

October 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

Citywire Investment Trust Awards

AVI Global Trust won the award of the Best Global Equities Trust at the Citywire Investment Trust awards 2022.

[Read more below](#)

Listed PE/VC

We have established small positions across several (mainly London-listed) closed-end funds offering exposure to private equity and venture capital investments.

[Read more below](#)

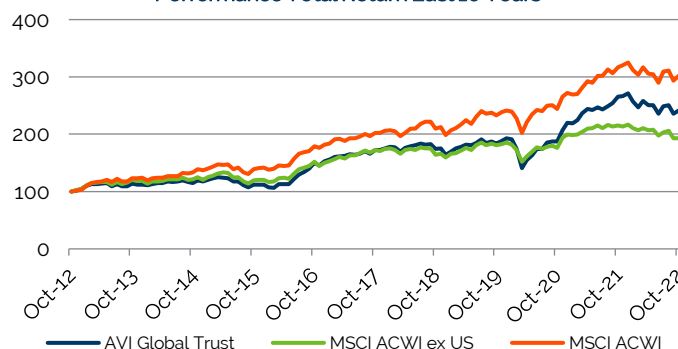
Wacom

We provide an update on our investment in Wacom.

[Read more below](#)
PERFORMANCE
(Figures to 31 October 2022)

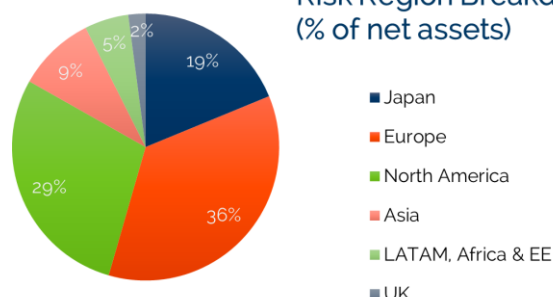
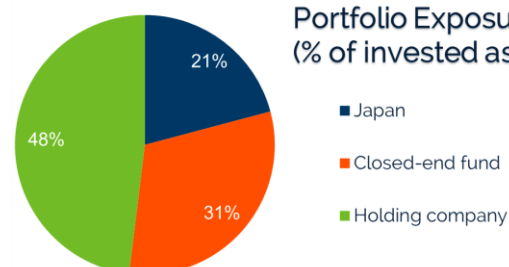
Share Price (pence)	183.8
NAV (pence)	204.5
Premium / (Discount)	-10.1%

Performance Total Return Last 10 Years



	Month	Fiscal Yr* to date	Calendar Yr to date
AGT NAV ¹	2.4%	2.4%	-10.9%
MSCI ACWI Ex US ³	-0.1%	-0.1%	-11.0%
MSCI ACWI ¹	2.8%	2.8%	-7.2%

THE FUND

Risk Region Breakdown
(% of net assets)Portfolio Exposure
(% of invested assets)

Top Ten Equity Holdings

Holding	%
Pershing Square Holdings	9.3
EXOR	7.4
Aker ASA	7.4
Oakley Capital Investments	6.4
KKR	5.9
Third Point Investors Ltd / MF	5.7
Christian Dior	4.9
FEMSA	4.5
Apollo Global	3.8
Schibsted ASA 'B'	3.7
TOTAL	59.0

N.B. Third Point includes combined holdings of Third Point Investors (3.2%) and Third Point Master Fund (2.5%)

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.

MANAGER'S COMMENT

AVI Global Trust (AGT)'s NAV increased by +2.4% in October.

There were a number of strong performers over the month, with KKR, Apollo, Pershing Square Holdings, Schibsted and FEMSA all contributing >45bps. Wacom and IAC were notable detractors, reducing returns by -41bps and -46bps, respectively.

Citywire Investment Trust awards

In early November AVI Global Trust won the award of the Best Global Equities Trust at the Citywire Investment Trust awards 2022. The award is based on the best risk-adjusted growth in NAV over a three-year period to August 2022. Our focus has been on buying good quality businesses trading at attractive valuations, and combining this with active engagement to unlock value at our portfolio companies; enabling them to thrive. The Trust's performance over the past three years has been testament to the enduring strengths of the unique and differentiated strategy we have employed since 1985. This strategy continues to deliver consistent returns and we remain confident in our portfolio's long-term prospects.

Listed PE/VC:

Over the last few months, we have established small positions across several (mainly London-listed) closed-end funds offering exposure to private equity and venture capital investments.

These collectively now represent almost 8% of AGT's NAV, and trade at abnormally wide discounts to NAV. The market is clearly sceptical that NAVs have been marked down sufficiently but - while perhaps unsatisfying from a purist's standpoint - the reality has always been that private equity NAVs tend to lag public markets in both directions: on the way up and, in the current market conditions, on the way down.

The discounts on our basket of holdings still stand at dislocated levels even after applying what we believe to be conservative haircuts to valuations, while activity in the secondary market for LP stakes suggests the gap between private secondary discounts and those in the listed market has widened materially. Indeed, we recently saw one of our investee companies use the proceeds from a secondary sale of some of its underlying interests in private equity funds to fund a buyback of its own shares. We understand the discount on the private secondary sale was significantly narrower than the level at which the share repurchases were made.

On this point, we have been pleased to see several listed private equity funds announce share buyback programmes. This stands in contrast to the situation faced by most funds in the wake of the Global Financial Crisis when many were forced sellers (either of assets in the secondary market or of their own shares via rescue rights issues) due to overly extended balance sheets. This time is different in that respect, with commitments and gearing levels at relatively modest levels, allowing funds to take advantage of the wide discounts at which their shares are trading. There is usually a decline in investment activity in times such as these, as buyers and sellers adjust expectations and take a while to come together at a clearing price. However, if funds can demonstrate a continued pattern of realisations at premia to carrying values, we would expect that to act as a catalyst in driving a re-rating.

Wacom:

Over the last year and half AGT has built a position in Wacom, the world's leading digital writing tablet manufacturer, with an estimated 60% market share. We wrote about the company in the interim report, when strong share price performance made the company one of the largest contributors. However subsequent returns have been weaker, with the shares declining -9% in October and now -28% calendar year to date. The depreciation of the Yen has further impaired returns.

While Wacom's B2B business – which boasts Disney and Samsung as customers – has been resilient with a growing customer base and high adoption of digital pens, the consumer business has suffered from a demand-led slowdown. Combined with higher component costs the consumer business is forecast to see full-year profits decline -92% YoY resulting in total profits forecasted to fall -54%. This has been a painful adjustment for the market.

However, our belief in Wacom's technology and long-term growth potential is unchanged, and the market's myopic focus presents an opportunity to take advantage of the price dislocation. Using normalised earnings, Wacom trades on only 6x EV/EBIT, a remarkably low valuation considering Wacom's technology and structural growth tailwinds from the increased adoption of digital writing solutions. As a top three shareholder across AVI funds, we are working closely with management to address the recent underperformance and ensure efforts are being made to maximise shareholder value. Our estimated potential upside to the current share price is in the order of +100%.

STATISTICS

Contributors / Detractors (in GBP)

Largest Contributors	1-month contribution bps	% of NAV
KKR	53	5.9
Apollo Global Mgmt.	52	3.8
Pershing Square Holdings	50	9.3
Schibsted ASA	48	3.7
FEMSA	45	4.5

Largest Detractors	1-month contribution bps	% of NAV
Wacom	-46	2.8
IAC	-41	2.3
Symphony International Holdings	-27	3.0
Godrej Industries	-24	3.2
Jardine Matheson	-13	1.0

	% 1 mo	% 1 yr	% 3 yr	% 5 yr	% 10 yr
Share Price TR ²	2.7	-11.8	31.4	41.2	153.5
Net Asset Value TR ¹	2.4	-9.0	31.3	40.4	141.8
MSCI ACWI ex US TR ³	-0.1	-10.4	6.8	11.9	93.0
MSCI ACWI TR ¹	2.8	-4.7	29.5	48.9	201.6
Fiscal Yr Net Returns (%)	2023	2022	2021	2020	2019
Price ¹	2.7	-10.8	40.3	2.0	-0.4
Net Asset Value ¹	2.4	-7.3	36.2	0.0	2.1
MSCI ACWI ex US ³	-0.15	-9.61	18.81	-1.82	4.52
MSCI ACWI ¹	2.81	-4.17	22.19	5.27	7.28

Capital Structure	
Ordinary Shares	535,055,284
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	£1.1bn
Debt at fair value (gross)	£108.3m
Gearing (net) ⁴	15%

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.