

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

EXOR

EXOR's discount has widened to extreme levels.

[Read more below](#)

Fujitec

We provide an update on Fujitec.

[Read more below](#)

Trading activity

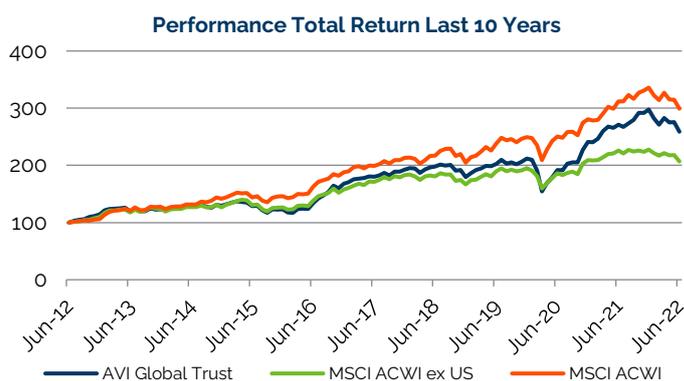
We started to build a new position in a European holding company that is currently trading ~60% below its 52-week high.

[Read more below](#)

PERFORMANCE

(Figures to 30 June 2022)

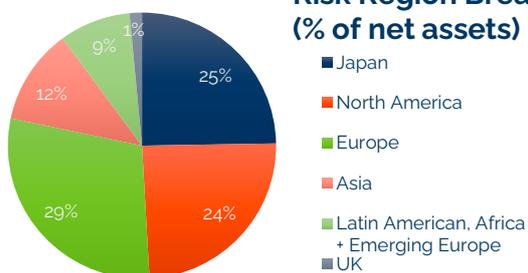
Share Price (pence)	180.2
NAV (pence)	199.8
Premium / (Discount)	-9.8%



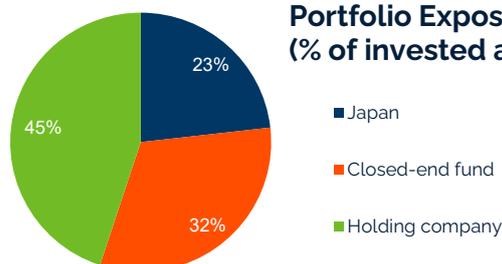
	Month	Fiscal Yr* to date	Calendar Yr to date
AGT NAV ¹	-5.9%	-7.3%	-12.9%
MSCI ACWI Ex US ³	-5.2%	-7.8%	-9.0%
MSCI ACWI ¹	-5.0%	-5.5%	-11.0%

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	8.2
Third Point*	6.7
EXOR	6.4
Oakley Capital Investments	6.3
Aker ASA	6.1
KKR	5.3
Sony	5.1
Christian Dior	4.4
Fondul Proprietatea	4.2
FEMSA	3.7
TOTAL	56.4

*Third Point includes combined holdings of Third Point Investors (3.6%) and Third Point Master Fund (3.2%)

MANAGER'S COMMENT

AVI Global Trust (AGT)'s NAV declined -5.9% in June.

Following much higher than anticipated inflation figures, the consensus has now become that central banks will do "whatever it takes" to rid us of inflation – with the "whatever" part including causing a recession. Meanwhile inflation and higher energy prices are squeezing consumer budgets and putting pressure on corporate profit margins. All of this provides an uncomfortable backdrop for equities.

Within this context, performance was weak across the board, as NAV declines compounded by a widening of the portfolio weighted average discount from 32.3% to 34.1%. Five holdings – Sony, Wacom, KKR, EXOR and Aker – all detracted 50-115bps from returns, with local share price returns of between -8% and -16%.

EXOR

EXOR was a meaningful detractor, knocking 81bps off returns. The shares declined -13% as a -6% decline in NAV was compounded by a widening of the discount from 42% to 47%.

Starting with the NAV side of the equation, the key culprit was Stellantis (20% of NAV), shares in which declined -15% over the month, bringing year to date returns to -24%. Investors have grown increasingly cautious over the state of the global economy generally, and the US consumer specifically, whilst there is a broader debate in autos as to whether current record high margins and low dealer incentives will stick when volumes (hitherto restricted by shortages of semiconductor chips) return. Stellantis now trades at 3x consensus 2022 earnings – a ~40-60% discount to Ford and GM once adjusting for accounting differences. As one sell side analyst put it in a recent note: "What does the market fear? Clearly the answer is "a lot". With such low expectations there appears ample room for surprise on the upside – much to the benefit of EXOR's NAV.

As we have noted at various points this year, whilst discounts have been widening in the main they haven't yet reached the screamingly cheap levels observed in other market corrections. At a 47% discount EXOR on the other hand is now approaching that stage. The maths of discount returns from extreme levels are powerful: a return to the 35% five-year average takes the shares +23% higher, whilst a re-rating to the low 20s (where EXOR traded, albeit rather briefly, pre-pandemic) yields a return of +50%.

So what events might lead to this happening? In our view, it likely all comes down to the allocation of the (\$9bn) Partner Re proceeds. Holding companies must give investors a "reason" to own their shares and as such diversification into attractive quality unlisted assets is an important step in sustainably reducing the discount at which EXOR trades. Shortly after quarter-end it was announced that EXOR will invest €833m (3% of NAV) for a 10% stake in Institut Mérieux, the unlisted healthcare-focused holding company of the Mérieux family. The vast bulk (~80%) of Institut Mérieux's value lies in a 59% listed stake in bioMérieux, the in vitro diagnostics business focused on infectious diseases. We expect EXOR to continue to allocate capital to higher growth, less cyclical and industrial assets such as this, which over time will help shift investor perception and the discount. Combined with the prospects for NAV growth, prospective returns appear attractive.

Fujitec

At the end of June we released a public statement questioning whether **Fujitec's** current outside directors were acting in the best interests of shareholders. Subsequent to the public release of our presentation in May 2020, we have conducted all our dialogue privately, making excellent progress on several issues. However, Fujitec's response to legitimate concerns raised by Oasis Management in May regarding related-party transactions between Fujitec and former President Mr Uchiyama fell a long way short of what we expect from a listed company.

Despite the Board's efforts to exonerate Mr Uchiyama of any wrongdoing, we remain entirely unconvinced that the numerous related-party transactions undertaken by Mr Uchiyama and his family do not pose a problem for corporate governance. In recognition of that, we voted against Mr Uchiyama's reappointment at Fujitec's 2022 AGM along with three other outside directors.

However, in what we think was an effort to conceal a low approval rating for Mr Uchiyama's reappointment, the motion to reappoint him as President was withdrawn one hour before the AGM. Then, shortly after the AGM, Mr Uchiyama was reappointed as Chairman without the approval of shareholders.

We are astounded by the clear disregard for shareholder rights and Fujitec's blatant effort to circumnavigate the AGM voting process. We are not alone - two other shareholders holding almost 16% of the shares released a public statement following the AGM debacle and we know from private conversations that many shareholders share the same views.

The Board has lost the support of its shareholders and the current situation cannot continue. As we discussed in our public statement, we are proactively evaluating our next steps to protect shareholder value. What form that might take is still being decided but we won't sit idly by while shareholder rights are being ignored.

Trading activity

During the period we started to build a new position in a European holding company that is currently trading ~60% below its 52-week high, with attractive quality assets and potential for significant value-unlocking corporate events. We are still accumulating shares across our funds but expect to discuss the company in due course.

STATISTICS

Contributors / Detractors (in GBP)

Largest Contributors	1-month contribution bps	% of NAV
Fondul Proprietatea	47	4.2
Fujitec	21	2.1
Swire Pacific Ltd 'B'	7	2.6
Daiwa Industries	4	0.6
Teikoku Sen-I	2	0.4

Largest Detractors	1-month contribution bps	% of NAV
Aker ASA	-115	6.1
EXOR	-81	6.4
KKR	-69	5.3
Wacom	-56	3.5
Sony Group	-53	5.1

	% 1 mo	% 1 yr	% 3 yr	% 5 yr	% 10 yr
Share Price TR ²	-5.9	-5.9	27.0	43.0	163.6
Net Asset Value TR ¹	-5.9	-4.4	28.1	43.6	159.1
MSCI ACWI ex US TR ³	-5.2	-8.3	9.1	21.0	107.0
MSCI ACWI TR ¹	-5.0	-4.2	25.6	50.0	199.0
Fiscal Yr Net Returns (%)	FYTD	2021	2020	2019	2018
Price ¹	-10.2	40.3	2.0	-0.4	12.0
Net Asset Value ¹	-7.3	36.2	0.0	2.1	10.0
MSCI ACWI ex US ³	-7.8	18.8	-1.8	4.5	4.7
MSCI ACWI ¹	-5.5	22.2	5.3	7.3	12.9

Capital Structure	
Ordinary Shares	544,794,328
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	£1,145m
Debt at fair value (gross)	£73m
Gearing (net) ⁴	-4.7%

- 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.

All return figures in GBP. 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.

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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.