

October 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

Nihon Kohden – Upward Revision

A manufacturer of defibrillators and the third largest holding in the portfolio, Nihon Kohden announced during October a +67% revision to half-year guidance of operating profits.

[Read more below](#)**Konishi – Share Buybacks Impact**

Konishi, the manufacturer of the no.1 adhesive brand in Japan, 'Bond', in August announced it will acquire 4.8% of shares outstanding from August 2024 to March 2025.

[Read more below](#)**Jade – PMI Consolidation Costs**

Jade Group, the apparel e-commerce operator disclosed operating profits that were down -30% YoY due to warehouse and headquarter consolidation costs related to the acquisition of Magaseek.

[Read more below](#)

THE FUND

(Figures to 31 October 2024)

Share Price (pence)

136.3

NAV (pence)

142.7

Prem./Disc.

-4.5%

EV/EBIT

8.4x

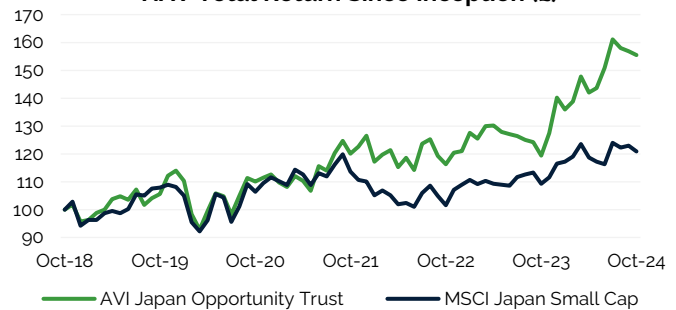
Net Cash/Market Cap¹

27.1%

NFV/Market Cap²

49.9%

NAV Total Return Since Inception (£)

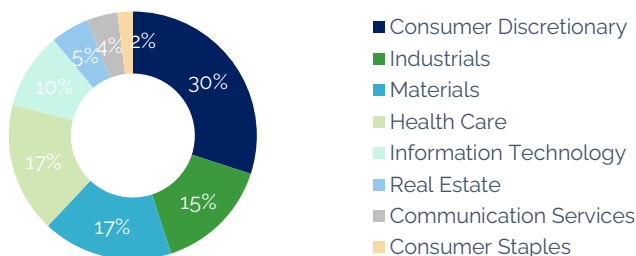


		Month	3 Month	YTD	1Y	3Y	SI*
GBP	AJOT NAV	-0.8%	-3.5%	11.0%	30.3%	29.5%	56.0%
	MSCI Japan Small Cap	-1.6%	-2.5%	3.7%	10.6%	6.4%	20.5%
JPY	AJOT NAV	1.2%	-2.2%	20.9%	38.9%	62.3%	110.1%
	MSCI Japan Small Cap	0.4%	-1.2%	13.0%	17.9%	33.3%	62.4%

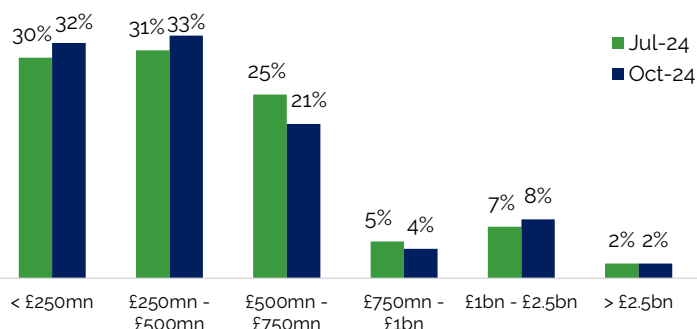
PORTFOLIO

(Holdings to 31 October 2024)

Sector Breakdown (% of Portfolio)



Market Cap Breakdown (% of Portfolio)



Top Ten Equity Holdings (% of NAV)

Holding	31-Jul-24	Holding	31-Oct-24
TSI Holdings	9.3	TSI Holdings	9.5
Eiken Chemical	8.9	Eiken Chemical	9.3
Nihon Kohden	8.0	Nihon Kohden	8.2
Beenos	7.7	Beenos	7.9
Takuma	6.7	Kurabo Industries	6.7
Jade Group	5.4	Konishi	6.0
Kurabo Industries	5.4	Takuma	5.9
Konishi	5.3	Aoyama Zaisan Networks	4.8
Aoyama Zaisan Networks	5.3	Jade Group	4.3
Shin-Etsu Polymer	4.6	Wacom	4.1
TOTAL	66.6	TOTAL	66.7
% Gearing	5.8	% Gearing ³	3.8
No. of Holdings	26	No. of Holdings	24

¹ Net cash = Cash – Debt² Net Financial Value (NFV) = Net cash + Investment Securities – Minority Interest³ Net gearing at fair value

MANGER'S COMMENT

AJOT's NAV decreased by -0.8% (in GBP) over the month, although it increased +1.2% in local currency terms (in JPY), while the benchmark returned -1.6% (in GBP) and +0.4% (in JPY). To date, AJOT has outperformed its benchmark in 2024 by +7.3% (in GBP), returning +11.0% vs the MSCI Japan Small Cap Index's return of +3.7%.

The two largest contributors to performance were **Nihon Kohden** (+7.6% share price), which disclosed favourable earnings guidance and **Konishi** (+9.8%). Meanwhile, **Jade Group** (-15.7%) was the most notable detractor during the month as its results announcement disappointed the market, with H1 operating profits down -30% YoY on the back of headquarter and warehouse consolidation costs related to the acquisition of Magaseek.

Japan held its 50th general election of the House of Representatives in late October, with the Liberal Democratic Party (LDP) winning 41% of the seats (191/465), having previously achieved a 56% majority at the last election in 2021. This was a significant result, marking the first general election since 1955 that no major party in Japan secured 200 or more seats, although it was likely somewhat anticipated by the market that the LDP would not secure a majority of seats, given the TOPIX rose by just +1.5% in the following trading day. Prime Minister Shigeru Ishiba has indicated that he does not intend to resign just a month after taking office on October 1st, meaning uncertainty surrounding the administration is likely to continue.

The lack of research coverage of companies within AJOT's small to mid-cap investment universe continues to present us with abundant opportunities. Half of AJOT's portfolio companies (12/24) have zero sell-side coverage and just under 80% (19/24) are covered by two or fewer analysts.

The 10 new positions added in 2024 currently held in the portfolio have generated an average ROI of +12.3% (in JPY). October was a productive month in terms of engagement with our portfolio companies, as we sent one letter and attended five meetings with management or IR teams. Our approach of detailed, constructive engagement continues to drive catalysts to unlock significant upside.

Nihon Kohden (6849) – Upward revision of operating profits guidance

Nihon Kohden, a manufacturer of medical electronics and the third largest position in the portfolio, was the largest contributor over the month, adding +41bps to performance as its share price rose +7.6%.

During October, Nihon Kohden announced a +67% revision to half-year guidance of operating profits. This revision is a result of increased defibrillator sales, with domestic sales likely to exceed management's original forecast. Meanwhile, due to a stronger than expected Yen, net income guidance was revised downwards - 67%.

We have held Nihon Kohden in the portfolio since September 2022, generating an ROI of +42% and an IRR of +22% to date. We see substantial remaining upside to the current share price, with Nihon Kohden's 8.2% position in AJOT reflective of this conviction.

Konishi (4956) – Share buybacks taking effect

Konishi, the manufacturer of the no.1 adhesive brand in Japan, 'Bond', was the second largest contributor, adding +41bps to performance as its share price rose +9.8%. We attribute this to its share buyback announced in August, in which Konishi announced it will acquire 4.8% of shares outstanding from August 2024 to March 2025.

During the month, Konishi disclosed slightly weak Q2 earnings, mainly attributable to the construction segment, which experienced longer than anticipated repair time of bridges. EBIT increased modestly YoY by +1%, while sales were flat +0.1% YoY.

Having held a position in AJOT since inception, at month-end Konishi accounted for 6.0% of AJOT's NAV as the sixth largest holding. We see a further +40% upside to the current share price, and to date, our investment has generated an ROI of +80% for an IRR of +16%.

MANGER'S COMMENT

Jade Group (3558) – PMI consolidation costs

Jade Group ("Jade") was the largest detractor during the month, reducing performance by -90bps as its share price fell -15.7%.

In mid-October, Jade announced its Q2 results, which showed H1 operating profits down -30% YoY due to warehouse and headquarter consolidation costs related to the acquisition of Magaseek earlier in the year. Despite full-year guidance remaining unchanged, the market was not receptive to the disclosed plan to revitalise sales through cross-selling initiatives, sending the share price -10.6% lower over the remainder of the month.

In recent years, Jade has remained steadfast in its growth ambition to become the #2 player in Japan's Y2.4tn fashion e-commerce market behind Zozo. Led by President Tanaka, Jade has completed several acquisitions, the most notable of which, prior to Magaseek, being Reebok Japan in 2022. Since initiating our position in 2021, we have supported Jade's investment in long-term growth. Meanwhile, Jade have made strides in improving its IR communications and reduced its reliance on sales promoted by YouTube influencers.

To date, our nearly three-year investment has generated an ROI of +38% for an IRR of +18%. Trading at a forward EV/EBIT multiple of just 10x, we anticipate a further +44% upside to the current share price. As a top ten position, Jade accounts for 4.3% of AJOT's NAV at month-end.

Exit opportunity

In October, the Board provided an update on the 2024 exit opportunity as set out in its Prospectus.

At the launch of the Company in October 2018, the Prospectus published at that time stated that the Directors may, at their discretion, offer a full or a partial exit opportunity to Shareholders in October 2022 and every two years thereafter. The rationale behind including the Exit Opportunity in the Prospectus was to ensure that if the original investment thesis did not generate the expected returns, or if circumstances had changed to make Japan unattractive, then Shareholders would be offered the opportunity to exit at close to NAV if they wished.

While the investment thesis and Japan opportunity remains at least as attractive as at inception, the Company intends to offer Shareholders the opportunity to tender all or part of their shareholding in the Company (the "Tender Offer"), at a tender price equal to a two percent discount to the prevailing net asset value per share at the calculation date, less any transaction costs directly associated with realising assets to satisfy elections under the Tender Offer. Other costs and expenses incurred in relation to the Tender Offer, including professional advice, will be borne by the Company. The Tender Offer will be subject to approval by Shareholders at a general meeting of the Company. The Company expects to publish a circular including further details on the Tender Offer and convening the required general meeting in the coming weeks.

The Directors do not intend to participate in the Tender Offer and highlight that Shareholders who wish to realise their shareholding may be able to achieve a higher price on the stock market than is expected to be offered under the 2024 Exit Opportunity. Shareholders not wishing to realise their shareholding in the Company should not take any action.

In light of the Board's keen focus on corporate governance, the Board will in the future offer the Exit Opportunity on an annual basis (rather than biennially), with another Exit Opportunity being made available to Shareholders in October 2025, and every twelve months thereafter.

STATISTICS

Contributors / Detractors (in GBP)

Largest Contributors	Monthly Contribution bps	% Weight
Nihon Kohden	41	8.2
Konishi	41	6.0
Eiken Chemical	39	9.3
Atsugi	33	3.1
Beenos	27	7.9

Largest Detractors	Monthly Contribution bps	% Weight
Jade Group	-90	4.3
Kurabo Industries	-32	6.7
Sharing Technology	-28	2.2
Araya Industrial	-28	3.6
Aoyama Zaisan Networks	-23	4.8

Fund Facts

Launch Date	23 October 2018
Net Assets	£200.2m
Investment Manager	Asset Value Investors Limited
AJOT Shares Owned by the Manager**	2,841,006
Shareholder Services	Link Company Matters Limited
Management Fee***	1.0% of lower of market cap or NAV
Website	www.ajot.co.uk
Ticker Code	AJOT.LN
ISIN	GB00BD6H5D36

Period Net Returns (%)****	1m	1y	3y	SI'
Share Price TR	-2.2%	31.9%	20.4%	44.5%
Net Asset ValueTR	-0.8%	30.3%	29.5%	56.0%
MSCI Japan Small Cap	-1.6%	10.6%	6.4%	20.5%
Calendar Year Net Returns (%)	YTD	2023	2022	2021
Share Price TR	8.8%	14.8%	-6.0%	10.0%
Net Asset ValueTR	11.0%	15.8%	-4.3%	12.3%
MSCI Japan Small Cap	3.7%	6.9%	-1.0%	-1.4%

Capital Structure

Ordinary Shares	140,836,702
Shares held in Treasury	535,000
TONAR + 1.55% Revolving Credit facility	¥2,930,000,000

Gross Assets / Gearing

Gross Assets	£215.2m
Debt at fair value (gross)	£15.0m
Gearing (net)*****	3.8%

All performance shown in GBP Total Return

*23 October 2018 Start Date

** Shares owned by AVI Ltd & AVI employees

*** 25% of Management Fee is reinvested in shares of AJOT

**** Returns stated net of fees

***** Net gearing at fair value

Investment Manager – Joe Bauernfreund

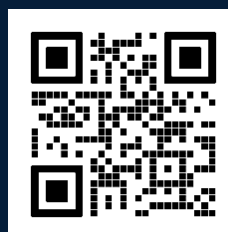
AVI Ltd. +44 20 7659 4800 info@ajot.co.uk

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.