.

Across client funds, AVI controls more than 5% of the voting rights in 16 AJOT portfolio companies, which together account for 78% of NAV. AJOT plays an important role in AVI's constructive engagement strategy, enabling AVI to build meaningful stakes in companies where we see opportunities to unlock value through improvements in business operations, capital efficiency, governance and investor relations.

Sanyo Shokai (8011) — Steady earnings

Sanyo Shokai was the largest contributor over the month, following its strong performance in June, adding +120bps to performance as its shares returned +19.6%.

Sanyo Shokai is a well-established Japanese apparel manufacturer and retailer, specialising in high-quality men's and women's fashion. The company has a long history in Japan's apparel market and continues to benefit from strong brand recognition, a loyal customer base and a portfolio of well-known domestic and licensed brands. Following a period of restructuring, the company has made progress in improving profitability and strengthening its balance sheet.

On 30 June, the company announced its quarterly results for the March–May 2026 period. EBIT margin improved by 0.6% year-on-year during the quarter, reflecting the company's efforts to control costs, including SG&A. The company also announced a new 5% Dividend on Equity ("DOE") policy, representing a positive step towards improved capital allocation. The market reacted positively to the announcement, with the share price rising by +3.4% on the day.

In addition, the company is scheduled to conduct a three-for-one stock split on 31 August 2026 and expand its shareholder benefits programme, including limited sales events for shareholders. These measures may help attract individual investors and contribute to improved liquidity.

Added to the portfolio in August 2025, the company accounted for 7.2% of AJOT's NAV at month-end. The investment has so far generated an IRR of +62% and an ROI of +35% in JPY.

Mitsubishi Logistics Corporation (9301) — Corporate value enhancement

Mitsubishi Logistics Corporation ("Mitsubishi") was the second-largest contributor over the month, adding +45bps to performance as its shares returned +4.6%.

Mitsubishi is a major Japanese logistics and real estate company headquartered in Tokyo. It provides global port transportation, warehousing and real estate leasing services.

In June, the company announced an updated plan regarding initiatives to enhance corporate value. Given its relatively low ROE and PBR, Mitsubishi set targets of 10% ROE and 1.5x PBR by FY2030. In addition to business growth through investment, the company intends to reduce its cost of equity, enhance disclosure and improve shareholder returns.

MANAGER'S COMMENT (continued)

As the company holds a significant real estate portfolio, investors are focused on whether management can improve capital efficiency by making better use of these assets. One area of interest is the company's plan to establish an asset management company for a real estate fund, which could help realise value from its real estate holdings while improving asset turnover.

Mitsubishi was added to the portfolio in January 2025 and accounted for 9.5% of NAV at month-end. To date, the investment has delivered an ROI of +28% and an IRR of +31% in JPY.

Eiken Chemical (4549) — Margin decline

Eiken Chemical was the largest detractor over the month, reducing performance by -101bps as its share price returned -15.0%.

Eiken is a clinical diagnostics manufacturer with strengths in faecal immunochemical testing (FIT), gastrointestinal diagnostics and molecular diagnostic technologies. The company has a solid position in niche diagnostic markets and owns valuable technology.

Earlier this year an engagement fund submitted shareholder proposals to nominate two director candidates for election to the board at the Annual General Meeting (AGM) in June 2026. At the AGM held on 23 June 2026, the proposals were rejected, despite receiving 45.75% support. The result led to a sharp share price decline following the AGM, particularly as investors who may have expected the proposals to pass, or to lead to more immediate governance change, reduced their positions.

Following the disappointment around the AGM result, Eiken's underlying business also showed some weakness in its April–June 2026 results, released on 30 July. EBIT declined by 16.7% year-on-year, with the EBIT margin falling to 6.2%, as higher raw material and logistics costs, together with an adverse sales mix, outweighed revenue growth. However, revenue increased by 5.2% year-on-year, driven by overseas FIT reagents and medical instruments, and management maintained its full-year guidance, implying an expected margin recovery supported by new products and logistics optimisation.

Added to the portfolio in July 2023, Eiken now represents 5.9% of NAV. The investment has generated an ROI of +16% and an IRR of +9% in JPY.

Asset Value Investors

In early August it was announced that AJOT's investment manager – Asset Value Investors ("AVI") – is to be acquired by Pacific Asset Management ("Pacific"), the London-based multi-boutique asset manager and part of the Pinnacle Investment Management group, subject to certain conditions including regulatory approval. The transaction represents the next stage in AVI's development, providing the business with an enhanced platform from which to grow while preserving everything that has made the firm successful.

AVI will continue to operate under its own brand as an independent investment boutique, with no changes to its investment teams, philosophy, decision-making or the management of its investment trusts and funds.

AVI
Asset Value Investors

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AJOT

STATISTICS

Performance Summary (GBP)

Total Returns (%)	1M	1Y	3Y	5Y	SI[4]
Share Price	-1.5	-3.8	45.4	57.2	79.8
NAV p/s	1.3	-1.8	52.2	68.8	93.0
MSCI Japan Small Cap	-0.7	27.1	55.7	55.4	73.4
CY Total Returns (%)	**YTD**	**2025**	**2024**	**2023**	**2022**
Share Price	-4.3	15.3	21.5	14.8	-6.0
NAV p/s	-0.9	14.7	20.9	15.8	-4.3
MSCI Japan Small Cap	17.2	19.8	6.2	6.9	-1.0

All performance shown net of fees in GBP Total Return and as at 31/07/2026
Source: Morningstar
[4]Start Date 23 October 2018

Characteristics

Portfolio Statistics	
EV/EBIT	8.0x
Net Cash/Market Cap[5]	13.1%
NFV/Market Cap[6]	39.4%

[5]Net Cash = Cash - Debt
[6]Net Financial Value (NFV) = Net Cash + Investment Securities After Tax + Investment Real Estate After Tax – Minority Interest

Trust Details

Capital Structure	
Ordinary Shares	247,873,823
Shares held in Treasury	25,475,429
TONAR + 1.30% Revolving Credit Facility[7]	¥9,200,000,000
Gross Assets/Gearing	
Gross Assets	£426.6m
Gross value of debt (GBP)	£42.9m
Gearing (net)[8]	0.8%
Fund Facts	
Launch Date	23-Oct-18
Net Assets	£383.7m
Investment Manager	Asset Value Investors Limited
Value Owned by AVI[9]	£4,738,888
Shareholder Services	MUFG Corporate Markets
Management Fee[10]	Tiered fee between 1% and 0.9%
Ticker Code	AJOT.LN
ISIN	GB00BD6H5D36

[7]Figure shows amount drawn, full facility size is ¥12.7bn. Cost of borrowing is TONAR +1.30% on any drawn balance and 0.45% commitment fee on undrawn amounts

[8]Net gearing at fair value

[9]Value owned by AVI Ltd & AVI Ltd employees as at 31/07/2026

[10]Annual Management Fee. 1.0% (<£300m) / 0.95% (£300–£350m) / 0.90% (>£350m) The Management Fee is calculated on the lesser of NAV or Market Cap. 25% of Management Fee is reinvested in shares in 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