

Manager's Comment

AVI Global Trust (AGT)'s NAV rose +2.8% in December, driven by a combination of underlying NAV growth and a tightening portfolio discount (from 32.1% to 31.6%). Currencies detracted from returns over the month, with Sterling strengthening against most major currencies. Contributors for the month included Oakley Capital Investments, Cosan Ltd, Symphony International and Eurocastle Investment. Detractors included Jardine Strategic and Tetragon Financial.

Oakley Capital Investments (OCI) was the largest contributor over the month, adding 95 basis points (bps) to returns. OCI's NAV increased by +8% which, together with a tightening of the discount from 24% to 20%, resulted in share price total returns of +13%. The key event driving NAV growth in December was Oakley's sale of WebPros (9% of NAV prior to sale) to CVC Capital Partners at a +92% uplift to carrying value, adding +8% to its NAV. We estimate that the deal took place at 16-17x EV/EBITDA. OCI will retain exposure by re-investing part of the proceeds into WebPros through Fund IV, keeping exposure at 6% of NAV.

WebPros is a provider of web-hosting software solutions to SMEs. Its genesis lies in Oakley's 2017 acquisition - via a corporate carve-out - of Plesk, the number 1 provider of web-hosting solutions in Europe. Plesk had been a product line within a larger group, neglected, starved of capital, and without even a separate set of accounts; part of Oakley's due diligence involved reverse-engineering accounting records from bank statements. As a result of the deal's complexity and unique nature, Oakley was one of the only bidders for the asset and paid a lowly 7x EV/EBITDA multiple. WebPros was the name given to the holding company formed to hold Plesk and several other bolt-on acquisitions.

2018 saw a significant development when Oakley backed WebPros' acquisition of a majority stake in cPanel, Plesk's competitor in the US, forming a single company with a commanding share of the US and European markets. The cPanel deal was sourced by two Oakley-associated entrepreneurs who became acquainted with the CEO of cPanel. Both of these examples highlight Oakley's unique approach to private companies: a focus on complex transactions, and the power of an entrepreneurial network to source deals.

Overall, Oakley earned a multiple on cost 6.7x, and an IRR of 140% on WebPros - an excellent result for a 2.5-year holding period.

Cosan Ltd (CZZ) contributed 61bps to returns, as the NAV rose by +17% and the discount tightened from 15% to 6%, resulting in share price returns of +31%. Underlying holding companies Cosan SA (72% of CZZ's NAV) and Cosan Logistica (31%) both performed well, returning +12% and +8% respectively over the month.

"Over its lifetime, the CZZ position has been a successful one for AGT's portfolio, with a multiple on cost of 1.7x and an IRR of 36%."

We initiated our investment in CZZ in July 2017, with a thesis predicated on the quality of the underlying assets, the strong management team in place, and the potential upside from group simplification. It is clear to us that the ultimate intention of CZZ's Board and Management is to directly own its underlying investments through a collapse of its holding structure. In January 2019, CZZ started this process by taking Comgás - a listed subsidiary of Cosan SA - private.

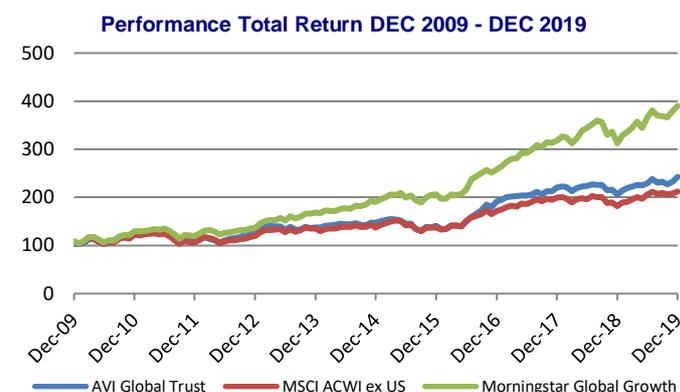
Investment Objective: To achieve capital growth through a focused portfolio of investments, particularly in companies whose share prices stand at a discount to estimated underlying net asset value.

Performance Total Return

This investment management report relates to performance figures to 31 December 2019.

Share Price (pence)	778.0
NAV (pence)	851.9
Premium / (Discount)	-8.7%

	Month	Financial Yr* to date	Calendar Yr to date
AGTNAV ¹	2.8%	3.4%	18.1%
MSCI ACWI Ex US ³	1.9%	1.3%	16.8%
MSCI ACWI Ex US Value ¹	2.1%	0.7%	11.3%
MSCI ACWI ¹	1.1%	1.4%	21.7%
Morningstar Global Growth ¹	1.5%	2.3%	19.7%



Top Ten Equity Holdings

Holding	%
Japan Special Situations**	17.6
Oakley Capital Investments	8.0
Pershing Square Holdings [#]	7.2
Jardine Strategic	5.7
Sony Corp	5.6
EXOR	4.8
Third Point Offshore Investors	4.3
Symphony International Holdings	4.2
Fondul Proprietatea	4.2
Swire Pacific Ltd 'B'	3.7
TOTAL	65.3

* 25% of this position (2.0% of NAV) is hedged, partially reducing AGT's overall exposure to Pershing Square Holdings

The market reacted positively to this transaction, as evidenced by the tightening of the discount from 26% to 6% over the past year. Discount tightening was also supported by share buybacks amounting to 9% of outstanding shares – a move which we applaud given the risk-free accretion to NAV per share it generates for remaining shareholders. Aligning AGT's capital with capital allocation-savvy managers is always an attractive opportunity.

Over its lifetime, the CZZ position has been a successful one for AGT's portfolio, with a multiple on cost of 1.7x and an IRR of 36% (local currency). Returns have been driven by a combination of NAV growth (+80%) and a tightening of the discount from 33% (weighted average across purchases) to 6% currently. With the discount at increasingly tight levels, we have been trimming the position on share price strength over the past year, such that CZZ now accounts for 2% of AGT's NAV.

Eurocastle Investment (ECT) added 32bps to returns in December, making it one of the largest contributors to AGT's returns. As we discussed in last month's newsletter, ECT announced a *de facto* liquidation of its portfolio, which involved selling its Italian NPL portfolio and returning the cash proceeds to shareholders, along with its stake in Italian-listed NPL servicer doValue, via a tender offer. In other words, AGT would be receiving the majority of its investment back at a zero discount to NAV. This process was completed in late December, with AGT receiving a mixture of cash and shares.

We are pleased with this outcome, having worked with the board of ECT to negotiate an outcome that was beneficial for all parties. The fruits of this effort can be seen in the excellent returns to date, with the position generating a 1.2x multiple on cost and a 31% IRR (using the latest doValue share price) since March 2019. We continue to see scope for further upside from the doValue shares which we now own directly (c3% of AGT's NAV), with earnings growth set to accelerate from its recently-announced acquisition of FPS, the NPL servicing platform owned by Greece's Eurobank. The acquisition positions doValue as the market leader in what will be the most active market for NPL disposals over the next couple of years, and further diversifies doValue outside of Italy (now just under 50% of doValue's Gross Book Value *pro-forma* for the deal).

There were few major detractors over the month, with Jardine Strategic (JS) the only one of note, reducing returns by 34bps as a widening discount (from 37% to 40%) overwhelmed +2% NAV growth.

Contributors / Detractors (in GBP)

Largest Contributors	1 month contribution bps	Percent of NAV
OAKLEY CAPITAL INVESTMENTS	95	8.0
COSAN LTD	61	2.0

Largest Detractors	1 month contribution bps	Percent of NAV
JARDINE STRATEGIC	-34	5.7
TETRAGON FINANCIAL	-15	3.6

#AVI estimate. Previously, this breakdown was calculated by assigning one region to each portfolio company held by AGT. From the 31-Dec-16 newsletter onwards, this is calculated using the estimated multi-regional exposure for each portfolio company. For listed underlying holdings, the country of listing is used; for unlisted underlying holdings, the exposure is typically assigned according to the country where a majority of sales are made.

Statistics

	Value	% 1 mo	% 1 yr	% 3 yr	% 5 yr
Price (£) TR ²	778.0	1.8	19.4	29.6	68.0
Net Asset Value TR ¹	851.9	2.8	18.1	26.4	63.9
MSCI ACWI ex US TR ³		1.9	16.8	23.7	53.9
MSCI ACWI ex US Value ¹		2.1	11.3	13.9	40.8
MSCI ACWI TR ¹		1.1	21.7	32.6	76.2
Morningstar Global Growth TR ³		1.5	19.7	34.4	74.5

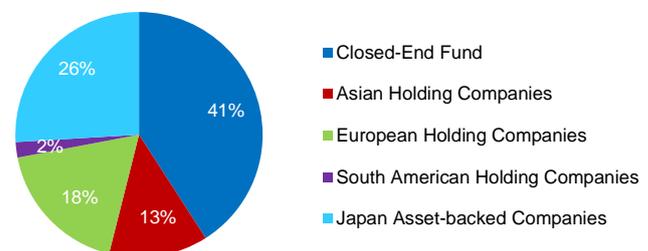
Fiscal Yr Net Returns (%)	2019	2018	2017	2016	2015
Price ¹	-0.4	12.0	18.7	34.3	-9.5
Net Asset Value ¹	2.1	10.0	18.8	31.0	-8.3
MSCI ACWI ex US (£) ³	4.5	4.7	15.8	27.4	-6.0
MSCI ACWI ex US Value ¹	1.1	3.3	17.7	24.7	-10.3
MSCI ACWI ¹	7.3	12.9	14.9	30.6	-0.1
Morningstar Global Growth ³	2.9	13.8	20.1	22.9	5.7

Capital Structure	
Ordinary Shares	116,003,133
Shares held in Treasury	6,659,438
4.184% Series A Sterling Unsecured Note 2036	£30,000,000
3.249% Series B Euro Unsecured Note 2036	€30,000,000
2.930% Unsecured Note 2037	€20,000,000
0.992%# JPY Revolving Credit Facility	¥4,000,000,000

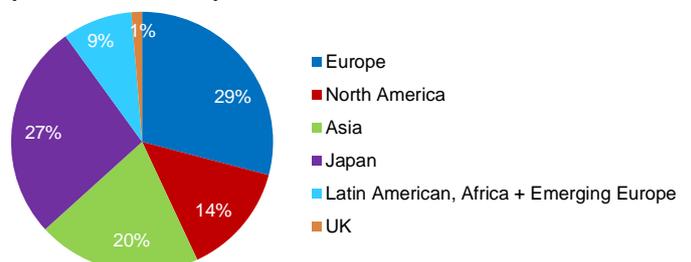
Gross Assets/Gearing	
Gross Assets	£1bn.
Debt par value	£100mil.
Actual Gearing (Debt less cash divided by net assets)	1.5%

1 Source: Morningstar. All NAV figures are cum-fair values.
 2 Source: Morningstar. Share price total return is on a mid-to-mid basis, with net income re-invested.
 3 From 1st October 2013 the lead benchmark was changed to the MSCI ACWI ex US (£) Index. The investment management fee was changed to 0.7% of net assets and the performance related fee eliminated.
 * AVI Global Trust financial year commences on the 1st October. All figures published before the fiscal results announcement are AVI estimates and subject to change.
 ** A basket of 15 stocks: Daiwa Industries, Fujitec Co, Kanaden Corp, Kato Sangyo Co, Konishi Co, Mitsubishi Belting, Nakano Corp, Nishimatsuya Chain Co, Pasona Group, Sekisui Jushi Corp, SK Kaken, Tachi-S Co, Teikoku Sen-I Co, Toagosei Co, Digital Garage
 # Libor +102bps

Sector Breakdown (% of invested assets)



Risk Region Breakdown (% of net assets)



Further Information

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The share price can be found under 'INVESTMENT COMPANIES' in The Financial Times, The Times, The Daily Telegraph, The Scotsman and The Evening Standard.

Information may be found on the following websites.

www.aviglobal.co.uk or

www.assetvalueinvestors.com

IMPORTANT INFORMATION

Risk Factors you should consider before investing

Investment in the AVI Global Trust plc (the "Trust") carries risks, which are more fully described in the Key Features Document. Listed below are some of the key risks: Investors are reminded that past performance is not a guide to future performance and that their capital will be at risk and they may therefore lose some or all of the amounts that they choose to invest in the Trust.

The Trust utilises gearing techniques (leverage) which exaggerate market movements both down and up and which could mean sudden and large falls in market value. Movements in exchange rates can impact both the level of income received and the capital value of your investment. If the currency of your residence strengthens against the currency in which the underlying investments of the fund are made, the value of your investment will reduce and vice versa.

As with all stock exchange investments the value of investment trust shares will immediately fall by the difference between the buying and selling prices.

Where investments are made in emerging market, unquoted securities or smaller companies, their potential volatility may increase the risk to the value of, and the income from the investment.

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