ASA GROUP
NewsLetter
～The latest in alternative investments～
Vol.46 2025.7.31

Chairman's Column

Dress Code — Redefining Well-being in the Workplace

Hot days continue in Tokyo. Since June, temperatures are consistently marking over 30 degrees Celsius. The Paris Agreement aims to reduce greenhouse gas emissions to hold the rise of global temperatures to 1.5 degrees. However, it certainly feels like temperatures have risen not by 1.5 degrees but by 5 degrees. It is hard to believe the statistic provided by the World Meteorological Organization that temperatures are just 1.55 degrees higher compared to the pre-industrial revolution. At times like these, I wish someone would just take me away to a cooler place.

Related to climate is dress code in the workplace. Our firm's dress code dramatically changed during Covid. Our general rule for men was "suit and tie when meeting clients" and "casual for all other times, but no t-shirt or jeans."

However, as the frequency of in-person meetings with clients drastically declined during Covid, our dress code changed along with it. I often go with a business-casual style with a jacket and pants, and wear stretch material for comfort. So, when it comes time to wear a suit, I feel the rigidity of the fabric and tightness depending on changes in my physique. I feel like I am straying further away from situations where suits are necessary.

Change is happening even in uptight workplaces like that of Tokyo Metro. For example, sneakers, piercings, and sunglasses are allowable (July 7 article from Nikkei Business). In particular, the use of sunglasses while driving is recommended by doctors to prevent cataracts and seems sensible.

Previous notions from the Showa era of a suit as a type of uniform for work seem to have shifted dramatically during the Reiwa era. It seems logical that people should be able to choose clothing that maximizes performance at their workplace.

At your workplace, how is dress code impacting employee well-being?

by Kazuhiro Matsuzawa, Chairman

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Real Estate

How can companies avoid a Conglomerate Discount?

A common strategy used by corporate investment funds to improve the value of a portfolio company is by separating real estate, which typically carries the biggest weight among its assets. By separating or selling assets that are not directly tied to a business, this “asset-light” model is meant to improve capital efficiency. The separated real estate is then moved to a different investment vehicle (e.g. real estate fund within the same group) or sold outright to a third party on the market.

The company can then lease the same property through a sale-and-leaseback agreement which frees up capital to enable investments for growth and increase shareholder returns.

Behind these moves is a market phenomenon called a “conglomerate discount”, defined as when the company’s total value is discounted as a result of combining the value of multiple lines of business. It is said that investors find it more difficult to assess true value when different business models and revenue models are mixed, which makes management less transparent.

For example, the U.S.’s General Electric has long been known as a symbol of a diversified company. However as of 2024, they have reorganized and spun off their businesses into healthcare, aerospace, and power.

In Japan, Hitachi sold or spun off their non-core businesses such as home appliances, construction machinery, and metals, to focus on IT and energy. The company’s share price has since recovered, and corporate value has improved.

Fuji Media Holdings (FMH) is another company getting attention. In addition to their media business, they have a real estate business which holds offices and hotels. Because this real estate business is highly profitable, some investors say that it has more value than their core business. In fact, one activist fund focused on the conglomerate discount and proposed to FMH to either spinoff the real estate business or reassess corporate governance. Meanwhile, FMH is cautious in separating the businesses, stating that “It is important that media and real estate remain complimentary. The growth of the entire company will lead to improved corporate value.”

Of course, management of a conglomerate does not end with simply reassessing assets but is a complex topic that relates to growth strategy and corporate responsibility. In the case of FMH, it will be interesting to see how this example of reevaluating diversified businesses will unfold.

by Shigeru Hirai, Knowledge Management Office

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ASA News

ASA Group's future — Moving beyond De-vrand

Hello everyone, thank you as always for your business and continued support of ASA Group. One year has already passed since ASA Group announced a "De-vrand" to evolve as a company. In shifting from "change" to "evolution," we have encountered big challenges.

Firstly, transformation from the inside was crucial for other changes to happen. Slowly but surely, the mindset of each of our employees is changing. On top of making incremental improvements, our employees are implementing flexible solutions that do not default to old workflows. This mindset is spreading throughout our organization.

As a result, our firm is making progress in providing solutions to PMs, AMs, and in work from other accounting firms. Our company's culture is evolving to one of "listening and taking action."

Meanwhile, we are steadily recruiting and training our global talent. Our expanding language capabilities enable us to better serve a wider range of clients. In addition, after being announced last year, Thēseus Data Lake (TDL), our ERP which supports our fund clients is finally approaching its operational phase. In June, we launched our first module for a big client. From this Fall to the end of the year, we plan to implement new modules. Our goal of revolutionizing our industry's processes is slowly becoming a reality.

In addition, we have begun joint work through alliance with other accounting firms. These new partnerships enable greater scale and flexibility in providing our services.

Recently, I have noticed that fewer people are mentioning our old company name. I do sometimes see our company's old logo and name on internal documents which makes me fond, but it also reaffirms my belief that things can change significantly in just one year.

"Enabling the world's capital to flow for a hopeful future for everyone"

Under this principle, ASA Group will continue to evolve. We hope you stay tuned for future developments.

by Masaki Aguni, CEO