

Buy AVI Global for a new spin on value investing

The investment trust finds unusual ways of buying assets at a discount

There has been a clear shift in the market away from growth companies towards value and the rising interest rate environment makes it likely that trend will continue.

However, with some of the more obvious value opportunities already being seized on by investors there is merit in seeking out less obvious bargains and **AVI Global Trust (AGT)** looks an excellent vehicle for doing so.

The investment trust, which itself trades at 9.3% below the value of its underlying assets including cash and debt, looks to invest in a concentrated portfolio of what it perceives as quality investments which, because they are held through unconventional structures, trade at discount.

AVI Global invests in family-controlled holding companies, closed-end funds, most of which are listed in London,

AVI Global portfolio breakdown

Japanese companies Closed-end funds
Holding companies

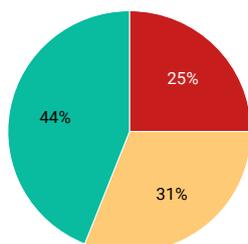


Chart: Sharesmagazine.co.uk • Source: Asset Value Investors, 31 May 2022



and what it calls 'asset-backed special situations'. The latter are exclusively Japanese stocks which have the potential to benefit from improved corporate governance.

Enhancing the way its investments are run is a key part of the process for the trust. A recent example of a successful intervention came at listed hedge fund **Third Point Investors (TPOU)** where AVI's pressure to put an independent director on the board was acceded to in February 2021, resulting in a narrowing of the discount to net asset value.

Investing via funds also allows AVI Global to gain exposure to names like luxury goods firm **LVMH (MC:EPA)**, **Universal Music (UMG:AMS)** and **Ferrari (RACE:BIT)** more cheaply than if invested directly.

Top holding Christian Dior, for example, is the vehicle through which French businessman Bernard Arnault controls LVMH.

In Japan the trust holds **Nintendo (7974:TYO)** and **Sony (SONY:NYSE)** to benefit from the growth in digital entertainment while also

focusing on companies with strong balance sheets as a buffer against further market volatility.

Ultimately, AVI Global offers exposure to many areas which would be difficult for ordinary investors to access themselves and the somewhat idiosyncratic strategy has underpinned strong performance over the long term.

It has delivered an annualised return of 6.4% on a five-year view and 10.3% across a 10-year timeframe.

The focus is on capital gains rather than delivering income, though the trust does pay a dividend twice a year and is on a trailing dividend yield of 1.9%.

For a trust which invests in relatively complex assets an ongoing charge of 0.85% seems reasonable. [TS]

AVI Global Trust

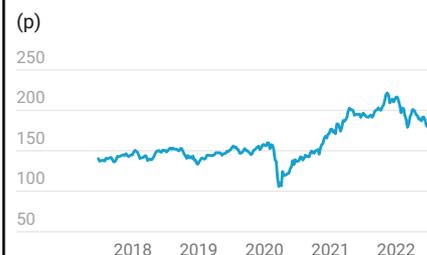


Chart: Sharesmagazine.co.uk • Source: Refinitiv