UPDATE 29 February 2020

AVI GLOBAL TRUST

Manager's Comment

AVI Global Trust (AGT)'s NAV fell by -8.9% in February as global markets sold off in response to the spread of Coronavirus. The decline was driven both by NAV declines and a widening of the portfolio discount from 32% to 36%, with sterling strength softening some of the losses. Contributors over the month include Vietnam Phoenix 'C', Swire Pacific 'B' and JPEL Private Equity. Major detractors include the Japan Special Situations basket, Oakley Capital Investments, Sony Corp and Pershing Square Holdings.

The Japan Special Situations basket was AGT's largest negative contributor, reducing returns by -220 basis points (bps). Japan has been near the epicentre of the viral outbreak, with the third-highest number of cases in Asia outside China or South Korea. The TOPIX has declined -21% from the start of February to the time of writing, and the Japan basket has fallen by -26%, in line with the TOPIX Small. As a result of the sell-off, there are now six stocks in the basket where net financial value (net cash + investment securities) is 100% of market value or greater, and three stocks have greater than 100% of their market value in cash. With such valuations, the market is implying a zero or negative value to the earnings of the underlying businesses. Even in times of distress, it is difficult to see the rationality behind assigning a zero/negative valuation to businesses which we believe, over the medium- to long-term, are capable of generating positive, growing earnings and cash-flows.

Oakley Capital Investments (OCI) was the second-largest detractor, contributing -100bps. The discount widened from 21% to 30%, resulting in share price returns of -12%. OCI released a trading update in late January, which revealed total NAV growth for 2019 of +25%, making OCI the strongest-performing London-listed private equity vehicle in 2019 – a significant achievement.

> *"With a robust pipeline of future deals, an attractive, fast-growing portfolio acquired at reasonable multiples, and a significant 30% discount to NAV, we continue to view OCI as a highly attractive investment proposition."*

2019's share price returns were even better at +56%, boosted by a tightening discount. 2019 was a strong year for OCI, with two notable exits at significant uplifts to carrying value (Inspired, WebPros), and five new investments into attractive companies (Ekon, Seagull/Videotel, Alessi, Seven Miles, and Contabo). The new investments were acquired at an average EV/EBITDA of 10x, and the overall portfolio is carried at 12x with earnings growing at +30% annually. On the corporate governance front, significant progress was also made – the company re-listed onto the Specialist Fund Segment (away from the AIM segment, where shareholder protections are less robust), and committed to following many of the regulations governing premium-listed funds. Perhaps most importantly, OCI committed in its SFS-listing prospectus to not issue shares at a discount to NAV unless offered *pro rata* to all investors – further buttressing similar statements made by the Board. It also bought back 3% of shares, initiated a winding-down of the debt facilities provided to Oakley's LP funds, and announced an elimination of the fees charged on direct debt investments.

Since we last discussed OCI (December 2019 factsheet), it has made several announcements: (1) the sale of atHome (1% of NAV), a Luxembourg-based property, mortgage, and autos portal, at a +66% uplift to carrying value; and (2) Fund III's planned acquisition and combination of Rastreator and Acierto, two of Spain's largest price comparison websites, fell through on competition grounds; and (3) the acquisition of Globe-Trotter, a UK-based manufacturer of luxury travel baggage. Similar to Alessi, Globe-Trotter is a unique heritage brand which, with the help of fresh capital and Oakley's operational experience, should be able to build out its sales and distribution capacity and expand geographically.

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.

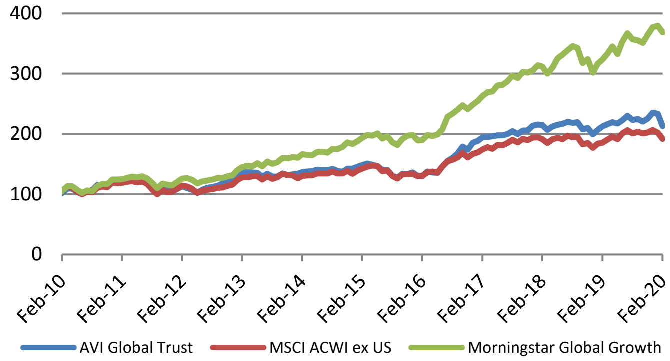
Performance Total Return

This investment management report relates to performance figures to 29 February 2020.

Share Price (pence)	695.0
NAV (pence)	766.3
Premium / (Discount)	-9.3%

	Month	Financial Yr* to date	Calendar Yr to date
AGT NAV[1]	-8.9%	-7.0%	-10.0%
MSCI ACWI Ex US[3]	-5.0%	-5.8%	-7.1%
MSCI ACWI Ex US Value[1]	-5.6%	-8.8%	-9.4%
MSCI ACWI[1]	-5.1%	-4.4%	-5.7%
Morningstar Global Growth[1]	-4.8%	-3.0%	-5.7%

Performance Total Return FEB 2010 - FEB 2020



Top Ten Equity Holdings

Holding	%
Japan Special Situations**	17.1
Oakley Capital Investments	7.9
Pershing Square Holdings	7.8
Jardine Strategic	6.0
Sony	5.8
Fondul Proprietatea	5.3
EXOR	4.9
Third Point Offshore Investors	4.7
Softbank Group	4.3
Swire Pacific	4.0
TOTAL	67.8

With a robust pipeline of future deals, an attractive, fast-growing portfolio acquired at reasonable multiples, and a significant 30% discount to NAV, we continue to view OCI as a highly attractive investment proposition.

While our investment in Pershing Square Holdings (PSH) detracted 41bps from returns over February, a month-end NAV almost 4% higher than expected surprised the market. The company later confirmed they have put on hedges against the impact of the Coronavirus, which they expect to have a "substantial negative impact on the US and global economies". The subsequent NAV – as at 9th March - showed a very material positive impact from these hedges that we estimate to be in the region of +26%. As at the date of this last published NAV, PSH's NAV was up +2.8% over 2020 vs a 14.7% decline from the S&P 500 despite its portfolio companies underperforming the index over that period. One of the criticisms levelled at PSH despite its very strong NAV performance in 2019 was that investors are paying "hedge fund" fees (1.5% of NAV plus 16% of absolute gains) for a long-only portfolio. This line of attack now looks far less valid and, if management can continue to successfully navigate this market sell-off, we would expect to see PSH's discount – which we already felt unjustifiable, notwithstanding certain corporate governance concerns – narrow in response to changed perceptions.

AGT initiated a new position in Softbank Group, which now accounts for 4.3% of NAV, making it a top ten position in the portfolio. Softbank is a Japanese holding company whose main assets include Alibaba (59% of NAV), the Chinese e-commerce giant; Softbank Corp (19%), a domestic Japanese telecoms business; Sprint Corp (15%) a US telecoms business; the Softbank Vision Fund (11%), a portfolio of early-stage, disruptive VC companies; and ARM (12%), the UK-based chip manufacturer. Softbank has been very much in the spotlight of late, following its involvement in the WeWork debacle – an issue which, among others, has weighed on the share price, leading to an estimated discount of 60% to NAV. The negative commentary around the Vison Fund, while understandable, is far out of proportion to its weight in Softbank's NAV. We believe there are several levers to pull to enhance value and reduce the discount, including: reducing stakes in Alibaba or Softbank Corp in order to fund NAV-accretive buybacks; and enhancing transparency over the portfolio, particularly with regards to the Vision Fund, which many investors perceive as a 'black box'.

We have been invested in Softbank in the past and follow the company closely. While we have long thought the discount attractive and very "solvable", it has been hard to identify a catalyst for a re-rating. In that respect, the investment by Elliot Advisors, a deep-pocketed activist, is a potential game-changer. Following the month end, Softbank announced a JPY500bn share buyback programme, equivalent to 6% of market value.

At the time of writing (12.03), AGT's double discount (which combines the portfolio discount with AGT's share price discount to NAV) was 47% – the widest level since 2006, exceeding even those reached during the 2007/8 financial crisis (39%) and the Eurozone crisis (41%).

Contributors / Detractors (in GBP)

Largest Contributors	1 month contribution bps	Percent of NAV
VIETNAM PHOENIX FUND	12	0.7
SWIRE PACIFIC	6	4.0

Largest Detractors	1 month contribution bps	Percent of NAV
JAPAN SPECIAL SITUATIONS**	-220	17.1
OAKLEY CAPITAL INVESTMENTS	-100	7.9

#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]	695.0	-8.9	-0.7	9.9	45.8
Net Asset Value TR[1]	766.3	-8.9	-0.6	8.5	41.6
MSCI ACWI ex US TR[3]		-5.0	3.4	10.1	34.8
MSCI ACWI ex US Value[1]		-5.6	-3.2	-0.3	21.1
MSCI ACWI TR[1]		-5.1	8.2	19.2	58.5
Morningstar Global Growth TR[3]		-4.8	6.1	21.5	56.9

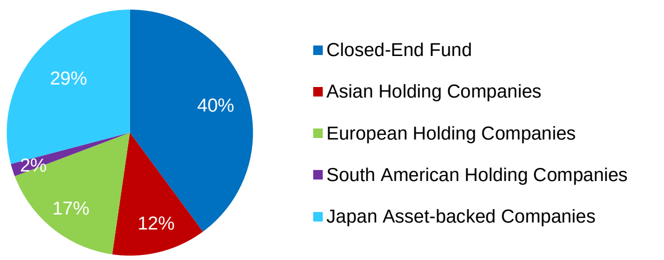
Fiscal Yr Net Returns (%)	2019	2018	2017	2016	2015
Price[1]	-0.4	12.0	18.7	34.3	-9.5
Net Asset Value[1]	2.1	10.0	18.8	31.0	-8.3
MSCI ACWI ex US (£)[3]	4.5	4.7	15.8	27.4	-6.0
MSCI ACWI ex US Value[1]	1.1	3.3	17.7	24.7	-10.3
MSCI ACWI[1]	7.3	12.9	14.9	30.6	-0.1
Morningstar Global Growth[3]	2.9	13.8	20.1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

Capital Structure	
Ordinary Shares	116,003,133
Shares held in Treasury	6,933,500
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

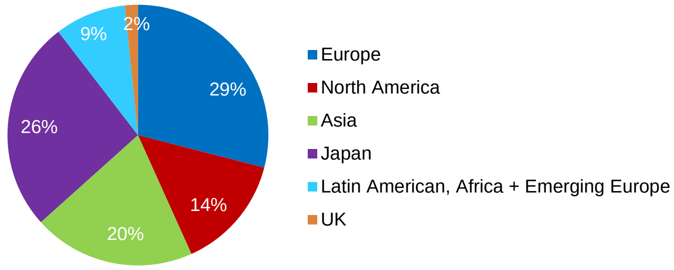
Gross Assets/Gearing	
Gross Assets	£953.9m.
Debt par value	£101.7m.
Actual Gearing (Debt less cash divided by net assets)	6.6%

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 16 stocks: Daiwa Industries, Fujitec Co, Kanaden Corp, Kato Sangyo Co, Konishi Co, Mitsuboshi Belting, Nakano Corp, Nishimatsuya Chain Co, Pasona Group, Sekisui Jushi Corp, SK Kaken, Tachi-S Co, Teikoku Sen-I Co, Toagosei Co, Digital Garage, DTS Corp.
# 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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