August 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

DTS

Shares in DTS continue to perform well following recent results.

Read more below

KKR

We provide an update on our investment in KKR.

Read more below

Fondul Proprietatea

AGT exited a long and successful investment in Fondul Proprietatea.

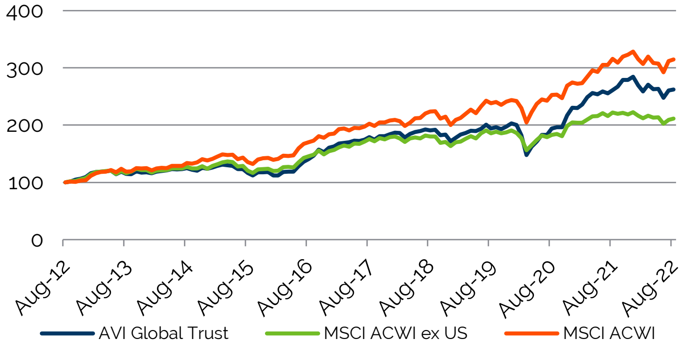
Read more below

PERFORMANCE

(Figures to 31 August 2022)

Share Price (pence)	186.6
NAV (pence)	211.7
Premium / (Discount)	-11.9%

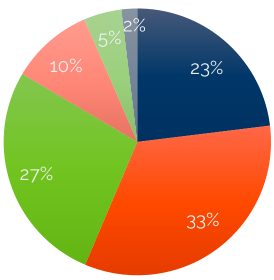
Performance Total Return Last 10 Years



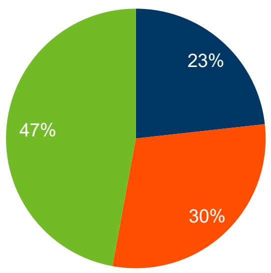
	Month	Fiscal Yr* to date	Calendar Yr to date
AGT NAV[1]	0.7%	-1.7%	-7.8%
MSCI ACWI Ex US[3]	1.2%	-3.7%	-4.9%
MSCI ACWI[1]	0.7%	1.7%	-4.3%

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	9.0
Aker ASA	7.2
Oakley Capital Investments	6.3
Third Point Investors Ltd / MF	6.3
EXOR	6.2
KKR	5.7
Sony	5.0
Christian Dior	4.6
FEMSA	3.7
Wacom	3.6
TOTAL	57.6

**Third Point includes combined holdings of Third Point Investors (3.1%) and Third Point Master Fund (2.8%)*

MANAGER'S COMMENT

AVI Global Trust (AGT)'s NAV increased by +0.7% in August.

Pershing Square Holdings, Godrej Industries, Aker and DTS were the most material contributors, whilst EXOR, Oakley Capital Investments and Eurazeo were notable detractors.

Having rallied strongly in July, equity markets were weaker once again in August. Your NAV benefited as Sterling endured its worst month in nearly six years (-4.5% against the dollar), as investors assessed what *The Times* described as "the worst in-tray for a new prime minister since Thatcher".

DTS

DTS (a Japanese provider of IT services) was a meaningful contributor over the month, with its share price reacting well to first-quarter results as sales and EBIT grew +16% and +13% YoY respectively, adding 23bps to returns. Orders received leapt +25%, boding well for continued earnings growth.

DTS has been a successful investment, with our thesis premised on increasing demand for digitalisation and an underappreciation by the market of DTS' growth prospects. Across AVI's funds we acquired a 10% stake in the Company and have been engaging privately on various topics. Bar a few minor points, all our suggestions were accepted and included in a comprehensive mid-term plan announced in May. Since the announcement, DTS' share price has appreciated by +17% vs +7% for MSCI Japan Small Cap, and year to date is up +45% vs +2% for MSCI Japan Small Cap.

DTS' valuation, albeit less compelling than when we initiated the position, is still attractive trading on an EV/EBIT multiple of 10x vs peers on 14x. As the company executes on its plan to double EBITDA by 2030, and return up to 28% of its market cap to shareholders, we believe there is room for further share price upside.

KKR

KKR was our fourth largest detractor, its share price ending the month down -9% and almost -40% below its Nov-21 peak. In contrast, the S&P 500 has declined only -14% over the same period, suggesting perhaps that KKR is regarded as a levered play on financial markets. While KKR does have a large balance sheet of investments in its own funds and also operates a capital markets business subject to cyclicality, similarly weak share price performance from balance sheet-light peers from their Nov-21 highs (e.g. Blackstone -34%; Carlyle -46%) implies that this view extends across much of the listed alternative asset management (AAMs) sector.

We believe this perception is misplaced. For the most part, the AAM's assets under management (AUM) are not at risk of redemptions, nor are meaningful proportions of their fees subject to mark-to-market risk. I.e. the vast majority of assets are tied up in long-term or perpetual fund structures with management fees charged on committed capital. In the case of KKR, almost half of its AUM is either perpetual capital or long-dated strategic investor partnerships (separately managed accounts in which capital is recycled following exits); just 10% of AUM is from vehicles with a life of less than eight years at inception.

Second quarter results have confirmed the resilience and defensive characteristics of scale-advantaged AAMs with KKR's fee-paying AUM growing +20% year-on-year. While its fee-related earnings fell -2%, this was entirely driven by a decline in capital markets fees (to which we assign only a modest multiple in our sum-of-the-parts valuation) with management fees up +36% (and +5% quarter-on-quarter).

A combination of shorter gaps between fund raises (due to more rapid deployment) and the "denominator effect" (under which some institutions have become overly-allocated to Alternatives due to the fall in public markets) has resulted in now widespread reports of LPs facing indigestion, spurring fears around fund-raising prospects. Importantly, however, KKR - along with its listed peers – benefit in this environment both from LPs prioritising relationships with larger managers and from their diversification across asset classes given the "indigestion" referred to above primarily relates to private and growth equity fund raises. KKR is also in the enviable position of having already raised its latest flagship private equity funds over the last couple of years. Furthermore, just 35% of KKR's AUM is from private equity funds vs double that ten years ago.

In recognition of the increased significance of their Real Assets business (Infrastructure and Real Estate), KKR recently hosted an analyst presentation at which they highlighted that 30% of growth in total management fees has come from Real Assets over the last three years with the segment's AUM three times what it was in 2019. Given institutional investors are under-allocated to Infrastructure and with continued heightened inflationary concerns, we expect KKR's Real Asset business to be an even more material contributor to future growth on the back of further international expansion and penetration into the still-nascent retail market.

Given its resilience and secular growth prospects, the 11x stub fee-related earnings multiple on which we estimate KKR currently trades (or 16x if we punitively assign zero value for earnings from carried interest) represents, in our view, one of the most glaring mispricings in our portfolio.

Fondul

We have recently exited a long-standing holding in Fondul Proprietatea ("FP"). Having first invested in 2014, AGT's investment in FP generated an ROI of +133% which compares to +30% and +56% for the MSCI AC World ex-US and the MSCI AC World respectively, and an IRR of +22% vs +9% and +11% for the indices.

As way of reminder, FP was established to provide restitution to Romanian citizens whose property was expropriated by the former Communist government. As shareholders 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.

FP is a case study in what optimal capital allocation can achieve, with the company's policy of making no new investments and instead returning proceeds from realisations to shareholders (via buybacks, tenders, and dividends) turbo-charging strong underlying NAV growth. Remarkably, the share count reduced by 49% over our holding period.

FP's crown jewel asset, Hidroelectrica, has been a key driver of FP's NAV growth and our expectation had been that the long-awaited IPO of their 20% stake in the company would result in further gains for FP shareholders. But political and regulatory risks are mounting, and uncertainty remains over whether a dual listing of Hidroelectrica (i.e. in London as well as the approved Bucharest listing) will ultimately be permitted by the Romanian government.

With the anti-business PSD party well ahead in the polls and elections to be held in 2024, the window for a successful IPO is narrowing. We note that subsequent to our exit, the existing windfall tax on electricity sales over the RON450MW/h threshold has been increased from 80% to 100%, and its expiry date extended from 31-Mar-23 to 31-Aug-23. FP's share price is not, in our view, sufficiently discounting the risks of such additional measures and, with FP's relative attractiveness versus the rest of our universe reduced by its material outperformance over the last few years, we took the decision to exit our investment. This began with us taking advantage of a tender offer held in late-June that saw us a sell a quarter of our shareholding back to the company at a premium to share price and a low double-digit discount to NAV.

STATISTICS

Contributors / Detractors (in GBP)

Largest Contributors	1-month contribution bps	% of NAV
Pershing Square Holdings	50	9.0
Godrej Industries	39	3.5
Aker ASA	38	7.2
DTS Corp	23	3.2
FEMSA	20	3.7

Largest Detractors	1-month contribution bps	% of NAV
EXOR	-62	6.2
Oakley Capital Investments	-38	6.3
Eurazeo	-35	2.6
KKR	-27	5.7
Sony Group	-21	5.0

	% 1 mo	% 1 yr	% 3 yr	% 5 yr	% 10 yr
Share Price TR[2]	-2.4	-1.8	33.6	45.5	166.0
Net Asset Value TR[1]	0.7	0.4	35.3	46.7	162.4
MSCI ACWI ex US TR[3]	1.2	-4.8	13.9	20.3	111.6
MSCI ACWI TR[1]	0.7	-0.5	32.0	55.1	214.4
Fiscal Yr Net Returns (%)	**2022**	**2021**	**2020**	**2019**	**2018**
Price[1]	-7.0	40.3	2.0	-0.4	12.0
Net Asset Value[1]	-1.7	36.2	0.0	2.1	10.0
MSCI ACWI ex US[3]	-3.7	18.8	-1.8	4.5	4.7
MSCI ACWI[1]	1.7	22.2	5.3	7.3	12.9

Capital Structure	
Ordinary Shares	540,941,328
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
1.38% Senior Unsecured Note 2032	¥8,000,000,000
Gross Assets/Gearing	
Gross Assets	£1.2bn
Debt at fair value (gross)	£121m
Gearing (net)[4]	2.0%

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