

February 2024

**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

**Beenos – AVI Declaration**

The market seemed to welcome AVI as a shareholder, anticipating increased pressure from our presence, with the share price increasing +17% the day following our 5% declaration.

[Read more below](#)
**Alps Logistics Rises on Rumour**

One of AJOT's long standing original investments, Alps Logistics share price rose +32% over the month as news broke that its 47% shareholder, Alps Alpine, was considering selling its stake.

[Read more below](#)
**Special Sits - Tail Position Wags**

Our special situations trade in Yaizu Suisankagaku came to fruition over the month when it was subject to a TOB at a price 19% higher than the failed TOB at the end of last year.

[Read more below](#)

## THE FUND

(Figures to 29 February 2024)

Share Price (pence)

124.0

NAV (pence)

129.1

Prem./Disc.

-3.9%

EV/EBIT

8.0x

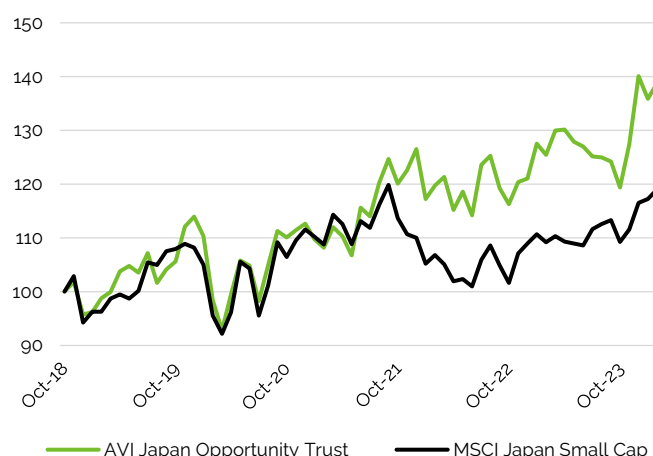
Net Cash/Market Cap

36.5%

NFV/Market Cap

52.9%

## NAV Total Return Since Inception (£)

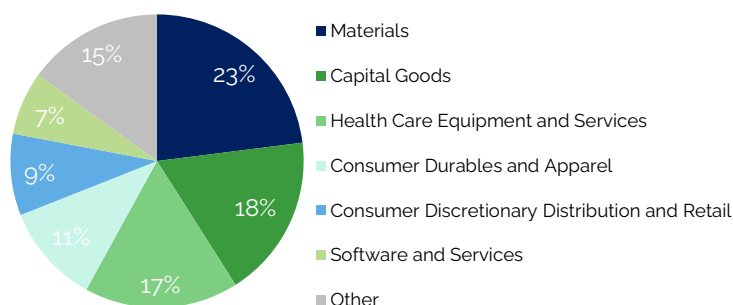


| GBP                | Month | YTD   | 1Y    | 3Y    | SI*   |
|--------------------|-------|-------|-------|-------|-------|
| AJOT Share Price   | 2.3%  | -2.4% | 10.7% | 22.2% | 33.6% |
| AJOT NAV           | 2.2%  | -0.9% | 10.6% | 28.3% | 39.2% |
| MSCI Jap Small Cap | 1.5%  | 2.1%  | 9.0%  | 9.4%  | 18.7% |

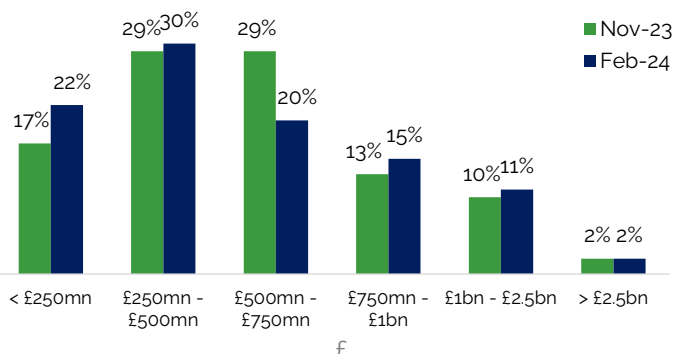
## PORTFOLIO

(Holdings to 29 February 2024)

## Sector Breakdown (% of Portfolio)



## Market Cap Breakdown (% of Portfolio)



## Top Ten Equity Holdings % of NAV

| Holding           | 30-Nov-23   | Holding           | 29-Feb-24   |
|-------------------|-------------|-------------------|-------------|
| TSI Holdings      | 9.7         | Eiken Chemical    | 9.8         |
| Konishi           | 8.6         | Takuma            | 9.0         |
| Nihon Kohden      | 8.5         | Nihon Kohden      | 8.3         |
| Takuma            | 8.3         | TSI Holdings      | 7.9         |
| DTS               | 7.8         | Konishi           | 7.8         |
| Shin-Etsu Polymer | 6.7         | DTS               | 7.0         |
| Wacom             | 6.2         | Shin-Etsu Polymer | 5.9         |
| Jade Group        | 5.6         | Jade Group        | 5.2         |
| NC Holdings       | 5.3         | Wacom             | 4.3         |
| Eiken Chemical    | 5.2         | Beenos            | 4.3         |
| <b>TOTAL</b>      | <b>71.9</b> | <b>TOTAL</b>      | <b>69.5</b> |
| % Gearing         | -0.6        | % Gearing         | 5.2         |
| No. of Holdings   | 21          | No. of Holdings   | 24          |

## MANGER'S COMMENT

AJOT's NAV rose +2.1% over the month, overcoming a -1.8% weakening in the Japanese Yen. The Japanese markets have had a strong start to the year, with the MSCI Japan Small Cap Index up +7.6% and its larger counterpart, the MSCI Japan, rising an impressive +14.4% (both in JPY).

Nihon Kohden (-8.1% in JPY), TSI Holdings (-5.1%) and Wacom (-8.3%) all detracted over the month, as their share prices drifted lower following strong performance in 2023. The largest contributors were Beenos (+24%), which rose on the announcement of our 5% ownership declaration, and Alps Logistics (+32%), which surged amid press speculation that its parent company, Alps Alpine, was considering selling its stake.

Our special situations trade in Yaizu Suisankagaku came to fruition over the month when it was subject to a Tender Offer Bid (TOB) at a price 19% higher than the failed TOB at the end of last year. Although only a 1% position, we made a +16% return within a few months, generating an IRR of +129%.

It would be remiss not to mention JADE GROUP, which announced the acquisition of Magaseek on the last day of the month. This is projected to double Gross Merchandise Value (GMV) and, although not yet confirmed by the Company, is anticipated to double JADE's profits over the coming years. In response, its share price rose +24%, with the stock exchange halting trading for the day (more on this next month).

During the month, we spent a week in Tokyo, where we visited a handful of existing portfolio companies and, most interestingly, private equity firms. Management appears to be listening to the strengthening regulations and guidance from TSE and METI last year. Privatisations, for example, previously dismissed out of hand, are now being taken more seriously and there is growing awareness regarding share prices and valuations. Private equity firms are waiting on the sidelines with open arms, and their optimism regarding the changing environment was evident during our meetings.

We are considering filing shareholder proposals to three portfolio companies, and while we hope none see the light of day, it is an important tool to instil a sense of urgency in management. Our private engagement efforts continue in earnest, with new portfolio companies receiving detailed presentations and letters. The environment remains as fertile as ever, and despite the buoyant market, we continue to identify plenty of dislocated pricing opportunities.

### BEENOS (3328) – share price increase following AVI stake declaration

We initiated a small position in Beenos, building it to a 4.3% weight by the end of the month. Beenos operates a global e-commerce platform, primarily focused on a service called 'Buyee', which enables customers living abroad to purchase items from popular Japanese e-commerce sites, such as Yahoo! Japan, Mercari and Rakuten. Over the past eight years, Buyee's gross merchandise value has grown at an annual rate of 31.3%.

At the time of purchase, Beenos was trading at a modest 2.9x EV/EBIT multiple, with net cash and securities comprising over 79% of its market cap. Due to the persistent undervaluation, *diworsification*<sup>1</sup> from the core e-commerce business, and a lacklustre share price, investors frustration is growing. This is evidenced by a rising number of shareholders opposing the CEO's reappointment.

The market seemed to welcome AVI as a shareholder, anticipating increased pressure from our presence, with the share price rising by +17% the day following our 5% declaration. In just a month, our investment has increased by 34%, and we still see significant upside potential.

### Alps Logistics (9055) – Rises on transaction rumour

Continuing the trend of one of our favoured themes - the rationalization of parent-child listings - Alps Logistics, one of AJOT's long-standing original investments, saw its share price rise +32% over the month as news broke that its 47% shareholder, Alps Alpine, was considering selling its stake. Given the numerous sources cited in the article and the absence of denial from either company, it appears likely that there is substance to the speculation.

Alps Alpine's business is struggling, and to address the cashflow gap in their mid-term plan, they announced earlier in the year their intention to explore asset sales. Therefore, it's not surprising that Alps Alpine is looking to dispose of their stake. It was for this reason that we added 16% to our holding earlier in the year.

Alps Alpine stands to secure the highest price for their stake by selling the entire holding and allowing Alps Logistics to be privatised. At the current share price, Alps Logistics' EV/EBIT valuation is in line with peers, with the market not factoring in a control premium bid or the superior business quality of Alps Logistics. While we await confirmation of the speculation, we are happy to maintain our 4.1% position.

<sup>1</sup>Diworsification is a term describing the inefficient allocation of resources and capital in such a way that the risk-return is worsened.

## STATISTICS

## Contributors / Detractors (in GBP)

| Largest Contributors | Monthly Contribution bps | % Weight |
|----------------------|--------------------------|----------|
| Beenos               | 99                       | 4.3      |
| Alps Logistics       | 97                       | 4.1      |
| Takuma               | 84                       | 9.0      |
| DTS                  | 58                       | 7.0      |
| Daidoh               | 43                       | 1.7      |

| Largest Detractors | Monthly Contribution bps | % Weight |
|--------------------|--------------------------|----------|
| Nihon Kohden       | -100                     | 8.3      |
| TSI Holdings       | -56                      | 7.9      |
| Wacom              | -45                      | 4.3      |
| T Hasegawa         | -40                      | 4.2      |
| Shin-Etsu Polymer  | -33                      | 5.9      |

## Fund Facts

|                                     |                                    |
|-------------------------------------|------------------------------------|
| Launch Date                         | 23 October 2018                    |
| Net Assets                          | £181.2m                            |
| Investment Manager                  | Asset Value Investors Limited      |
| AJOT Shares Owned by the Manager*** | 2,766,394                          |
| Shareholder Services                | Link Asset Services                |
| Management Fee**                    | 1.0% of lower of market cap or NAV |
| Website                             | www.ajot.co.uk                     |
| Ticker Code                         | AJOT.LN                            |
| ISIN                                | GB00BD6H5D36                       |

|                               | 1m    | 1y    | 3y    | SI    |
|-------------------------------|-------|-------|-------|-------|
| Share Price TR                | 2.3%  | 10.7% | 22.2% | 26.4% |
| Net Asset ValueTR             | 2.2%  | 10.6% | 28.3% | 40.5% |
| MSCI Jap Small Cap            | 1.5%  | 9.0%  | 9.4%  | 30.1% |
| Calendar Year Net Returns (%) | YTD   | 2023  | 2022  | 2021  |
| Price                         | -2.4% | 14.8% | -4.5% | 12.4% |
| Net Asset Value               | -0.9% | 15.8% | -4.5% | 12.4% |
| MSCI Jap Small Cap            | 2.1%  | 6.9%  | -4.3% | 12.3% |

## Capital Structure

|   |                |
|---|----------------|
| Ordinary Shares                         | 140,836,702    |
| Shares held in Treasury                 | 400,000        |
| TONAR + 1.15% Revolving Credit facility | ¥2,930,000,000 |

## Gross Assets/Gearing

|                            |         |
|----------------------------|---------|
| Gross Assets               | £196.7m |
| Debt at fair value (gross) | £15.5m  |
| Gearing (net)              | 5.2%    |

All performance shown in GBP Total Return

\* 23 October 2018 Start Date

\*\* 25% of Management Fee to be reinvested in shares of AJOT

\*\*\* Shares owned by AVI Ltd & AVI employees

## Investment Manager – Joe Bauernfreund

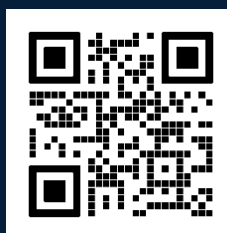
AVI Ltd. +44 20 7659 4800 info@ajot.co.uk

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



## 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 Global Trust plc (the "Trust"). The contents of this message are not intended to constitute, and should not be construed as, investment advice. Potential investors in the Trust should seek their own independent financial advice. AVI neither provides investment advice to, nor receives and transmits orders from, investors in the Fund.