January 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

Fondul Proprietatea

We provide an update on our investment in Fondul Proprietatea, and the potential listing of Hidroelectrica.

Read more below

Sony

Sony detracted from performance as the market reacted to Microsoft's proposed acquisition of Activision Blizzard.

Read more below

Investor AB

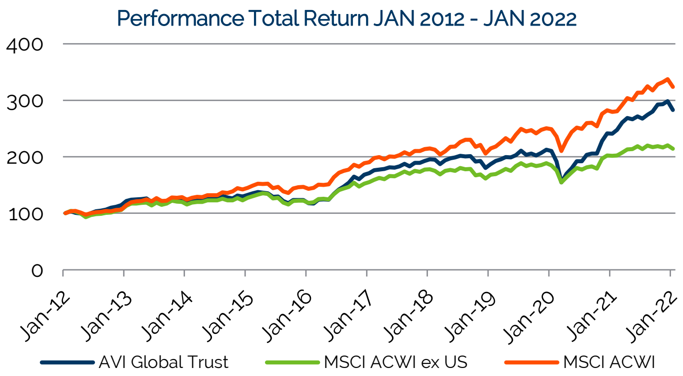
We exited a highly successful more than twenty year-long investment in Investor AB.

Read more below

PERFORMANCE

(Figures to 31 January 2022)

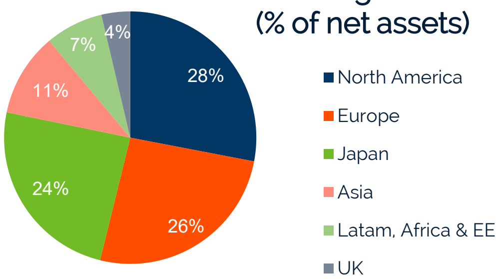
Share Price (pence)	204.0
NAV (pence)	218.9
Premium / (Discount)	-6.8%



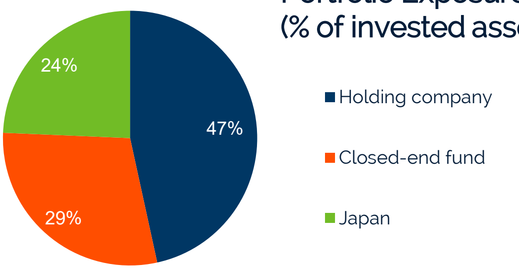
	Month	Fiscal Yr* to date	Calendar Yr to date
AGT NAV[1]	-5.2%	1.0%	-5.2%
MSCI ACWI Ex US[3]	-2.8%	-1.4%	-2.8%
MSCI ACWI[1]	-4.0%	1.9%	-4.0%

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	8.3
EXOR	6.9
Oakley Capital Investments	6.1
KKR	6.0
Sony	5.6
Third Point Investors	5.5
Aker ASA	5.3
Fondul Proprietatea	5.0
IAC/InterActiveCorp	4.9
Christian Dior	4.6
TOTAL	58.2

MANAGER'S COMMENT

AVI Global Trust (AGT's) NAV declined -5.4% in January. Fondul Proprietatea, IAC and Nintendo were the greatest contributors to returns, but this was more than offset by a long tail of detractors, the most significant of which were Pershing Square Holdings, Third Point Investors, and Sony.

In the case of Sony this was stock-specific, and we expand on this below. More generally though, returns reflected the wider environment and what has been a tricky start to the year for equities. The broad based MSCI ACWI declined -4.6% in January, whilst the tech-heavy Nasdaq fell -8.6%.

The era of ever decreasing interest rates and of ever more quantitative easing *appears* to be behind us. Inflation is no longer perceived to be a transitory phenomenon by central bankers, and the political pressure to deal with it has put paid to the idea of only very modest interest rate rises in the coming year. Combined with supply chain issues that are putting pressure on corporate profits, this has not been a welcoming backdrop for equities.

As bottom-up fundamental investors we are cognisant of the futility of trying to time markets or predict the future. Rather we remain focused on what we can control: the portfolio. The risk-off environment has seen the portfolio weighted average discount widen from 25.6% to 28.6% so far in 2022. Having reduced gearing in the autumn, we have the firepower to add to new and existing positions as and when opportunities present themselves.

Fondul Proprietatea:

Fondul Proprietatea ("FP") was the greatest contributor to returns in January as the shares rose +5%.

AGT has held a stake in FP since late-2014 over which time the investment has generated an IRR in excess of +20%. We have played an engaged role, last year nominating a new director to the Board, and recently working with the Board and other shareholders to negotiate a new IMA that better incentivises management to make portfolio sales and that should ensure the retention of key members of the investment team.

Following the sale of half of FP's remaining stake in listed OMV Petrom in January, 65% of the company's NAV is now represented by its 20% stake in Hidroelectrica. Hidroelectrica, which we expect to be listed by the end of the year, is a unique asset and will be the only listed pure-play hydroelectric power company in the world. With it firmly ticking both the ESG and dividend yield boxes, there is reportedly a long queue of pension funds and other institutions keen to buy shares on the listing. In a way this is not new – the prospect of a Hidroelectrica monetisation has been the tantalising prize on the horizon for many years, only for issue after issue to get in the way.

Thankfully, the stars now seem to be largely aligned. Following the failure of the PNL party to over-turn a ban on privatisations implemented by the previous government, Franklin Templeton – the investment manager - have decided to go down the route of listing their 20% stake rather than pursuing an IPO of the entire company. The government have expressed their support for this approach. There are still some issues to be ironed out – namely the Romanian government's apparent susceptibility to lobbying for a solely Romanian listing as opposed to a dual listing in London – but an incentivised Franklin Templeton are engaging with Ministers on the issue.

We note the high valuation multiple at which closest peer Verbund trades. While we believe that Hidroelectrica warrants some form of country discount to reflect its more uncertain regulatory backdrop, its superior EBITDA margins, better quality assets, and higher FCF conversion should see it achieve an attractive IPO price and provide further material upside for FP's shareholders.

Sony:

Like the kiss of death, on the 17th of January the Financial Times *The Big Read* column detailed how Sony had evolved into an entertainment powerhouse. The following day shares in Sony fell some -13%, as Microsoft's proposed $75bn acquisition of Activision Blizzard upended the gaming industry.

MANAGER'S COMMENT

Following the Bethesda acquisition in 2021, the move was a further and larger step in Microsoft's strategy of acquiring studios, rolling up their IP, and limiting the release of future titles solely on the Xbox through its subscription service – Xbox Game Pass Ultimate. Completion of the deal is far from a foregone conclusion, with only recently the US Justice Department and Federal Trade Commission announcing a joint inquiry into how to better detect and prevent anti-competitive deals.

That said, working on the assumption that the deal does go ahead, Activision licensing fees currently accounts for c.8% of Sony's operating profits, some of which seem at risk over the medium term. In a broader sense, exactly how this alters the competitive landscape will be seen in the years to come, and will also depend on how Sony responds, with Sony having announced the acquisition of games developer Bungie for $3.6bn at the start of February (although clearly, negotiations were likely on-going well before the Microsoft deal was announced).

Sony's management have shown themselves to be astute operators, having built an unmatched combination of media content assets and consumer hardware technology, as well as semiconductor design and manufacturing know-how. We believe such a combination will prosper in the years ahead.

Investor AB:

During the period we exited our investment in Investor AB, as the discount narrowed to low double digit levels versus a long-term average closer to 25%. Across the A and B shares we had held the position for over twenty years, having (re) built a position in Investor A during 2001.

Over the life of the investment AGT has earned a GBP IRR of +14.3% from its investment in Investor AB, compared to +7.1% for the MSCI ACWI ex-US and +8.7% for the MSCI AC World.

Re-reading the 2001 British Empire annual report it explains that at the turn of the century Investor had been under activist pressure from Martin Ebner of BZ group. At the time there was a perception that Investor management had to become more dynamic and improve performance. Reading this more than 20 years later it is striking to think how Investor has evolved: Investor today has a very clear governance model and focus on creating best in class companies through a subtle combination of decentralisation and accountability. Moreover, Investor have proved themselves to be active owners, splitting Atlas Copco, selling ABB's power grids business, splitting Electrolux and listing EQT – all within the last four years.

The Wallenberg family have shown themselves to be excellent stewards of capital. There will likely be times in the future where we can invest alongside them once again, with higher prospective returns from the discount – which has narrowed – and the NAV – where underlying valuations have risen.

STATISTICS

Contributors / Detractors (in GBP)

Largest Contributors	1-month contribution bps	% of NAV
Fondul Proprietatea	22	5.1
IAC/InterActiveCorp	21	4.9
Nintendo	17	3.4
Fujitec	14	2.2
Symphony International Holdings	12	2.3

Largest Detractors	1-month contribution bps	% of NAV
Pershing Square Holdings	-73	8.3
Third Point Investors	-71	5.5
Sony Group	-68	5.6
EXOR	-50	6.9
Aker ASA	-47	5.3

	% 1 mo	% 1 yr	% 3 yr	% 5 yr	% 10 yr
Share Price TR[2]	-5.6	16.5	51.0	65.8	186.6
Net Asset Value TR[1]	-5.2	17.4	51.4	65.5	183.0
MSCI ACWI ex US TR[3]	-2.8	6.1	27.3	38.0	114.3
MSCI ACWI TR[1]	-4.0	15.9	50.7	70.0	224.0
Fiscal Yr Net Returns (%)	**2021**	**2020**	**2019**	**2018**	**2017**
Price[1]	40.3	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	580,015,665
Shares held in Treasury	72,895,840
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)	£143m
Gearing (net)[4]	1.7%

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.
* 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.

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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