

November 2021

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

Wacom

Wacom shares rose +19% during a month in which they reported strong Q2 results

[Read more below](#)

FEMSA

FEMSA shares have pulled back of late, and we've taken the opportunity to add to the position.

[Read more below](#)

Other

We continue to see exciting, mispriced opportunities across our universe

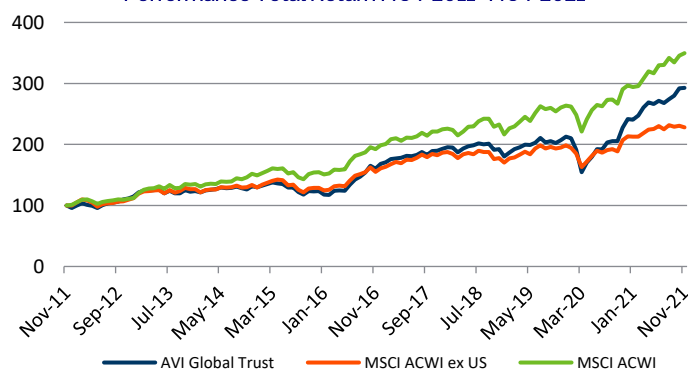
[Read more below](#)

PERFORMANCE

(Figures to 30 November 2021)

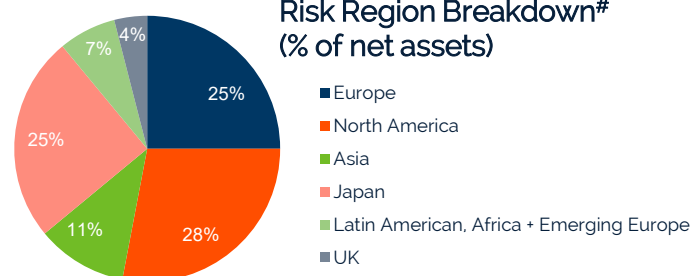
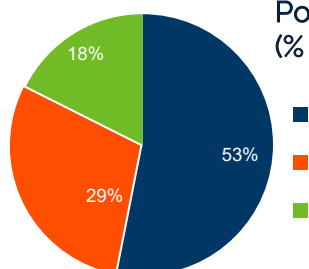
Share Price (pence)	1048.0
NAV (pence)	1143.4
Premium / (Discount)	-8.3%

Performance Total Return NOV 2011- NOV 2021



	Month	Fiscal Yr* to date	Calendar Yr to date
AGTNAV ¹	0.2%	4.5%	21.2%
MSCI ACWI ExUS ³	-1.1%	-0.4%	7.0%
MSCI ACWI ¹	1.1%	4.5%	17.8%

THE FUND

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

Top Ten Equity Holdings

Holding	%
Pershing Square Holdings	8.3
EXOR	6.4
Third Point Investors	6.4
KKR	6.1
Sony	5.9
Aker ASA	5.4
Oakley Capital Investments	5.2
Fondul Proprietatea	4.3
Christian Dior	4.4
Investor AB 'B'	4.1
TOTAL	56.5

#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.

MANAGER'S COMMENT

AVI Global Trust (AGT)'s NAV returned +0.2% in November. Wacom, Sony, Fondul Proprietatea and Pasona were the largest contributors. FEMSA, IAC and EXOR detracted from returns. The portfolio weighted average discount narrowed marginally from 27.4% to 26.6%.

Wacom:

Wacom was the largest contributor to performance over the month with a share price return of +19% adding 52bps to NAV. The share price reacted well to Q2 results, in which Wacom announced a 2% buyback, revised up annual profit forecasts by +9% and saw profits surpass expectations, coming in +39% higher than the same quarter two years ago. Despite the share price strength, Wacom trades on an EV/EBIT of 9.9x, an almost 30% discount to peers and an attractive valuation considering Wacom's strong growth prospects. Over the past four months we have held three one-on-one meetings with the CEO and CFO and believe that our dialogue will help narrow Wacom's discount. We remain excited by Wacom's market position, valuation, and growth potential.

FEMSA:

FEMSA was a detractor from returns during the period. The NYSE ADRs in which we are invested declined -13%, reflecting a -9% decline in the local (MXN) line and a -4% weakening of the Peso.

As readers may remember from our discussion of FEMSA back in April's newsletter the investment case is predicated on FEMSA Comercio (73% of NAV), an unlisted business which operates Oxxo-branded convenience stores, and other small-format retail stores, across Mexico and Latin America. Having enjoyed healthy early returns on our investment the shares have pulled back over the last few months and we have taken this opportunity to add to the position.

Oxxo is an expertly managed scale-advantaged operator with strong unit economics, improving margins and a long reinvestment runway. Q3 results were encouraging, with sales up +5% versus their 2019 level and operating profit margins back to pre-pandemic levels (9.1%). We expect the pace of store openings to re-accelerate into 2022 and see a long runway for growth and improved profitability, particularly outside of Mexico.

As well as this, Oxxo's forays into digital services and fintech seem promising with their dense store network an integral and irreplicable link between Mexico's underbanked cash-reliant population and increasingly digital services. This, as well as Oxxo's strong brand equity and people's familiarity with using Oxxo for payment services, means they are well positioned to move centre stage as a fintech player, with positive implications for margins, multiples and value creation. We await the full roll-out of their digital wallet, Spin by Oxxo, in 2022.

The FEMSA stub trades at an implied 8.5x forward EBITDA, compared to a long-term average of ~14x. We believe this to be fantastic value for a high-quality growing business. FEMSA is cheap "as is", with a free option on digital success and possible further returns if and when the family seek to simplify the group conglomerate structure.

The other detractors of note were IAC and EXOR. We have been continuing to build a position in IAC during the period. Whilst IAC's share price has been weak, detracting from performance, we are happy to take the opportunity to add to our holding. EXOR's discount re-widened to 39% from 36%.

Portfolio:

During the month we reduced a handful of holdings where valuations were becoming less compelling, both in terms of discounts to NAV and valuations of underlying assets. This gives us flexibility to add to new and existing names with greater upside potential.

Looking across the universe there have been cases of extreme discount narrowing and even rich premia arising as markets have recovered from the March-20 lows. However, this has not been uniform, and we continue to see exciting mispriced opportunities across our universe.

STATISTICS

Contributors / Detractors (in GBP)

Largest Contributors	1-month contribution bps	Percent of NAV
Wacom	52	3.3
Sony	51	5.9
Fondul Proprietatea	36	4.3
Pasona Group	29	2.0
Investor AB 'B'	18	4.1

Largest Detractors	1-month contribution bps	Percent of NAV
IAC/InterActive	-29	3.3
FEMSA	-28	2.5
EXOR	-26	6.4
KKR	-19	6.1
Apollo Global	-16	3.6

	% 1 mo	% 1 yr	% 3 yr	% 5 yr	% 10 yr
Share Price TR ²	-1.1	29.9	55.8	86.2	190.6
Net Asset Value TR ¹	0.2	28.7	52.1	82.5	192.7
MSCI ACWI ex US TR ³	-1.1	10.1	28.2	47.2	128.0
MSCI ACWI TR ¹	1.1	20.4	50.4	81.8	249.6
Fiscal Yr Net Returns (%)	2021	2020	2019	2018	2017
Price ¹	40.2	2.0	-0.4	12.0	18.7
Net Asset Value ¹	36.2	0.0	2.1	10.0	18.8
MSCI ACWI ex US ³	18.8	-1.8	4.5	4.7	15.8
MSCI ACWI ¹	22.2	5.3	7.3	12.9	14.9

Capital Structure	
Ordinary Shares	116,003,133
Shares held in Treasury	14,240,359
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
JPY Revolving Credit Facility [#]	¥9,000,000,000
Gross Assets/Gearing	
Gross Assets	£1.3bn.
Debt at fair value (gross)	£150.0m.
Gearing (net) ⁴	0.6%

- 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.
- 4 Fair value of net debt divided by net assets at fair value.
- * 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.
- # Libor + 1.025%. Capacity ¥9,000,000,000.

All return figures in GBP.

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
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.