

April 2022

**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.

## HEADLINES

## KKR and Apollo

Shares in KKR and Apollo have suffered as alternative asset managers have de-rated.

[Read more below](#)

## Symphony International

Symphony International rallied over the month.

[Read more below](#)

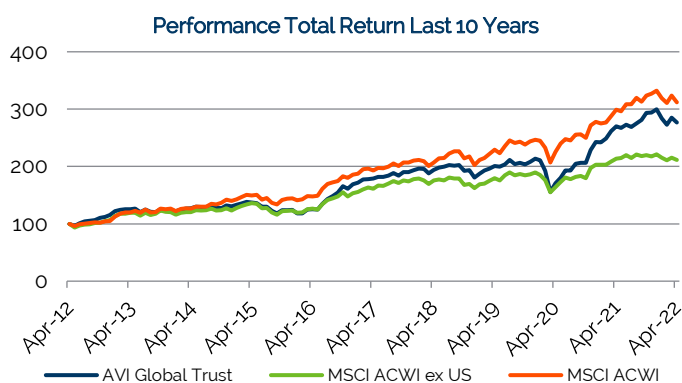
## Godrej Industries

Godrej Industries announced the launch of Godrej Capital as a new subsidiary to act as the financial services arm of the group.

[Read more below](#)

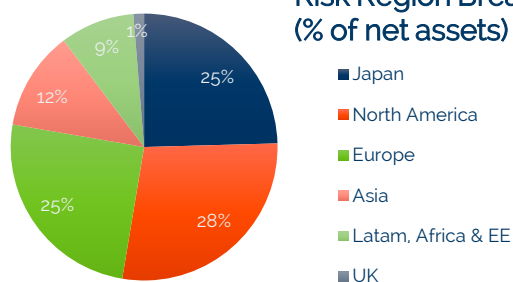
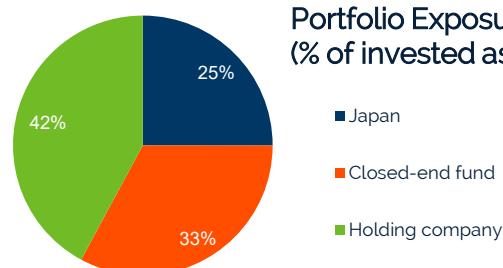
PERFORMANCE  
(Figures to 30 April 2022)

Share Price (pence)	193.2
NAV (pence)	213.3
Premium / (Discount)	-9.4%



	Month	Fiscal Yr* to date	Calendar Yr to date
AGT NAV <sup>1</sup>	-2.9%	-1.6%	-7.6%
MSCI ACWI Ex US <sup>3</sup>	-1.7%	-3.1%	-4.4%
MSCI ACWI <sup>1</sup>	-3.5%	-0.3%	-6.1%

## THE FUND

Risk Region Breakdown  
(% of net assets)Portfolio Exposure  
(% of invested assets)

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.

## Top Ten Equity Holdings

Holding	%
Pershing Square Holdings	8.6
Third Point*	6.5
EXOR	6.5
Oakley Capital Investments	6.5
Aker ASA	6.0
Fondul Proprietatea	5.3
KKR	5.2
Sony	4.9
Christian Dior	4.1
Nintendo	3.6
<b>TOTAL</b>	<b>57.2</b>

\*Third Point includes combined holdings of Third Point Investors (3.5%) and Third Point Master Fund (3.1%)

## MANAGER'S COMMENT

AVI Global Trust (AGT)'s NAV declined -2.9% in April as the portfolio weighted average discount widened 210bps to 30.5%.

Pershing Square Holdings, Sony, IAC and alternative asset managers Apollo Global Management and KRR were the notable detractors. Symphony International, Third Point Investors and Godrej Industries contributed positively.

Inflation and central banks' attempts to quell it remain the issue of the day. Rising bond yields and the re-pricing of risk has led to significant corrections in more liquid parts of the markets. Whilst the impact at the equity index level had remained relatively muted, it is starting to become more meaningful. Volatility and uncertainty remain high. Investors are also increasingly concerned about global growth – with risks from central banks tightening too fast, continued lockdowns in China and the on-going war in Ukraine. Investors aren't short of things to worry about.

As is to be expected in such a risk-off environment, discounts have been widening, acting as a headwind to performance. This can be seen in a number of detractors over the month, notably Pershing Square Holdings, Sony and IAC.

Having reduced gearing last Autumn we have firepower to add to new and existing names, but so far we have been purposefully inactive. We remain optimistic about the long-term prospects of the high quality, well managed and lowly geared collection of companies we have assembled.

**KKR and Apollo:**

KKR & Co and Apollo Global Management were two of the largest detractors from performance in April, shaving a combined -99bps off AGT's NAV as the shares declined -13% and -20%, respectively. We wrote last October that *"Driven by persistently strong results, we believe the wider market has begun to better appreciate the high quality characteristics of companies operating within the alternative asset management industry, and the secular tailwinds at their back that we believe are likely to drive growth long into the future."*

Well, if indeed the market had come to appreciate this fact, no sooner was it learnt than it was forgotten. Shares in KKR and Apollo are both down -31% year to date, with other alternative asset managers suffering similar declines. Share price performance suggests investors view alternative asset managers as high beta plays on risk assets; we however contend that such an obtuse view ignores the defensive characteristics of scale-advantaged managers, and the structural growth trends the industry exhibits.

The current assets under management ("AUM") that alternative asset managers have is for the most part long-term or even permanent and so the risk of redemptions is very limited, while the proportion of fees earned on mark-to-market equity AUM is also very low; future AUM, i.e. AUM growth could in theory be affected of course, but the secular drivers towards greater allocations to alternatives are very much still in place with pension fund clients and SWFs (who form a majority of industry AUM) allocating to alternatives on decade-long views. In this context we believe alternative asset managers can continue to compound Fee Related Earnings ("FRE") per share at high level for many years to come. Even if one punitively assumes that carry is worth zero, excluding balance sheet investments, KKR and Apollo are trading at 14x / 13x fee-related earnings. We believe this to be great value.

**Symphony International:**

Symphony International was the most meaningful contributor to returns during the month. The shares rose +35% in local (dollar) terms, with Sterling weakness resulting in a +41% GBP return for AGT. This was driven exclusively by discount narrowing (indeed the NAV was marginally negative of the month) as the discount moved from 56% to 40%. This speaks to the powerful returns that can be earned when discounts reach extreme levels. Our view remains that a change to the company's strategy and to its Board will be required for shareholders to have a chance of capturing the latent value on offer, and we continue to engage with shareholders on this and other matters.

## MANAGER'S COMMENT

**Godrej Industries:**

During the month Godrej Industries announced the launch of Godrej Capital as a new subsidiary to act as the financial services arm of the group. Having started with home loans under the banner of Godrej Housing Finance last year, the group will expand upon this to offer Loans Against Property ("LAP"). Godrej have injected 1500 crore (3% of NAV) and believe the business will require a total of 5000 crore of capital in order to reach their target of a 30,000 crore (\$4bn) balance sheet by 2026.

The Godrej family have a successful history of building businesses – such as Godrej Properties and Godrej Agrovet – and then listing them once they mature. We expect a similar path here and view the Godrej Group as rare in our universe in terms of having strong brand and trust equity than can be used to spawn new businesses. Over time the presence of an attractive unlisted asset in Godrej's NAV could well give other investors a "reason" to invest in the holding company as opposed to their listed underlying holdings directly, thereby acting as a force to narrow the discount. At 62% we believe the current discount to be unjustifiably wide, with the prospects of strong discount returns from such a level.

## STATISTICS

## Contributors / Detractors (in GBP)

Largest Contributors	1-month contribution bps	% of NAV
Symphony International Holdings	96	3.4
Third Point Investors	32	3.5
Godrej Industries	30	3.4
Oakley Capital Investments	16	6.5
Third Point Investors Master Fund	16	3.1

Largest Detractors	1-month contribution bps	% of NAV
Pershing Square Holdings	-75	8.6
Sony Group	-74	4.9
Apollo Global Mgmt.	-52	2.9
IAC/InterActiveCorp	-49	3.3
KKR	-47	5.2

	% 1 mo	% 1 yr	% 3 yr	% 5 yr	% 10 yr
Share Price TR <sup>2</sup>	-3.4	1.3	37.2	53.4	180.1
Net Asset Value TR <sup>1</sup>	-2.9	2.6	38.0	54.5	176.8
MSCI ACWI ex US TR <sup>3</sup>	-1.7	-1.1	17.8	31.2	111.4
MSCI ACWI TR <sup>1</sup>	-3.5	4.3	36.0	61.9	212.1
Fiscal Yr Net Returns (%)	FYTD	2021	2020	2019	2018
Price <sup>1</sup>	-4.4	40.3	2.0	-0.4	12.0
Net Asset Value <sup>1</sup>	-1.6	36.2	0.0	2.1	10.0
MSCI ACWI ex US <sup>3</sup>	-3.1	18.8	-1.8	4.5	4.7
MSCI ACWI <sup>1</sup>	-0.3	22.2	5.3	7.3	12.9

Capital Structure	
Ordinary Shares	547,957,808
Shares held in Treasury	45,600,956
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
Gross Assets/Gearing	
Gross Assets	£1,148m
Debt at fair value (gross)	£76m
Gearing (net) <sup>4</sup>	-10%

- 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 1<sup>st</sup> 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.
- 4 Fair value of net debt divided by net assets at fair value.

All return figures in GBP. AVI Global Trust financial year commences on the 1<sup>st</sup> October. All figures published before the fiscal results announcement are AVI estimates and subject to change.

## Investment Manager – Joe Bauernfreund

AVI Ltd. +44 20 7659 4800 info@assetvalueinvestors.com

The share price can be found in The Times.

Information may be found on the following websites:

[www.aviglobal.co.uk](http://www.aviglobal.co.uk)

[www.assetvalueinvestors.com](http://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.