

December 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

Digital Garage

Digital Garage shares rose +14%.

[Read more below](#)

D'leteren

We provide an update on a relatively new investment in D'leteren.

[Read more below](#)

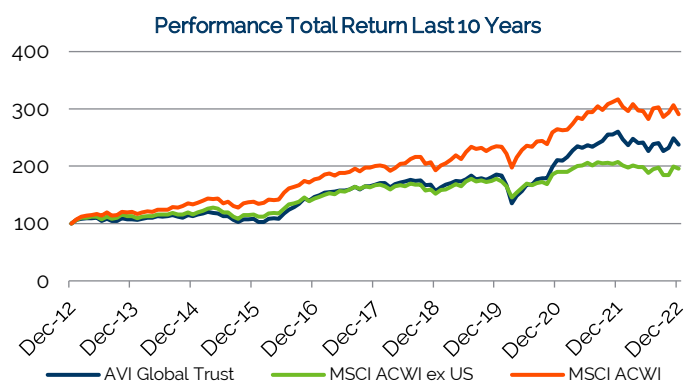
AGM

AGT's AGM was held in December.

PERFORMANCE

(Figures to 31 December 2022)

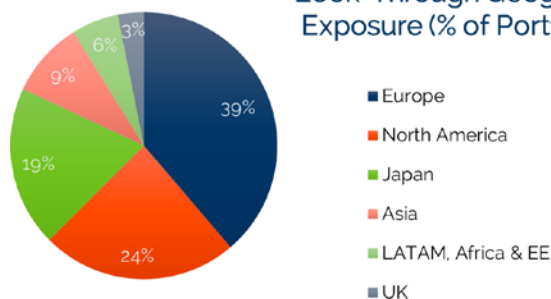
Share Price (pence)	189.0
NAV (pence)	207.7
Premium / (Discount)	-9.0%



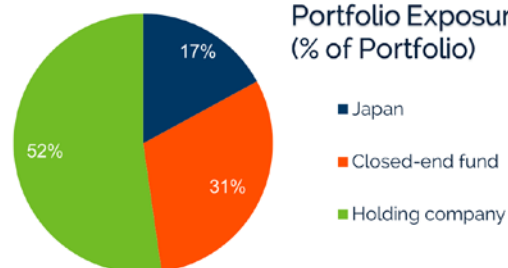
	Month	Fiscal Yr* to date	Calendar Yr to date
AGT NAV ¹	-4.2%	5.0%	-8.6%
MSCI ACWI Ex US ³	-1.7%	6.1%	-5.4%
MSCI ACWI ¹	-4.9%	1.9%	-8.1%

THE FUND

Look-Through Geographic Exposure (% of Portfolio)



Portfolio Exposure (% of Portfolio)



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	8.2
EXOR	7.6
Aker ASA	7.3
Oakley Capital Investments	7.1
Schibsted ASA 'B'	6.5
Christian Dior	5.4
KKR	5.3
Brookfield Corporation	4.8
FEMSA	4.7
Third Point Investors Ltd / MF	4.5
TOTAL	61.4

N.B. Brookfield Corporation is held via a long total return swap. A hedge is held against the position via a short total return swap on the SPDR S&P 500 ETF Trust. The weights shown reflect the notional exposure calculated from the shares underlying the swaps. Third Point includes combined holdings of Third Point Investors (3.0%) and Third Point Master Fund (1.5%).

MANAGER'S COMMENT

AVI Global Trust (AGT)'s NAV declined -4.2% in December. Performance was generally weak, with Brookfield Asset Management / Corporation, EXOR and KKR the worst detractors. Digital Garage – discussed below – contributed positively, and more generally our Japanese holdings benefited from Yen strength following the Bank of Japan's monetary policy adjustment.

Digital Garage:

Digital Garage (DG) saw a +14% increase in its share price over the month (+20% in GBP) in what was a difficult market environment. This was driven entirely by discount narrowing from 28% to 13%, as DG's 20% stake in listed Kakaku.com, accounting for 39% of its market cap at the start of the period, fell by -13%.

DG is a holding company whose key assets are its stake in Kakaku.com and DG Fin Tech, Japan's third largest payment service provider. We have been engaging with DG intensively since February 2021 when we sent a detailed presentation outlining several issues that we believed were contributing to DG's undervaluation. We called for a review of the confusing holding structure and greater focus on the payments business. Management responded favourably to our suggestions outlining a clearer strategy, improving shareholder communications, and concentrating on the payments business through a new initiative called "DG FinTech Shift".

While the share price had already reacted favourably to management's improvements, it was buoyed further over the month when a Hong-Kong based activist investor launched a public campaign calling on DG to sell its stake in Kakaku.com and restructure into two entities, in keeping with the suggestions we made in private.

While DG's discount has narrowed, we believe the upside could be over 50% in a scenario where DG splits into two entities (a more likely event with two shareholders engaging on the same topic).

D'leteren:

One new position purchased in 2022 that we have not yet discussed is D'leteren, a seventh-generation Belgian family-controlled holding company whose crown jewel asset is a 50% stake in Belron, the global no.1 operator in the Vehicle Glass Repair and Replacement ("VGRR") industry.

We have invested in D'leteren across our other funds since 2018 however liquidity was historically insufficient for AGT to build a meaningful stake. In March 2022, following the publication of disappointing full year results, the shares fell -11% on a day the MSCI Europe index was up +6%. We initiated a position the very same day and added to the position shortly thereafter.

The bulk (68%) of D'leteren's NAV is accounted for by Belron, which readers might be more familiar with as Autoglass (UK), Safelite (US) or Carglass (EU). Belron is many multiples larger than competitors with >40% US market share, giving it significant scale advantages in terms of purchasing economies of scale and cost leadership, relationships with insurance partners who are industry gatekeepers, and technological investment, which has become increasingly relevant.

Increased windshield complexity and the requirement for Advanced Driver Assistance System ("ADAS") cameras to be recalibrated upon replacement has re-accelerated top-line growth and taken margins from 6% in 2018, when we visited the European Distribution Centre in Bilzen, to 19% in 2021. We expect Belron to keep riding this wave, with ADAS set to become a larger proportion of the global car parc, supported by a legislative tailwind. Over the medium-term sales should grow at a high single digit level with margin expansion translating to mid-teens growth in EBIT, and even higher free cash flow growth as capex spend moderates. Longer-term a possible IPO will likely help crystallise value, with the recent appointment of Carlos Brito – who built AB InBev into a global behemoth – perhaps indicative of this plan.

As well as this, D'leteren owns a collection of other smaller assets **1)** a 40% stake in TVH Parts, a spare parts distributor focussed on forklifts and other industrial machinery; **2)** a 100% stake in D'leteren Autos, which distributes VW brands in Belgium; **3)** a 100% stake in Moleskine, the luxury notebook group; and **4)** a 100% stake in PHE, a European automotive spare parts distributor focussed on the Independent Aftermarket (IAM). Both TVH and PHE are more recent acquisitions, and appear highly attractive, with strong market positions and the potential for accretive bolt-on acquisitions.

Over AGT's nine months holding the investment has generated a +46% ROI and an +85% IRR. The discount has narrowed materially and now stands at 21%. However, the defensive and resilient nature of the underlying asset's earnings and the prospect for NAV growth remain attractive.

AVI Global Trust 2022 Annual General Meeting:

AGT's AGM was held in December. The presentation can be found [here](#).

STATISTICS

Contributors / Detractors (in GBP)

Largest Contributors	1-month contribution bps	% of NAV
Digital Garage	20	1.3
Nihon Kohden	14	2.8
SK Kaken	9	1.4
Fujitec	8	2.1
Hipgnosis Songs	5	0.9

Largest Detractors	1-month contribution bps	% of NAV
Brookfield/Short SPY	-70	4.8
KKR	-65	5.3
EXOR	-51	7.6
Apollo Global Mgmt.	-39	4.2
Aker ASA	-38	7.3

	% 1 mo	% 1 yr	% 3 yr	% 5 yr	% 10 yr
Share Price TR ²	-3.2	-11.1	28.3	43.4	145.4
Net Asset Value TR ¹	-4.2	-8.6	28.2	41.5	137.9
MSCI ACWI ex US TR ³	-1.7	-5.4	10.4	17.5	96.2
MSCI ACWI TR ¹	-4.9	-8.1	23.9	45.1	191.1
Fiscal Yr Net Returns (%)	FYTD	2022	2021	2020	2019
Price ¹	6.7	-10.8	40.3	2.0	-0.4
Net Asset Value ¹	5.0	-7.3	36.2	0.0	2.1
MSCI ACWI ex US ³	6.1	-9.6	18.8	-1.8	4.5
MSCI ACWI ¹	1.9	-4.2	22.2	5.3	7.3

Capital Structure	
Ordinary Shares	532,528,107
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)	£111m
Gearing (net) ⁴	0.6%

- 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.