UPDATE 31 October 2019

AVI GLOBAL TRUST

Manager's Comment

AVI Global Trust (AGT)'s NAV fell by -1.6% in October, with underlying NAV declines more than offsetting the positive impact from a tightening portfolio discount (in from 33.0% to 32.5%). Currencies were a powerful headwind over the month, with GBP strengthening against all major currencies on the back of the UK's Withdrawal Agreement reached with the EU. Contributors for the month include EXOR, the Japan Special Situations basket, and Cosan Ltd. Detractors include Riverstone Energy, Pershing Square Holdings, and Third Point Offshore Investors (all three of which suffered from a weaker USD, the most pronounced of the major currency moves against GBP).

EXOR was your Company's largest contributor, adding 43 basis points (bps) to returns as the NAV rose by +6%. The discount tightened from 31% to 28%, resulting in total share price returns of +12%. Fiat Chrysler Automobiles (FCA), 28% of EXOR's NAV, was the star performer with a share price rise of +17% following the announcement of its merger with Peugeot. A large part of our thesis for EXOR has been the consolidation of FCA with a large competitor. Under the terms of the deal, FCA shareholders will receive c. 30% of the pre-announcement share price in the form of a special dividend as well as a distribution of Comau shares (a company specialising in industrial automation in which FCA holds a stake), and will own 50% of the combined entity post-merger. Taking just 50% of the expected annual synergies adds 31% to FCA's earnings, highlighting the accretive nature of the deal.

"Fiat Chrysler Automobiles (FCA) was the star performer, with a share price rise of +17% following an announcement that FCA and Peugeot are planning to merge."

The deal will create the fourth largest autos manufacturer globally, with annual sales of ~9m vehicles. We view the combination as eminently sensible, given the complementary nature of each company's geographic operations (e.g. PSA has a large, profitable business in Europe, but low exposure to the Americas; FCA is much stronger in the US than it is in Europe), and the ability to generate cost savings through scale and increased purchasing power. The Agnelli family behind EXOR – particularly John Elkann – has a history of savvy capital allocation at FCA, such as the spin-out of Ferrari and CNH Industrial to unveil hidden value, the sale of parts manufacturer Magneti Marelli to KKR/Calsonic Kansei, and now the planned merger with Peugeot. By aligning AGT's capital with the Agnelli's holding company, EXOR, we benefit from this long-term view and disciplined, value-creating approach to capital allocation. At the current 28% discount, we continue to see considerable value in the shares with multiple levers of value creation available, including a spin-out of Maserati & Alfa Romeo from FCA, the planned split of CNH Industrial (16% of EXOR's NAV) into two specialised companies, and the use of special dividends to conduct NAV-accretive buybacks at the EXOR level.

The Japan Special Situations basket was October's second-largest contributor, adding 32bps to NAV. The 17 stocks in the basket returned an average of +7% (in JPY terms), outperforming both the TOPIX and TOPIX Small (+5% and +6% respectively) along the way. Notable performers in the basket include Fujitec (+14%), with strong upward revision in profit forecasts, and Sekisui Jushi (+5%) which announced a buyback of 7% of outstanding shares. The level of total buybacks in Japan has been increasing strongly, with JPY12 trillion of announced buybacks in 2019 (year to date), which compares to JPY6 trillion in 2018.

There was a negative note during the month, when the Japanese government published proposals that altered the ownership level at which foreign investors in protected industries need to seek regulatory approval. The proposals appeared, prima facie, designed to thwart foreign activism in the country; however, the Ministry of Finance later clarified that foreign investors will be exempted, provided that they do not seek a director's seat or the sale of key assets.

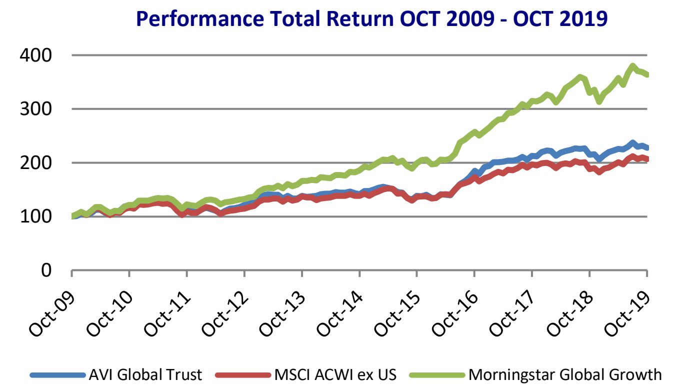
Investment Objective: To achieve capital growth through a focused portfolio of investments, particularly in companies whose share prices stand at a discount to estimated underlying net asset value.

Performance Total Return

This investment management report relates to performance figures to 31 October 2019.

Share Price (pence)	745.0
NAV (pence)	825.3
Premium / (Discount)	(9.7)

	Month	Financial Yr* to date	Calendar Yr to date
AGT NAV[1]	-1.6%	-1.6%	12.4%
MSCI ACWI Ex US[3]	-1.4%	-1.4%	13.6%
MSCI ACWI Ex US Value[1]	-1.6%	-1.6%	8.8%
MSCI ACWI[1]	-2.2%	-2.2%	17.5%
Morningstar Global Growth[1]	-1.9%	-1.9%	15.8%



Top Ten Equity Holdings

Holding	%
Japan Special Situations**	18.9
Pershing Square Holdings#	7.3
Oakley Capital Investments	6.4
Sony Corp	5.3
EXOR	5.1
Jardine Strategic	5.0
Third Point Offshore Investors	4.9
Eurocastle Investment	4.4
Fondul Proprietatea	4.4
Tetragon Financial	4.0
TOTAL	65.7

25% of this position (1.8% of NAV) is hedged, partially reducing AGT's overall exposure to Pershing Square Holdings

Post month end, our thesis that parent-child listed subsidiary arrangements would come under pressure was confirmed as Toshiba Corp offered to buy in three of its listed subsidiaries, of which two are held in the Japan Special Situations basket: Toshiba Plant & Systems (52% owned by Toshiba Corp) and Nuflare Technologies (57%). Toshiba Corp offered JPY2,670 and JPY11,900 for Toshiba Plant and Nuflare respectively, representing increases of +27% and +45% from the undisturbed share price. Since the end of September, the tender offer from Toshiba Corp represents a rise of +48% and +55% for Toshiba Corp and Nuflare respectively.

We consider all these developments to be highly encouraging and interpret them as being confirmatory evidence of the changing regime in Japan, with corporations improving their capital allocation and governance policies to the benefit of all stakeholders. Furthermore, the government remains supportive of foreign activism to propel changes in corporate Japan.

Riverstone Energy (RSE) was this month's largest detractor, reducing returns by 65bps as its share price declined by -26%. We wrote extensively about RSE in the recently published annual report (link here – p. 34).

In summary, RSE has been negatively impacted by the decline in oil prices over the past year, with West Texas Intermediate falling -23% since the October 2018 peak, and multiples for listed US E&P companies falling much more dramatically. RSE's third quarter statement reveals the extent of the downfall, with the portfolio currently held at 0.7x cost, compared to 1.4x just one year ago. Particular pain has been felt at Hammerhead Resources (11% of NAV), with infrastructure bottlenecks depressing local oil prices, and listed Centennial Resource Development (CDEV) (7% of NAV – down -25% in October and -85% over one year). In the case of CDEV, the current share price - combined with a conservative valuation placed on each flowing barrel - implies a *negative* value being assigned to its undeveloped acreage.

Our investment in RSE has clearly been a difficult one over the last year. While we are encouraged by the Board's recent announcement that it was evaluating options to manage the discount, we believe that structural solutions will be required to sustainably narrow the discount.

Pershing Square Holdings (PSH) was the second-largest detractor, reducing returns by 56bps (over half of this due to currency, however). The NAV fell by -5%, although the discount tightened by 1% to 26%, resulting in share price returns of -4%. Performance at the portfolio level was mixed, with key holding Chipotle Mexican Grill (19% of PSH's NAV) falling -7% despite a strong quarterly earnings report with beats on sales, profits and margins. Concerns have grown about the company's ability to maintain high same-store sales growth next year versus more challenging comps, but we believe the runway from menu innovation and further growth in digital orders is very long. Restaurant Brands (18% of PSH's NAV) declined -8% on worries about slowing growth at Burger King and Tim Hortons. Howard Hughes (8%)'s share price fell -14% as the results of its strategic review made clear that a quick sale of the business is unlikely. That said, sales of non-core assets with the proceeds used for an aggressive buyback programme should prove supportive.

Trading activity was limited over the month. AGT received a distribution of £8m from Vietnam Phoenix (1.8% of NAV) following the sale of key asset Greenfeed.

Contributors / Detractors (in GBP)

Largest Contributors	1 month contribution bps	Percent of NAV
EXOR	43	5.1
JAPAN SPECIAL SITUATIONS**	32	18.9

Largest Detractors	1 month contribution bps	Percent of NAV
RIVERSTONE ENERGY	-65	1.9
PERSHING SQUARE HOLDINGS	-56	7.3

#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]	745.0	-0.3	6.0	24.3	62.8
Net Asset Value TR[1]	825.3	-1.6	5.8	22.7	60.2
MSCI ACWI ex US TR[3]		-1.4	9.9	19.1	49.1
MSCI ACWI ex US Value[1]		-1.6	4.6	13.0	35.8
MSCI ACWI TR[1]		-2.2	11.2	30.2	74.1
Morningstar Global Growth TR[3]		-1.9	9.8	32.0	73.9

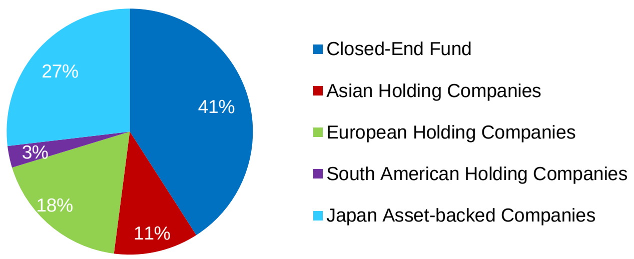
Fiscal Yr Net Returns (%)	2019	2018	2017	2016	2015
Price[1]	-0.4	12.0	18.7	34.3	-1.0
Net Asset Value[1]	2.1	10.0	18.8	31.0	-8.3
MSCI ACWI ex US (£)[3]	4.5	4.7	15.8	27.4	-6.0
MSCI ACWI ex US Value[1]	1.1	3.3	17.7	24.7	-10.3
MSCI ACWI[1]	7.3	12.9	14.9	30.6	-0.1
Morningstar Global Growth[3]	2.9	13.8	20.1	22.9	5.7

Capital Structure	
Ordinary Shares	116,003,133
Shares held in Treasury	6,526,381
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
1.031%# JPY Revolving Credit Facility	¥4,000,000,000

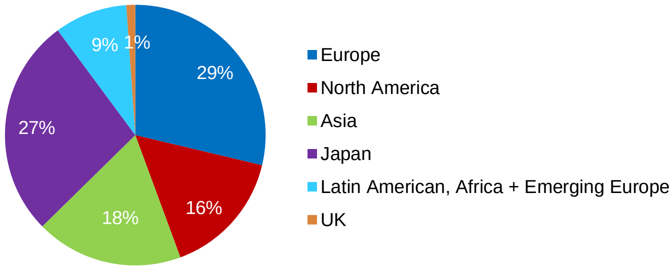
Gross Assets/Gearing	
Gross Assets	£1bn.
Debt par value	£101mil.
Actual Gearing (Debt less cash divided by net assets)	3.5%

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 17 stocks: Daiwa Industries, Fujitec Co, Kanaden Corp, Kato Sangyo Co, Konishi Co, Mitsuboshi Belting, Nakano Corp, Nishimatsuya Chain Co, NuFlare Technology, Pasona Group, Sekisui Jushi Corp, SK Kaken, Tachi-S Co, Teikoku Sen-I Co, Toagosei Co, Toshiba Plant Systems & Services, Digital Garage
\# Fixed all-in rate for first six months (to 7th November 2019)

Sector Breakdown (% of invested assets)



Risk Region Breakdown (% of net assets)



Further Information

Investment Manager – Joe Bauernfreund, AVI Ltd.
+44 20 7659 4800 info@assetvalueinvestors.com

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.

AVI Global Trust plc, Beaufort House, 51 New North Road, Exeter, EX4 4EP. Registered in England & Wales No: 28203