AGT
AVI GLOBAL TRUST

A unique investment philosophy

ANNUAL REPORT 2022

AVI

Welcome to our 2022 Annual Report

AVI Global Trust plc (AGT or the Company) was established in 1889. The Company's investment objective is to achieve capital growth through a focused portfolio of investments, particularly in companies whose shares stand at a discount to estimated underlying net asset value.

TOTAL ASSETS†
£1.1 billion*

LAUNCH DATE
1 July 1889

ANNUALISED NAV TOTAL RETURN SINCE 1985†
11.4%**

EXPENSE RATIO†#
0.88%***

Retail Investors Advised by IFAs
The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers (IFAs) in the UK to ordinary retail investors in accordance with the Financial Conduct Authority rules in relation to non-mainstream investment products and intends to continue to do so. The shares are excluded from the Financial Conduct Authority's restrictions which apply to non-mainstream investment products because they are shares in an authorised investment trust.
The Company is an Alternative Investment Fund (AIF) under the European Union's Alternative Investment Fund Managers' Directive (AIFMD). Its Alternative Investment Fund Manager (AIFM) is Asset Value Investors Limited. Further disclosures required under the AIFMD can be found on the Company's website: **www.aviglobal.co.uk**.

ISA Status
The Company's shares are eligible for Stocks & Shares ISAs.

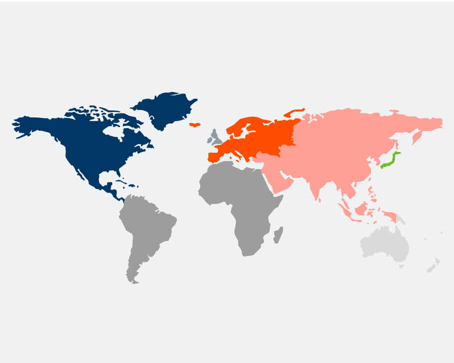
Investment Trust Awards 2022
Winner
Global Equities

aic Shareholder Communication Awards 2022 COMMENDED

Shareholder Communication Awards 2022
Highly Commended
Best Report and Accounts (Generalist)

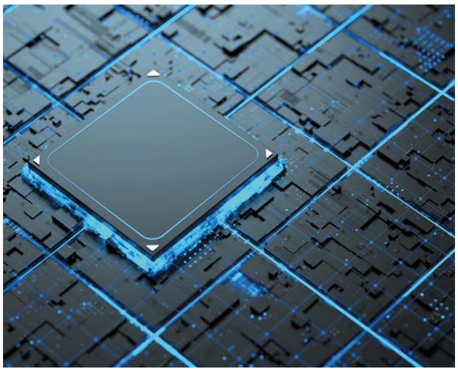
* As at 30 September 2022.
** Source: Morningstar, performance period 30 June 1985 to 30 September 2022, total return net of fees, GBP. The current approach to investment was adopted in 1985.
*** As at 30 September 2022, includes: management fee, marketing and administration costs.
† For definitions, see Glossary on pages 103 to 106.
\# For a detailed discussion of the Expense Ratio, please see Key Performance Indicators on page 12.

KEY STORIES



Seeking opportunities globally

Read more **on page 3 of the Annual Report**



Engaging with our investee companies

Read more **on page 35 of the Annual Report**

Generating significant shareholder value

Read more **on page 11 of the Annual Report**

A diversified collection of businesses

Read more **on page 39 of the Annual Report**

A unique investment portfolio

Read more **on page 33 of the Annual Report**

Investing responsibly

Read more **on page 29 of the Annual Report**

CONTENTS

We maintain a corporate website containing a wide range of information of interest to investors and stakeholders
www.aviglobal.co.uk

@AVIGlobalTrust
AVIGlobalTrust
AVIGlobalTrust
AVI-Global-Trust

Strategic Report / Company Overview

COMPANY PURPOSE

The Company is an investment trust. Its investment objective is to achieve capital growth through a focused portfolio of mainly listed investments, particularly in companies whose shares stand at a discount to estimated underlying net asset value.

BUSINESS MODEL

STRATEGY

The Company's strategy is to seek out-of-favour companies whose assets are misunderstood by the market or under-researched, and which trade significantly below the estimated value of the underlying assets. A core part of this strategy is active engagement with management, in order to provide suggestions that could help narrow the discount and improve operations, thus releasing value for shareholders.

AVI's investment philosophy is described in more detail **on page 25 of the Annual Report**

INVESTMENT APPROACH

The Company's assets are managed by Asset Value Investors Limited (AVI, or the Investment Manager). AVI aims to deliver superior returns and specialises in finding companies that, for a number of reasons, may be selling on anomalous valuations.

The Investment Manager has the flexibility to invest around the world and is not constrained by any fixed geographic or sector weightings. There is no income target set and no more than 10% of the Company's investments may be in unlisted securities. Over the past five years, there has been an average of 43 stocks held in the AGT portfolio.

Read more about the Portfolio **on pages 22 and 23 of the Annual Report**

OTHER KEY STATISTICS

NET ASSET VALUE PER SHARE*

30 September 2022	30 September 2021
197.27p	221.95p**

NUMBER OF INVESTMENTS

30 September 2022

46

* For definitions, see Glossary on pages 103 to 106. ** Restated for Share Split.

KEY PERFORMANCE INDICATORS (KPIs)

The Company uses KPIs as an effective measurement of the development, performance or position of the Company's business, in order to set and measure performance reliably. These are net asset value total return, discount to net asset value and the expense ratio.

NAV TOTAL RETURNS TO 30 SEPTEMBER 2022*

1 Year	10 Years (Annualised)
-7.3%	9.4%

DISCOUNT*

30 September 2022	30 September 2021
10.4%	6.7%

EXPENSE RATIO*

2022	2021
0.88%	0.83%

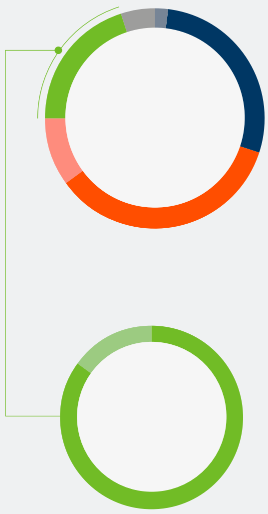
Read more about our KPIs and Principal Risks
on pages 12 to 15 of the Annual Report

OUR INVESTMENTS

Seeking opportunities globally

Our investments are distributed throughout the world.

LOOK-THROUGH COUNTRY EXPOSURE#



	2022# %	2021# %
United Kingdom	**2**	6
North America	**28**	23
Europe	**35**	24
Asia	**10**	12
Japan	**20**	28
Latin America, Africa & Emerging Europe	**5**	7

Based on location of companies' underlying assets, rather than country of listing.

	2022# %	2021# %
Japan small cap	**17**	16
Sony	**3**	6
Keisei Electric	**–**	3
Nintendo	**–**	3

TOP TEN INVESTMENTS REPRESENT

54.6%
of net assets*

ESTIMATED PERCENTAGE ADDED TO NET ASSET VALUE PER SHARE FROM BUYBACKS*

2022	2021
0.4%	0.3%

* For definitions, see Glossary on pages 103 to 106.

Strategic Report / Company Performance

FINANCIAL HIGHLIGHTS

– Net asset value (NAV) per share total return was -7.3%
– Final dividend of 2.1p, and total dividend maintained at 3.3p
– Share price total return of -10.8%

PERFORMANCE SUMMARY

	30 September 2022	30 September 2021
Net asset value per share (total return) for the year[1]*	**-7.3%**	36.2%
Share price total return for the year*	**-10.8%**	40.3%
Comparator Benchmark MSCI All Country World ex-US Index (£ adjusted total return[†])	**-9.6%**	18.8%
Discount* Share Price Discount (difference between share price and net asset value)[2]	**10.4%**	6.7%
	Year to 30 September 2022	Year to 30 September 2021
Earnings and Dividends		
Investment income	**£23.10m**	£20.40m
Revenue earnings per share	**3.24p**	2.74p[3]
Capital earnings per share	**(25.30)p**	54.62p[3]
Total earnings per share	**(22.06)p**	57.36p[3]
Ordinary dividends per share	**3.30p**	3.30p[3]
Expense Ratio* Management, marketing and other expenses (as a percentage of average shareholders' funds)	**0.88%**	0.83%
2022 Year's Highs/Lows	High	Low
Net asset value per share	**242.71p[3]**	**197.27p[3]**
Net asset value per share (debt at fair value)*	**239.44p[3]**	**195.11p[3]**
Share price (mid market)	**222.00p[3]**	**172.00p[3]**

Buybacks

During the year, the Company purchased 19,115,057 Ordinary Shares[3]. 3,889,335 Ordinary Shares[3] bought back were initially placed into treasury (2021: 17,192,025 Ordinary Shares[3]) and 15,225,722 Ordinary Shares[3] were bought back for cancellation (2021: none). During the year, 27,737,419 Ordinary Shares[3] which had been held in treasury were also cancelled (2021: none).

[1] As per guidelines issued by the AIC, performance is calculated using net asset values per share inclusive of accrued income and debt marked to fair value.
[2] As per guidelines issued by the AIC, the discount is calculated using the net asset value per share inclusive of accrued income and debt marked to fair value.
[3] Restated for Share Split.

The Share Split

The Share Split which was approved by shareholders at the 2021 Annual General Meeting took effect on 17 January 2022, and where relevant the numbers quoted in this report take account of the fact that each existing share was replaced by five new shares.

[†] The Company uses the net version of the MSCI All Country World ex-USA Index, which accounts for withholding taxes incurred. If the gross version of the Index had been used, the comparative figures for the years ending 30 September 2022 and 30 September 2021 would have been -9.1% and 19.3%, respectively.

*** Alternative Performance Measures**

For all Alternative Performance Measures included in this Strategic Report, please see definitions in the Glossary on pages 103 to 106.

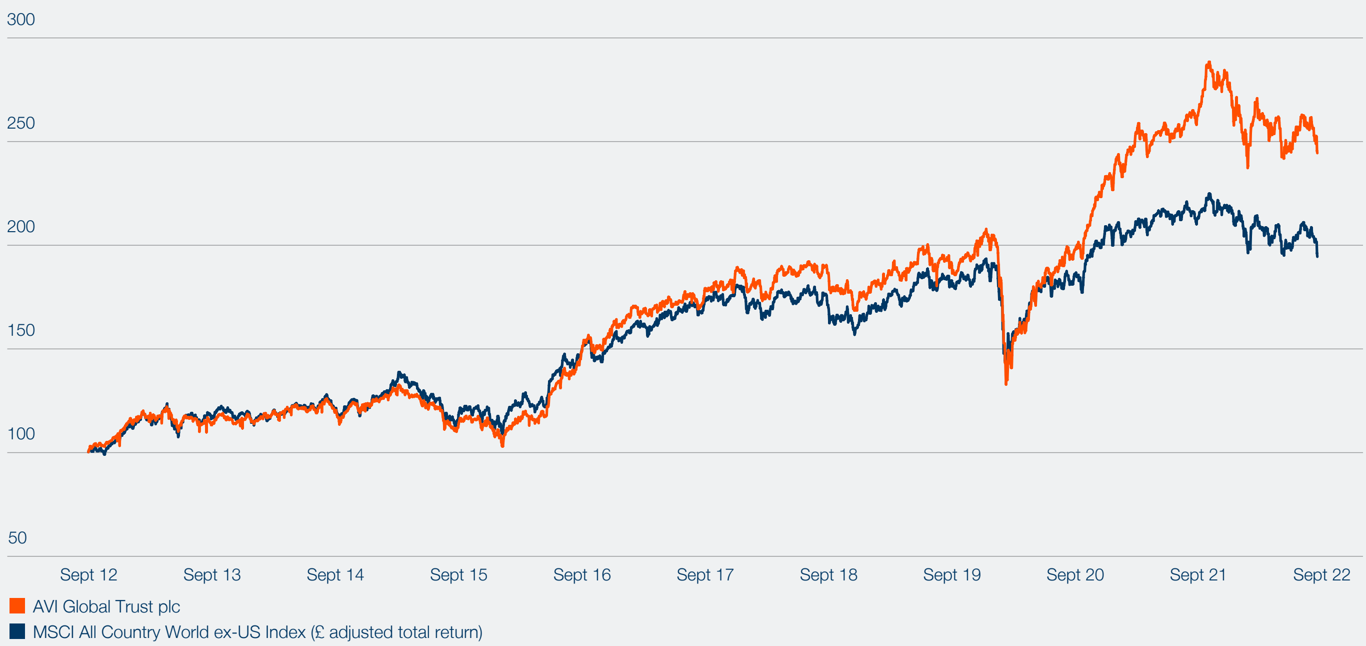
Historical record
Year ended 30 September

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenue profit for the year £'000*	**16,302**	14,289	10,134	21,169	16,933	12,603	18,747	16,268	13,827	21,775	24,050	18,405
Revenue earnings per share (p)†	**3.24**	2.74	1.87	3.82	2.97	2.09	2.86	2.35	1.86	2.78	3.01	2.30
Ordinary dividends per share (p)†	**3.30**	3.30	3.30	3.30	2.60	2.40	2.34	2.34	2.10	2.10	1.90	1.70
Special dividend per share (p)†	**–**	–	–	–	–		0.56	–	–	0.50	0.70	0.40
Net assets £'000	**969,508**	1,133,222	883,605	938,941	941,680	903,229	843,973	697,542	826,984	844,455	791,225	791,225
Basic net asset value per share (p)†	**197.27**	221.95	167.43	170.52	168.39	155.52	134.10	103.91	115.18	110.39	100.09	92.50

* The profit for the year figures for 2008 to 2014 are Group returns and earnings, those for 2015 to 2022 are the Company returns and earnings. These are comparable on a like-for-like basis.

† The figures for 2011 to 2021 have been restated for the share split to be comparable on a like-for-like basis.

The Company's net asset value compared to the MSCI All Country World ex-US Index (£ adjusted total return)



Strategic Report / The Investment Manager at a Glance

INVESTMENT PHILOSOPHY

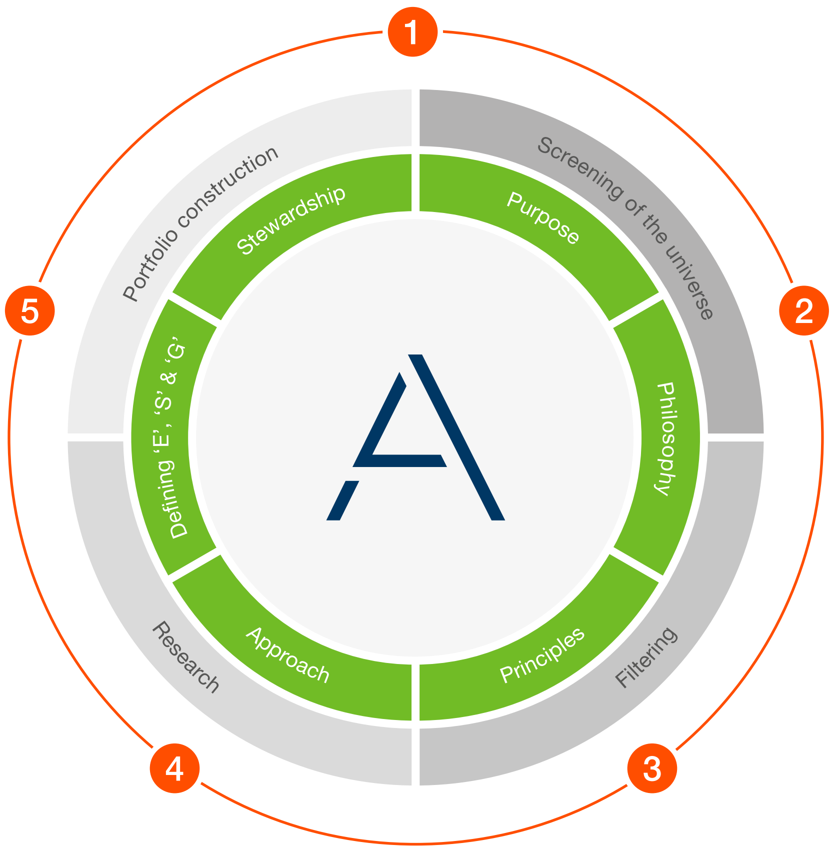
The investment philosophy employed by Asset Value Investors (AVI), the manager of AVI Global Trust (AGT or the Company), strives to identify valuation anomalies and focuses on investing where the market price does not reflect the estimated value of the underlying assets.

1. **INVESTING IN COMPANIES TRADING AT A DISCOUNT TO THEIR NET ASSET VALUE**
2. **IDENTIFYING GOOD-QUALITY UNDERLYING ASSETS WITH APPRECIATION POTENTIAL AT COMPELLING VALUES**
3. **FOCUSING ON BOTTOM-UP STOCK PICKING**
4. **LOOKING FOR CATALYSTS TO NARROW DISCOUNTS**
5. **FOCUSING ON BALANCE SHEET STRENGTH**

Read more about our investment philosophy on **page 25 of the Annual Report**

HOW AVI INVEST

AVI aims to achieve long-term capital growth by investing in a diversified portfolio of companies whose shares are trading at a discount to their estimated net asset value.



Read more about our investment process at **www.assetvalueinvestors.com/process/investment-process/**

Read more about AVI's ESG and Responsible Investor Policy on **pages 26 to 29 of the Annual Report**

UNIQUE

A unique portfolio investing in holding companies, closed-ended funds and asset-backed special situations unlikely to be found in other funds.

DIVERSIFIED

A select portfolio of 46 stocks, but with broad diversification of sectors and companies as a result of the holding structures which give exposure to multiple underlying companies.

ENGAGED

Seeking out good quality, misunderstood companies and engaging to improve shareholder value.

WHAT DOES AVI INVEST IN?

AVI follows a unique strategy of investing in quality assets typically held through structures that tend to attract discounts; these types of companies are:

- Holding Companies
- Asset-backed Special Situations
- Closed-ended Funds

PORTFOLIO BREAKDOWN BY AVI CLASSIFICATION*

	2022 %	2021 %
Holding Companies	**47**	43
Asset-backed Special Situations	**21**	30
Closed-ended Funds	**32**	27

Source / Asset Value Investors as at 30 Sep 2022

* Please refer to page 25 for more information about these classifications.

HOW AVI MANAGES PORTFOLIO RISK

AVI's value investment process strives to identify and mitigate downside risks in all market environments.

AVI's risk management approach uses a variety of qualitative and quantitative processes. This includes bottom-up research to establish a company's fundamental value. The portfolio holdings are monitored on an ongoing basis, and AVI's in-house order management system contains an automatic alert system which alerts the Investment Manager to any breaches of built-in risk parameters.

The investment management team holds regular meetings discussing the portfolio, with a view to reassess, sell or buy securities, and to discuss current cash position, as well as sector and geographic weighting.

Read more about our Risks and Uncertainties **on pages 12 to 15 of the Annual Report**

Stock-Specific Risk

- Business risk
- Balance sheet risk
- Shareholder analysis
- Regular meetings with management

Portfolio/Market Risk

- Currency risk
- Geographical concentration risk
- Sector concentration risk
- Stock concentration risk
- Liquidity risk
- Political risk

Daily monitoring of positions

Monthly investment meetings

Reassessment of positions

ACTIVE

Finding complex, inefficient and overlooked investment opportunities.

GLOBAL

Bottom-up stock picking, seeking the best investment opportunities across the globe.

A SUSTAINABLE APPROACH

Responsible investors

We believe that the integration of ESG and sustainability considerations into our investment strategy is not only integral to comprehensively understanding each investment's ability to create long-term value but aligned with our values as responsible investors.

PRI Principles for Responsible Investment

ALIGNED WITH THE UN PRI

We are aligned with the UN PRI's belief that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term responsible investment, and benefit the environment and society as a whole. AVI became a signatory to the UN-supported Principles for Responsible Investment (UNPRI) on 09 April 2021.

ACTIVE OWNERSHIP

Our ESG monitoring system helps us to identify weaknesses in a company and empowers us to engage effectively where appropriate. Through collaborative engagement, we encourage and expect investee companies to take meaningful action in remedying weaknesses in the context of long-term value creation.

Read more about our ESG news on our website at: **www.assetvalueinvestors.com/agt/commentary-updates/esg-news/**

Strategic Report / Chairman's Statement

It would be unwise to predict a smooth path, but my fellow Directors and I are confident that over the long term your Company will be able to produce attractive returns for shareholders.

Susan Noble
Chairman

Overview of the Year

The clouds have darkened considerably since I wrote to you this time last year.

During this period it has become clear that inflation is not the transitory phenomenon that it was once hoped. All of this has been accentuated and exacerbated by Russia's invasion of Ukraine, which has led to higher energy prices and a spiralling cost of living.

Western Central banks have been steadfast in their determination to bring inflation back under control, raising interest rates and tightening financial conditions. This has put considerable downward pressure on asset prices – from high-flying tech stocks to index linked bonds – and on global economic growth.

Within this context, over the twelve months under review the Company's NAV Total Return was -7.3%. Over the same period, the comparator benchmark, the MSCI AC World ex-US, returned -9.6%. We always remind shareholders that our Investment Manager invests for the long term, and over five years the NAV total return was +41.9%, compared with a benchmark return of +15.4%, while over ten years the return was +144.6%, compared with 94.5%.

Share Split*

Shareholders approved a Share Split at the 2021 Annual General Meeting (AGM) and this took effect on 17 January 2022. The numbers quoted in this report take account of the fact that each existing share was replaced by five new shares in January.

Revenue and Dividends

Our revenue account showed a marked improvement over the previous year, with net revenue of 3.24 pence per share, compared with 2.74 pence last year. The Company paid an interim dividend of 1.2p per share on 15 July 2022. We are proposing a final dividend of 2.1p per share for approval at the AGM which will bring the total dividend for the year to 3.3p, which is unchanged from last year.

As I have noted in the past, the portfolio is managed primarily for capital growth and we do not place income constraints on the investment portfolio. However, the Board does recognise that a dividend which is steady and able to rise over time is attractive to many shareholders.

Gearing

On 7 July 2022, taking advantage of low interest rates, we announced the issue of Japanese Yen (JPY) 8bn fixed rate debt at an annual interest rate of 1.38% and with a life of ten years. The amount issued was equivalent to £49 million at the date of issue.

While the Board oversees the strategy and discusses gearing at every meeting, deployment of debt is a portfolio management decision which is delegated to our Investment Manager. AVI have taken a cautious approach to usage of gearing over recent months, which has so far proven to be a correct decision. As set out in the Investment Manager's Report, they have recently invested some of the cash which was on the balance sheet at the year end and have significant capacity to invest in further opportunities. As always, I would emphasise that deployment of debt is based on views of the value available in individual investments, rather than attempting to time overall market movements.

* Where appropriate, the numbers quoted in this report take account of the fact that each existing share was replaced by five new shares on 17 January 2022.

OUR CONTRIBUTION TO EDUCATION OPPORTUNITIES

> AGT's donation will enable us to deliver over 400 hours of Financial Education Workshops for Young People, and will help support our Workplace and Community team in their Financial Wellbeing work with adults.

Michelle Highman
Chief Executive of The Money Charity

Supporting charitable causes

This year AGT engaged Equiniti to address shareholder dormancy through a share forfeiture programme in accordance with industry best practice. A result of the programme is the removal of the ongoing requirements and cost of servicing dormant shareholders and a return of a lump sum to AGT. The Board of AGT have retained 52% of the sum in case of any potential future claims. The remainder has been donated to four charities which support education for young people and adults.

The Money Charity

The Money Charity https://themoneycharity.org.uk/ is the UK's Financial Capability charity, providing education, information, advice and guidance to all. AGT has been able to support their Young People delivery and the Workplace & Community team to help boost their work with adults.

MyBnk

MyBnk, https://www.mybnk.org/ provides financial education to young people and adults across the UK. AGT is supporting their new Financial Freedom campaign. Over the next three years MyBnk want to reach more young people in schools than ever before, delivering financial education workshops in disadvantaged areas across the UK.

Learning for All

Learning for All https://learningforall.or.jp/ is a nationwide charity in Japan that seeks to support "learning" through the community.

Teach for Japan

Teach for Japan https://teachforjapan.org/ dispatches teachers to rural areas where educational resources are limited.

Strategic Report / Chairman's Statement continued

Share Price Rating and Marketing

At the end of September 2022, the shares were trading at a discount of 10.2%, which was wider than the 6.7% at the 30 September 2021 year end. We use share buybacks when the Board believes that these are in the best interests of shareholders and with the intention of limiting the volatility in the discount. During the twelve months under review, 19.1 million* shares were bought back, representing 3.7%* of the shares in issue as at the start of the period under review.

Shares were bought back when the Board believed that the discount was unnaturally wide and will continue to follow this approach, which is also an approach that our Investment Manager encourages for many of our investee companies. At times when the market was volatile this has meant buying back shares on most days. As well as benefitting shareholders by limiting the discount at which they could sell shares if they so wish, buying back shares at a discount also produced an uplift in value to the benefit of continuing shareholders, by approximately 0.4%.

The Board

As previously announced, I will retire from the Board at this year's AGM. It has been a pleasure to work with AVI and all those involved with running AGT. I would like to record my thanks for all of the help and support that I have received throughout my time as a Director.

My fellow Directors have agreed that Graham Kitchen will take over the role of Chairman when I retire on 20 December 2022. Graham has been a Director since January 2019, and I am sure that I am leaving the Board and the Company in very capable hands.

Annual General Meeting

I am pleased to be able to invite all shareholders to attend our AGM at 11 Cavendish Square on Tuesday 20th December 2022. We do recognise that some shareholders may be unable to attend the AGM, and if you have any questions about the Annual Report, the investment portfolio or any other matter relevant to the Company, please write to us either via email at agm@aviglobal.co.uk or by post to The Company Secretary, AVI Global Trust PLC, Beaufort House, 51 New North Road, Exeter, Devon, EX4 4EP.

If you are unable to attend the AGM, I urge you to submit your proxy votes in good time for the meeting, following the instructions enclosed with the proxy form. If you vote against any of the resolutions, we would be interested to hear from you so that we can understand the reasons behind any objections.

Outlook

This is a time of great economic uncertainty. In reaction to high and apparently persistent levels of inflation, central banks have been raising interest rates while signaling that further increases are likely. It remains to be seen whether government and central bank policies will be able to tread the fine line between controlling inflation and avoiding a recession.

Whilst we are in difficult times, as illustrated by the fall in net asset value covered by this report, your Investment Manager has demonstrated an ability to navigate turbulent markets, and indeed exploit them. It would be unwise to predict a smooth path, but my fellow Directors and I are confident that over the long term your Company will be able to produce attractive returns for shareholders.

Susan Noble
Chairman

7 November 2022

* Restated for Share Split.

OVER 133 YEARS OF HERITAGE

Generating significant shareholder value

The AVI Global Trust is a global investment trust, with its origins dating back to 1889. Through countless equity market cycles, the trust has encountered many challenges and risen above them each time, generating significant shareholder value along the way.

Read more about our history on our website:
www.assetvalueinvestors.com/agt/about-the-trust/history/

@AVIGlobalTrust AVIGlobalTrust
AVIGlobalTrust AVI-Global-Trust

WHY SHOULD I INCLUDE AVI GLOBAL TRUST INTO MY PORTFOLIO?

Unconstrained
AGT's index agnostic approach allows for investments to be made in areas of the market that are often overlooked by other funds, typically due to their unconventional structures, size, or liquidity. These areas can include listed family holding companies and private equity, which over time have been shown to deliver excess returns.

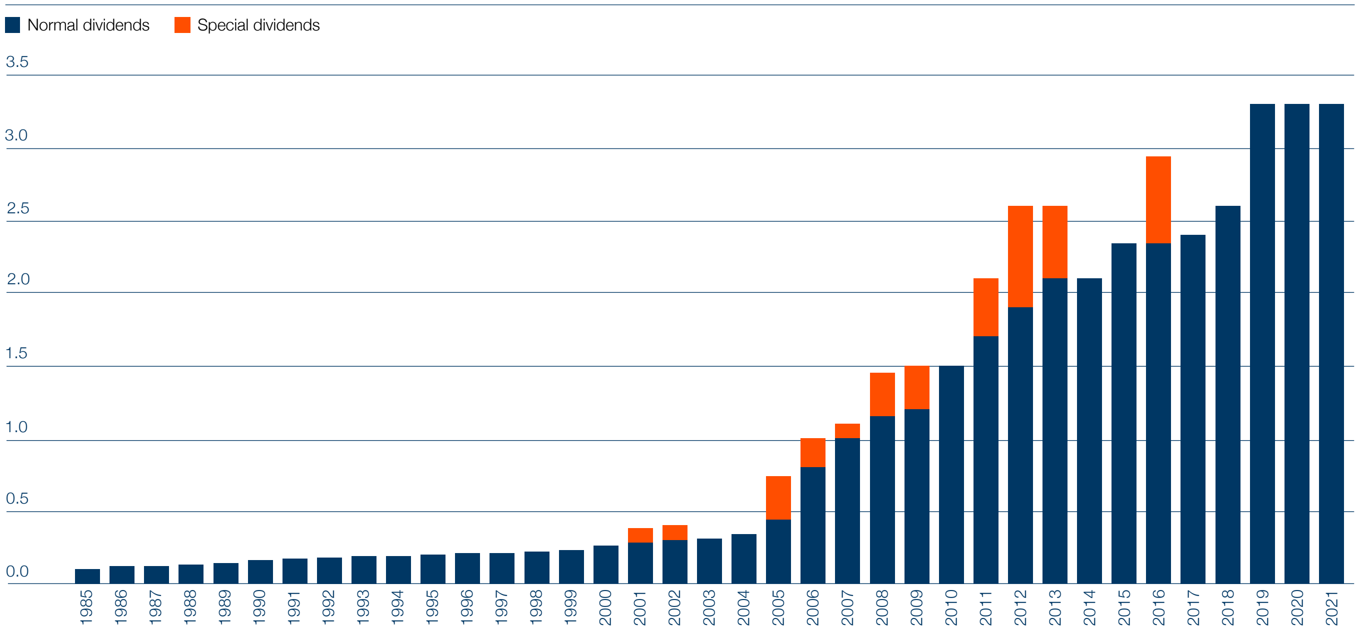
Unique & Diversified
AGT's unique approach of investing in holding companies, closed-ended funds and asset-backed special situations differentiates us from other funds, with portfolio holdings unlikely to be found elsewhere. Through these unconventional structures, AGT gains exposure to multiple underlying companies, providing both sector and geographic diversification benefits.

Track Record of Outperformance
Through an unconstrained and unique investment philosophy, AGT has been able to outperform its comparator benchmark over the long run. Since 1985, AGT's average annual performance has been 11.4% vs 7.7% for the comparator benchmark.*

Dividend payments
Over the past ten years, the ordinary dividends paid by AGT to shareholders have doubled. The level of income may vary due to the occasional receipt of large, one-off, special dividends from investee companies, and it is for this reason that AGT has paid special dividends in the past.

* 30 September 2022. "Benchmark" performance uses blended returns. Total return of the MSCI World Index, the official benchmark, is used up until 30/09/2013. From 01/10/2013, the official benchmark changed to MSCI AC World ex USA Index and total returns of this index are used beyond this date.

DIVIDEND TRACK-RECORD*



* Restated for Share Split.

Strategic Report / KPIs and Principal Risks

Key Performance Indicators

The Company's Board of Directors meets regularly and at each meeting reviews performance against a number of key measures.

In selecting these measures, the Directors considered the key objectives and expectations of typical investors in an investment trust such as the Company.

*NAV total return**

Company	1 Year	10 Years (Annualised)
	-7.3%	9.4%

The Directors regard the Company's NAV total return as being the overall measure of value delivered to shareholders over the long term. Total return reflects both the net asset value growth of the Company and also dividends paid to shareholders. The Investment Manager's investment style is such that performance may deviate materially from that of any broadly based equity index. The Board considers the most useful comparator to be the MSCI All Country World ex-US Index. Over the year under review, the benchmark decreased by -9.6% on a total return basis and over ten years it has increased by 6.9% on an annualised total return basis.

A full description of performance and the investment portfolio is contained in the Investment Review, commencing on page 24.

*Discount**

Year end	30 September 2022	30 September 2021
	10.4%	6.7%
High for the year	14.1%	11.8%
Low for the year	4.8%	4.6%

The Board believes that an important driver of an investment trust's discount or premium over the long term is investment performance. However, there can be volatility in the discount or premium. Therefore, the Board seeks shareholder approval each year to buy back and issue shares, with a view to limiting the volatility of the share price discount or premium.

During the year under review, no new shares were issued and 19.1m shares were bought back, adding an estimated 0.4% to net asset value per share to the benefit of continuing shareholders. The shares were bought back at a weighted average discount of 10.3%.

*Expense ratio**

Year ended 30 September 2022	Year ended 30 September 2021
0.88%	0.83%

The Board continues to be conscious of expenses and aims to maintain a sensible balance between good service and costs.

In reviewing charges, the Board's Management Engagement Committee reviews in detail each year the costs incurred and ongoing commercial arrangements with each of the Company's key suppliers. The majority of the expense ratio is the cost of the fees paid to the Investment Manager. This fee is reviewed annually.

For the year ended 30 September 2022, the expense ratio was 0.88%, up slightly from the previous year. These running costs in monetary terms amounted to £9.6m in 2022 (£8.8m 2021).

The Board notes that the UK investment management industry uses various metrics to analyse the ratios of expenses to assets. In analysing the Company's performance, the Board considers an Expense Ratio which compares the Company's own running costs with its assets. In this analysis the costs of servicing debt and certain non-recurring costs are excluded. These are accounted for in NAV Total Return and so form part of that KPI. Further, in calculating a KPI the Board does not consider it relevant to consider the management fees of any investment company which the Company invests in, as the Company is not a fund of funds and to include management costs of some investee companies but not of others may create a perverse incentive for the Investment Manager to favour those companies which do not have explicit management fees. The Board has therefore chosen not to quote an Ongoing Charges Ratio per the AIC's guidance as part of its KPIs but has disclosed an Ongoing Charges Ratio in the Glossary on pages 103 to 106.

Principal Risks

When considering the total return of the investments, the Board must also take account of the risk which has been taken in order to achieve that return. There are many ways of measuring investment risk, and the Board takes the view that understanding and managing risk is much more important than setting any numerical target.

In running an investment trust we face different types of risk and some are more acceptable than others. The Board believes that shareholders should understand that, by investing in a portfolio of equity investments invested internationally and with some gearing, they accept that there may be some loss in value, particularly in the short term. That loss in value may come from market movements and/or from movements in the value of the particular investments in our portfolio. We aim to keep the risk of loss under this particular heading within sensible limits, as described below. On the contrary, we have no tolerance for the risk of loss due to, for example, theft or fraud.

The Board looks at risk from many different angles, an overview of which is set out on the following pages. The Directors carry out regular reviews of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The Board confirms that a robust assessment of these risks has been carried out during the year under review. The approach to monitoring and controlling risk is not rigid. The Board aims to think not only about the risks that it is aware of and has documented, but also of emerging and evolving risks.

* For definitions, see Glossary on pages 103 to 106.

The Board believes that managing risk is the task of everyone involved in the management of the Company: the Board, the Investment Manager, the Administrators and other service providers all have a role in thinking about risk, challenging perceptions and being alert to emerging risks. The objective of these assessments is not to be prescriptive, but to understand levels of risk and how they have changed over time. The purpose of this focus is to ensure that the returns earned are commensurate with the risks assumed.

The Board has assessed the risks which the Company faces under a number of headings. The ramifications of the Russian invasion of Ukraine emerged as a key risk in the year under review. This is discussed under "Loss of value in the portfolio" below. A summary of the key risks and mitigating actions is set out in the table on the following pages. Shareholders should be aware that no assessment of this nature can be guaranteed to predict all possible risks; the objective is to assess the risks and determine mitigating actions.

PRINCIPAL AND EMERGING RISKS	RISK TOLERANCE AND MITIGATING ACTIONS	MOVEMENT
Loss of value in the portfolio The market or the Company's portfolio could suffer a prolonged downturn in performance. There will be periods when the investment strategy underperforms in comparison to its benchmark and its peer group, and when it results in a decline in value. The net asset value will be affected by general market conditions which in turn can be affected by extraneous events such as the Russian invasion of Ukraine, macroeconomic uncertainty, US-China trade disputes, and the continued impact of Brexit. In particular, the Russian invasion of Ukraine has heightened the previously identified risk of higher levels of inflation and interest rate hikes, with its impact particularly felt across Western Europe and the US.	The Board accepts that there is a risk of loss of value by investing in listed equities, particularly in the short term. The Board monitors performance at each Board meeting, and reviews the investment process thoroughly at least annually. The Russian invasion of Ukraine has had a global impact, catalysing both increased levels of inflation and heightened turbulence in asset values. Developed economies now face the risk of entrenched inflation, or a potential recession to combat it. The knock-on impact of either sustained inflation or increasing interest rates could create environments which have not been experienced in developed economies for many years. Given that markets do not operate in a vacuum, this would in turn affect asset valuations. The Investment Manager carries out thorough, regular and detailed analyses of investee companies, and takes full account of the likely effects of the macroeconomic environment and the ongoing conflict in Ukraine when reviewing the investment portfolio and potential investments. The Company has no investments in Russia or Ukraine. The Investment Manager has a clear investment strategy, as set out in the Investment Review. Conventional wisdom holds that the most effective way of reducing risk is to hold a diversified portfolio of assets. The Company typically holds 25-35 core positions. It is important to note that, in line with its investment objective, the Company's holdings are mostly in stocks which are themselves owners of multiple underlying businesses. Thus, the portfolio is more diversified on a look-through basis than if it were invested in companies with a single line of business. This diversification is evident at country, sector and currency levels. A key element of the Investment Manager's approach is to consider the way in which the portfolio is balanced and to ensure that it does not become overly dependent on one business area, country or investment theme. The Company, through the Investment Manager's compliance function and the Administrator's independent checks, has a robust system for ensuring compliance with the investment mandate.	▲
Gearing While potentially enhancing returns over the long term, the use of gearing makes investment returns more volatile and exacerbates the effect of any fall in portfolio value. There are covenants attached to the Loan Notes and bank debt; in extreme market conditions, these could be breached and require early repayment, which could be expensive.	The Board decided to take on borrowing because it believes that the Investment Manager will produce investment returns which are higher than the cost of debt over the medium to long term and, therefore, that shareholders will benefit from gearing. In taking on debt, we recognise that higher levels of gearing produce higher risk. While gearing should enhance investment performance over the long term, it will exacerbate any decline in asset value in the short term. It is possible (but, on the basis of past returns, it is considered unlikely) that the investment returns will not match the borrowing cost over time, and therefore the gearing will be dilutive. The Board manages this risk by setting the Company's gearing at a prudent level, and the covenants are set at levels with substantial headroom. In common with other investment trusts, we also mark the value of debt to its estimated fair value for the purposes of measuring investment performance as part of the Key Performance Indicators*, which makes the value ascribed to the debt subject to changes in interest rates and so makes our published NAV per share more volatile than would otherwise be the case. However, if we continue with the debt to maturity, it will be repaid at its par value, notwithstanding any changes in fair value over its life. The values of loans denominated in currencies other than Sterling will fluctuate with currency movements and, if the exchange rate of those currencies relative to Sterling increases, then in isolation this will have the effect of reducing NAV per share. However, we have certain assets denominated in the same overseas currencies as these tranches of debt, which would increase in value in Sterling terms if the exchange rates increase, enabling us to offset the debt position by creating a natural hedge.	◀▶

* The value of long debt is marked to its fair value for the purpose of measuring investment performance but, as required by the relevant accounting standards, all debt is recognised on the balance sheet at amortised cost.

Strategic Report / KPIs and Principal Risks continued

PRINCIPAL AND EMERGING RISKS	RISK TOLERANCE AND MITIGATING ACTIONS	MOVEMENT
Foreign exchange The portfolio has investments in a number of countries, and there is a risk that the value of local currencies may decline in value relative to Sterling.	Foreign exchange risk is an integral part of a portfolio which is invested across a range of currencies. This risk is managed by the Investment Manager mainly by way of portfolio diversification, but the Investment Manager may, with Board approval, hedge currency risk. The Company did not engage in any currency hedging during the year under review and has not done so in recent years. However, as described above, borrowing in foreign currencies provides a natural hedge against currency risk in situations where the Company holds investments denominated in the borrowed currency. As at 30 September 2022, the Company had EUR50m (£44m) of borrowing and investments denominated in Euros whose value exceeded that of this borrowing. Furthermore, the Company had JPY8bn (£49m) of borrowing and investments denominated in Japanese Yen whose value exceeded that of this borrowing. In addition the Company had a loan of £30m, the primary currency of the Company, and holds investments denominated in GBP of a greater value.	
Liquidity of investments While the investment portfolio is made up predominantly of liquid investments, there is a possibility that individual investments may prove difficult to sell at short notice.	The Investment Manager takes account of liquidity when making investments and monitors the liquidity of holdings as part of its continuing management of the portfolio. The liquidity and concentration of AVI's holdings across all of its managed portfolios are monitored and reported at regular Board meetings. It is important to note that the potential for the return of capital from investee companies by means of special dividends and the partial or full redemption of shares is a key element of the Investment Manager's strategy, and so trading on a stock exchange is not the only source of liquidity in the portfolio.	
Key staff Management of the Company's investment portfolio and other support functions rely on a small number of key staff.	The Investment Manager and key suppliers have staff retention policies and contingency plans. The Board's Management Engagement Committee reviews all of its key suppliers at least once per year.	
Discount rating The shares of investment trusts frequently trade at a discount to their published net asset value. The value of the Company's shares will be subject to the interaction of supply and demand, prevailing net asset values and the general perceptions of investors. The share price will accordingly be subject to unpredictable fluctuations, and the Company cannot guarantee that the share price will appreciate in value. The Company may become unattractive to investors, leading to pressure on the share price and discount. This may be due to any of a variety of factors, including investment performance or regulatory change.	Any company's share price is affected by supply and demand for its shares and fluctuations in share price are a risk inherent in investing in the Company. In seeking to mitigate the discount, the Board looks at both supply and demand for the Company's shares. The Board seeks to manage the risk of any widening of the discount by regularly reviewing the level of discount at which the Company's shares trade. If necessary and appropriate, the Board may seek to limit any significant widening through measured buybacks of shares. The Investment Manager has a comprehensive marketing, investor relations and public relations programme which seeks to inform both existing and potential investors of the attractions of the Company and the investment approach. We have a marketing budget to meet third-party costs in marketing our shares.	

PRINCIPAL AND EMERGING RISKS	RISK TOLERANCE AND MITIGATING ACTIONS	MOVEMENT
Outsourcing The Company outsources all of its key functions to third parties, in particular the Investment Manager, and any control failures or gaps in the systems and services provided by third parties could result in a financial loss or damage to the Company.	The Board insists that all of its suppliers (and, in particular, the Investment Manager, the Custodian, the Depositary, the Company Secretary, the Administrator and the Registrar) have effective control systems which are regularly reviewed. The Board assesses thoroughly the risks inherent in any change of supplier, including the internal controls of any new supplier.	◀▶
Climate change As evidence of the effects of climate change grows, there is increasing focus on investment companies' role in influencing investee companies' approach to climate change.	The Board maintains a strategic overview of the portfolio, including ESG criteria. Management of the portfolio, including the integration of ESG considerations into portfolio construction, is delegated to AVI, the Investment Manager. As a responsible steward of assets, AVI fully supports policies and actions implemented by its portfolio companies to support a sustainable environment. AVI engages actively with its portfolio companies, and looks to understand how each company approaches stewardship of the environment, as well as seeking to identify any unacceptable practices that are detrimental to the environment or climate.	◀▶
Pandemic While the effects of the COVID-19 pandemic receded during the year, there continue to be outbreaks and the Board remains alert to continuing risks. A pandemic such as this affects both (i) the management and operations of the Company and (ii) the Company's investments.	In large parts of the world, restrictions to prevent the spread of the COVID-19 virus have been eased or removed completely in the last few months. However, this is not universally the case, and parts of China and Hong Kong in particular continue to have severe restrictions on movement. The Investment Manager continues to take full account of the likely effects of the pandemic on portfolio investments. The Board is also aware of the risk of further outbreaks of the virus and the possibility of restrictions being reimposed which could again affect the Company's operations. The Board has been reassured by the ability of the Investment Manager and other key service providers to continue to provide a good service while dealing with the effects of COVID-19 related restrictions.	▼

The principal financial risks are examined in more detail in note 14 to the financial statements on pages 79 to 84.

Strategic Report / Section 172 Statement

SECTION 172

Section 172 of the Companies Act 2006 (Companies Act) states that: A Director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following six items.

Further, the Companies (Miscellaneous Reporting) Regulations 2018 require Directors to explain how they have discharged their duties under section 172(1) of the Companies Act 2006 in promoting the success of their companies for the benefit of "members as a whole". The Board's approach is described under "Stakeholders" on the next page.

(a) the likely consequences of any decision in the long term	In managing the Company, the aim of the Board and of the Investment Manager is always to ensure the long-term sustainable success of the Company and, therefore, the likely long-term consequences of any decision are a key consideration. In managing the Company during the year under review, we acted in the way which we considered, in good faith, would be most likely to promote the Company's long-term sustainable success and to achieve its wider objectives for the benefit of our shareholders as a whole, having had regard to our wider stakeholders and the other matters set out in section 172 of the Companies Act.
(b) the interests of the company's employees	The Company does not have any employees.
(c) the need to foster the company's business relationships with suppliers, customers and others	The Board's approach is described under "Stakeholders" on the next page.
(d) the impact of the company's operations on the community and the environment	The Board takes a close interest in ESG issues and sets the overall strategy. As management of the portfolio is delegated to the Investment Manager, the practical implementation of policy rests with AVI. A description of AVI's ESG policy is set out on pages 26 to 29.
(e) the desirability of the company maintaining a reputation for high standards of business conduct	The Board's approach is described under "Culture and Values" below.
(f) the need to act fairly as between members of the company	The Board's approach is described under "Stakeholders" on the next page.

Culture and Values

The Directors' overarching duty is to promote the success of the Company for the benefit of investors, with due consideration of other stakeholders' interests. The Company's approach to investment is explained in the Investment Manager's Review. The Directors aim to achieve a supportive business culture combined with constructive challenge and to provide a regular flow of information to shareholders and other stakeholders.

The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance, including those relating to diversity, bribery (including the acceptance of gifts and hospitality), tax evasion, conflicts of interest, and dealings in the Company's shares. The Board assesses and monitors compliance with these policies regularly through Board meetings and the annual evaluation process. The Board seeks to appoint the most appropriate service providers for the Company's needs and evaluates the services on a regular basis. The Board considers the culture of the Investment Manager and other service providers through regular reporting and by receiving regular presentations, as well as through ad hoc interaction.

The Board also seeks to control the Company's costs, thereby enhancing performance and returns for the Company's shareholders. The Directors consider the impact on the community and environment. The Board and Investment Manager work closely together in developing and monitoring the Company's approach to environmental, social and governance matters.

STAKEHOLDERS

In line with the Companies (Miscellaneous Reporting) Regulations 2018, during the year under review the Board considered in detail which individuals and organisations should be regarded as stakeholders.

Its views are set out in the table below:

STAKEHOLDERS	WHY THEY ARE IMPORTANT	BOARD ENGAGEMENT
Shareholders	As the Company is an investment trust, its shareholders are, in effect, also its customers. Continued shareholder support and engagement are critical to the existence of the Company and to the delivery of the long-term strategy.	The Company has a large number of shareholders, including professional and private investors. Over the years, the Company has developed various ways of engaging with its shareholders, in order to gain an understanding of their views. These include: ✓ **Annual General Meeting** – The Company welcomes attendance from shareholders at AGMs. At the AGM, the Investment Manager always delivers a presentation and all shareholders have an opportunity to meet the Directors and ask questions; ✓ **Information from the Investment Manager** – The Investment Manager provides written reports with the annual and interim results, as well as monthly Factsheets which are available on the Company's website. Their availability is announced via the stock exchange; ✓ **Investor Relations updates** – At every Board meeting, the Directors receive updates on the share trading activity, share price performance and any shareholders' feedback, as well as any publications or comments in the press; ✓ **Working with external partners** – The Board receives regular updates from the Corporate Broker and also engages some external providers, such as communications advisers, to obtain a detailed view on specific aspects of shareholder communications; ✓ **Feedback from shareholders** – The Board values the feedback and questions that it receives from shareholders and takes note of individual shareholders' views in arriving at decisions which are taken in the best interests of the Company and of shareholders as a whole. The Chairman welcomes meetings with major shareholders, as well as enquiries and feedback from all shareholders. The Chairman can also be contacted via email at chair@aviglobal.co.uk or by letter to the Company's registered office. The Chairman, the Senior Independent Director or any other member of the Board can be contacted via either the Company Secretary or the Corporate Broker, both of which are independent of the Investment Manager. Recent examples of decisions resulting from feedback from shareholders were; • the change of the Company's name in May 2019; • rebalancing of the proportion of the dividend paid as an interim dividend in the 2019/2020 accounting year; • the Share Split which was completed in January 2022; and • cancellation of some of the shares held in treasury in February 2022.

Strategic Report / Stakeholders continued

STAKEHOLDERS	WHY THEY ARE IMPORTANT	BOARD ENGAGEMENT
Lenders	The Company has raised capital in the form of both short-term and long-term debt from a small group of lenders. Although the Company is not dependent on debt funding to maintain its operations, continued support from lenders is important to maintain the financial stability of the Company and flexibility in the investment portfolio.	All of the Company's debt is subject to contractual terms and restrictions. We have an established procedure to report regularly to our lenders on compliance with debt terms. It is our policy that all interest and repayments of principal will continue to be made in full and on time.

SERVICE PROVIDERS

The Investment Manager

The Investment Manager's performance is critical for the Company to deliver its investment strategy and meet its objective.

The Administrator and Company Secretary

The Administrator and Company Secretary are key to the effective running of the Company.

Other key service providers

The Company has a number of other key service providers, each of which provides a vital service to the Company and ultimately to its shareholders. While all service providers are important to the operations of the Company, in this context the other key service providers are the Custodian, Depositary and Registrar.

Board engagement

Maintaining a close and constructive working relationship with the Investment Manager is crucial as the Board and the Investment Manager aim to continue to achieve long-term returns in line with the Company's investment objective. The Board seeks to:

- Encourage open discussion with the Investment Manager;
- Ensure that the interests of shareholders and of the Investment Manager are aligned and adopt a tone of constructive challenge;
- Draw on Board members' individual experience to support the Investment Manager in the sound, long-term development of investment strategy and, where relevant, the Investment Manager's business and resources.

The Board recognises that the Company is the largest client of the Investment Manager, and so the long-term success of the Investment Manager is closely aligned to that of the Company.

The Company Secretary attends all Board and Committee meetings.

The Management Engagement Committee undertakes an annual review of the key service providers, encompassing performance, level of service and cost. Each provider is an established business and each is required to have in place suitable policies to ensure that they maintain high standards of business conduct, treat customers fairly and employ corporate governance best practice.

Our policy is that all bills and expense claims from suppliers are paid in full, on time and in full compliance with the relevant contracts.

Environmental, Social and Governance (ESG) Issues

Both the Board and AVI recognise that social, human rights, community, governance and environmental issues have an effect on its investee companies.

The Board firmly supports AVI in its belief that good corporate governance will help to deliver sustainable long-term shareholder value. AVI is an investment management firm that invests on behalf of its clients and its primary duty is to produce returns for its clients. AVI seeks to exercise the rights and responsibilities attached to owning equity securities in line with its investment strategy. A key component of AVI's investment strategy is to understand and engage with the management of public companies. AVI's Environmental, Social and Governance Policy, which is summarised on pages 26 to 29, recognises that shareholder value can be enhanced and sustained through the good stewardship of executives and boards. It therefore follows that in pursuing shareholder value AVI will implement its investment strategy through proxy voting and active engagement with management and boards.

The Company is an investment trust and so its own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions-producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

The Company has no employees. The Company's principal suppliers, which are listed on the inside back cover of this report, have confirmed that they comply with the provisions of the UK Modern Slavery Act 2015.

The Directors do not have service contracts. There are five Directors, three male and two female. Susan Noble will retire at the conclusion of this year's AGM. Further information on the Board's Diversity policy and the policy on recruitment of new Directors is contained on page 57.

FUTURE STRATEGY

The Board and the Investment Manager have long believed in their focus on investment in high-quality undervalued assets and that, over time, this style of investment has been well rewarded.

The Company's overall future performance will, inter alia, be affected by: the Investment Manager's decisions; investee companies' earnings, corporate activity, dividends and asset values; and by stock market movements globally. Stock markets are themselves affected by a number of factors, including: economic conditions; central bank and other policymakers' decisions; political and regulatory issues; and currency movements.

The Company's performance relative to its peer group and benchmark will depend on the Investment Manager's ability to allocate the Company's assets effectively, and manage its liquidity or gearing appropriately. More specifically, the Company's performance will be affected by the movements in the share prices of its investee companies in comparison to their own net asset values.

The overall strategy remains unchanged.

Approval of Strategic Report

The Strategic Report has been approved by the Board and is signed on its behalf by:

Susan Noble
Chairman

7 November 2022

Strategic Report / Ten Largest Equity Investments

The top ten equity investments make up 54.6% of the net assets*, with underlying businesses spread across a diverse range of sectors and regions.

All discounts are estimated by AVI as at 30 September 2022, based on AVI's estimate of each company's net asset value.

* For definitions, see Glossary on pages 103 to 106.

** % of net assets.

View our investment platforms
www.aviglobal.co.uk

54.6%**

1 | 2 | 3 | 4 | 5 | 6

1 PERSHING SQUARE HOLDINGS

Classification
Closed-ended Fund

Valuation
£87.1m

% of net assets
9.0%

Discount
-34%

A Euronext and London listed closed-ended fund managed by a high-profile activist manager. The fund owns a concentrated portfolio of quality US companies. Pershing Square trades on a 34% discount to NAV, which we regard as unsustainably wide for a portfolio of large-cap, liquid securities, particularly given the manager's activist strategy.

Source / Brian Schulman

2 EXOR

Classification
Holding Company

Valuation
£71.3m

% of net assets
7.4%

Discount
-43%

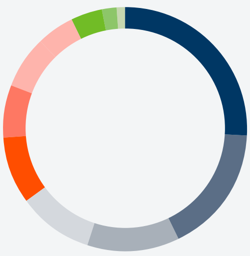
EXOR is an Italian listed holding company run by the Agnelli family, which traces its roots back to the formation of FIAT in 1899. It has exposure to three main assets, all of which are listed: Stellantis, Ferrari and CNH Industrial. Having sold its stake in private business PartnerRe, EXOR now has significant cash to put to work. The Agnelli family has a strong history of value creation and, by aligning investors capital with theirs, we believe there is a good prospect of achieving outsized returns.

Source / CNH Industrial

DIVERSIFIED

Our portfolio contains broad diversification to sectors and companies.

LOOK-THROUGH SECTOR BREAKDOWN



- Consumer Discretionary: **26%**
- Communication Services: **17%**
- Industrials: **12%**
- IT: **10%**
- Consumer Staples: **9%**
- Financials: **7%**
- Energy: **7%**
- Materials: **5%**
- Real Estate: **4%**
- Healthcare: **2%**
- Utilities: **1%**

6 CHRISTIAN DIOR

Classification
Holding Company

Valuation
£46.7m

% of net assets
4.8%

Discount
-16%

Christian Dior's sole asset is a 41% stake in LVMH, the luxury goods conglomerate. We view LVMH as a highly attractive asset, with diverse exposure across Fashion & Leather, Wine & Spirits, Perfume & Cosmetics, Watches & Jewellery, and Selective Retail. LVMH's collection of brands is unique and the rich cultural heritage underlying them is impossible to replicate. These factors drive strong demand, high pricing power and attractive margins. We see strong earnings upside from LVMH, as well as potential returns from the collapse of the holding structure.

Source / Getty Images / Fitzer

7 FEMSA

Classification
Holding Company

Valuation
£40.5m

% of net assets
4.2%

Discount
-39%

FEMSA is a Mexican family controlled holding company with roots dating back to the establishment of Mexico's first brewery in 1890. The bulk of the value (72% of NAV) lies in unlisted FEMSA Comercio, which operates Oxxo-branded convenience stores, and other small-format retail stores, across Mexico and Latin America. These stores have a long growth runway, which should drive low double-digit sales growth and low teen EBIT growth as operational leverage expands margins. On top of this store network (1.5x more Oxxo stores than banks in Mexico), Oxxo have layered digital payments solutions catering for Mexico's large unbanked population.

Source / FEMSA

47.2%**

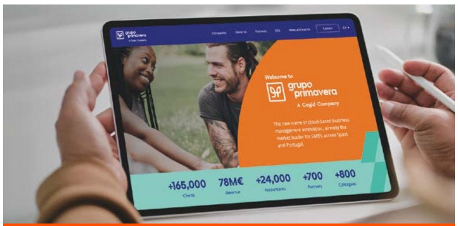
7 8 9 10

3 AKER ASA

Classification	Valuation
Holding Company	£69.0m
% of net assets	**Discount**
7.1%	-24%

Aker is a Norwegian holding company with investments principally in oil & gas, renewables & green tech, marine-related activities and industrial software. Its largest assets are Aker BP, a Norwegian oil exploration and development company, and Aker Horizons, a holding company established to invest in renewable energy and technology. Aker has a history of active portfolio management, deal-making and value creation, with a track record of strong shareholder returns since Initial Public Offering (IPO) in 2004.

Source / Aker ASA / Xvision



4 OAKLEY CAPITAL INVESTMENTS

Classification	Valuation
Closed-ended Fund	£60.9m
% of net assets	**Discount**
6.3%	-42%

Oakley Capital Investments (OCI), is a London listed closed-ended fund which invests in the private funds run by Oakley Capital, a UK-based private equity firm. OCI owns a portfolio of fast-growing businesses in the consumer, education and technology sectors. Its process focuses on less intermediated markets and complex deals (e.g. carve-outs), which avoids the auction process, sourced by a network of entrepreneurs who believe in the Oakley philosophy. We believe that OCI's significant discount will narrow from continued NAV outperformance arising from realised exits, and the continued earnings growth of its tech-enabled portfolio.

Source / Oakley Capital

KKR

5 KKR & CO

Classification	Valuation
Holding Company	£53.2m
% of net assets	**Discount**
5.5%	-44%

A US listed alternative asset manager with c. USD470bn of assets under management. KKR is one of the largest companies in an industry with appealing structural characteristics, underpinned by valuable fee-related earnings.

Source / Kohlberg Kravis Roberts & Co. L.P.

8 GODREJ INDUSTRIES

Classification	Valuation
Holding Company	£34.1m
% of net assets	**Discount**
3.5%	-65%

Godrej Industries is an Indian listed holding company with a track record of significant value creation under the stewardship of the Godrej family, who hold a 67% stake. Through its two main assets, Godrej Consumer and Godrej Properties, Godrej offers exposure to high quality well-managed companies that are highly geared to India's long-term economic growth generally, and consumer spending power specifically, at a very wide 65% discount.

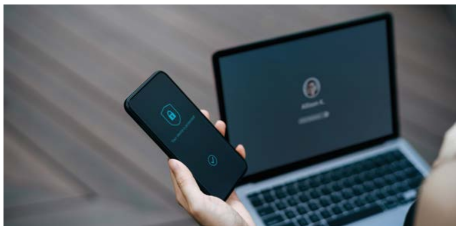
Source / Godrej

9 APOLLO GLOBAL MANAGEMENT

Classification	Valuation
Holding Company	£32.7m
% of net assets	**Discount**
3.4%	-45%

A value-orientated US listed alternative asset manager with c. USD500bn of assets under management. Following its merger with Athene Insurance, Apollo has ambitious plans to grow its "Fixed Income Replacement Opportunity" offering within a $40 trillion market.

Source / Photo courtesy of Apollo



10 THIRD POINT INVESTORS

Classification	Valuation
Closed-ended Fund	£32.6m
% of net assets	**Discount**
3.4%	-17%

A London listed closed-ended fund run by a high-profile activist manager. The fund invests in both long and short equity and credit, with a long equity bias.

Source / Getty Images / d3sign

Strategic Report / Investment Portfolio

As at 30 September 2022

Company	Portfolio classification	% of investee company	IRR (%, £)[1]	ROI (%, £)[2]	Cost £'000[3]	**Valuation £'000**	% of net assets
Pershing Square Holdings	Closed-ended Fund	0.8%	18.8%	40.2%	62,984	**87,138**	9.0%
EXOR	Holding Company	0.5%	8.3%	25.2%	60,590	**71,307**	7.4%
Aker ASA	Holding Company	1.6%	17.5%	83.7%	56,389	**69,000**	7.1%
Oakley Capital Investments	Closed-ended Fund	9.2%	23.7%	106.6%	28,760	**60,886**	6.3%
KKR and Co	Holding Company	0.2%	32.3%	80.4%	30,305	**53,210**	5.5%
Christian Dior	Holding Company	0.1%	25.2%	67.2%	28,576	**46,707**	4.8%
Fomento Economico Mexicano	Holding Company	0.3%	4.2%	5.0%	39,314	**40,529**	4.2%
Godrej Industries	Holding Company	2.1%	-1.1%	-3.0%	35,201	**34,055**	3.5%
Apollo Global Management	Holding Company	0.1%	4.0%	5.0%	32,245	**32,736**	3.4%
Third Point Investors	Closed-ended Fund	3.9%	9.7%	44.4%	23,226	**32,574**	3.4%
Top ten investments					**397,590**	**528,142**	**54.6%**
Symphony International Holdings	Closed-ended Fund	15.7%	8.5%	50.4%	26,636	**32,452**	3.4%
Schibsted ASA B	Holding Company	2.2%	nm	-14.1%	37,813	**32,232**	3.4%
Wacom	Asset-backed Special Situation	4.4%	-10.8%	-10.3%	36,361	**31,849**	3.3%
DTS Corp	Asset-backed Special Situation	2.7%	17.0%	35.7%	21,935	**28,413**	2.9%
Sony Corp	Asset-backed Special Situation	0.0%	13.4%	37.7%	20,842	**27,993**	2.8%
IAC Inc.	Holding Company	0.6%	-54.7%	-50.2%	51,667	**26,719**	2.8%
Eurazeo	Holding Company	0.7%	-29.6%	-23.0%	34,439	**25,341**	2.6%
Third Point Offshore Fund	Closed-ended Fund	3.9%	4.4%	2.1%	23,384	**24,117**	2.5%
Fujitec	Asset-backed Special Situation	1.4%	18.6%	43.9%	14,220	**20,277**	2.1%
D'Ieteren Group	Holding Company	0.3%	nm	17.0%	17,455	**20,216**	2.1%
Top twenty investments					**682,342**	**797,751**	**82.5%**
Pantheon International	Closed-ended Fund	1.2%	nm	-2.5%	15,609	**15,218**	1.6%
NS Solutions	Asset-backed Special Situation	0.7%	1.7%	3.2%	14,707	**14,612**	1.5%
Harbourvest Global Private Equity	Closed-ended Fund	0.8%	nm	-3.4%	14,214	**13,727**	1.4%
SK Kaken	Asset-backed Special Situation	1.8%	-9.2%	-29.2%	19,056	**13,037**	1.3%
Molten Ventures	Closed-ended Fund	2.7%	nm	-24.3%	16,758	**12,679**	1.3%
Pasona Group	Asset-backed Special Situation	2.1%	12.1%	35.7%	9,139	**11,056**	1.1%
Jardine Matheson Holdings	Holding Company	0.1%	nm	8.5%	9,961	**10,745**	1.1%
Cannae Holdings	Holding Company	0.7%	nm	-4.9%	10,876	**10,340**	1.1%
Digital Garage	Asset-backed Special Situation	1.0%	1.8%	3.4%	10,901	**9,780**	1.0%
ICG Enterprise Trust	Closed-ended Fund	1.4%	nm	-7.8%	10,364	**9,556**	1.0%
Top thirty investments					**813,927**	**918,501**	**94.9%**

Company	Portfolio classification	% of investee company	IRR (%, £)[1]	ROI (%, £)[2]	Cost £'000[3]	**Valuation £'000**	% of net assets
Hipgnosis Songs Fund	Closed-ended Fund	0.8%	-0.7%	-0.8%	11,911	**9,108**	0.9%
VNV Global	Holding Company	4.0%	68.4%	41.5%	11,492	**8,817**	0.9%
Konishi	Asset-backed Special Situation	2.1%	-2.1%	-6.8%	9,759	**8,231**	0.9%
JPEL Private Equity	Closed-ended Fund	18.4%	20.4%	103.4%	2,010	**6,280**	0.6%
Toagosei	Asset-backed Special Situation	0.7%	-2.9%	-9.1%	7,307	**5,776**	0.6%
NB Private Equity Partners	Closed-ended Fund	0.8%	nm	0.8%	5,378	**5,418**	0.6%
VEF	Holding Company	2.9%	nm	-7.0%	5,571	**5,172**	0.5%
T Hasegawa	Asset-backed Special Situation	0.7%	nm	8.7%	4,458	**4,800**	0.5%
Nihon Kohden	Asset-backed Special Situation	0.2%	nm	-0.4%	4,127	**4,113**	0.4%
Teikoku Sen-I	Asset-backed Special Situation	1.5%	-0.5%	-1.4%	6,177	**4,029**	0.4%
Top forty investments					882,117	980,245	101.2%
Shin Etsu Polymer	Asset-backed Special Situation	0.5%	19.0%	4.2%	2,887	**2,956**	0.3%
abrdn Private Equity Opportunities	Closed-ended Fund	0.2%	nm	-3.9%	1,248	**1,193**	0.1%
Better Capital (2009)	Closed-ended Fund	17.4%	22.2%	41.4%	1,962	**978**	0.1%
Seraphim Space Investment	Closed-ended Fund	0.5%	nm	4.6%	670	**700**	0.1%
Ashmore Global Opportunities – GBP	Closed-ended Fund	8.5%	3.3%	6.5%	48	**336**	0.0%
Toyo Construction	Asset-backed Special Situation	0.1%	12.8%	3.3%	22	**23**	0.0%
Equity investments at fair value					888,954	986,431	101.8%

Short-term debt instruments, other net current assets less current liabilities	105,970	10.9%
Non-current liabilities	(122,893)	-12.7%
Net assets	969,508	100.0%

1 Internal Rate of Return. Calculated from inception of AGT's investment. Refer to Glossary on pages 103 to 106.
2 Return on investment. Calculated from inception of AGT's investment. Refer to Glossary on pages 103 to 106.
3 Cost. Refer to Glossary on pages 103 to 106.

Investment Review / Investment Manager's Review

About Asset Value Investors

OUR EDGE

Asset Value Investors specialises in finding companies which have been overlooked or under-researched by other investors. Investments that for one reason or another are priced below their true value but can be made into profitable performers. AVI believes its strategy and investment style differentiate it from other managers in the market because of the following:

1

37 years' experience of long-term outperformance following our distinctive investment style (annualised NAV total returns of 11.4% since 1985*).

2

AVI actively looks for the catalyst within a company which will narrow the discount.

3

AVI promotes active involvement to improve corporate governance and to unlock potential shareholder value.

* Refer to Glossary on pages 103 to 106.

Please visit our website for more information: **www.aviglobal.co.uk**

AVI Global Trust

The aim of AVI is to deliver superior investment returns. AVI specialises in investing in securities that for a number of reasons may be selling on anomalous valuations.

Our focus on buying high-quality businesses trading at wide discounts to their net asset value has served us well over the long term. There are periods of time, however, when our style is out of favour and the types of companies in which we invest are ignored by the broader market. This requires us to be patient and to remain true to our style, so that when other investors begin to appreciate the value in those companies, we are well placed to benefit. In the short term, this means that there could be some volatility in our returns. However, we are confident that we own high-quality businesses, which are trading on cheap valuations.

Members of the investment team at AVI invest their own money in funds which they manage. As at 30 September 2022, AVI's investment team owned 1,964,479 shares in AGT.

Overview of AVI's Investment Philosophy

Introduction to the Strategy

Asset Value Investors invests in overlooked and under-researched companies, which own quality assets, and trade at discounts to NAV. This philosophy typically leads us to invest in structures such as family-controlled holdings companies, closed-ended funds and, more recently, Japanese cash-rich operating companies. However, our views on the types of structures through which we invest are entirely agnostic, and portfolio weightings are determined solely by the opportunity set and our judgement of the risk-reward potential.

Our research process involves conducting detailed fundamental research in order to: (a) understand the drivers of NAV growth; and (b) assess the catalysts for a narrowing discount. We often engage actively with management, in order to provide suggestions for improvements that we believe could help narrow the discount or improve operations.

Holding Companies

When we consider a holding company as an investment, we seek several characteristics. The first is a high-quality portfolio of listed and/or unlisted businesses with the potential for sustained, above average, long-term growth. Many of the underlying companies that we have exposure to are world-famous brands, and include: LVMH, Ferrari, Stellantis, PlayStation, MGM Resorts, Heineken, and many more.

Secondly, we look for the presence of a controlling family or shareholder with a strong track record of capital allocation and returns in excess of broader equity markets. Long-term shareholders provide strategic vision; many of our holding companies have been family-controlled for generations. This combination of attractive, quality assets managed by long-term capital allocators creates the potential for superior NAV growth.

Finally, we invest at a discount to NAV, preferably with a catalyst in place to narrow the discount. This provides an additional source of returns. We estimate that historically about three-quarters of our returns from holding company investments have come from NAV growth and one-quarter from discount tightening.

Closed-ended Funds

Similar to holding companies, we look for certain qualities when we consider a closed-ended fund investment. Most importantly, we look for portfolios of high-quality assets (both listed and unlisted) with good growth potential. Our portfolio of closed-ended funds gives us exposure to many quality companies, such as Chipotle Mexican Grill, Hilton Worldwide, Universal Music Group, Disney, Canadian Pacific Railway, BlaBlaCar, Voi, and many more.

We also focus to a great extent on the discount to NAV at which the closed-ended fund trades. In a nuanced distinction from holding companies, we usually insist on a high probability of the discount narrowing or vanishing entirely before we will consider making an investment. In accordance with this, our stakes in closed-ended funds are larger, and we engage with management, boards, and other shareholders to enact policies to help narrow discounts and boost shareholder returns. Historically, our portfolio of closed-ended funds has generated half of its returns from discount narrowing.

Asset-Backed Special Situations

The majority of this portion of the portfolio consists of investments outside of holding companies and closed-ended funds. For several years now, these investments have largely been in Japanese cash-rich operating companies. At present, we hold positions in 13 Japanese operating companies which have, on average, 57% of their market value in cash and listed securities.

Japanese companies have a reputation for overcapitalised balance sheets, but we believe that the winds of change are blowing in Japan. The Japanese government has been championing efforts to improve corporate governance and enhance balance-sheet efficiency, and this programme is beginning to have an effect. Major pension funds have signed up to a new Stewardship Code, boards of directors are guided by the principles of an updated Corporate Governance Code, and there is an identifiable uptick in the presence of activist investors on Japanese share registers.

We can see evidence of this change in increasing payout ratios, buybacks, and more independent directors. We believe that our Japanese holdings stand to benefit from this powerful trend, and that the market will assign a much higher multiple to these companies if it reassesses the probability of the excess cash and securities being returned to shareholders. We are active in pursuing this outcome and engage continuously with the boards and management of our holdings to argue for a satisfactory outcome for all stakeholders.

The focus is on quality, cash-generative businesses with low valuations (our current portfolio trades on just 6.5x EV/EBIT). These are the sorts of businesses that one should be happy to own; as such, we can afford to take a long-term view on our holdings as we engage with boards and management to create value for all stakeholders.

Summary

Our strategy centres upon investing in companies which own diversified portfolios of high-quality assets. In each case, we have sought to invest in companies where the market has misunderstood or overlooked the value on offer, and where our analysis shows that there is a reasonable prospect of this being corrected. The historic returns from this strategy have been strong and came from a combination of discount narrowing and NAV growth.

Investment Review / Promoting Sustainable Attitudes

It is our view that a responsible approach to the environment, society and governance is key to long-term sustainable businesses. This guiding principle is embedded not only in our investment philosophy but in how we manage Asset Value Investors as a company.

EMPLOYEES WITH EQUITY OWNERSHIP IN AVI

67%

ONE OF THE ORIGINAL 200 INVESTMENT FIRMS TO SUPPORT 10,000 BLACK INTERNS PROGRAMME

1/200

DIVERSITY OF WORKFORCE

	2022 Number	2022 %
Male	14	66.7
Female	7	33.3

1 PURPOSE

Helping our clients to make the most of their financial future.

The people at Asset Value Investors (AVI) are committed to leveraging our long heritage, stewardship, and expertise to make investing responsible, accessible, and profitable for everyone – individuals, families, institutions, private companies, and listed companies. Financial returns matter but we are in a unique position to influence positive change by questioning the practices of the companies we invest in for a more sustainable future.

2 PHILOSOPHY

We are fundamentally committed to supporting long-term sustainable businesses that will grow and participate in the prosperity of the economy, with a responsible approach to the environment, society and governance.

We believe that the integration of ESG and sustainability considerations into our investment strategy is not only integral to comprehensively understanding each investment's ability to create long-term value but aligned with our values as responsible investors.

Responsible investing requires rigorous analysis, judgement, and a thorough understanding of the associated risks. We track and monitor the progress of our investee companies in relation to material ESG factors, and are committed to actively engaging with our portfolio companies. Through constructive dialogue with boards and management, collaborative engagement, and proxy voting, we seek to promote sustainable attitudes and help build resilience to long-term financially relevant ESG risks.

3

PRINCIPLES

We are aligned with the UN PRI's belief that an economically efficient, sustainable global financial system is a necessity for long-term value creation.

Such a system will reward long-term, responsible investment and benefit the environment and society as a whole. AVI became a signatory to the UN-supported Principles for Responsible Investment (UNPRI) on 09 April 2021. In doing so we have confirmed our belief in our duty to act in the best long-term interests of our beneficiaries, and that the below principles will better align investors with the broader objectives of society.

PRI Principles for Responsible Investment

1. We will incorporate ESG issues into investment analysis and decision-making processes.

2. We will be active owners and incorporate ESG issues into our ownership policies and practices.

3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.

4. We will promote acceptance and implementation of the Principles within the investment industry.

5. We will work together to enhance our effectiveness in implementing the Principles.

6. We will report on our activities and progress towards implementing the Principles.

Read more about the PRI: **www.unpri.org/**

The Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information.

We believe that the TCFD recommendations provide a useful framework to increase transparency on climate-related risks and opportunities within financial markets and help to encourage sustainable business attitudes and practices. Asset Value Investors became supporters of TCFD in May 2021.

BESPOKE ESG MONITORING SYSTEM

Our ESG policy defines a formalised approach to monitoring the ESG performance of our companies. AVI has developed a bespoke system to track the performance and progress of our portfolio companies against defined ESG metrics. This is built into our proprietary database to ensure that ESG considerations are integrated into each stage of analysis, as well as elevating our ability to constructively engage with our portfolio companies. This is our first year of implementing the ESG policy, and we are in the process of undertaking assessments on our companies.

TAILORED QUESTIONNAIRES

These assessments inform tailored questionnaires that we are sending to each company to request further information and promote improved sustainability disclosure. The information we receive from companies is fed back into our database and helps us to better understand their approach to these issues.

4

APPROACH

As research-driven value investors, we seek to truly understand each company in our portfolio and the context within which it operates on a case-by-case basis.

Our approach to ESG reflects this. Our process does not involve the use of a filter to screen out negative-scoring ESG stocks or a filter to only include positive scoring ESG stocks, as we believe this is inconsistent with our unique bottom-up investment strategy. Instead, AVI seeks to integrate ESG into each stage of analysis and has built a proprietary ESG monitoring system to support this.

5

DEFINING 'E', 'S' & 'G'

AVI has identified the factors that we believe are the most material and relevant to our investments.

We have drawn on the World Economic Forum's '21 core metrics' published in September 2020 – which aims to collate and unify multiple corporate sustainability reporting frameworks – as the foundation of our metrics, adapting them to reflect the uniqueness of AVI and its portfolio.

It is our view that effective ESG integration should be regarded as a constantly evolving practice. It should therefore be noted that our chosen sub-sections within 'E' 'S' and 'G' and their respective metrics are not exhaustive, and are subject to change both as our integration of ESG deepens further and our expectations of corporate ESG performance increase over time.

We define Environmental sustainability within the context of:

- Environmental Impact
- Tackling Climate Change
- Sustainable Management

Our Social focus is divided into:

- Dignity and Equality
- Wellbeing and Development
- Community Engagement

Our approach to Governance includes:

- Quality of Governing Body
- Corporate Strategy
- Ethical Behaviour

Investment Review / Promoting Sustainable Attitudes continued

6 STEWARDSHIP

Good stewardship is essential to preserving and enhancing long-term value.

We view stewardship as a continuous practice and ongoing monitoring of our portfolio companies is fundamental to this. Our ESG monitoring system is a key part of this process, helping us to identify potential areas of engagement and empowering us to effectively engage where appropriate.

Active engagement is at the core of our investment strategy. As long-term investors, our aim is to build constructive relationships with the Boards and management of the companies in which we invest, offering suggestions to sustainably improve corporate value. Through constructive engagement, we encourage and expect investee companies to take meaningful action in addressing issues and weaknesses in the context of long-term value creation.

Controversy Monitoring
Controversies can bring major reputational damage and a loss of consumer trust to a brand which can have a significant effect on their value. Powered by ISS Norm-Based Research, we closely monitor any controversies and potential violations of international norms associated with our universe. Whilst our hope is that controversies do not occur, they can be a marker of how well a company's policies are integrated into business operations and culture. This is useful to us as investors in highlighting vulnerabilities, structural problems and indicating where improvements can be made.

> We are committed to actively engaging with our portfolio companies to help build resilience to long-term financially relevant ESG risks and promote sustainable attitudes.

Proxy Voting:
As responsible, active stewards of our clients' capital, we have a duty to vote carefully and thoughtfully on their behalf, and we take this duty seriously. We aim to vote at every general meeting for which we are eligible.

Private Engagement:
The majority of our engagement takes place behind closed doors. We continue to be in regular communication with our portfolio companies on a wide range of topics.

Public Engagement:
We are willing to take our engagement public if necessary. We launched a number of public campaigns during 2022 and submitted shareholder proposals covering issues related to 'E' 'S' and 'G'.

AGT 2022 PROXY VOTING RECORD**

Total voted
100%*

Voted against management
15%

Voted with management
85%

* 4% of these votes were not officially counted for technical reasons.
** As at 30/09/2022

Useful resources
https://www.weforum.org/stakeholdercapitalism/our-metrics

https://www.assetvalueinvestors.com/process/esg-approach/

www.issgovernance.com/esg/screening/

Source / Getty Images / terminator1

HIGHLIGHTING OUTCOMES FROM OUR ENGAGEMENTS

1. **DTS** improves board diversity, appointing two female board members and establishes a Sustainability Committee.

2. **Third Point Investors** appoints Richard Boléat as new independent non-executive Director. Read more about our campaign: https://www.assetvalueinvestors.com/agt/campaign/avi-requisitions-third-point-investors-to-call-an-egm/

3. **T Hasegawa** establishes an English-speaking global IR team and makes its sustainability disclosures available in English.

Investing responsibly – Painting a better SK Kaken

SK Kaken is the leading architectural paints manufacturer in Japan. Despite a high-quality business model and a dominant share of the domestic construction paint market, its share price has consistently underperformed both global and domestic peers.

Climate change is perhaps the biggest global challenge we face, and failure to act will have devastating consequences. Japan is the sixth largest emitter of greenhouse gases. Its industrial sector accounts for 37% of national energy-related emissions and within this sector, the chemical industry is the second largest emitter[1]. We believe that good governance is the linchpin to a strong business that responsibly manages environmental and social issues. SK Kaken is controlled by its founding family who own approximately 40% of shares and hold key senior executive positions. This has fostered a culture of intransigence and traditionalism which not only neglects the interests of minority shareholders, but ignores the collective responsibility to act on systemic issues that impact both the long-term sustainability of the company and its wider stakeholders.

Since we became a shareholder in 2017, AVI has tried to work with management privately, offering numerous constructive suggestions to sustainably improve corporate value. Our aim is to conduct engagements behind closed doors as we feel this is usually the most conducive way to effect change; however, due to a lack of progress and with both the President and Chairman refusing to meet, AVI launched a public campaign in 2021.

In 2022, we expanded the scope of this campaign, publishing a presentation and submitting a total of six shareholder proposals covering issues such as SK Kaken's lack of board independence and failure to transparently address its environmental impact as part of our wider campaign.
https://www.assetvalueinvestors.com/painting-a-better-sk-kaken/#

We seek to raise awareness surrounding key failings, in consideration of all stakeholders and to encourage other shareholders to bring similar arguments to the company. We continue to engage with SK Kaken and given that our proposals achieved support from the majority of minority shareholders, our concerns are clearly shared widely.

[1] Source: Climate Action Tracker.

Read more about our ESG news on our website:
www.assetvalueinvestors.com/agt/commentary-updates/esg-news/

@AVIGlobalTrust
AVIGlobalTrust
AVIGlobalTrust
AVI-Global-Trust

Performance Review

Sustained periods of panic and market decline create compelling opportunities. We remain nimble and ready to seize them.

Joe Bauernfreund
Chief Investment Officer

Performance Review

We closed last year's Annual Report by saying that "inflation remains the predominant fear playing on investors' minds". Unfortunately, this fear has become a reality.

In December 2021, the Chairman of the Federal Reserve conceded that it was time to "retire" the word "transitory" in relation to inflation. Throughout 2022, rates of inflation have hit elevated levels that few could have imagined.

Central Banks have made it clear they will do "whatever it takes" to rid us of inflation, with an increasing consensus that the "whatever" part includes inducing a recession. The era of ever declining interest rates and central banks having the backs of equity investors appears well and truly behind us.

As we noted in last year's Annual Report, on a look-through basis our portfolio companies are typically characterised by strong competitive positions, pricing power and low levels of gearing. This has stood them in good stead operationally to deal with inflation. However, this has not insulated their share prices, as higher bond yields have fed through to higher discount rates and created considerable volatility.

Moreover, markets don't operate in a vacuum. Rather, they are jolted by events in the real world. Russia's invasion of Ukraine has done just this, accentuating inflationary pressures, and causing an energy crisis that European governments are working hard to resolve. Whether this spills into a full-blown economic crisis remains to be seen.

As is expected in such an environment, discounts have widened, acting as a headwind to performance. The weighted average discount to NAV of our portfolio stands at 38% today, versus 29% a year ago.

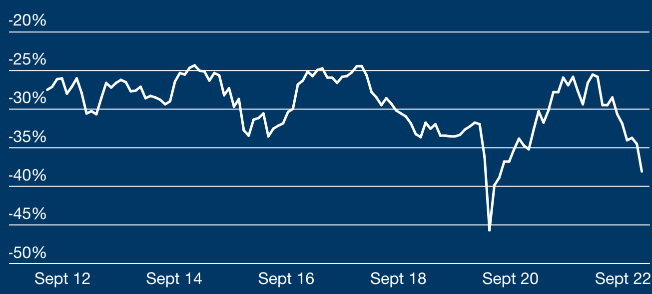
Within this context AVI Global Trust's NAV declined by -7.3% on a total return basis*. This compares to a -9.6% decline for the MSCI AC World ex-US index (our comparator benchmark) and a -4.2% return for the broader MSCI AC World Index (all figures in GBP).

In a challenging macro environment, it is notable that a number of the largest positive contributors – namely Fondul Proprietatea and DTS – are positions where we have engaged as active owners. We believe such engagement, and other types of idiosyncratic opportunities that can generate absolute returns regardless of the performance of broader markets, is an increasingly relevant part of our arsenal, particularly during periods that are less hospitable for equities en masse.

As readers will know by now, our portfolios are constructed from the bottom up, based on fundamentals and the prospects for NAV growth and discount narrowing, as opposed to some over-arching economic theory or concern for index constituent weights. We see little merit in trying to time markets and wholly subscribe to the adage that it is time in the market, not timing the market, that matters. As such, we typically aim to stay more or less 100% invested at all times.

As an Investment Trust however, we have the capacity to use gearing. We explained in the interim report how, as markets rose in calendar year 2021, we maintained our sell discipline and exited positions where discounts and valuations had become less compelling, selling Kinnevik on a large premium and exiting Investor AB on a tight discount. Come the end of February 2022, we were not employing any of the available gearing and by the summer we were in a net cash position of 7%, having exited Fondul Proprietatea.

WEIGHTED AVERAGE DISCOUNT*



Source / Estimated by Asset Value Investors.

ANNUALISED NAV 10 YEAR TOTAL RETURN PER SHARE*

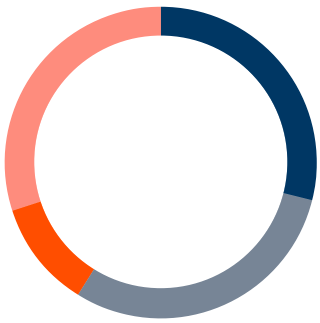
9.4%

PORTFOLIO DISCOUNT*

38.0%

For further information, please turn to **page 12 of the Annual Report**

EQUITY PORTFOLIO VALUE BY MARKET CAPITALISATION



	2022 %	2021 %
<£1 billion	**29**	25
>£1 billion – <£5 billion	**30**	28
>£5 billion – <£10 billion	**11**	11
>£10 billion	**30**	36

* For definitions, see Glossary on pages 103 to 106.

Investment Review / Investment Manager's Report continued

Performance Review continued

Over the last few months we have cautiously redeployed capital such that we are now approximately fully invested once again, but with our gearing still available to deploy. We have taken advantage of write-downs in valuations to build positions in two new European holding companies (Schibsted and D'Ieteren), and a new North American Holding Company (Cannae Holdings).

We continue to find highly attractive valuations in Japan, where there is room for us to add value through engagement, and have also taken a basket-like approach to investing in a group of closed-end funds offering exposure to private equity and venture capital trading at abnormally wide discounts, even after incorporating the impact of public market movements onto private company valuations.

In times of market stress it is easy to be melodramatic. This feels particularly relevant, as the now former UK government's recent budget proved to be anything but "mini". Volatility in Sterling and the UK Gilt markets has been extreme. There has been much financial press focus on pension funds' Liability Driven Investing strategies – attesting to the fact that potential pain points across the financial system only become apparent in times of stress.

As a global fund we will always be correlated with broader markets. With that said, our experience shows that discount widening and panic provide opportunities. Valuations – both within the portfolio and our wider universe – are increasingly attractive. Through our own activism, engagement and corporate events, there is scope for unlocking value, independent of the broader market. We believe that this will play an increasingly important role in our returns in an uncertain world. With the opportunity to deploy gearing in due course, we remain confident in our ability to take advantage of this and drive attractive long-term returns.


Source / Trio Images

A unique investment portfolio

Pershing Square Holdings (PSH) is a London listed closed-ended fund managed by high-profile activist investor, Bill Ackman. The fund offers the opportunity to own a concentrated portfolio of high-quality US companies on a 34% discount to their net asset value.

Universal Music Group (UMG) is PSH's largest holding and accounts for 23% of PSH's NAV. Through our prior research on UMG when it was owned by Vivendi, and through our exposures to Sony Music and Hipgnosis Songs Fund, we have come to appreciate the secular growth attractions of the music industry and the advantaged positioning of content owners in the value chain. Streaming has transformed the industry in terms of both growth and quality of earnings. We see a long growth runway ahead as streaming subscription services penetrate further into emerging markets, as subscription prices rise in developed markets, and as music becomes increasingly monetised on social media and in gaming, with the profits from such accruing disproportionately over time to UMG and other content owners.

Chipotle (CMG), the American chain of fast casual restaurants, accounts for a further 17% of PSH's NAV. Chipotle's business has shown significant improvements since the appointment of ex-Taco Bell boss, Brian Niccol, as CEO. Under Niccol's leadership, Chipotle has effectively reinvented itself: launching a high-growth digital strategy; improving the quality of its menu and operations; and building strong brand equity with its marketing campaigns. This reinvention was best illustrated by the company's response to COVID-19, where the company proactively accelerated its investment into the digital business. CMG introduced digital IDs, a reward scheme, and digital-only "Chipotlane" drive-thrus, offering consumers the opportunity to order ahead of time through their app. This has enabled Chipotle to build-up a database of 30m members, gaining insight into their consumption and ordering habits, and tailoring its marketing/rewards around this. Today digital represents 40% of sales. While the inflationary environment has impacted food-away-from-home, Chipotle still offers one of the most reliable/growth algorithms available on public markets, where mid-high single digit same-store-sales combined with 8-10% unit growth translates through to consistent high-level earnings growth of c. 35%. Pairing this with the strong growth runway from its personalised rewards scheme, Chipotle remains an exciting investment for PSH.

While PSH detracted -0.1% from AGT's NAV, the company's discount has widened (to 34% vs average of 21%) over the past twelve months to a level we believe does not reflect its strong long-term performance track record and attractive portfolio. PSH remains AGT's largest holding.

Read more of our insights on our website:
www.assetvalueinvestors.com/agt/about-the-trust/our-edge/insights/

@AVIGlobalTrust AVIGlobalTrust
AVIGlobalTrust AVI-Global-Trust

Investment Review / Investment Manager's Report continued

Japan: Time for a Sleeping Kaiju to Awaken

Japan is famed for its innovation and high-technology products, but its IT infrastructure lags other developed countries. Many Japanese businesses need a tech upgrade to make them more efficient, a point the Japanese government has been making for several years now.

In 2018 Japan's trade ministry, METI[1], warned that companies were in danger of falling off a 'digital cliff' due to limitations caused by the industry's ageing IT systems. METI warned that companies would have to innovate or die, else the country could fall behind other jurisdictions, potentially incurring lost potential of $120 billion a year, should they fail to achieve this digital transformation by 2025.

METI's 2018 report recommended that, in the decade that followed, Japanese companies should embrace digital transformation by overhauling IT systems that have long since passed their prime, while also harnessing cloud, big data and social technology, for Japan to remain globally competitive.

It was a stark warning from a government not known for its use of hyperbole. Businesses stood up and listened when METI told them to "organise existing, closed, overly-specific and outdated systems and determine which of them should be abolished."

Progress has been slow but steady, with the need for transformation further amplified by the pandemic, as the world became accustomed to relying on new technology to allow workforces to work remotely.

Japan's digital transformation has become a focus of the Japanese government and corporate executives. Once realised, it should improve the efficiency and agility of Japanese companies. This in turn will generate shareholder value, via higher margins and new growth domains, helping Japanese companies achieve their full potential.

DANIEL LEE
Head of Japan Research

Q What experience does AVI have in the Japan market?

A We've been investing in Japan for nearly three decades, with members of our 12-strong investment team based both in London and Tokyo. As well as a high allocation to Japan in the AVI Global Trust (AGT), we also manage the AVI Japan Opportunity Trust (AJOT), which launched in 2018.

Q How has AVI developed its expertise in Japan?

A Over the last five years, we've substantially expanded our Japan investment resources to help us better understand the market, its economy and the companies that operate within it. We have one member of the team based in Tokyo who assists with our engagement activity. In total we have four Japanese nationals which gives us a local understanding of both Japanese management perspectives and how we can work with them to add value to their businesses.

Q How do you work with companies to help them achieve their potential?

A At AVI, we pride ourselves on active engagement across all our investments. We engage with the management teams, building close relationships with our portfolio companies, to help them to develop their businesses and achieve their full potential. In Japan, engagement is a core pillar of our strategy, working on operational improvements, balance sheet efficiency, corporate governance, and other ESG issues. In fact, many Japanese companies actively seek out our help when it comes to sustainability and responsible investment.

Q What trends are you seeing in the market?

A Shareholder engagement is on the rise. 2021 marked a record high in the number of activist events in Japan and share buybacks this year are tracking to break the 2021 record.

Compared to 2015 when Japan introduced the Corporate Governance Code there has been a seismic shift in the attitudes of company management to shareholders. Shareholders are seen less as a passive stakeholder and more emphasis is being placed on good corporate governance, balance sheet efficiency and share price.

There is still some way to go, and not every company has moved with the times, but we are confident the positive trend will continue, and most importantly, that it is underappreciated by the market, offering an opportunity to exploit mispriced situations.

Q Why has AGT's Japan exposure been reduced in FY22?

A AGT's Japan exposure fell from 28% to 20% over FY22. While this may seem like a large change, this reduction is entirely attributable to: 1) our decision to exit out of Nintendo and Keisei Electric, and 2) our decision to trim our holding in Sony. The reduction was, therefore, driven by sales from large-cap Japanese companies to re-deploy into other opportunities elsewhere in our universe. The exposure to overcapitalised Japanese small-cap companies increased slightly to c.17% from 16% in FY21. Within this segment of the portfolio, we increased the emphasis on quality and the opportunity for engagement over FY22, favouring fewer, higher-quality positions e.g. Wacom and DTS.

[1] METI is Japan's Ministry of Economy, Trade and Industry.

We've been investing in Japan for over three decades, building relationships with companies and working with management to help them grow their businesses. Japan might be considered a sleeping giant (or Kaiju) right now, but as the digital transformation gets underway and shareholder engagement continues, we see opportunities for growth across the region. Now is a great time to be interested and invested in Japan.

Source / Getty Images / zf L

Engaging with our investee companies

Much like the California gold rush, where savvy entrepreneurs made their fortunes providing tools and supplies for the prospectors, it is those providing IT services that stand to gain from Japan's rush to digitise. Japanese IT service delivery companies are well placed to cash in from the inevitable tidal wave of demand for IT transformation.

DTS is a prime example of this. The systems integration and comprehensive information services company occupies a niche position in the IT service delivery market, serving up high growth and high profitability. At AVI, we seek out investment opportunities with identifiable catalysts for long-term value and the scope to unlock greater value through active engagement. Despite being well positioned for Japan's digital revolution, DTS' balance sheet efficiency, governance standards and strategy were in vital need of improvement when we initiated our position in 2020.

As the largest shareholder, owning c. 10% of the shares across AVI's funds, we have been working closely with management and the board privately to help them to live up to their slogan: 'Delivering Tomorrow's Solutions'. DTS' response to our engagement has been exemplary – bar a few minor points, all our suggestions were accepted and included in a comprehensive mid-term plan announced in May 2022 in which they set out a strategy to double EBITDA by 2030, increase ROE to 16% and focus on high-value-added IT services. Moreover, they have addressed corporate governance issues and set the foundations to guide them to long-term sustainability, adopting an Audit and Supervisory Committee structure, improving board diversity by appointing two female directors, and establishing a Sustainability Committee.

Since the announcement in May, DTS' share price has appreciated by +22% vs +2% for MSCI Japan Small Cap, and for the calendar year to date the share price is up +40% vs -1% for MSCI Japan Small Cap. Japanese firms have traditionally remained stoic in the face of external pressure and we are well aware of the careful, strategic engagement required to spur change. The positive share price performance, and significant outperformance vs the market is, we believe, a testament to our efforts and clearly demonstrates the real value of AVI's constructive activism.

METI have made it clear that the digital cliff is coming, warning Japanese firms that they must evolve or face the consequences. DTS are boldly embracing change and are set to soar from this digital cliff, taking the rest of the Japanese economy with them.

Read more of our insights on our website:
www.assetvalueinvestors.com/agt/about-the-trust/our-edge/insights/

@AVIGlobalTrust
AVIGlobalTrust
AVIGlobalTrust
AVI-Global-Trust

Investment Review / Investment Manager's Report continued

Portfolio Review

TOP 20 LOOK-THROUGH COMPANIES

AGT invests in holding companies and closed-ended funds that in turn invest in listed and unlisted companies. We show below the top 20 holdings on a 'look-through basis', i.e. the underlying companies to which we have exposure. For example, AGT owns a stake in Aker ASA, a Norwegian listed holding company, that accounts for 7.1% of AGT's NAV. One of Aker ASA's holding is Aker BP, a Norwegian Oil & Gas company, which accounts for 60% of Aker ASA's own NAV. This translates to AGT having an effective exposure to Aker BP of 4.3% of AGT's NAV. The table below is an indication of the degree of diversification of the portfolio.

Look-through companies	Parent company	Underlying look-through weight	Look-through holding sector
LVMH	Christian Dior SE	4.8%	Apparel, Accessories and Luxury Goods
KKR Fund Management Business	KKR	4.3%	Asset Management and Custody Banks
Aker BP ASA	Aker ASA	4.3%	Oil and Gas Exploration and Production
FEMSA Comercio	FEMSA	3.0%	Food Retail
Wacom Operating Business	Wacom	2.9%	Interactive Home Entertainment
Apollo Fund Management Business	Apollo Global Management	2.4%	Asset Management and Custody Banks
Ferrari	EXOR	2.3%	Automobile Manufacturers
Universal Music Group (UMG)	Pershing Square Holdings	2.1%	Movies and Entertainment
DTS Operating Business	DTS Corp	2.0%	IT Consulting and Other Services
Godrej Consumer Products	Godrej Industries	1.9%	Personal Products
Lowe's	Pershing Square Holdings	1.7%	Automobile Manufacturers
Finn	Schibsted ASA B	1.6%	Internet Software and Services
Chipotle Mexican Grill	Pershing Square Holdings	1.5%	Food Retail
Adevinta	Schibsted ASA B	1.5%	Internet Software and Services
Stellantis	EXOR	1.5%	Automobile Manufacturers
Fujitec Operating Business	Fujitec	1.5%	Industrial Machinery
Belron	D'Ieteren	1.4%	Specialised Consumer Services
KKR Balance Sheet Investments	KKR	1.4%	Asset Management and Custody Banks
Godrej Properties	Godrej Industries	1.3%	Real Estate Development
Restaurant Brands	Pershing Square Holdings	1.2%	Food Retail

PERSHING SQUARE HOLDINGS: HOW THE LOOK-THROUGH ANALYSIS WORKS

Pershing Square Holdings is a Euronext and London listed closed-ended fund in which AGT invests. Although Pershing Square Holdings is just one fund, it has investments in multiple different listed companies, providing your Company's portfolio with exposure to a diversified collection of businesses.

Company name	Estimated % of Pershing Square Holdings' portfolio	Geography	Sector
Universal Music Group	22.5%	Global	Movies and Entertainment
Lowe's	18.3%	United States	Home Improvement Retail
Chipotle Mexican Grill	16.5%	United States	Restaurants
Restaurant Brands	12.6%	North America	Restaurants
Hilton	11.2%	Global	Hotels, Resorts and Cruise Lines
Canadian Pacific Railway	9.9%	North America	Railroads
Howard Hughes	7.6%	United States	Real Estate Development
Fannie Mae & Freddie Mac	1.5%	United States	Thrifts and Mortgage Finance

CONTRIBUTORS

FONDUL PROPRIETATEA

Classification Closed-ended Fund	**Total return on position FY22 (local)**[2] 23.1%
% of net assets[1] 0.0%	**Total return on position FY22 (GBP)** 22.5%
Discount -38%	**Contribution (GBP)**[3] 102bps
% of investee company 0.0%	**ROI since date of initial purchase**[4] 133.0%

Fondul Proprietatea (Contribution: +1.02%)
We exited from Fondul Proprieteatea (FP), our largest contributor for the financial year, shortly before the period end.

Over the lifetime of AGT's investment in FP (initiated in 2014) we 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 +21% vs +6% and +11% for the indices over the same period.

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 revised Investment Management Agreement 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 company's shares outstanding more than halved 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 March 2023 to 31 August 2023. FP's share price was 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.

DTS CORP

Classification Asset-backed Special Situation	**Total return on position FY22 (local)**[2] 38.1%
% of net assets[1] 2.9%	**Total return on position FY22 (GBP)** 28.6%
Discount -22%	**Contribution (GBP)**[3] 64bps
% of investee company 2.7%	**ROI since date of initial purchase**[4] 34.2%

DTS Corp (Contribution: +0.64%)
Despite starting the year with only a 2.0% weight DTS was the second largest contributor with a +38% share price increase over the period, as its EV/EBIT valuation increased from 6.3x to 9.2x. We first invested in DTS in January 2020 as part of our focus on Japanese equities and the potential upside from a structural improvement in corporate governance and a greater focus on shareholder returns.

DTS is an IT systems developer, and our investment was premised on a focus by the Japanese government and corporates to upgrade their IT infrastructure. Japan's IT systems are outdated, inefficient and in much need of improvement. For example, virtually every government office and company in Japan has a fax machine which relates to Japan's reliance on the archaic practice of hanko stamps – a stamp required for over 11,000 procedures to sign off documents. During the coronavirus pandemic workers would have to go into the office to stamp paper documents before either mailing or faxing them – an archaic task.

Compared to the US, Japanese companies rely more heavily on the services of third-party IT providers (65% vs 28%). As we approach 2025, a year that METI (Ministry of Economy, Trade and Industry) has coined the digital cliff, Japanese companies will need to increasingly utilise DTS' services, and with a shortage of IT professionals, it should prove a boon for both sales growth and margin expansion.

As DTS' largest shareholder, owning just under 10% of the shares across our managed funds (of which AGT owns 3.1%), we have been working closely with management and the board behind the scenes. DTS' response to our engagement has been exemplary – they allowed us frequent dialogue with senior board members and, aside from a few minor issues, actioned all our suggestions in a comprehensive mid-term plan announced in May 2022. Since then, DTS' share price has appreciated by +22% vs +2% for MSCI Japan Small Cap, and for the year to end of September is up +38% versus -6% for MSCI Japan Small Cap, in JPY.

The positive share price performance, and significant outperformance vs the market, is we believe, a testament to our efforts and clearly demonstrates the value of AVI's constructive activism - something that we hope will not have gone unnoticed by our other investee companies as well as other investors in the Japanese markets.

DTS' valuation, albeit less compelling than when we initiated the position, is still attractive with the shares trading on an EV/EBIT multiple of 9.2x vs peers on 13.5x. We believe that as the company executes its plan to double EBITDA by 2030 and return up to 30% of its market cap to shareholders, there is still further upside.

1 For definitions, see Glossary on pages 103 to 106.
2 Weighted returns adjusted for buys and sells over the year.
3 Figure is an estimate by the managers and sum of contributions will not equal quoted total return over the financial year.
4 Figure quoted in GBP terms. Refer to Glossary on pages 103 to 106 for further details.

Investment Review / Investment Manager's Report continued

Portfolio Review continued

CONTRIBUTORS

SYMPHONY INTERNATIONAL HOLDINGS

Classification
Closed-ended Fund

% of net assets[1]
3.4%

Discount
-48%

% of investee company
15.7%

Total return on position FY22 (local)[2]
2.1%

Total return on position FY22 (GBP)
23.2%

Contribution (GBP)[3]
54bps

ROI since date of initial purchase[4]
50.4%

Symphony International Holdings (Contribution +0.54%)
Buoyed by robust NAV performance, even more so in local currencies (+23%) before the translation into its reporting currency of USD (+10%), Symphony International Holdings (SIHL) was our third largest contributor despite the headwind of a widening discount (from 44% to 48%). As with many of our holdings this year, weak Sterling significantly added to the returns experienced by AGT.

Two unlisted holdings were responsible for the majority of SIHL's NAV progression over the year: Indo-Trans Logistics Corporation (ITL) and ASG Hospitals (ASG).

ITL is Vietnam's largest independent integrated logistics company with a network covering aviation services, freight management, contract and port logistics spread across Vietnam, Cambodia, Laos, Myanmar, and Thailand. ITL's strong operating performance, and a secondary transaction that saw Mitsubishi Logistics Corp acquire a stake in the company, led to SIHL's investment being written up by +60% over the period. The investment, initiated in 2019, is now valued at over 3x cost.

Founded in 2005, ASG runs 46 eye healthcare clinics across India, Africa, and Nepal. Benefitting from both organic growth and M&A, the business recorded EBITDA growth in excess of 20% in the year to 30 June 2022. In August 2022, SIHL sold just over a third of its shareholding as part of a funding round, realising an annualised return of +38% on the investment that was initiated in 2019.

Notwithstanding relatively robust NAV performance this year, SIHL's discount remains at a persistently extreme level and represents the market's verdict on the manner in which the company continues to be managed. That is, we believe, for the benefit of management rather than shareholders. Following a prolonged private engagement with management and the board in an attempt to address these issues, we released a public letter to SIHL shareholders which can be found here*.

Our view remains that a change to the company's strategy and to its board will be required for shareholders to capture the latent value trapped within the discount to NAV, and we continue to engage with shareholders on this and other matters.

1 For definitions, see Glossary on pages 103 to 106.
2 Weighted returns adjusted for buys and sells over the year.
3 Figure is an estimate by the managers and sum of contributions will not equal quoted total return over the financial year.
4 Figure quoted in GBP terms. Refer to Glossary on pages 103 to 106 for further details.
* https://www.assetvalueinvestors.com/content/uploads/2021/04/Save-Symphony-Letter-Final.pdf

Source / FEMSA

FOMENTO ECONÓMICO MEXICANO (FEMSA)

A diversified collection of businesses

In FY22 we added to our position in Fomento Económico Mexicano (FEMSA), a Mexican family-controlled holding company whose origins date back to the establishment of Mexico's first brewery in 1890. Today, FEMSA owns a diversified collection of businesses:

1. **FEMSA Comercio (72% of NAV), an unlisted business which operates Oxxo-branded convenience stores, and other small format retail stores, across Mexico and Latin America.**
2. **Listed stakes in Heineken (18%) and Coca-Cola FEMSA (16%), the world's largest Coca-Cola bottling business.**
3. **A collection of unlisted, smaller distribution and logistics businesses (9%).**

It is FEMSA Comercio generally, and Oxxo specifically, in which we are most interested. A typical Oxxo store is approximately 100m^2 in size, selling a large range of high-frequency, low-cost items, such as snacks, beer and cigarettes to customers who are principally motivated by convenience. The average cost of a new store is c.$130,000, which at maturity earns a c.30% return on capital and has a payback period of just three years. Oxxo's management are expert operators of this model, with over 20,000 stores in Mexico (10x the second-largest player) and a new one (pre-COVID) opening every six hours. The runway for growth in both Mexico and, more recently, Brazil, is very long. In recent years Oxxo have layered high incremental margin services across their physical store network, culminating in the launch of Spin by Oxxo, a digital wallet, last year. The investment thesis is predicated on the prospect for strong earnings growth at Oxxo, the lowly valuation at which the stub assets trade, optionality around digital value creation at Spin, and the potential for the family to unlock value by simplifying the group structure. We estimate that FEMSA's unlisted businesses trade at an implied 6x EV/EBITDA – half of its historical average and that of peer Walmex. We do not believe the market is pricing in strong fundamental performance, let alone the potential for structural simplification.

Investment Review / Investment Manager's Report continued

Portfolio Review continued

CONTRIBUTORS

OAKLEY CAPITAL INVESTMENTS

Classification Closed-ended Fund	**Total return on position FY22 (local)**[2] 7.2%
% of net assets[1] 6.3%	**Total return on position FY22 (GBP)** 7.2%
Discount -42%	**Contribution (GBP)**[3] 36bps
% of investee company 9.2%	**ROI since date of initial purchase**[4] 106.6%

Oakley Capital Investments (Contribution +0.36%)
Oakley Capital Investments (OCI) was one of the largest contributors in FY22 generating a NAV total return of +45%. The discount widened from -20% to -42% in the broad market sell-off, leading to a share price return of +6%. OCI has now achieved an impressive five-year NAV CAGR of +23%. Encouragingly, the majority of returns have come from EBITDA growth, which has averaged +18% across the portfolio over the last twelve months. Alongside this, OCI has generated further upside from realised multiple expansion due to exiting portfolio holdings at an implied valuation above book value.

Oakley, like all PE managers, are paid fees on committed/invested capital rather than mark-to-market gains and have no incentive to unduly mark up, and we believe Oakley are very much at the conservative end of the peer group when it comes to valuations. We note OCI's portfolio is currently held on a very reasonable 14x EV/EBITDA. In H1 alone, OCI achieved portfolio value growth of +13%; with a quarter of this from realisations. In an environment where questions have been raised over private company valuations, OCI has successfully proved the conservatism of its NAV to the market through exits at premia to carrying values, averaging 60% since 2018, and 67% over 2022.

It was a busy year for OCI, with four new investments, four follow-on investments and one partial exit, as well as bolt-on deals and refinancings. New investments were Vice Golf (leading direct-to-consumer digitally native golf brand), Affinitas Education (a private school group), Phenna Group & CTS Group (two leading platforms in the Testing, Inspection, Certification, and Compliance sector), and vLex (an online legal information subscription platform). With 70% of the portfolio now delivering services digitally, and with 75% having subscription-based or recurring revenues, OCI's portfolio should prove resilient in economic downturns.

The crown jewel of the portfolio is IU Group, Germany's largest private university group. It boasts the largest portfolio of Bachelors and Masters degrees in Europe, offering both digital and in-campus learning across 28 German cities. As of this year, the group has over 100k students enrolled on its 200 courses, growing from just 23 enrolled students during the university's first semester in 2000. IU Group provides high-quality, German state-accredited degrees, recognised by universities and employers globally.

Approximately one third of IU Group's revenues come from its Business to Business (B2B) segment, which involves providing degrees/vocational courses to 10,000 partner companies. These partners can range from major corporations such as VW to small German enterprises. The students sign up to work in an apprentice-style role with a company, earning a small wage while earning a degree. IU Group provides a matching service to link students to businesses offering this scheme, which creates a high barrier to entry as this would be difficult to intermediate. The rest of the company's revenues come from standard university student enrolment.

IU Group is held on a very conservative 14x EV/EBITDA vs recent transactions in the sector closer to 20x. This is despite the business being one of the few education assets of scale globally, being the fastest-growing university on the continent, and having unique sticky B2B revenues as a result of Dual Studies programme in Germany. In our view these attributes mean that IU Group should warrant a premium valuation to its peers. As a business that is growing its top-line, EBITDA, and student cohort 30-50% year on year, and with a three to six-year lifetime for its customers, IU Group is a very exciting asset. The Group is now actively marketing its B2C segment outside of Germany, only increasing the trajectory for future growth and prospective returns.

OCI offers a fast-growing, high-quality portfolio with attractive growth opportunities and recurring revenue businesses, backed by a manager with a distinct deal sourcing strategy, and all available at a discount of 42%. We remain enthusiastic holders of OCI.

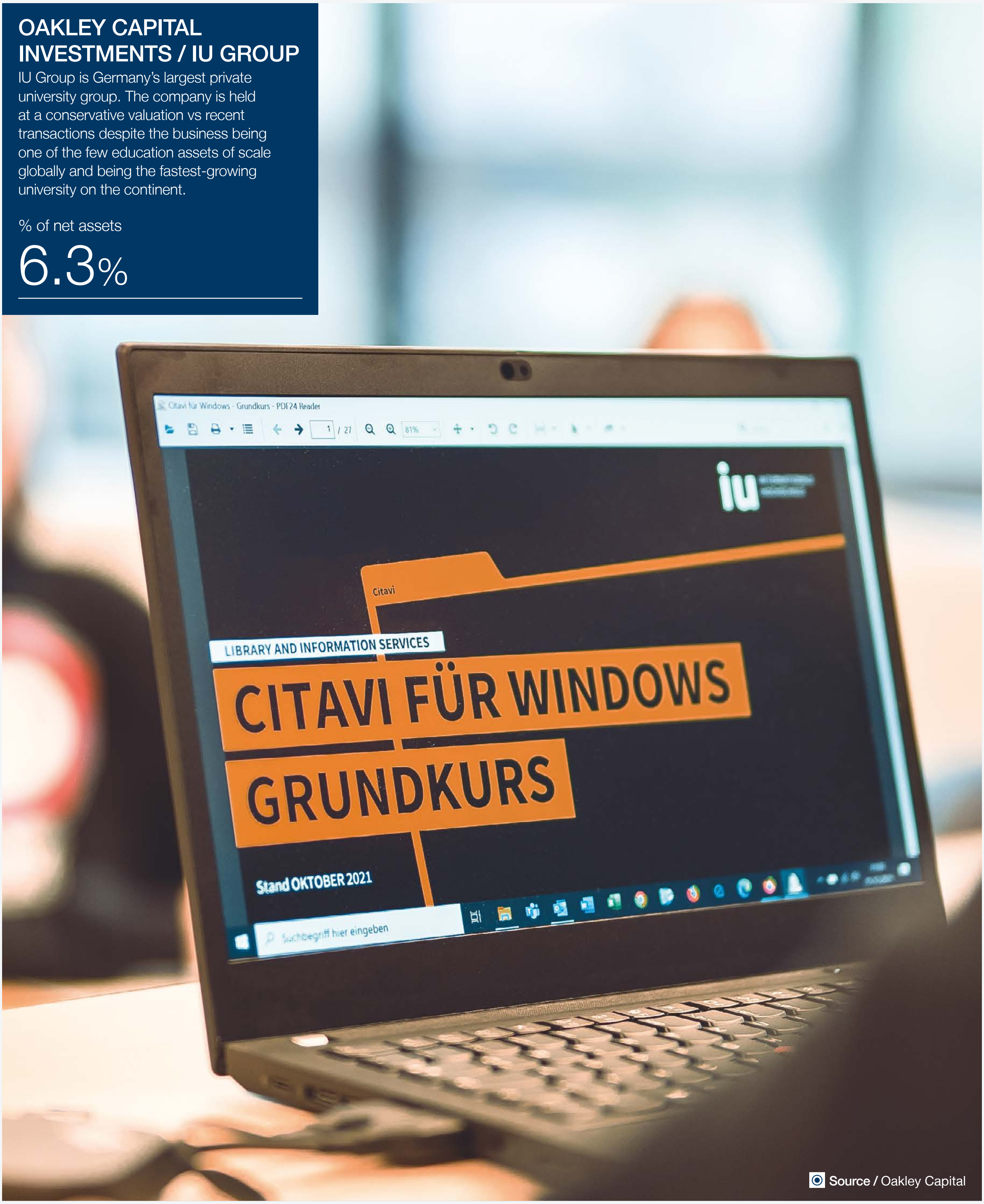
1 For definitions, see Glossary on pages 103 to 106.
2 Weighted returns adjusted for buys and sells over the year.
3 Figure is an estimate by the managers and sum of contributions will not equal quoted total return over the financial year.
4 Figure quoted in GBP terms. Refer to Glossary on pages 103 to 106 for further details.

OAKLEY CAPITAL INVESTMENTS / IU GROUP

IU Group is Germany's largest private university group. The company is held at a conservative valuation vs recent transactions despite the business being one of the few education assets of scale globally and being the fastest-growing university on the continent.

% of net assets

6.3%



Source / Oakley Capital

Portfolio Review continued

CONTRIBUTORS

INVESTOR AB B

Classification Holding Company	**Total return on position FY22 (local)**[2] 12.4%
% of net assets[1] 0.0%	**Total return on position FY22 (GBP)** 6.9%
Discount -16%	**Contribution (GBP)**[3] 27bps
% of investee company 0.0%	**ROI since date of initial purchase**[4] 84.6%

Investor AB B (Contribution: +0.27%)
In January 2022, AGT exited its position in Investor AB as the discount narrowed to low double-digit levels versus a long-term average closer to 25%. Over the course of AGT's financial year the position contributed +27bps to returns.

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 Securities and General Trust (the former name of AVI Global Trust) 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 few 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 had narrowed – and the NAV – where underlying valuations had become less compelling.

1 For definitions, see Glossary on pages 103 to 106.
2 Weighted returns adjusted for buys and sells over the year.
3 Figure is an estimate by the managers and sum of contributions will not equal quoted total return over the financial year.
4 Figure quoted in GBP terms. Refer to Glossary on pages 103 to 106 for further details.

DETRACTORS

IAC INC

Classification Holding Company	**Total return on position FY22 (local)**[2] -58.0%
% of net assets[1] 2.8%	**Total return on position FY22 (GBP)** -49.2%
Discount -41%	**Contribution (GBP)**[3] -228bps
% of investee company 0.6%	**ROI since date of initial purchase**[4] -50.2%

IAC Inc (Contribution: -2.28%)
IAC – the North American internet-focused holding company controlled by Barry Diller – was the greatest detractor from your company's performance this year, reducing returns by -228bps. Over the last year the shares have declined -57%, as a -46% decline in the NAV has been compounded by a widening of the discount from 25% to 41%.

IAC specialises in building businesses that are trying to transition sectors from offline to online, such as Expedia for travel, and Match for dating. IAC, who describe themselves as the "anti-conglomerate conglomerate", have a track record of spinning these off to shareholders when they reach maturity, having spawned 10 public companies. The company has a track record of immense value creation and the spinning off of assets pulls the discount to par.

We first invested in IAC in December 2020 with a thesis predicated on Vimeo, the video enterprise software business, and made highly attractive absolute and relative returns on a small position. Following the spin-off of Vimeo in May 2021, we have subsequentially started to scale up a position in IAC – whose portfolio today comprises of: 1) Dotdash Meredith, a digital media company formed in 2021 when IAC's Dotdash acquired the illustrious media assets of Meredith Corp; 2) a listed stake in Angi, the homeservices marketplace trying to transition one of the last major offline consumer categories online; 3) a listed stake in MGM Resorts International, whose BetMGM is a leader in the nascent US sports betting and online gaming market; and 4) a collection of smaller unlisted assets, the most promising of which are Care.com, a marketplace for caregivers, and a minority stake in Turo, the peer-to-peer car rental company.

So what's gone wrong? The short answer is lots.

Starting with the NAV. Dotdash Meredith has suffered from dual issues of a slowdown in digital advertising as recessionary fears have loomed, and slower than anticipated integration of the Meredith assets, and accordingly their $450m digital EBITDA target for 2023, has been pushed back by 6-12 months. In our view these issues are, by definition, temporary in nature and the strategic logic and long-term financial profile is still intact. Indeed, intent-driven advertising is becoming increasingly valuable in a world where Apple have upended the cookie-based iOS ad market.

Shares in Angi declined -76% over the last year. Some (although not much) solace is sought from the fact that the drastic share price decline is in keeping with the US and EU internet businesses against which we track Angi. The fact that Angi was trading at a steep discount to peers a year ago has provided no protection as valuations have reset. This has been compounded by operational missteps in the Roofing category, which will impair growth for the rest of the year. The jury is very much out on Angi, but the current $1.6bn enterprise value equates to a mid-single-digit multiple of estimated free cash flow in a "no-growth" scenario. IAC have a "real option" as to whether to persevere with the current strategy or to exercise this option and monetise these cash flows (either through a take private or sale of the business).

Finally, shares in MGM – the casino operator whose BetMGM is a leader in the nascent US sports betting and iGaming market – have declined by -31% over the last year, as investors have grown cautious over the sustainability of margins and demand outlook in light of a slowing US economy. The stub domestic operations trades at 5x EBITDA (assigning zero value to the BetMGM JV). This is a steep discount to the 12-17x EBITDA at which MGM has sold assets in M&A transactions in recent years. Clearly MGM management see value in the shares – having reduced the share count by 20% since the start of 2021, as do IAC, who have increased their stake this year.

This weak NAV performance has been compounded by a widening of the discount. Given IAC's long and successful history of spinning off assets to shareholders, we believe that the fair discount is zero. Combined with the prospects for NAV growth from Angi, MGM and Dotdash, and further optionality around how IAC deploy their $1.2bn (14% of NAV) cash pile, there is much to be excited about. It has been a painful last twelve months, but the ingredients for attractive long-term returns appear to be in place.

Investment Review / **Investment Manager's Report** continued

Portfolio Review continued

IAC INC / MGM RESORTS INTERNATIONAL

MGM Resorts International is one of the largest hotel/casino operators in the United States, and part owner of BetMGM, one of the leading players in US online sports betting and iGaming.

% of net assets

2.8%

Source / MGM Resorts

DETRACTORS

SONY GROUP

Classification Asset-backed Special Situation	**Total return on position FY22 (local)**[2] -21.3%
% of net assets[1] 2.8%	**Total return on position FY22 (GBP)** -27.3%
Discount -34%	**Contribution (GBP)**[3] -152bps
% of investee company 0.0%	**ROI since date of initial purchase**[4] 37.5%

Sony Group (Contribution: -1.52%)
Sony was the second largest detractor to returns over the period, deducting 209bps from performance, with a share price return of -25% vs TOPIX -10%.

Despite being the fourth-largest contributor to returns in FY21 (+2.1%), FY22 has been a difficult year for the Japanese listed conglomerate. The aggressive actions from Xbox/Microsoft since the start of 2022 stoked this underperformance, with the competitor announcing its intention to acquire Activision Blizzard for $68.7bn on the 18th January – the largest gaming deal in history. This sent Sony's shares down -13% on the day.

By way of reminder, we first invested into Sony in 2019 with our investment predicated on the opportunity to own Sony's unmatched combination of media content assets and consumer hardware technology which, due to misperceptions about Sony's conglomerate structure, traded at a very reasonable EV/EBIT valuation (11.2x).

In 2022, investors have grown increasingly critical of Sony's individual businesses, voicing particular concerns over what is arguably Sony's crown jewel asset, and the one subjected to most scrutiny, Sony's PlayStation business (33% of NAV). Since the introduction of the Microsoft Game Pass, and the announced acquisition of Activision Blizzard, there has been increasing uncertainty of what the gaming industry could look like in the future. Microsoft has aggressively introduced a Netflix-like subscription model into the industry, shifting away from the £50-70 per individual title, instead requiring consumers to pay c. £11/month for an immediately available catalogue with over 100 blockbuster AAA titles.

As a refresher, Sony's gaming model has been to acquire small, high-quality studios and have them develop new story-driven, single-player IP of very high quality. In stark contrast, Microsoft has taken a content-first approach – buying up large established publishers, and any studios they own, to acquire as much popular IP as possible. They then make these games exclusive to the Xbox Game Pass platform in the hope of acquiring new subscribers to the network. For example, Microsoft acquired Bethesda Softworks in 2021 for $7.5bn, and is now hoping to do the same with Activision Blizzard for $68.7bn

While this aggressive route to capturing market share could be successful, the sustained profitability of Xbox's new model is entirely unproven both within gaming and across other streaming mediums. It is a large bet by Microsoft, who are utilising their financial firepower to disrupt Sony. It remains unclear whether this can be sustained financially long-term, as evidenced by Sony CFO, Hiroki Totoki, who explained during a recent investor Q&A that "putting AAA titles straight onto their subscription service will result in a deterioration in quality due to less funds being available."

How this will ultimately impact Sony remains unclear, but management have been measured in not blindly following Microsoft guns blazing down the streaming path. Sony did introduce an all-new PlayStation Plus subscription service in June, but this offered a back-catalogue of games in the service and no day-one exclusive releases. This ensured that Sony's current model with new game releases can continue on the PS5, while offering players more content for their subscription. A sensible step by management.

Sony's share price has now fallen -40% from its peak and the stub* valuation stands at 10.4x forward EV/EBIT. While it is unclear what the inflationary environment might look like for the Electronics segment, Music accounts for a further 31% of NAV and is expected to see further earnings growth this year. The new iPhone is continuing to use Sony sensors, and the PlayStation continues to outsell the Xbox each week. While the business may not be firing on all cylinders currently, this is a result of the uncertain environment we find ourselves in. Sony remains a unique opportunity to own four high-quality assets with proven synergies between the consumer and entertainment segments. We remain confident in our investment in Sony and feel that it is a company that will continue to excel in its respective industries for years to come.

1 For definitions, see Glossary on pages 103 to 106.
2 Weighted returns adjusted for buys and sells over the year.
3 Figure is an estimate by the managers and sum of contributions will not equal quoted total return over the financial year.
4 Figure quoted in GBP terms. Refer to Glossary on pages 103 to 106 for further details.

* The stub valuation of Sony is the market capitalisation, less the value of all listed assets, the value of Sony Financial, and the net financial position of the business.

Investment Review / **Investment Manager's Report** continued

Portfolio Review continued

DETRACTORS

EXOR

Classification Holding Company	**Total return on position FY22 (local)**[2] -9.6%
% of net assets[1] 7.4%	**Total return on position FY22 (GBP)** -7.7%
Discount -43%	**Contribution (GBP)**[3] -89bps
% of investee company 0.5%	**ROI since date of initial purchase**[4] 25.2%

EXOR (Contribution: -0.89%)
Having been one of the strongest performers last year, this year EXOR was a meaningful detractor from your company's returns. The shares declined -10% over the period, as a -4% decline in the NAV was compounded by a widening of the discount from 39% to 43%.

Starting with the NAV side of the equation, the dynamic which we described in the interim report continues to be the case: strength at Ferrari is being offset by weakness at Stellantis. Over the last year Ferrari shares returned +7%, during a period in which the company reported record results. Importantly, Ferrari continue to report their strongest ever order book intake, with minimal cancellations. Ultimately everything – sales growth, pricing power, margins – flows from this unparalleled brand equity and the competitive advantage it yields. Investors recognise this and award Ferrari a relatively high multiple for such certainty in an uncertain world.

Turning to Stellantis, the shares have declined -20% over the last year, despite consensus forecasts for this year and next year's operating profits having been revised up +42% and +17%, respectively. We are generally sceptical when investors claim that the market is just plain wrong, but the divergence between fundamentals and share price is hard to justify. Investors have grown increasingly cautious over the state of the global economy generally, and the US consumer specifically, whilst there is a broader debate in autos as to whether current record high margins and low dealer incentives will stick when volumes (hitherto restricted by shortages of semiconductor chips) return. Stellantis management, however, contend that the company can generate a 10% operating margin in a "reasonable crisis" and that they would be breakeven even below 50% of volumes. Stellantis now trades at 3x consensus 2023 earnings – just over half that of Ford and GM once adjusting for accounting differences. As one sell side analyst put it in a recent note: "What does the market fear? Clearly the answer is a lot". With such low expectations there appears ample room for surprise on the upside – much to the benefit of EXOR's NAV.

As we discussed in the interim report, in late calendar year 2021 EXOR agreed (for the second time!) to sell their reinsurance business, Partner Re, to Covea. The deal was struck at $9.2bn and completed in July 2022. Just over half of the capital was paid in dollars, which EXOR have not hedged, benefiting their NAV as the dollar has continued to surge against the Euro. This gives the company considerable firepower to make new investments, with €3.8bn of net cash on hand.

Although it has narrowed from the 50% level it touched briefly in the summer of 2022, the widening of EXOR's discount has been a headwind to performance over the last year. Unlike many other holding companies, EXOR's discount has never recovered to pre-COVID levels, having briefly traded on a c.20% discount in early 2020. A return to such a level from the current 43% level would yield a return of +40%.

EXOR / FERRARI N.V.

Ferrari, the Italian luxury sports car manufacturer, has continued to report record results in FY22, boasting its strongest ever order book intake and minimal cancellations. With everything flowing from its unparalleled brand equity – sales growth, margins, etc. – Ferrari consistently demonstrates its competitive advantage. We believe investors recognise its certainty as a business and award it a relatively high multiple as a result.

% of net assets

7.4%

Investment Review / Investment Manager's Report continued

Portfolio Review continued

DETRACTORS

KKR AND CO

Classification Holding Company	**Total return on position FY22 (local)**[2] -28.3%
% of net assets[1] 5.5%	**Total return on position FY22 (GBP)** -13.7%
Discount -44%	**Contribution (GBP)**[3] -75bps
% of investee company 0.2%	**ROI since date of initial purchase**[4] 80.4%

KKR (Contribution: -0.75%)
KKR was one of the largest contributors to AGT's returns in the previous financial year (to 30 September 2021). This year, it was amongst our greatest detractors. The company's share price fell by -29% and ended the period -48% down from its November 2021 all-time high. By contrast, the S&P 500 Index declined -16% and -22% respectively (all figures in USD).

This suggests that KKR is regarded as a levered play on financial markets. But while KKR does have a large balance sheet of investments in its own funds, and also operates a capital markets business which is subject to cyclicality, similarly weak share price performance from balance sheet-light peers from their November 2021 highs (e.g., Blackstone -40%; Carlyle -54%) 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 alternative asset manager'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 (FRE)* 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 Limited Partners (LPs) facing indigestion, spurring fears around fundraising 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 that 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 that 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 8x stub fee-related earnings multiple* on which we estimate KKR trades (or 13x if we punitively assign zero value for earnings from carried interest) represents, in our view, one of the most glaring mispricings in our portfolio.

KKR's management are convinced that their balance-sheet heavy strategy is the correct one. And we have a lot of sympathy with their arguments that the balance sheet – aside from being a generator of attractive long-term returns in its own right – helps grow AUM and FRE quicker through the seeding of new funds and through demonstrating a strong alignment to LPs, and provides optionality around M&A during market downturns when issuing equity would be expensive.

However, KKR does trade on a very material discount to balance-sheet light peers, such as Ares and Blackstone. Notwithstanding the above arguments in favour of their balance sheet approach, our discussions with KKR management confirm public statements made on earnings calls that they are laser focused on shareholder value. With KKR employees owning c.30% of the company, we are confident that this valuation disconnect will not be tolerated indefinitely. Indeed, upon their appointment last year KKR's co-CEOs were awarded seven-year share options that could see them receive shares worth up to $1bn if the share price were to hit a target level 3.2x the current share price (with zero value received unless the share price more than doubles from here).

Intriguingly, Brookfield Asset Management, a balance-sheet heavy peer of KKR's, is moving ahead with a spin-off of its asset management business. KKR shareholders and management will be watching how the two parts trade, with any value creation from the split pointing to a source of optionality for KKR.

1 For definitions, see Glossary on pages 103 to 106.
2 Weighted returns adjusted for buys and sells over the year.
3 Figure is an estimate by the managers and sum of contributions will not equal quoted total return over the financial year.
4 Figure quoted in GBP terms. Refer to Glossary on pages 103 to 106 for further details.

* FRE, or Fee-Related Earnings, are management fees less any operating expenses.

DETRACTORS

THIRD POINT INVESTORS LTD

Classification Closed-ended Fund	**Total return on position FY22 (local)**[2] -20.7%
% of net assets[1] 3.4%	**Total return on position FY22 (GBP)** -11.7%
Discount -17.0%	**Contribution (GBP)**[3] -71bps
% of investee company 3.9%	**ROI since date of initial purchase**[4] 44.4%

Third Point Investors Ltd (Contribution: -0.71%)
Third Point Investors Ltd (TPOU) is a London listed closed-end fund that, via its investment in the unlisted underlying Master Fund, provides exposure to Third Point's event-driven opportunistic strategy which it pursues across listed equity, credit, and venture capital investments. The listed equity portion of the portfolio includes companies such as Disney, SentinelOne, and Colgate-Palmolive. Having been our largest contributor over the previous financial year (to 30 September 2021), TPOU was our fifth-largest detractor this year on the back of a NAV decline of -30% exacerbated by a widening discount (from 15% to 17%) and resulting in a fall in the share price of -32%. Over the same period, the S&P 500 fell -16% and the MSCI World -19%.

USD strength/GBP weakness significantly muted the impact of this poor performance for AGT shareholders with the -32% share price fall in USD translating to an -18% decline in GBP. Two of TPOU's previously highflying positions (Upstart Holdings and SentinelOne) fell back to earth – we estimate that these two stocks were collectively responsible for c.40% of the total NAV decline over the period. We are more comfortable with the portfolio composition and balance today than we have been for some time, with the allocation to credit (one area where we believe the manager has historically demonstrated an ability to add value) at its highest since the aftermath of COVID, and we would hope that this will lead to improved returns from here.

Readers will likely be aware of our public activist campaign in TPOU that began in mid-2021. This came to an end with the appointment of an independent director we had proposed to the board.

During the year, AGT participated in the materially accretive exchange facility offered to TPOU shareholders. This mechanism allowed qualifying shareholders to exchange a portion of their TPOU shareholding for shares in the underlying Master Fund at a 2% discount to NAV (vs the double-digit discount on which TPOU shares were trading at the time), and was introduced during our campaign. We saw 44% of our position exchanged for shares in the Master Fund, 25% of which can then be redeemed every quarter after an initial six-month lock-up. We redeemed the first portion of our Master Fund shares at the first opportunity (the end of the period covered by this Annual Report), and intend to do the same at the next three subsequent quarter-ends.

1 For definitions, see Glossary on pages 103 to 106.
2 Weighted returns adjusted for buys and sells over the year.
3 Figure is an estimate by the managers and sum of contributions will not equal quoted total return over the financial year.
4 Figure quoted in GBP terms. Refer to Glossary on pages 103 to 106 for further details.

Investment Review / Investment Manager's Report continued

Portfolio Review continued

THIRD POINT / DISNEY

The Global entertainment company has been reinventing its Media and Entertainment segment since 2019, moving away from its traditional third-party licensing to a direct-to-consumer streaming model through Disney+. While we believe in the long-term future of streaming, Disney has been heavily investing in the segment, weighing on profitability. Third Point took a $1bn stake in Disney in 2022, pushing for sweeping changes across the company, including cost-cutting. Disney has since appointed media veteran Carolyn Everson to its board of Directors through negotiations with Third Point. We remain confident in the power of Disney's eminent IP, regardless of Third Point's success in their activist endeavours.

% of net assets

6.5%*

* Held through Third Point Investors and Third Point Master Fund.

Source / Photo by Kenrick Mills on Unsplash

Outlook

Joe Bauernfreund
CEO

Tom Treanor
Head of Research

Outlook

Following the unprecedented pandemic-fuelled fiscal and monetary stimulus, 2022 has seen developed economies wake up to the consequences: entrenched inflation, and a likely upcoming recession induced by the monetary tightening required to combat it. As such, the attention of market participants has been firmly focused on the comments and actions of central banks with volatile (and falling) markets the result. We try not to get caught up in this, aware of our inability to predict the future macroeconomic landscape, and remain open minded about what might come next. Rather, our experience shows that the key to long-term success is to focus on company fundamentals – earnings resilience, balance sheet strength and valuations. We remain confident in the outlook of your portfolio.

The portfolio weighted average discount has moved from 29% to 38% over the last twelve months, and now stands in-line with levels observed during previous periods of market stress. Sustained periods of panic and market decline create compelling opportunities. We remain nimble and ready to seize them, patiently deploying our capital to sow the seeds of a powerful recovery for the portfolio as and when volatility subsides.

Joe Bauernfreund
Chief Executive Officer
Asset Value Investors Limited

7 November 2022

Governance / Directors

Your Board

Susan Noble
Independent Non-Executive Chairman

A M N D

Date of Appointment:
March 2012

Appointed Chairman:
December 2017

External Appointments:
Chairman of Newton Investment Management Limited.

Experience and Contribution:
Formerly Chairman of Alliance Trust Investments, an Associate Director of Manchester Square Partners, a Director of Alliance Trust plc, a Managing Director of Goldman Sachs Asset Management, Head of European Equities and Head of Global Equities. Also a Director and Senior European Portfolio Manager at Robert Fleming Asset Management. Susan's contribution to the Board derives from her experience both as an equities portfolio manager and experience of leading boards as Chairman.

Last re-elected to the Board:
2021

Annual Remuneration:
£50,000

Employment by the Investment Manager:
None

Other connections with the Company or Investment Manager:
None

Shared Directorships with any other Company Directors:
None

Shareholding in Company†:
55,150 Ordinary Shares

Susan Noble will retire from the Board at the AGM in December 2022.

Calum Thomson FCA
Senior Independent Non-Executive Director

A M N D

Date of Appointment:
April 2017

Appointed Audit Committee Chairman:
June 2017

External Appointments:
Non-Executive Director and Audit Committee Chairman of The Diverse Income Trust plc, The Bank of London and The Middle East plc, Ghana International Bank plc, abrdn Private Equity Opportunities Trust plc, and Baring Emerging EMEA Opportunities plc and Non-Executive Director of Schroder Unit Trusts Limited and Schroder Pension Management Limited. He is also Chairman of The Tarbat Discovery Centre (a Pictish museum) and a trustee of Suffolk Wildlife Trust.

Experience and Contribution:
A qualified accountant with over 25 years' experience in the financial services industry, including 21 years as audit partner at Deloitte LLP, specialising in the asset management sector. Calum has wide ranging experience in auditing companies in the asset management sector and latterly as a non-executive director and audit committee chairman. He is fully qualified to lead the Company's Audit Committee.

Last re-elected to the Board:
2021

Annual Remuneration:
£39,500

Employment by the Investment Manager:
None

Other connections with the Company or Investment Manager:
None

Shared Directorships with any other Company Directors:
None

Shareholding in Company†:
44,490 Ordinary Shares

Anja Balfour
Independent Non-Executive Director

A M N D

Date of Appointment:
January 2018

External Appointments:
Chairman of Schroder Japan Growth Fund plc and The Global Smaller Companies Trust plc, a member of the Finance and Corporate Services Committee of Carnegie UK Trust and Non-Executive Director of Scottish Friendly Assurance Society.

Experience and Contribution:
Over 20 years' experience in managing Japanese and International Equity portfolios for Stewart Ivory, Baillie Gifford and Axa Framlington. Previously a trustee of Venture Scotland and a Non-Executive Director of Martin Currie Asia Unconstrained Trust plc. Anja brings to the Board experience of managing Japanese portfolios, which is particularly relevant to the Company's Japanese equity investments, along with experience of broader international funds and, in recent years, as a non-executive director.

Last re-elected to the Board:
2021

Annual Remuneration:
£32,000

Employment by the Investment Manager:
None

Other connections with the Company or Investment Manager:
None

Shared Directorships with any other Company Directors:
None

Shareholding in Company†:
36,500 Ordinary Shares

Graham Kitchen

Independent Non-Executive Director

A M N D

Date of Appointment:
January 2019

External Appointments:
Chairman of PPT UK Limited and Trillium Asset Management UK Ltd, Non-Executive Director of The Mercantile Investment Trust plc and Places for People and a member of the Investment Committee of the charity Independent Age.

Experience and Contribution:
Over 25 years' experience as an investment manager at Invesco, Threadneedle and, until March 2018, Janus Henderson, where he was Global Head of Equities. He was previously Chair of the Investment Committee for the Cancer Research Pension Fund and Chairman of Invesco Select Trust plc. Graham is an experienced fund manager and Head of Investments and brings to the Board experience both of managing investments and of managing teams of investment managers.

Last re-elected to the Board:
2021

Annual Remuneration:
£32,000

Employment by the Investment Manager:
None

Other connections with the Company or Investment Manager:
None

Shared Directorships with any other Company Directors:
None

Shareholding in Company†:
74,500* Ordinary Shares

* 27,250 held by Jane Kitchen.

Graham Kitchen will become Chairman of the Company on the conclusion of the AGM in December 2022.

Neil Galloway

Independent Non-Executive Director

A M N D

Date of Appointment:
September 2021

External Appointments:
Executive Vice President of IWG PLC.

Experience and Contribution:
25 years' experience living and working internationally. Currently based in London, he has spent most of his career working in Asia but also has experience in the Americas, Europe and the Middle East. Following a successful banking career, he has held senior finance and management roles, almost entirely with or for family-controlled companies, overseeing finance, treasury, risk management, legal, IT, projects and business development, with experience in significant business transformation programmes in large and complex businesses. He was previously an Executive Director and CFO of DFI Retail Group Holdings Limited based in Hong Kong. His industry experience spans banking, hospitality, retail (mass market, luxury and franchise operations), real estate and services industries.

Elected to the Board:
2021

Annual Remuneration:
£32,000

Employment by the Investment Manager:
None

Other connections with the Company or Investment Manager:
None

Shared Directorships with any other Company Directors:
None

Shareholding in Company†:
25,000 Ordinary Shares

Committee membership key

- Chairman
- Member
- A Audit Committee
- M Management Engagement Committee
- N Nomination Committee
- D Disclosure Committee

Attendance at meetings

Name	Board	Audit	Management Engagement	Nomination	Disclosure
Susan Noble	6 (6)	4 (4)	2 (2)	2 (2)	–
Anja Balfour	6 (6)	4 (4)	2 (2)	2 (2)	–
Neil Galloway	6 (6)	4 (4)	2 (2)	2 (2)	–
Graham Kitchen	6 (6)	4 (4)	2 (2)	2 (2)	–
Nigel Rich*	2 (2)	2 (2)	0 (0)	1 (1)	–
Calum Thomson	6 (6)	4 (4)	2 (2)	2 (2)	–

* Retired 16 December 2021.

The number in brackets denotes the number of meetings each was entitled to attend. The Disclosure Committee did not meet during the period.

† As at 7 November 2022.

Governance / Report of the Directors

The Directors present their report and the audited financial statements for the year ended 30 September 2022.

Status

The Company is registered as a public limited company as defined by the Companies Act 2006 and is an investment company under Section 833 of the Companies Act 2006. It is a member of the Association of Investment Companies (AIC).

The Company has been approved as an investment trust under Sections 1158/1159 of the Corporation Tax Act 2010. The Directors are of the opinion, under advice, that the Company continues to conduct its affairs as an Approved Investment Trust under the Investment Trust (Approved Company) (Tax) Regulations 2011.

The Company's Investment Manager is authorised as an AIFM by the Financial Conduct Authority under the AIFMD regulations. The Company has provided disclosures on its website, www.aviglobal.co.uk, incorporating the requirements of the AIFMD regulations.

Review of the Year

A review of the year and the outlook for the forthcoming year can be found in the Strategic Report and Investment Manager's Review.

Investment Objective, Policy and Restrictions

The objective of the Company is to achieve capital growth through a focused portfolio of investments, particularly in companies whose shares stand at a discount to estimated underlying net asset value.

Investments are principally in companies listed on recognised stock exchanges in the UK and/or overseas, which may include investment holding companies, investment trusts and other companies, the share prices of which are assessed to be below their estimated net asset value or intrinsic worth.

Although listed assets make up the bulk of the portfolio, the Company may also invest in unlisted assets with the prior approval of the Board.

The Company generally invests on a long-only basis but may hedge exposures through the use of derivative instruments and may also hedge its foreign currency exposures.

There are no geographic limits on exposure, as the Company invests wherever it considers that there are opportunities for capital growth. Risk is spread by investing in a number of holdings, many of which themselves are diversified companies.

The Company will not invest in any holding that would represent more than 15% of the value of its total investments at the time of investment.

Potential investments falling within the scope of the Company's investment objective will differ over the course of market cycles. The number of holdings in the portfolio will vary depending upon circumstances and opportunities within equity markets at any particular time.

The Company is able to gear its assets through borrowings which may vary substantially over time according to market conditions, but gearing will not exceed twice the nominal capital and reserves of the Company.

Distribution Policy

Dividend Policy

The Company will ensure that its annual dividend each year will be paid out of the profits available for distribution and will be at least sufficient to enable it to qualify as an investment trust under the Corporation Tax Act 2010. The Board may elect to pay a special dividend if the Company has exceptional receipts from its investments. The Company's primary objective is to seek returns which may come from any combination of increases in the value of underlying investments, a narrowing of discounts to underlying asset value and distributions by investee companies. The Board does not set an income target for the Investment Manager.

Frequency of Dividend Payment

The Company will normally pay two dividends per year: an interim dividend declared at the time that the half year results are announced, and a final dividend declared at the time that the annual results are announced. The final dividend will be subject to shareholder approval at the Annual General Meeting each year.

Buybacks

The Company may also distribute capital by means of share buybacks when the Board believes that it is in the best interests of shareholders to do so. Authority to buy back shares is sought from shareholders at each Annual General Meeting.

Gearing Levels

The Company's Investment Policy, as disclosed above, permits a significant level of gearing, as do the Company's Articles of Association and the limits set under AIFMD (see the Company's website www.aviglobal.co.uk).

Under normal market conditions, it is expected that the portfolio will be fully invested, although net gearing levels may fluctuate depending on the value of the Company's assets and short-term movements in liquidity.

The Company's debt as a percentage of total equity as at 30 September 2022 was 12.7%. Long-term debt comprised four tranches of Loan Notes, of £30m, €30m, €20m and JPY8bn. The Company also has a JPY12.0bn unsecured multi-currency revolving credit facility. There were no drawings on the revolving credit facility as at 30 September 2022.

Results and Dividends

The Company's loss for the year was £(111,026,000), which included a profit of £16,302,000 attributable to revenue (2021: profit of £299,563,000 which included a profit of £14,289,000 attributable to revenue). The profit for the year attributable to revenue has been applied as follows:

	£'000
Current year revenue available for dividends	16,302
Interim dividend of 1.2p per Ordinary Share paid on 15 July 2022	5,999
Recommended final dividend payable on 3 January 2023 to shareholders on the register as at 2 December 2022 (ex dividend 1 December 2022): – Final dividend of 2.1p per Ordinary Share	10,685*
	16,684

* Based on shares in circulation on 7 November 2022.

The Company's capital structure comprises Ordinary Shares and Loan Notes.

Ordinary Shares

At 30 September 2022, there were 537,052,524 Ordinary Shares of 2p each in issue (2021: 116,003,133 Ordinary Shares of 10p, equivalent to 580,015,665 Ordinary Shares of 2p adjusted for the Share Split), of which 45,600,956 (2021: 69,449,040*) were held in treasury and therefore the total voting rights attaching to Ordinary Shares in issue were 491,451,568.

Income entitlement

The profits of the Company (including accumulated revenue reserves) available for distribution and resolved to be distributed shall be distributed by way of interim, final and (where applicable) special dividends among the holders of Ordinary Shares, subject to the payment of interest to the holders of Loan Notes.

Capital entitlement

After meeting the liabilities of the Company and the amounts due to Loan Note holders on a winding-up, the surplus assets shall be paid to the holders of Ordinary Shares and distributed among such holders rateably according to the amounts paid up or credited as paid up on their shares.

Voting entitlement

Each Ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every Ordinary Share held.

The Notice of Meeting and Form of Proxy stipulate the deadlines for the valid exercise of voting rights and, other than with regard to Directors not being permitted to vote their shares on matters in which they have an interest, there are no restrictions on the voting rights of Ordinary Shares.

Transfers

There are no restrictions on the transfer of the Company's shares other than a) transfers by Directors and Persons Discharging Managerial Responsibilities and their connected persons during closed periods under the Market Abuse Regulation or which may constitute insider dealing, b) transfers to more than four joint transferees and c) transfers of shares which are not fully paid up or on which the Company has a lien provided that such would not prohibit dealings taking place on an open and proper basis.

The Company is not aware of any agreements between shareholders or any agreements or arrangements with shareholders which would change in the event of a change of control of the Company.

Share Split

Following approval at the AGM in December 2021, each existing Ordinary Share was replaced by five new Ordinary Shares on 17 January 2022.

Loan Notes

At 30 September 2022, there were in issue fixed rate 20 year unsecured private placement notes (the Loan Notes). The Loan Notes were issued in the following tranches:

- on 15 January 2016: £30m 4.184% Series A Sterling Unsecured Loan Notes 2036
- on 15 January 2016: €30m 3.249% Series B Euro Unsecured Loan Notes 2036
- on 1 November 2017: €20m 2.93% Euro Senior Unsecured Loan Notes 2037
- on 6 July 2022: JPY8bn 1.38% Senior Unsecured Loan Notes, due 6 July 2032

* Restated for Share Split.

Income entitlement

Interest is payable half-yearly in each case at annual rates of 4.184% on the £30m Sterling Loan Notes, 3.249% on the €30m Euro Loan Notes, 2.93% on the €20m Euro Senior Loan Notes and 1.38% on the JPY8Bn Senior Unsecured Loan Notes.

Capital entitlement

The Loan Note holders are entitled to repayment of principal at their par value and outstanding interest on the redemption date or, if earlier, on the occurrence of an event of default. The redemption dates are:

- 15 January 2036 for the 4.184% Series A Sterling Unsecured Loan Notes 2036
- 15 January 2036 for the 3.249% Series B Euro Unsecured Loan Notes 2036
- 1 November 2037 for the 2.93% Euro Senior Unsecured Loan Notes 2037
- 6 July 2032 for the 1.38% JPY Senior Unsecured Loan Notes

The Loan Notes are unsecured. If the Company is liquidated, the Loan Notes are redeemable by the Company at a price which is the higher of par and:

- for the 4.184% Series A Sterling Unsecured Loan Notes 2036, the price at which the Gross Redemption Yield on the date of redemption is equivalent to the yield on a reference UK government bond
- for the 3.249% Series B Euro Unsecured Loan Notes 2036 and for the 2.93% Euro Senior Unsecured Loan Notes 2037, the price at which the Gross Redemption Yield on the date of redemption is equivalent to the yield on a reference German government bond.

For the 1.38% JPY Senior Unsecured Loan Notes 2032, 50% of the notional value of the issued loans could be redeemed at the price at which the Gross Redemption Yield on the date of redemption is equivalent to the yield on a reference Japanese government bond, while for the 50% of swapped notes the redemption price is equivalent to the yield on a reference US Treasury plus an Applicable Percentage of 0.5%.

The estimated fair values of the Loan Notes as at 30 September 2022 were Series A: £25.1m and Series B: £22.7m, Euro Senior: £14.2m and JPY: £48.6m, being £4.8m, £3.6m, £3.2m and £0.7m respectively below the amortised values excluding interest.

Had the Company been liquidated on 30 September 2022, the redemption premium would have amounted to £14.9m over and above the fair values.

Voting entitlement

The holders of the Loan Notes have no right to attend or to vote at general meetings of the Company.

Debt Covenants

Under the terms of the Loan Notes, covenants require that the net assets of the Company shall not be less than £300,000,000 and total indebtedness shall not exceed 30% of net assets. The Company also has a short-term JPY12bn multi-currency revolving credit facility, the terms of which include covenants requiring that the net assets shall not be less than £300m and the adjusted net asset coverage to borrowings shall not be less than 4:1.

Significant agreements

Other than the Loan Notes and the revolving credit facility set out above, the Company is not aware of any significant agreements to which the company is a party that take effect, alter or terminate upon a change of control of the company following a takeover bid.

Governance / Report of the Directors continued

Directors and Board Structure

The Directors of the Company are listed on pages 52 and 53. All served throughout the period under review. Nigel Rich retired from the Board on 16 December 2021.

Susan Noble will retire as a Director at the conclusion of the forthcoming AGM. In accordance with the AIC's Code of Corporate Governance, the remaining Directors will retire at the forthcoming AGM and offer themselves for re-election. The Board carries out an annual review of the performance of each Director, of the Board as a whole and of each of the Board Committees. In reviewing the contribution of each Director, the Board considered the experience of each Director, as set out under the individual Directors' biographies on pages 52 and 53 and the ways in which they contributed to the Board during the year. Having considered the findings of the annual review, the Board considers that all Directors contribute effectively, possess the necessary skills and experience and continue to demonstrate commitment to their roles as non-executive Directors of the Company. It was therefore agreed that, with the exception of Susan Noble, all Directors should stand for re-election, and the re-election of each of the Directors is recommended by the Board.

The Company has provided indemnities to the Directors in respect of costs or other liabilities which they may incur in connection with any claims relating to their performance or the performance of the Company whilst they are Directors.

New appointees to the Board are provided with a full induction programme. The programme covers the Company's investment strategy, policies and practices. The Directors are also given key information on the Company's regulatory and statutory requirements as they arise, including information on the role of the Board, matters reserved for its decision, the terms of reference for the Board Committees, the Company's corporate governance practices and procedures and the latest financial information.

It is the Chairman's responsibility to ensure that the Directors have sufficient knowledge to fulfil their roles and Directors are encouraged to participate in training courses where appropriate. The Directors have access to the advice and services of the Company Secretary through its appointed representative which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties.

The Directors, in the furtherance of their duties, may take independent professional advice at the Company's expense.

The beneficial interests of the current Directors and their connected persons in the securities of the Company as at 30 September 2022 are set out in the Directors' Report on Remuneration Implementation on page 93.

The general powers of the Directors are contained within the relevant UK legislation and the Company's Articles of Association. The Directors are entitled to exercise all powers of the Company, subject to any limitations imposed by the Articles of Association or applicable legislation. The Articles of Association may only be amended by way of a special resolution of shareholders.

Board Independence

The Chairman and all Directors were considered independent of the Investment Manager at the time of their appointment and, in line with the guidelines of the AIC Code of Corporate Governance, all continue to be considered independent.

Policy on Tenure of Directors

The Board has a policy requiring that Directors should stand down after a maximum of nine years, but will consider the term of the Chairman separately, taking account of the need for an orderly transition.

It considers that a long association with the Company and experience of a number of investment cycles can be valuable to its deliberations and does not compromise a Director's independence. However, it does also recognise the need for progressive refreshing of the Board.

Role and Responsibilities of the Chairman

The Chairman leads the Board and is responsible for its overall effectiveness in directing the affairs of the Company. Key aspects of the Chairman's role and responsibilities are to:

- Act with objective judgement
- Promote a culture of openness and debate
- Facilitate constructive Board relations and the effective contribution of all Directors
- Working with the Company Secretary, ensure that all Directors receive accurate and timely information so that they can discharge their duties
- Seek regular engagement with the Company's shareholders
- Act on the results of the annual evaluation of the performance of the Board, its Committees and individual Directors.

Both Susan Noble, the current Chairman, and Graham Kitchen, who will replace her following the AGM, were independent on appointment and remain independent as set out in the AIC Code.

Role and Responsibilities of the Senior Independent Director

The key elements of the Senior Independent Director's role are to:

- Act as a sounding board for the Chairman
- Lead the annual evaluation of the Chairman as part of the annual evaluation process
- In the event of any major difference of opinion on the direction of the Company, act as an intermediary between the Chairman, other Directors and the Investment Manager
- Provide a conduit for views of shareholders in the event that the usual channels are not available or not suitable in the circumstances.

Board Committees

The Board has agreed a schedule of matters specifically reserved for decision by the full Board, subject to which the Board has delegated specific duties to Committees of the Board which operate within written terms of reference. The Board considers that, as it is comprised of independent non-executive Directors, it is not necessary to establish a separate Remuneration Committee. Each Director abstains from voting on their individual remuneration.

Link Company Matters Limited acts as Company Secretary to each Committee. No persons other than the Committee members are entitled to attend Committee meetings unless formally invited by the Committee. Copies of the terms of reference for each Board Committee are available from the Company Secretary and can be found on the Company's website. As the Company has only five Directors, all of whom are non-executive, it is the Board's policy that all Directors will sit on all Board Committees.

Audit Committee

The Audit Committee met four times in the year under review and comprises the whole Board, being independent Directors. All members of the Committee have recent and relevant financial experience and the Committee as a whole has competence relevant to the sector in which the Company operates. The Audit Committee has set out a formal Report on pages 87 to 89 of the Annual Report.

The Board notes that the AIC Code permits the Chairman of the Board to be a member of the Audit Committee of an investment trust. In light of the fact that the Board consists of only five members and recognising the Chairman's long experience in investment management, the Audit Committee resolved to continue the Chairman's appointment to the Committee. For this reason the Directors also consider it appropriate for Graham Kitchen to continue to be a member of the Audit Committee when he succeeds Susan Noble as Chairman.

Management Engagement Committee

The Management Engagement Committee meets at least once each year and comprises the whole Board, being independent Directors. The main functions of the Committee are to define the terms of the Investment Management Agreement (IMA), ensuring that the Investment Manager follows good industry practice, is competitive and continues to act in the best interests of shareholders. The Committee monitors the Investment Manager's compliance with the terms of the IMA and the Investment Manager's performance.

The Committee also reviews the services and performance of the Company's other third-party service providers. The Committee has a procedure for formal annual reviews of all service providers and also occasionally carries out further, ad hoc, reviews as it deems to be necessary.

Nomination Committee

The Nomination Committee comprises the whole Board and convenes to undertake the annual appraisal of the performance of the Board, its Committees and the Directors and, if agreed, to propose the re-election of the Directors, each of whom will retire at the AGM. The Nomination Committee maintains a matrix which summarises the key skills and experience of each Director and which is reviewed at least once per year. This skills matrix is a key element of the process of ensuring that the Board has an appropriate mix of skills and experience and will be used when considering longer-term succession plans, as well as identifying any areas which may require strengthening. The matrix would also be taken into account when compiling the specification for candidates for new Board appointments.

The Nomination Committee also meets to consider succession plans and the appointment of new Directors to the Board. Candidates for nomination may be sourced from outside the Company using third-party search and selection services, as well as potential candidates known to Directors through their extensive knowledge of the industry.

During the year under review, Sapphire Partners have been appointed to assist with the search for a non-executive Director. An announcement in respect of the outcome of this search will be made shortly. There is no connection between the Directors or the Company and Sapphire Partners.

Disclosure Committee

A Disclosure Committee, comprising all Directors, meets when required to ensure that inside information is identified and disclosed, if necessary, in a timely fashion in accordance with relevant law and regulation.

Due to the necessity for meetings to be called on short notice, the quorum for the Committee is two members, one of whom shall be either the Chairman, the Chairman of the Audit Committee or the Senior Independent Director.

Diversity

The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates. The Board has adopted a diversity policy, which acknowledges the benefits of diversity, and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. Whilst the Board does not feel that it would be appropriate to set targets as all appointments are made on merit, the following objectives for the appointment of Directors have been established: (i) all Board appointments will be made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective; and (ii) long lists of potential non-executive Directors should include diverse candidates of appropriate merit.

The Board is mindful of the newly introduced Listing Rule 9.8.6R (9)(a) for companies to include whether certain board diversity targets have been met on a 'comply or explain' basis, which will apply to financial years commencing 1 January 2022. These targets will be taken into consideration in respect of the recruitment of all new Directors of the Company. The Company will report against these new requirements in the Annual Report for the year ending 30 September 2023.

Management Arrangements

AVI, the Investment Manager, is the Company's appointed AIFM, and is engaged under the terms of an IMA dated 17 July 2014. The IMA is terminable by six months' notice from either party, other than for "cause".

During the year under review, the Investment Manager was entitled to an annual management fee of 0.70% of the net assets of the Company, up to £1bn and 0.60% for that proportion of assets above £1bn.

J.P. Morgan Europe Limited was appointed as Depositary under an agreement with the Company and AVI dated 2 July 2014, and is paid a fee on a sliding scale between 1.00 basis points and 1.95 basis points based on the assets of the Company. The Depositary Agreement is terminable on 90 calendar days' notice from either party.

JPMorgan Chase Bank, National Association, London Branch, has been appointed as the Company's Custodian under an agreement dated 2 July 2014. The agreement will continue for so long as the Depositary Agreement is in effect and will terminate automatically upon termination of the Depositary Agreement, unless the parties agree otherwise.

Link Company Matters Limited was appointed as corporate Company Secretary on 1 April 2014. The current annual fee is £77,281, which is subject to an annual RPI increase. The Agreement may be terminated by either party on six months' written notice.

With the Board's consent, AVI has sub-contracted certain fund administration services to Link Asset Services. The cost of these sub-contracted services is borne by AVI from its own resources and not by the Company.

Continuing Appointment of the Investment Manager

The Board keeps the performance of the Investment Manager under continual review, and the Management Engagement Committee conducts an annual appraisal of the Investment Manager's performance, and makes a recommendation to the Board about the continuing appointment of the Investment Manager. It is the opinion of the Directors that the continuing appointment of the Investment Manager is in the interests of shareholders as a whole. The reasons for this view are that the Investment Manager has executed the investment strategy according to the Board's expectations and has produced positive returns relative to the broader market and the comparator benchmark.

Governance / Report of the Directors continued

Corporate Governance
The Listing Rules and the Disclosure Guidance and Transparency Rules (Disclosure Rules) of the UK Financial Conduct Authority require listed companies to disclose how they have applied the principles and complied with the provisions of the corporate governance code to which the issuer is subject. The provisions of the UK Corporate Governance Code (UK Code) issued by the Financial Reporting Council (FRC) in July 2018 are applicable for the year under review. The related Code of Corporate Governance (AIC Code) issued by the AIC in February 2019 addresses all of the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are specific to investment trusts. The FRC has confirmed that AIC member companies which report against the AIC Code and which follow the AIC Guide will meet the obligations in relation to the UK Code and associated disclosure requirements of the Disclosure Rules. The Board considers that the principles and recommendations of the AIC Code provide the most appropriate framework for the Company's governance.

The AIC Code can be viewed at www.theaic.co.uk

The UK Code can be viewed at www.frc.org.uk

The Board considers that reporting against the principles and recommendations of the AIC Code (which incorporates the UK Code) provides shareholders with full details of the Company's Corporate Governance compliance.

Throughout the year ended 30 September 2022, the Company has complied with the provisions of the AIC Code and the relevant provisions of the UK Code, except as set out in this paragraph. As the entire Board is non-executive and consists of only five members, the Board does not have a separate Remuneration Committee. The UK Code includes provisions relating to the role of the Chief Executive, executive Directors' remuneration and the need for an internal audit function. For the reasons set out in the AIC Code, and as explained in the UK Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive Directors, employees or internal operations and as such the Directors do not determine the need for an internal audit function to be practicable or necessary. The Company has therefore nothing to report in respect of these provisions.

The table below sets out information required under Provision 1 of the UK Code and how it is disclosed in this Annual Report:

How opportunities and risks to the future success of the business have been considered and addressed	An overview of the Company's performance is set out in the Chairman's Statement, and a more detailed review is set out in the Investment Manager's Review. A detailed review of risk management is set out on pages 12 to 15.
The sustainability of the company's business model	The sustainability of the business model is set out in the Viability Statement on page 63.
How its governance contributes to the delivery of its strategy	The approach to governance is set out in this section of the Annual Report, in particular the section 172 statement on pages 16 to 18 and the description of the Board structure on page 56.

Set out below are full details of how the Company has applied the Principles of the AIC Code:

AIC Code Principle	Compliance Statement
A A successful company is led by an effective board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	In managing the Company, the aim of the Board and of the Investment Manager is always to ensure the long-term sustainable success of the Company and, therefore, the likely long-term consequences of any decision are a key consideration. Both the Board and AVI recognise that social, human rights, community, governance and environmental issues have an effect on its investee companies. The Board supports AVI in its belief that good corporate governance will help to deliver sustainable long-term shareholder value. AVI is an investment management firm that invests on behalf of its clients and its primary duty is to produce returns for its clients. AVI seeks to exercise the rights and responsibilities attached to owning equity securities in line with its investment strategy. A key component of AVI's investment strategy is to understand and engage with the management of public companies. More information on the Company's long-term performance record can be found on page 12 and more details of AVI's ESG Policy are on pages 26 to 29 of this Report.
B The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.	The purpose of the Company is to achieve capital growth through a focused portfolio of mainly listed investments, particularly in companies whose shares stand at a discount to estimated underlying net asset value. More information on our culture and how it is aligned with the Company's purpose and strategy can be found under Culture and Values on page 16 of this Report.

AIC Code Principle	Compliance Statement
C The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	The Directors regularly consider the Company's financial position in the context of its business model, the balance sheet, cash flow projections, availability of funding and the Company's contractual commitments. The Company's objective is to achieve capital growth through a focused portfolio of mainly listed investments, particularly in companies whose shares stand at a discount to estimated underlying net asset value, therefore one of the measures which the Board considers is NAV total returns, details of which can be found on page 12. As explained earlier, the Company is subject to various risks in pursuing its objectives and in order to effectively assess and manage risk, appropriate controls and policies are in place and are regularly reviewed and assessed by the Audit Committee. These are detailed in the Strategic Report on pages 12 to 15, in the Audit Committee Report on page 88 and in note 14 to the financial statements.
D In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	On pages 17 and 18 we describe our key stakeholders, the reason they are important and how we seek to gain an understanding of their interests and also how the Board engages with them.
F The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.	The role and responsibilities of the Chairman are described on page 56. The Company recognises that the Chairman leads the Board and is responsible for its overall effectiveness in directing the affairs of the Company. The annual evaluation of the Board's effectiveness always considers the performance of the Chairman, and whether she has performed her role effectively. The Directors, led by the SID, have concluded that the Chairman has fulfilled her role and performed well to support the effective functioning of the Board. Further information on our culture can be found on page 16.
G The board should consist of an appropriate combination of directors (and, in particular, independent non-executive directors) such that no one individual or small group of individuals dominates the board's decision-making.	During the year under review, the Board consisted only of non-executive Directors and all of the Directors are deemed to be independent of the Investment Manager. In the Board's opinion, each Director continues to provide constructive challenge and robust scrutiny of matters that come before the Board. The Board also considers the composition of the Board, as well as the longer-term succession plans. As a Board, we aim to be as well-equipped as a Board of any large investment trust to effectively give direction to, and exercise scrutiny of, the Company's activities.
H Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third-party service providers to account.	The Board considers the required time commitment annually and, during the year under review, the Board concluded that all Directors continued to devote sufficient time to the business of the Company. Through their contributions in meetings, as well as outside of the usual meeting cycle, the Directors share their experience and guidance with, as well as constructively challenge, the Investment Manager. The Board, supported by the Management Engagement Committee, regularly assesses the performance of all third-party service providers. More details on the work of the Management Engagement Committee can be found on page 57.

Governance / Report of the Directors continued

AIC Code Principle	Compliance Statement
I The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	The Board's responsibilities are set out in the schedule of Matters Reserved for the full Board and certain responsibilities are delegated to its Committees, so that it can operate effectively and efficiently. Supported by its Committees, the Board has overall responsibility for purpose, strategy, business model, performance, asset allocation, capital structure, approval of key contracts, the framework for risk management and internal controls and governance matters, as well as engagement with shareholders and other key stakeholders. A number of Board policies are reviewed on a regular basis. Directors are also provided with any relevant information and have access to the Company Secretary and independent advisers, if required.
J Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates. The Board has adopted a Diversity Policy, which acknowledges the benefits of diversity, and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. The Company's policy on the tenure of Directors also helps to guide long-term succession plans, and recognises the need and value of progressive refreshing of the Board. Both policies are described in more detail on pages 56 and 57.
K The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.	The Nomination Committee, which comprises the whole Board, is responsible for identifying and recommending to the Board the appointment of new Directors. The Nomination Committee maintains a matrix which summarises the key skills and experience of each Director and the matrix is reviewed at least once per year. This skills matrix is a key element of the process of ensuring that the Board has an appropriate mix of skills and experience and will be used when considering longer-term succession plans.
L Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	An annual evaluation of the performance of the Board, its Committees and individual Directors takes place every year, and an independent review is undertaken every three years. An externally facilitated performance evaluation last took place in 2020 and the next independent review is scheduled to take place in 2023. During the year under review, the Board has carried out an internal performance evaluation by way of questionnaires specifically designed to assess the strengths and independence of the Board and the Chairman and the performance of its Committees.
M The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.	The Audit Committee supports the Board in fulfilling its oversight responsibilities by reviewing the performance of the external Auditor, audit quality, as well as the Auditor's objectivity and independence. The Committee also reviews the integrity and content of the financial statements, including the ongoing viability of the Company. More details can be found in the Committee's report on pages 87 to 89.
N The board should present a fair, balanced and understandable assessment of the company's position and prospects.	The Audit Committee supports the Board in assessing that the Company Annual Report presents a fair, balanced and understandable assessment of the Company's position and prospects. Please refer to the Report of the Audit Committee on pages 87 to 89 for further information.

AIC Code Principle	Compliance Statement
O The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.	The work of the Audit Committee, that supports the Board through its independent oversight of the financial reporting process, including the financial statements, the system of internal control and management of risk, the appointment and ongoing review of the quality of the work and independence of the Company's external Auditor, as well as the procedures for monitoring compliance, is described in pages 87 to 89.
P Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.	The Directors are all non-executive and independent of the Investment Manager. They receive fees and no component of any Director's remuneration is subject to performance factors. Whilst there is no requirement under the Company's Articles of Association or letters of appointment for Directors to hold shares in the Company, all of the Directors do have shares in the Company and the details of their shareholdings are set out on page 93.
Q A formal and transparent procedure for developing a policy for remuneration should be established. No director should be involved in deciding their own remuneration outcome.	As the Company has no employees and the Board is comprised wholly of non-executive Directors, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole, at its discretion within an aggregate ceiling as set out in the Company's Articles of Association. Each Director abstains from voting on their own individual remuneration. The details of the Remuneration Policy and Directors' fees can be found on pages 90 to 93. The terms and conditions of the Directors' appointments are set out in Letters of Appointment, which are available for inspection on request at the registered office of the Company.
R Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	The process of reviewing the Directors' fees is described on page 92, although there are no performance related elements of the remuneration, there is therefore very little scope for the exercise of discretion or judgement.

UK Corporate Governance Code Principle E relates to the treatment of employees and so is generally not applicable to companies under the AIC Code if, as in the case of the Company, there are no employees.

Interests in Share Capital

Information on the structure, rights and restrictions relating to share capital is given on page 55.

At 30 September 2022 and 3 November 2022, the following holdings representing more than 3% of the Company's voting rights had been reported to the Company:

	Number held at 30 September 2022*	Percentage held at 30 September 2022	Percentage held at 3 November 2022
Interactive Investor	31,027,965	6.31%	6.34%
Hargreaves Lansdown Asset Management Limited	29,161,670	5.93%	5.96%
1607 Capital Partners, LLC	27,212,520	5.54%	5.56%
Halifax Share Dealing Limited	27,137,420	5.52%	5.55%
Lazard Asset Management LLC	26,161,380	5.32%	5.35%
Charles Stanley & Co Limited	24,833,470	5.05%	5.08%
Smith & Williamson Investment Management Limited	18,909,950	3.85%	3.86%

No other changes have been notified.

* Restated for Share Split since receipt of the notifications.

Governance / Report of the Directors continued

Financial Risk Management
The principal risks and uncertainties facing the Company are set out on pages 12 to 15. The principal financial risks and the Company's policies for managing these risks are set out in note 14 to the financial statements.

Greenhouse Gas Emissions and TCFD reporting
The Company's environmental statements are set out in the Strategic Report on page 19. The Company has no greenhouse gas emissions to report from the operations of the Company, nor does it have responsibility for any other emissions producing sources reportable under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

As an investment trust without employees, the Company is also not required to report against the TCFD framework. However, understanding and managing climate-related risks and opportunities based on the TCFD's recommendations is a fundamental part of AVI's investment approach, as discussed on pages 26 to 29.

Anti-Bribery and Corruption Policy
The Company has adopted an Anti-Bribery and Corruption Policy and has reviewed the statements regarding compliance with the Bribery Act 2010 by the Company's Investment Manager and key service providers. These statements are reviewed regularly by the Management Engagement Committee.

Disclosure of Information to the Auditor
The Directors who held office at the date of approval of the Report of the Directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all of the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and establish that the Company's Auditor is aware of that information.

Requirements of the Listing Rules
Listing Rule 9.8.4 requires the Company to include specified information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that no disclosures are required in relation to Listing Rule 9.8.4.

Auditor
KPMG LLP have indicated their willingness to continue in office and Resolutions will be proposed at the forthcoming AGM to re-appoint them as Auditor and to authorise the Directors to determine their remuneration. However, the Board will run a tender process during the financial year to 30 September 2023 and may appoint a replacement auditor during the year. Further information about the Company's external Auditor, including tenure, can be found in the Audit Committee's Report on pages 87 to 89.

Annual General Meeting
The Notice of the AGM to be held on 20 December 2022 (the Notice) is set out on pages 98 to 101. Further information on the resolutions comprising special business being put to shareholders at the forthcoming AGM is set out below:

Resolution 11 – Authority to allot shares
The Directors seek to renew the general and unconditional authority to allot Ordinary Shares up to an aggregate nominal value of £3,262,032, representing approximately one-third of the issued Ordinary Share capital (excluding shares held in treasury). The Directors will only exercise this authority if they consider it to be in the best interests of the Company and would only issue shares at a price at or above the prevailing NAV per share at the time of issue. This authority would expire 15 months after the date of the passing of the resolution or, if earlier, at the next AGM of the Company.

No shares were issued in the year.

As at 7 November 2022, 45,600,956 shares were held in treasury, representing 8.53% of the issued share capital.

Resolution 12 – Authority to issue shares outside of pre-emption rights
The Directors seek to renew the authority to allot, other than on a pre-emptive basis, Ordinary Shares (including the grant of rights to subscribe for, or to convert any securities into Ordinary Shares) for cash up to a maximum aggregate nominal value of £489,304, representing up to approximately 5% of the Ordinary Shares (excluding shares held in treasury) in issue as at 7 November 2022, and to transfer or sell Ordinary Shares held in treasury.

The Directors will only exercise this authority if they consider it to be advantageous to the Company and its shareholders. Shares will not be issued or sold from treasury other than at a price equal to or above the prevailing NAV per share.

No shares were issued in the year to 30 September 2022.

Resolution 13 – Share buyback facility
At the AGM held on 16 December 2021, the Directors were authorised to make market purchases of up to 14.99% of the shares in circulation at the date of that meeting. During the year, 19,115,057* shares have been bought back under this authority (nominal value £382,301.14*), representing 3.56% of the issued capital as at the year end. These shares were bought back in order to limit any significant widening of the discount. As at the year end, authority to buy back a further 59,480,018 Ordinary Shares remained.

At the forthcoming AGM, the Directors will seek to renew the authority for up to 14.99% of Ordinary Shares in issue (excluding shares held in treasury), representing Ordinary Shares up to a nominal value of £1,466,935, to be bought back. Purchases would be made in accordance with the relevant provisions of the Companies Act and Listing Rules. The authority will expire 15 months after the date of the passing of the resolution or, if earlier, at the next AGM of the Company.

Details of shares bought back during the year under review can be found in note 12 to the financial statements.

Ordinary Shares bought back may be held in treasury for cancellation or sale at a future date rather than being cancelled upon purchase. The Directors will not exercise the authority granted under this resolution unless they consider it to be in the best interests of shareholders and shares would only be bought back at a discount to the prevailing NAV per share.

Resolution 14 – Notice period for general meetings
This resolution will allow the Company to hold general meetings (other than an AGM) on 14 clear days' notice. The notice period for general meetings of the Company is 21 clear days unless: (i) shareholders approve a shorter notice period, which cannot however be less than 14 clear days; and (ii) the Company offers the facility for all shareholders to vote by electronic means. AGMs must always be held on at least 21 clear days' notice. It is intended that the flexibility offered by this resolution will only be used for time sensitive, non-routine business and where merited in the interests of shareholders as a whole. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

Recommendation
The Directors consider that all of the resolutions to be proposed at the AGM are in the best interests of the Company and its members as a whole. The Directors unanimously recommend that shareholders vote in favour of all of the resolutions, as they intend to do in respect of their own beneficial holdings.

* Restated for Share Split.

Going Concern
The financial statements have been prepared on a going concern basis and on the basis that approval as an investment trust company will continue to be met.

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date when these financial statements were approved.

In making the assessment, the Directors of the Company have considered the likely impacts of international and economic uncertainties on the Company, operations and the investment portfolio. These include, but are not limited to, the impact of COVID-19, the war in Ukraine, political and economic instability in the UK, supply shortages and inflationary pressures.

The Directors noted that the Company, with the current cash balance and holding a portfolio of liquid listed investments, is able to meet the obligations of the Company as they fall due. The surplus cash plus borrowing facilities enables the Company to meet any funding requirements and finance future additional investments. The Company is a closed-ended fund, where assets are not required to be liquidated to meet day-to-day redemptions.

The Directors have completed stress tests assessing the impact of changes in market value and income with associated cash flows. In making this assessment, they have considered plausible downside scenarios and simulated a 50% reduction in NAV during January 2023. The conclusion was that in a plausible downside scenario the Company could continue to meet its liabilities. Whilst the economic future is uncertain, and the Directors believe that it is possible the Company could experience reductions in income and/or market value, the opinion of the Directors is that this should not be to a level which would threaten the Company's ability to continue as a going concern.

The Directors, the Investment Manager and other service providers have put in place contingency plans to minimise disruption. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments (of which there are none of significance). Therefore, the financial statements have been prepared on the going concern basis.

Viability
The Directors consider viability as part of their continuing programme of monitoring risk. The Directors have made a robust assessment of the principal and emerging risks. The Directors believe five years to be a reasonable time horizon to consider the continuing viability of the Company, reflecting a balance between a longer-term investment horizon and the inherent shorter-term uncertainties within equity markets, although they do have due regard to viability over the longer term and particularly to key points outside this time frame, such as the due dates for the repayment of long-term debt. The Company is an investment trust whose portfolio is invested in readily realisable listed securities and with some short-term cash deposits. The following facts support the Directors' view of the viability of the Company:

- In the year under review, expenses (including finance costs and taxation) were adequately covered by investment income.
- The Company has a liquid investment portfolio.
- The Company has long-term debt of £30m and €30m which both fall due for repayment in 2036, €20m which falls due for repayment in 2037 and JPY8bn which falls due for repayment in 2032. This debt was covered approximately 9 times as at the end of September 2022 by the Company's total assets. The Directors are of the view that, subject to unforeseen circumstances, the Company will have sufficient resources to meet the costs of annual interest and eventual repayment of principal on this debt.
- The Company has an unsecured JPY 12bn multi-currency revolving credit facility. At present the Company has no drawings under this facility.

The Company has a large margin of safety over the covenants on its debt. The Company's viability depends on the global economy and markets continuing to function. The Directors also consider the possibility of a wide-ranging collapse in corporate earnings and/or the market value of listed securities. To the latter point, it should be borne in mind that a significant proportion of the Company's expenses are in ad valorem investment management fees, which would reduce if the market value of the Company's assets were to fall.

In arriving at its conclusion, the Board has taken account of the potential effects of COVID-19, the war in Ukraine, political and economic instability in the UK, supply shortages and inflationary pressures on the value of the Company's assets, income from those assets and the ability of the Company's key suppliers to maintain effective and efficient operations. As set out in the Going Concern statement, in assessing the potential effects of these international and economic uncertainties, the Directors have completed stress tests which included plausible downside scenarios and simulated a 50% reduction in NAV during January 2023.

In order to maintain viability, the Company has a robust risk control framework which, following guidelines from the FRC, has the objectives of reducing the likelihood and impact of: poor judgement in decision-making; risk-taking that exceeds the levels agreed by the Board; human error; or control processes being deliberately circumvented.

Taking the above into account, and the potential impact of the principal and emerging risks as set out on pages 12 to 15, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of five years from the date of approval of this Annual Report.

Approval
The Report of the Directors has been approved by the Board.

By Order of the Board

Link Company Matters Limited
Corporate Secretary

7 November 2022

Governance / Report of the Directors continued

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

The financial statements of the Company are published on the Company's website at www.aviglobal.co.uk. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in Respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Susan Noble
Chairman

7 November 2022

Financial Statements / Statement of Comprehensive Income

For the year ended 30 September 2022

	Notes	2022 Revenue return £'000	2022 Capital return £'000	2022 Total £'000	2021 Revenue return £'000	2021 Capital return £'000	2021 Total £'000
Income							
Investment income	2	**23,113**	**–**	**23,113**	20,376	27	20,403
(Losses)/gains on financial assets and financial liabilities held at fair value	8	**–**	**(120,670)**	**(120,670)**	–	289,398	289,398
Exchange gains on currency balances		**–**	**1,839**	**1,839**	–	705	705
		23,113	**(118,831)**	**(95,718)**	20,376	290,130	310,506
Expenses							
Investment management fee	3	**(2,295)**	**(5,355)**	**(7,650)**	(2,138)	(4,988)	(7,126)
Other expenses (including irrecoverable VAT)	3	**(2,594)**	**(32)**	**(2,626)**	(1,735)	–	(1,735)
Profit/(loss) before finance costs and taxation		**18,224**	**(124,218)**	**(105,994)**	16,503	285,142	301,645
Finance costs	4	**(963)**	**(2,272)**	**(3,235)**	(955)	(2,248)	(3,203)
Exchange (losses)/gains on loan revaluation	4	**–**	**(838)**	**(838)**	–	2,385	2,385
Profit/(loss) before taxation		**17,261**	**(127,328)**	**(110,067)**	15,548	285,279	300,827
Taxation	5	**(959)**	**–**	**(959)**	(1,259)	(5)	(1,264)
Profit/(loss) for the year		**16,302**	**(127,328)**	**(111,026)**	14,289	285,274	299,563
Earnings per Ordinary Share	7	**3.24p**	**(25.30p)**	**(22.06p)**	2.74p*	54.62p*	57.36p*

* Restated for Share Split.

The total column of this statement is the Income Statement of the Company prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The supplementary revenue return and capital return columns are presented in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies (AIC SORP).

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

There is no other comprehensive income, and therefore the profit for the year after tax is also the total comprehensive income.

The accompanying notes are an integral part of these financial statements.

Financial Statements / Statement of Changes in Equity

For the year ended 30 September 2022

	Ordinary share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve* £'000	Merger reserve £'000	Revenue reserve** £'000	Total £'000
For the year ended 30 September 2022							
Balance as at 30 September 2021	**11,600**	**7,335**	**28,078**	**1,016,881**	**41,406**	**27,922**	**1,133,222**
Ordinary Shares bought back and held in treasury	**–**	**–**	**–**	**(7,997)**	**–**	**–**	**(7,997)**
Ordinary Shares held in treasury cancelled	**(555)**	**555**	**–**	**–**	**–**	**–**	**–**
Ordinary Shares bought back for cancellation	**(304)**	**304**	**–**	**(28,681)**	**–**	**–**	**(28,681)**
Cost of Share Split	**–**	**–**	**–**	**(36)**	**–**	**–**	**(36)**
Total comprehensive income for the year	**–**	**–**	**–**	**(127,328)**	**–**	**16,302**	**(111,026)**
Ordinary dividends paid (see note 6)	**–**	**–**	**–**	**–**	**–**	**(16,683)**	**(16,683)**
Prior years' dividends cancelled (see note 6)	**–**	**–**	**–**	**–**	**–**	**709**	**709**
Balance as at 30 September 2022	**10,741**	**8,194**	**28,078**	**852,839**	**41,406**	**28,250**	**969,508**
For the year ended 30 September 2021							
Balance as at 30 September 2020	11,600	7,335	28,078	764,245	41,406	30,941	883,605
Ordinary Shares bought back and held in treasury	–	–	–	(32,638)	–	–	(32,638)
Total comprehensive income for the year	–	–	–	285,274	–	14,289	299,563
Ordinary dividends paid (see note 6)	–	–	–	–	–	(17,308)	(17,308)
Balance as at 30 September 2021	11,600	7,335	28,078	1,016,881	41,406	27,922	1,133,222

* Within the balance of the capital reserve, £757,415,000 relates to realised gains (2021: £757,120,000) which under the Articles of Association is distributable by way of dividend. The remaining £95,424,000 relates to unrealised gains and losses on financial instruments (2021: £259,761,000) and is non-distributable.

** Revenue reserve is fully distributable by way of dividend.

The accompanying notes are an integral part of these financial statements.

Financial Statements / Balance Sheet

As at 30 September 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Investments held at fair value through profit or loss	8	**986,431**	1,196,201
		986,431	1,196,201
Current assets			
Investments held at fair value through profit or loss	8	**22,359**	–
Other receivables	9	**25,217**	4,572
Cash and cash equivalents		**67,274**	68,418
		114,850	72,990
Total assets		**1,101,281**	1,269,191
Current liabilities			
Total return swap liabilities	8, 10	**–**	(1,091)
Revolving credit facility	10	**–**	(59,821)
Other payables	10	**(8,880)**	(2,358)
		(8,880)	(63,270)
Total assets less current liabilities		**1,092,401**	1,205,921
Non-current liabilities			
4.184% Series A Sterling Unsecured Loan 2036	11	**(29,913)**	(29,906)
3.249% Series B Euro Unsecured Loan 2036	11	**(26,235)**	(25,715)
2.93% Euro Unsecured Loan 2037	11	**(17,430)**	(17,078)
1.38% JPY Senior Unsecured Loan Note 2032		**(49,315)**	–
		(122,893)	(72,699)
Net assets		**969,508**	1,133,222
Equity attributable to equity shareholders			
Ordinary Share capital	12	**10,741**	11,600
Capital redemption reserve		**8,194**	7,335
Share premium		**28,078**	28,078
Capital reserve		**852,839**	1,016,881
Merger reserve		**41,406**	41,406
Revenue reserve		**28,250**	27,922
Total equity		**969,508**	1,133,222
Net asset value per Ordinary Share – basic and diluted	13	**197.27p**	221.95p*
Number of shares in issue excluding Treasury	12	**491,451,568**	510,566,625*

* Restated for Share Split.

These financial statements were approved and authorised for issue by the Board of AVI Global Trust plc on 7 November 2022 and were signed on its behalf by:

Susan Noble
Chairman

The accompanying notes are an integral part of these financial statements.

Registered in England & Wales No. 28203

Financial Statements / Statement of Cash Flows

For the year ended 30 September 2022

	2022 £'000	2021 £'000
Reconciliation of (loss)/profit before taxation to net cash inflow from operating activities		
(Loss)/profit before taxation	**(110,067)**	300,827
Losses/(gains) on investments held at fair value through profit or loss	**120,670**	(289,398)
Decrease/(increase) in other receivables	**2,083**	(2,438)
Decrease in other payables	**(127)**	(438)
Taxation paid	**(739)**	(1,138)
Exchange gains on Loan Notes and revolving credit facility	**(3,813)**	(5,304)
Amortisation of loan issue expenses	**24**	20
Net cash inflow from operating activities	**8,031**	2,131
Investing activities		
Purchases of investments	**(355,855)**	(655,244)
Sales of investments	**404,053**	716,184
Cash inflow from investing activities	**48,198**	60,940
Financing activities		
Dividends paid	**(16,679)**	(17,308)
Cancelled dividends	**704**	–
Payments for Ordinary Shares bought back	**(35,330)**	(32,371)
Cost of Share Split	**(36)**	–
Net (repayment)/drawdown of revolving credit facility	**(55,149)**	23,426
Issue of loans net of costs	**49,311**	–
Cash outflow from financing activities	**(57,179)**	(26,253)
(Decrease)/increase in cash and cash equivalents	**(950)**	36,818
Reconciliation of net cash flow movements in funds:		
Cash and cash equivalents at beginning of year	**68,418**	31,596
Exchange rate movements	**(194)**	4
(Decrease)/increase in cash and cash equivalents	**(950)**	36,818
(Decrease)/increase in net cash	**(1,144)**	36,822
Cash and cash equivalents at end of year	**67,274**	68,418

The accompanying notes are an integral part of these financial statements.

Financial Statements / Notes to the Financial Statements

1. General information and accounting policies

AVI Global Trust plc is a company incorporated and registered in England and Wales. The principal activity of the Company is that of an investment trust company within the meaning of Sections 1158/1159 of the Corporation Tax Act 2010 and its investment approach is detailed in the Strategic Report.

The Company's financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have also been prepared in accordance with the AIC SORP for the financial statements of investment trust companies and venture capital trusts.

Basis of preparation

The functional currency of the Company is Pounds Sterling because this is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in Pounds Sterling rounded to the nearest thousand, except where otherwise indicated.

Going concern

The financial statements have been prepared on a going concern basis and on the basis that approval as an investment trust company will continue to be met.

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date when these financial statements were approved.

In making the assessment, the Directors of the Company have considered the likely impacts of international and economic uncertainties on the Company, operations and the investment portfolio. These include, but are not limited to, the impact of COVID-19, the war in Ukraine, political and economic instability in the UK, supply shortages and inflationary pressures.

The Directors noted that the Company, with the current cash balance and holding a portfolio of listed investments, is able to meet the obligations of the Company as they fall due. The current cash balance plus additional borrowing, through the revolving credit facility, enables the Company to meet any funding requirements and finance future additional investments. The Company is a closed-end fund, where assets are not required to be liquidated to meet day-to-day redemptions.

The Directors have completed stress tests assessing the impact of changes in market value and income with associated cash flows. In making this assessment, they have considered plausible downside scenarios and simulated a 50% reduction in NAV during January 2023. The conclusion was that in a plausible downside scenario the Company could continue to meet its liabilities. Whilst the economic future is uncertain, and the Directors believe that it is possible the Company could experience further reductions in income and/or market value, and changes in expenses, the opinion of the Directors is that this should not be to a level which would threaten the Company's ability to continue as a going concern.

The Directors, the Investment Manager and other service providers have put in place contingency plans to minimise disruption. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments (of which there are none of significance). Therefore, the financial statements have been prepared on the going concern basis.

Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business. The Company primarily invests in companies listed in the UK and on other recognised international exchanges.

Accounting developments

In the year under review, the Company has applied amendments to IFRS issued by the IASB adopted in conformity with UK adopted international accounting standards. These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments, changes in disclosure and presentation requirements. This incorporated:

- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39 and IFRS 7).

The adoption of the changes to accounting standards has had no material impact on these or prior years' financial statements. There are amendments to IAS/IFRS that will apply from 1 October 2022 as follows:

- Classification of liabilities as current or non-current (Amendments to IAS 1);
- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes; and
- Annual improvements to IFRS Standards.

The Directors do not anticipate that the adoption of these will have a material impact on the financial statements.

1. General information and accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with international accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts in the Balance Sheet, the Statement of Comprehensive Income and the disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The areas requiring judgement and estimation in the preparation of the financial statements relate to the determination of the carrying value of unquoted investments at fair value through profit or loss. The policies for these are set out in the notes to the financial statements below. The Company values unquoted investments by following the International Private Equity Venture Capital Valuation (IPEV) guidelines. Further areas are recognising and classifying unusual or special dividends received as either capital or revenue in nature; and the level of deferred tax.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods. There were no significant judgements or estimates which had a significant impact on these financial statements.

Investments

The Company's business is investing in financial assets with a view to capital growth. The portfolio of financial assets is managed and its performance evaluated on a fair value basis in accordance with the documented investment strategy and information is provided internally on that basis to the Company's Board of Directors.

The investments held by the Company are designated "at fair value through profit or loss". All gains and losses are allocated to the capital return within the Statement of Comprehensive Income as "Gains or losses on investments held at fair value through profit or loss". Also included within this heading are transaction costs in relation to the purchase or sale of investments. When a purchase or sale is made under a contract, the terms of which require delivery within the time frame of the relevant market, the investments concerned are recognised or derecognised on the trade date.

All investments are designated upon initial recognition as held at fair value through profit or loss, and are measured at subsequent reporting dates at fair value, which is either the bid price or closing price for Stock Exchange Electronic Trading Service – quotes and crosses (SETSqx). The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all of the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been accumulated is recognised in profit or loss.

Fair values for unquoted investments, or for investments for which the market is inactive, are established by using various valuation techniques in accordance with the International Private Equity and Venture Capital (the IPEV) guidelines. These may include recent arm's length market transactions, the current fair value of another instrument that is substantially the same, net asset value, discounted cash flow analysis, option pricing models and reference to similar quoted companies. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is utilised. Where no reliable fair value can be estimated for such instruments, they are carried at cost. These are constantly monitored for value. The values, if any, are approved by the Board.

All investments for which a fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy levels in note 14. A transfer between levels may result from the date of an event or a change in circumstances.

Foreign currency

Transactions denominated in currencies other than Pounds Sterling are recorded at the rates of exchange prevailing on the date of the transaction. Items which are denominated in foreign currencies are translated at the rates prevailing on the Balance Sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or the revenue account depending on whether the gain or loss is capital or revenue in nature.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments and money market funds, that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

Other receivables and payables

Trade receivables, trade payables and short-term borrowings are measured at amortised cost and balances revalued for exchange rate movements.

Revolving credit facility

The revolving credit facility is recognised at amortised cost and revalued for exchange rate movements.

Income

Dividends receivable on quoted equity shares are taken to revenue on an ex-dividend basis. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Fixed returns on non-equity shares are recognised on a time-apportioned basis. Dividends from overseas companies are shown gross of any withholding taxes which are disclosed separately in the Statement of Comprehensive Income.

Special dividends are taken to the revenue or capital account depending on their nature. In deciding whether a dividend should be regarded as a capital or revenue receipt, the Board reviews all relevant information as to the reasons for the sources of the dividend on a case-by-case basis.

When the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend forgone is recognised as income. Any excess in the value of the cash dividend is recognised in the capital column.

Interest income on fixed interest securities is recognised in the Statement of Comprehensive Income based on the effective yield to maturity of the fixed interest security.

Underwriting income is recognised upon completion of underwriting of a share issue. Where shares are received rather than cash, the value of the cash foregone is recognised as income. Any excess in the value of the underwriting is recognised in the capital column.

All other income is accounted on a time-apportioned accruals basis and is recognised in the Statement of Comprehensive Income.

Expenses and finance costs
All expenses are accounted on an accruals basis. On the basis of the Board's expected long-term split of total returns in the form of capital and revenue returns of 70% and 30% respectively, the Company charges 70% of its management fee and finance costs to capital.

Expenses incurred directly in relation to arranging debt finance are amortised over the term of the finance.

Expenses incurred in buybacks of shares are charged to the capital reserve through the Statement of Changes in Equity.

Taxation
The charge for taxation is based on the net revenue for the year and takes into account taxation deferred or accelerated because of temporary differences between the treatment of certain items for accounting and taxation purposes.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. In line with the recommendations of the SORP, the allocation method used to calculate the tax relief on expenses charged to capital is the "marginal" basis. Under this basis, if taxable income is capable of being offset entirely by expenses charged through the revenue account, then no tax relief is transferred to the capital account.

Dividends payable to shareholders
Dividends to shareholders are recognised as a liability in the period in which they are paid or approved in general meetings and are taken to the Statement of Changes in Equity. Dividends declared and approved by the Company after the Balance Sheet date have not been recognised as a liability of the Company at the Balance Sheet date.

Non-current liabilities: Loan Notes
The non-current liabilities are valued at amortised cost. Costs in relation to arranging the debt finance have been capitalised and are amortised over the term of the finance. Hence, amortised cost is the par value less the amortised costs of issue.

The Euro Loan Notes are shown at amortised cost with the exchange difference on the principal amounts to be repaid reflected. Any gain or loss arising from changes in the exchange rate between Euro and Sterling is included in the capital reserves and shown in the capital column of the Statement of Comprehensive Income.

Further details of the non-current liabilities are set out in note 11.

Capital redemption reserve
The capital redemption reserve represents non-distributable reserves that arise from the purchase and cancellation of shares.

Share premium
The share premium account represents the accumulated premium paid for shares issued in previous periods above their nominal value less issue expenses. This is a reserve forming part of the non-distributable reserves. The following items are taken to this reserve:

- costs associated with the issue of equity; and
- premium on the issue of shares.

Capital reserve
The following are taken to the capital reserve through the capital column in the Statement of Comprehensive Income:

Capital reserve – other, forming part of the distributable reserves:

- gains and losses on the disposal of investments;
- amortisation of issue expenses of Loan Notes;
- costs of share buybacks;
- exchange differences of a capital nature; and
- expenses, together with the related taxation effect, allocated to this reserve in accordance with the above policies.

Capital reserve – investment holding gains, not distributable:

- increase and decrease in the valuation of investments held at the year end.

Merger reserve
The merger reserve represents the share premium on shares issued on the acquisition of Selective Assets Trust plc on 13 October 1995 and is not distributable.

Revenue reserve
The revenue reserve represents the surplus of accumulated profits and is distributable by way of dividends.

Financial Statements / Notes to the Financial Statements continued

2. Income

	2022 £'000	2021 £'000
Income from investments		
UK dividends	**524**	255
UK REIT dividends	**–**	390
Overseas dividends	**21,821**	20,045
Income from debt securities	**97**	–
	22,442	20,690
Other income		
Deposit interest	**669**	12
Total return swap interest*	**(22)**	(200)
Underwriting commission	**–**	1
Exchange gains/(losses) on receipt of income**	**24**	(127)
	23,113	20,376
	23,113	20,376
Capital dividend***	**–**	27
	23,113	20,403

* Net income (paid)/received on underlying holdings in total return swaps.
** Exchange movements arise from ex-dividend date to payment date.
*** Dividend received is attributed to a distribution of capital.

3. Investment management fee and other expenses

	2022 Revenue return £'000	2022 Capital return £'000	2022 Total £'000	2021 Revenue return £'000	2021 Capital return £'000	2021 Total £'000
Management fee	**2,295**	**5,355**	**7,650**	2,138	4,988	7,126
Other expenses:						
Directors' emoluments – fees	**183**	**–**	**183**	171	–	171
Auditor's remuneration – audit	**45**	**–**	**45**	40	–	40
Marketing	**570**	**–**	**570**	411	–	411
Printing and postage costs	**71**	**–**	**71**	49	–	49
Registrar fees	**108**	**–**	**108**	91	–	91
Custodian fees	**263**	**–**	**263**	272	–	272
Depositary fees	**144**	**–**	**144**	140	–	140
Advisory and professional fees	**560**	**32**	**592**	343	–	343
Costs associated with dividend receipts	**14**	**–**	**14**	5	–	5
Irrecoverable VAT	**101**	**–**	**101**	76	–	76
Regulatory fees	**89**	**–**	**89**	76	–	76
Directors' insurances & other expenses	**88**	**–**	**88**	61	–	61
Charitable donations	**358**	**–**	**358**	–	–	–
	2,594	**32**	**2,626**	1,735	–	1,735

The management fee calculated in accordance with the IMA amounted to 0.7% of net assets for assets up to £1bn and 0.6% of net assets over £1bn calculated on a quarterly basis.

Details of the IMA and fees paid to the Investment Manager are set out in the Report of the Directors.

4. Finance costs

	2022 Revenue return £'000	2022 Capital return £'000	2022 Total £'000	2021 Revenue return £'000	2021 Capital return £'000	2021 Total £'000
Loan, debenture and revolving credit facility interest						
4.184% Series A Sterling Unsecured Loan Notes 2036	**377**	**879**	**1,256**	376	879	1,255
3.249% Series B Euro Unsecured Loan Notes 2036	**247**	**578**	**825**	252	588	840
2.93% Euro Senior Unsecured Loan Notes 2037	**150**	**349**	**499**	152	355	507
1.38% JPY Senior Unsecured Loan Notes 2032	**48**	**113**	**161**	–	–	–
JPY Revolving credit facility	**91**	**215**	**306**	139	325	464
	913	**2,134**	**3,047**	919	2,147	3,066
Amortisation						
4.184% Series A Sterling Unsecured Loan Notes 2036	**–**	**7**	**7**	–	7	7
3.249% Series B Euro Unsecured Loan Notes 2036	**–**	**5**	**5**	–	5	5
2.93% Euro Senior Unsecured Loan Notes 2037	**–**	**7**	**7**	–	7	7
1.38% JPY Senior Unsecured Loan Notes 2032	**–**	**4**	**4**	–	–	–
JPY Revolving credit facility	**49**	**113**	**162**	31	71	102
	49	**136**	**185**	31	90	121
Bank interest						
Bank debit interest	**1**	**2**	**3**	5	11	16
Total	**963**	**2,272**	**3,235**	955	2,248	3,203
Exchange (losses)/gains on Loan Notes*	**–**	**(838)**	**(838)**	–	2,385	2,385

* Revaluation of Euro and JPY Loan Notes.

The JPY12.0bn unsecured revolving credit facility was entered into on 4 April 2019. Nil was drawn down as at 30 September 2022 (2021: JPY9.0bn).

5. Taxation

	Year ended 30 September 2022			Year ended 30 September 2021		
	Revenue return £'000	**Capital return £'000**	**Total £'000**	Revenue return £'000	Capital return £'000	Total £'000
Analysis of charge for the year						
Overseas tax not recoverable*	**1,769**	**–**	**1,769**	1,259	5	1,264
Withholding tax received previously written off	**(810)**	**–**	**(810)**	–	–	–
Tax charge for the year	**959**	**–**	**959**	1,259	5	1,264

* Tax deducted on payment of overseas dividends by local tax authorities.

Financial Statements / Notes to the Financial Statements continued

5. Taxation continued

The taxation assessed for the year is higher (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	Year ended 30 September 2022			Year ended 30 September 2021		
	Revenue return £'000	**Capital return £'000**	**Total £'000**	Revenue return £'000	Capital return £'000	Total £'000
Profit/(loss) before taxation	**17,261**	**(127,328)**	**(110,067)**	15,548	285,279	300,827
Profit/(loss) before taxation multiplied by the standard rate of corporation tax of 19% (2021: 19%)	**3,280**	**(24,192)**	**(20,912)**	2,954	54,203	57,157
Effects of:						
– UK dividend income	**(99)**	**–**	**(99)**	(48)	–	(48)
– Tax – exempt overseas investment income	**(4,151)**	**–**	**(4,151)**	(3,785)	(5)	(3,790)
– Losses/(gains) on investments, exchange losses on capital items and movement on fair value or derivative financial instruments	**–**	**22,737**	**22,737**	–	(55,572)	(55,572)
– Current period tax losses not utilised	**746**	**1,455**	**2,201**	615	1,375	1,990
– Corporate interest restriction	**93**	**–**	**93**	264	–	264
– Withholding tax received previously written off	**(810)**	**–**	**(810)**	–	–	–
– Overseas tax not recoverable	**1,769**	**–**	**1,769**	1,259	5	1,264
– Disallowed expenses	**85**	**–**	**85**	–	–	–
– Offshore income gains	**46**	**–**	**46**	–	–	–
Tax charge for the year	**959**	**–**	**959**	1,259	5	1,264

At 30 September 2022, the Company had unrelieved management expenses of £87,430,000 (30 September 2021: £78,252,000), a non-trade loan relationship deficit of £22,093,000 (30 September 2021: £20,071,000) and carried forward disallowed interest expense of £6,783,000 (30 September 2021: £6,314,000) that are potentially available to offset future taxable revenue. A deferred tax asset of £29,076,000 (30 September 2021: £26,159,000), based on the enacted UK corporation tax rate of 25% that applies from 1 April 2023, has not been recognised because the Company is not expected to generate sufficient taxable income in future periods that the carried forward tax losses and disallowed interest expense can be utilised against.

Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the Company meets (and intends to continue for the foreseeable future to meet) the conditions to maintain its approval as an investment trust company.

The unrelieved management expenses and deferred tax disclosures for the prior year have been updated to be consistent with the current year.

6. Dividends

	2022 £'000	2021 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 September 2021 of 2.10p (2020: 2.10p*) per Ordinary Share	**10,685**	11,041
Interim dividend for the year ended 30 September 2022 of 1.20p (2021: 1.20p*) per Ordinary Share	**5,999**	6,267
	16,684	17,308

During the year £709k was received in respect of prior years' dividends cancelled†.

Set out below are the interim and final dividends paid or proposed on Ordinary Shares in respect of the financial year, which is the basis on which the requirements of Section 1159 of the Corporation Tax Act 2010 are considered.

	2022 £'000	2021 £'000
Interim dividend for the year ended 30 September 2022 of 1.20p (2021: 1.20p*) per Ordinary Share	**5,999**	6,267
Proposed final dividend for the year ended 30 September 2022 of 2.10p (2021: 2.10p*) per Ordinary Share	**10,275****	10,685
	16,274	16,952

* Restated for Share Split.
** Based on shares in circulation on 4 November 2022.
† This includes the disposal of 66,648 ordinary 10p shares from dividend proceeds reinvested, realising £709,000.

7. Earnings per Ordinary Share

The earnings per Ordinary Share is based on the Company's net loss after tax of £111,026,000 (2021: net profit of £299,563,000) and on 503,274,200 (2021: 522,293,338*) Ordinary Shares, being the weighted average number of Ordinary Shares in issue (excluding shares in treasury) during the year.

The earnings per Ordinary Share detailed above can be further analysed between revenue and capital as follows:

	30 September 2022			30 September 2021		
Basic and diluted	**Revenue**	**Capital**	**Total**	Revenue	Capital	Total
Net profit/(loss) (£'000)	**16,302**	**(127,328)**	**(111,026)**	14,289	285,274	299,563
Weighted average number of Ordinary Shares			**503,274,200***			522,293,338*
Earnings per Ordinary Share	**3.24p**	**(25.30)p**	**(22.06)p**	2.74p*	54.62p*	57.36p*

* Restated for Share Split.

There are no dilutive instruments issued by the Company (2021: none).

8. Investments held at fair value through profit or loss

	30 September 2022			30 September 2021		
	Equities £'000	**Debt securities £'000**	**Total £'000**	Equities £'000	Debt securities £'000	Total £'000
Financial assets held at fair value						
Opening book cost	**934,242**	**–**	**934,242**	865,047	–	865,047
Opening investment holding gains	**260,868**	**–**	**260,868**	94,662	–	94,662
Opening fair value	**1,195,110**	**–**	**1,195,110**	959,709	–	959,709
Movement in the year:						
Purchases at cost	**371,443**	**20,893**	**392,336**	655,676	–	655,676
Sales/Close – Proceeds	**(457,986)**	**–**	**(457,986)**	(709,673)	–	(709,673)
– realised gains on equity sales and close of total return swaps	**41,255**	**–**	**41,255**	123,192	–	123,192
(Decrease)/increase in investment holding gains	**(163,391)**	**1,466**	**(161,925)**	166,206	–	166,206
Closing fair value of investments	**986,431**	**22,359**	**1,008,790**	1,195,110	–	1,195,110
Closing book cost	**888,954**	**20,893**	**909,847**	934,242	–	934,242
Closing investment holding gains	**97,477**	**1,466**	**98,943**	260,868	–	260,868
Closing fair value	**986,431**	**22,359**	**1,008,790**	1,195,110	–	1,195,110

Financial assets held at fair value

	30 September 2022 £'000	30 September 2021 £'000
Equities	**986,431**	1,196,201
Fixed interest securities	**22,359**	–
Total return swaps	**–**	(1,091)
	1,008,790	1,195,110

	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Transaction costs		
Cost on acquisition	**304**	433
Cost on disposals	**402**	480
	706	913
Analysis of capital gains		
Gains on sales/close out of financial assets based on historical cost	**41,255**	123,192
Movement in investment holding gains for the year	**(161,925)**	166,206
Net gains on investments	**(120,670)**	289,398

The Company received £457,986,000 (2021: £709,673,000) from investments sold in the year. The book cost of these investments when they were purchased was £416,731,000 (2021: £586,481,000). These investments have been revalued over time and until they were sold any unrealised gains or losses were included in the fair value of the investments.

9. Other receivables

	2022 £'000	2021 £'000
Sales for future settlement	**22,948**	–
Tax recoverable	**306**	524
Prepayments and accrued income	**1,914**	4,008
VAT recoverable	**49**	40
	25,217	4,572

Tax recoverable relates to withholding tax in a number of countries, some of which is past due, but is in the process of being reclaimed by the Custodian through local tax authorities and also tax deducted on UK REIT dividends, which the Company expects to receive in due course.

No other receivables are past due or impaired.

10. Current liabilities

	2022 £'000	2021 £'000
Total return swap	**–**	1,091
Revolving credit facility	**–**	59,821
Other payables		
Purchases for future settlement	**5,734**	432
Amounts owed for share buybacks	**2,058**	710
Interest payable	**657**	856
Other payables	**431**	360
Total other payables	**8,880**	2,358
Total current liabilities	**8,880**	63,270

Revolving credit facility

On 29 April 2019, the Company entered into an agreement with Scotiabank Europe Plc for a JPY4.0bn (£27,700,000) unsecured revolving credit facility (the facility) for a period of three years.

The facility was increased to JPY9.0bn and converted to a multi-currency facility with drawings available in Japanese Yen, Pounds Sterling, US Dollars and Euros on 5 March 2020, with an interest rate of 0.75% over LIBOR on any drawn balances.

On 26 August 2021 the facility was further increased to JPY12.0bn. The agreement was additionally novated in reference to the relevant changes in interest calculations with the discontinuation of LIBOR and extended to 26 August 2024.

The interest chargeable will be the appropriate risk free rate (RFR)* plus the additional margin:

- Japanese Yen 1.025% margin over the Tokyo unsecured overnight rate (TONAR);
- Pounds Sterling 1.42% margin over SONIA (sterling overnight index average);
- US Dollars 1.25% margin above the secured overnight financing rate (SOFR); and
- Euros 1.25% margin above the Euro short-term rate (€ STR).

Undrawn balances below JPY2.0bn are charged at 0.35% and any undrawn portion above this is charged at 0.30%.

Under the terms of the facility, the covenant requires that the net assets shall not be less than £300m and the adjusted net asset coverage to borrowings shall not be less than 4:1.

The facility is shown at amortised cost and revalued for exchange rate movements. Any gain or loss arising from changes in exchange rates is included in the capital reserves and shown in the capital column of the Statement of Comprehensive Income. Interest costs are charged to capital and revenue in accordance with the Company's accounting policies.

* Risk free rate (RFR) – is the rate of return from an investment with zero risk. This is calculated by deducting the inflation rate from the yield of the relevant Treasury bond. The Treasury bond issued in the relevant currency is equivalent to zero risk.

Financial Statements / Notes to the Financial Statements continued

11. Non-current liabilities

	2022 £'000	2021 £'000
4.184% Series A Sterling Unsecured Loan Notes 2036	**29,913**	29,906
3.249% Series B Euro Unsecured Loan Notes 2036	**26,235**	25,715
2.93% Euro Senior Unsecured Loan Notes 2037	**17,430**	17,078
1.38% JPY Senior Unsecured Loan Notes 2032	**49,315**	–
Total	**122,893**	72,699

The amortised costs of issue expenses are set out in note 4.

The fair values of the Loan Notes are set out in note 14.

The Company issued two Loan Notes on 15 January 2016:

£30,000,000 4.184% Series A Sterling Unsecured Loan Notes due 15 January 2036
€30,000,000 3.249% Series B Euro Unsecured Loan Notes due 15 January 2036

The Company issued further Loan Notes on 1 November 2017:

€20,000,000 2.93% Euro Senior Unsecured Loan Notes due 1 November 2037

The Company issued further Loan Notes on 6 July 2022:

¥8,000,000,000 1.38% JPY Senior Unsecured Loan Notes due 6 July 2032

Under the terms of the Loan Notes, the covenant requires that the net assets of the Company shall not be less than £300,000,000 and total indebtedness shall not exceed 30% of net assets.

Further information on the Loan Notes is set out on page 55.

12. Called-up share capital

	Number of shares	Nominal value £'000
Allotted, called up and fully paid		
Ordinary Shares of 2p each (2021: 10p)		
Balance at beginning of the year	**116,003,133**	11,600
Shares issued through Share Split	**464,012,532**	–
Treasury shares cancelled	**(27,737,419)**	(555)
Ordinary Shares bought back and cancelled	**(15,225,722)**	(304)
Balance at end of the year	**537,052,524**	10,741
Treasury shares		
Balance at beginning of the year	**13,889,808**	
Buyback of Ordinary Shares into treasury prior to Share Split	**606,929**	
Shares issued through Share Split	**57,986,948**	
Buyback of Ordinary Shares into treasury after Share Split	**854,690**	
Cancellation of Treasury shares	**(27,737,419)**	
Balance at end of the year	**45,600,956**	
Total Ordinary Share capital excluding treasury shares	**491,451,568**	

At 30 September 2022, the Company held 45,600,956 shares in treasury, with a nominal value of £912,019.

Ordinary Shares of 10p each
During the period to 17 January 2022, 606,929 (year to 30 September 2021: 687,681) Ordinary Shares of 10 pence were bought back and placed in treasury for an aggregate consideration of £6,274,000 (year to 30 September 2021:£32,638,000).

No Ordinary Shares of 10 pence each were cancelled during the period to 17 January 2022 (year to 30 September 2021: nil).

Share Split
On 17 January 2022, the Company completed the sub-division (the Share Split) of each Ordinary Share of 10 pence each into 5 Ordinary Shares of 2 pence each, which was approved by shareholders at the Annual General Meeting held on Thursday, 16 December 2021.

Following the 5 for 1 sub-division of the 10 pence Ordinary Shares into 2 pence Ordinary Shares, the values reported with effect from close of business on 17 January 2022 are calculated in accordance with the new Ordinary Shares in issue of 2 pence each. The comparative figures in the Financial Statements and Notes have been restated where indicated to reflect the Share Split.

Ordinary Shares of 2p each
During the period from 17 January 2022 to 8 February 2022, 854,690 Ordinary Shares of 2 pence were bought back and placed in treasury for an aggregate consideration of £1,723,000.

The Company's Board elected on 8 February 2022 to reduce the number of shares in treasury, by cancelling 27,737,419 of the shares held in treasury. From 8 February 2022, 15,225,722 Ordinary Shares of 2 pence were bought back and cancelled for an aggregate consideration of £28,681,000.

The allotted, called up and fully paid shares at 30 September 2022 consisted of 537,052,524 Ordinary Shares of 2 pence each in issue, and 45,600,956 Ordinary Shares held in treasury. The total voting rights attaching to Ordinary Shares in issue and ranking for dividends consisted of 491,451,568 as at 30 September 2022.

13. Net asset value

The net asset value per Ordinary Share and the net asset value attributable to the Ordinary Shares at the year end are calculated in accordance with their entitlements in the Articles of Association and were as follows:

	30 September 2022		30 September 2021	
	NAV per Ordinary Share Pence	**Net asset value attributable £'000**	NAV per Ordinary Share Pence	Net asset value attributable £'000
Basic and diluted	**197.27**	**969,508**	221.95*	1,133,222

Net asset value per Ordinary Share is based on net assets and on 491,451,568 Ordinary Shares (2021: 510,566,625*), being the number of Ordinary Shares in issue excluding Treasury Shares at the year end.

* Restated for Share Split.

14. Financial instruments and capital disclosures

Investment objective and policy
The Company's investment objective and policy are detailed on page 54.

The Company's financial instruments comprise equity and fixed-interest investments, cash balances, receivables, payables and borrowings. The Company makes use of borrowings to achieve improved performance in rising markets. The risk of borrowings may be reduced by raising the level of cash balances or fixed-interest investments held.

Risks
The risks identified arising from the financial instruments are market risk (which comprises market price risk, interest rate risk and foreign currency risk), liquidity risk and credit and counterparty risk. The Company may also enter into derivative transactions to manage risk.

The Board and Investment Manager consider and review the risks inherent in managing the Company's assets which are detailed below.

Market risk
Market risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss which the Company might suffer through holding market positions by way of price movements, interest rate movements, exchange rate movements and systematic risk (risk inherent to the market, reflecting economic and geopolitical factors). The Investment Manager assesses the exposure to market risk when making each investment decision and these risks are monitored by the Investment Manager on a regular basis and the Board at quarterly meetings with the Investment Manager.

Market price risk
Market price risk (i.e. changes in market prices other than those arising from currency risk or interest rate risk) may affect the value of investments.

Adherence to investment policies mitigates the risk of excessive exposure to any particular type of security or issuer. The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis with the objective of maximising overall returns to shareholders. The assessment of market risk is based on the Company's portfolio as held at the year end. The Company has experienced volatility in the fair value of investments during recent years due to COVID-19 and Brexit. Further additional volatility during the year has resulted from the Russian invasion of Ukraine, UK political instability, and inflation. The Company has used 20% to demonstrate the impact of a significant reduction/increase in the fair value of the investments and the impact upon the Company that might arise from future significant events.

Financial Statements / Notes to the Financial Statements continued

14. Financial instruments and capital disclosures continued

Market price risk continued

If the fair value of the listed equity investments at the year end of £961,000,000 (2021: £1,193,120,000) decreased or increased by 20%, then it would have had an adverse/positive impact on the Company's capital return and equity of £192,200,000 (2021: £238,624,000).

As at 30 September 2022, £25,341,000 (2021: £3,081,000) of the Company's investments are in unquoted companies held at fair value. A change in market inputs that would result in a 20% decrease in the fair value of the unquoted investments at 30 September 2022 would have decreased the net assets attributable to the Company's shareholders by £5,068,000 (30 September 2021: £616,000); an equal change in the opposite direction would have increased the net assets attributable to the Company's shareholders and reduced the loss for the year by an equal amount.

The fixed interest security as at 30 September 2022 £22,359,000 (2021: nil) matures within 3 months. Whilst market changes may increase or decrease the fair value the length to maturity is such this will have a negligible impact on the fair value to maturity.

Foreign currency

The value of the Company's assets and the total return earned by the Company's shareholders can be significantly affected by foreign exchange rate movements, as most of the Company's assets are denominated in currencies other than Pounds Sterling, the currency in which the Company's financial statements are prepared. Income denominated in foreign currencies is converted to Pounds Sterling upon receipt.

A 5% rise or decline of Sterling against foreign currency denominated (i.e. non Pounds Sterling) assets and liabilities held at the year end would have increased/decreased the net asset value by £40,462,000 (2021: £48,114,000).

The currency exposure is as follows:

Currency risk	**GBP £'000**	**EUR £'000**	**USD £'000**	**SEK £'000**	**JPY £'000**	**NOK £'000**	**INR £'000**	**Total £'000**
At 30 September 2022								
Other receivables	**795**	**15,034**	**8,337**	**–**	**1,051**	**–**	**–**	**25,217**
Cash and cash equivalents	**67,274**	**–**	**–**	**–**	**–**	**–**	**–**	**67,274**
Other payables	**(7,351)**	**(392)**	**–**	**(106)**	**(1,031)**	**–**	**–**	**(8,880)**
4.184% Series A Sterling Unsecured Loan Notes 2036	**(29,913)**	**–**	**–**	**–**	**–**	**–**	**–**	**(29,913)**
3.249% Series B Euro Unsecured Loan Notes 2036	**–**	**(26,235)**	**–**	**–**	**–**	**–**	**–**	**(26,235)**
2.93% Euro Senior Unsecured Loan Notes 2037	**–**	**(17,430)**	**–**	**–**	**–**	**–**	**–**	**(17,430)**
1.38% JPY Senior Unsecured Loan Notes 2032	**–**	**–**	**–**	**–**	**(49,315)**	**–**	**–**	**(49,315)**
Revolving credit facility	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Currency exposure on net monetary items	**30,805**	**(29,023)**	**8,337**	**(106)**	**(49,295)**	**–**	**–**	**(39,282)**
Investments held at fair value through profit or loss – equities	**129,463**	**163,571**	**379,535**	**13,989**	**186,945**	**101,232**	**34,055**	**1,008,790**
Total net currency exposure	**160,268**	**134,548**	**387,872**	**13,883**	**137,650**	**101,232**	**34,055**	**969,508**

This exposure is representative at the Balance Sheet date and may not be representative of the year as a whole. The balances are of the holding investment and may not represent the actual exposure of the subsequent underlying investment.

	GBP £'000	EUR £'000	USD £'000	SEK £'000	JPY £'000	NOK £'000	CHF £'000	HKD £'000	INR £'000	Other £'000	Total £'000
At 30 September 2021											
Other receivables	487	252	1,496	–	1,472	–	269	596	–	–	4,572
Cash and cash equivalents	55,068	–	13,350	–	–	–	–	–	–	–	68,418
Other payables	(1,269)	(384)	(66)	–	(639)	–	–	–	–	–	(2,358)
Total return swaps	–	–	(1,091)	–	–	–	–	–	–	–	(1,091)
4.184% Series A Sterling Unsecured Loan Notes 2036	(29,906)	–	–	–	–	–	–	–	–	–	(29,906)
3.249% Series B Euro Unsecured Loan Notes 2036	–	(25,715)	–	–	–	–	–	–	–	–	(25,715)
2.93% Euro Senior Unsecured Loan Notes 2037	–	(17,078)	–	–	–	–	–	–	–	–	(17,078)
Revolving credit facility	–	–	–	–	(59,821)	–	–	–	–	–	(59,821)
Currency exposure on net monetary items	24,380	(42,925)	13,689	–	(58,988)	–	269	596	–	–	(62,979)
Investments held at fair value through profit or loss – equities	146,572	141,276	357,263	65,753	324,014	48,244	–	22,639	39,060	51,380	1,196,201
Total net currency exposure	170,952	98,351	370,952	65,753	265,026	48,244	269	23,235	39,060	51,380	1,133,222

Interest rate risk

Interest rate movements may affect:

- the fair value of investments in fixed-interest rate securities;
- the level of income receivable on cash deposits;
- the interest payable on variable rate borrowings; and
- the fair value of the Company's long-term debt.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions.

The Loan Notes issued by the Company pay a fixed rate of interest and are carried in the Company's Balance Sheet at amortised cost rather than at fair value. Hence, movements in interest rates will not affect net asset values, as reported under the Company's accounting policies, but may have an impact on the Company's share price and discount/premium. The fair value of the debt and its effect on the Company's assets is set out below.

The exposure at 30 September of financial assets and financial liabilities to interest rate risk is shown by reference to floating interest rates.

	At 30 September 2022 £'000	At 30 September 2021 £'000
Exposure to floating interest rates:		
Fixed interest securities	**22,359**	–
Cash and cash equivalents	**67,274**	68,418
JPY revolving credit facility	**–**	(59,821)

If the above level of cash was maintained for a year, a 1% increase in interest rates would increase the revenue return and net assets by £673,000 (2021: increase by £86,000). Management proactively manages cash balances. If there was a fall of 1% in interest rates, it would potentially impact the Company by turning positive interest to negative interest. The total effect would be a revenue reduction/cost increase of £673,000 (2021: revenue reduction/cost increase of £86,000). The fixed interest security matures within 3 months whilst increased interest rates will depress the fair value the length to maturity is such this has a negligible impact. Due to interest rate volatility an increase of interest rates of 3% would potentially increase returns on surplus cash by £2,019,000.

	30 September 2022		30 September 2021	
	Book cost £'000	**Fair value £'000**	Book cost £'000	Fair value £'000
4.184% Series A Sterling Unsecured Loan Notes 2036	**29,913**	**25,127**	29,906	36,519
3.249% Series B Euro Unsecured Loan Notes 2036	**26,235**	**22,668**	25,715	31,779
2.93% Euro Senior Unsecured Loan Notes 2037	**17,430**	**14,214**	17,078	20,700
1.38% JPY Senior Unsecured Loan Notes 2032	**49,315**	**48,640**	–	–
Total	**122,893**	**110,649**	72,699	88,998

The impact of holding the Loan Notes at fair value would be to increase the Company's net assets by £12,244,000 (2021: reduce by £16,299,000).

The fair value of the Company's Loan Notes at the year end was £110,649,000 (2021: £88,998,000). The interest rates of the non-current liabilities (Loan Notes) are fixed. A 1% increase in market interest rates would be expected to decrease the fair value of the non-current liabilities by approximately -£10.3m (2021: -£9.8m), all other factors being equal. A 1% decrease would increase the fair values by £11.6m (2021: £11.3m).

Financial Statements / Notes to the Financial Statements continued

14. Financial instruments and capital disclosures continued

Liquidity risk

Liquidity risk is mitigated by the fact that the Company has £67,274,000 (2021: £68,418,000) cash at bank, the assets are readily realisable and further short-term flexibility is available through the use of bank borrowings. The Company is a closed-ended fund, assets do not need to be liquidated to meet redemptions, and sufficient liquidity is maintained to meet obligations as they fall due.

The remaining contractual payments on the Company's financial liabilities at 30 September, based on the earliest date on which payment can be required and current exchange rates at the Balance Sheet date, were as follows:

	In 1 year or less £'000	**In more than 1 year but not more than 2 years £'000**	**In more than 2 years but not more than 3 years £'000**	**In more than 3 years but not more than 10 years £'000**	**In more than 10 years £'000**	**Total £'000**
At 30 September 2022						
4.184% Series A Sterling Unsecured Loan Notes 2036	**(1,255)**	**(1,255)**	**(1,255)**	**(8,786)**	**(34,393)**	**(46,944)**
3.249% Series B Euro Unsecured Loan Notes 2036	**(855)**	**(855)**	**(855)**	**(5,982)**	**(29,293)**	**(37,840)**
2.93% Euro Senior Unsecured Loan Notes 2037	**(514)**	**(514)**	**(514)**	**(3,596)**	**(20,360)**	**(25,498)**
1.38% JPY Senior Unsecured Loan Notes 2032	**(683)**	**(683)**	**(683)**	**(54,275)**	**–**	**(56,324)**
Other payables	**(8,880)**	**–**	**–**	**–**	**–**	**(8,880)**
	(12,187)	**(3,307)**	**(3,307)**	**(72,639)**	**(84,046)**	**(175,486)**

	In 1 year or less £'000	In more than 1 year but not more than 2 years £'000	In more than 2 years but not more than 3 years £'000	In more than 3 years but not more than 10 years £'000	In more than 10 years £'000	Total £'000
At 30 September 2021†						
4.184% Series A Sterling Unsecured Loan Notes 2036	(1,255)	(1,255)	(1,255)	(8,786)	(35,648)	(48,199)
3.249% Series B Euro Unsecured Loan Notes 2036	(838)	(838)	(838)	(5,865)	(29,557)	(37,936)
2.93% Euro Senior Unsecured Loan Notes 2037	(504)	(504)	(504)	(3,526)	(20,465)	(25,503)
Total return swap liabilities	(1,091)	–	–	–	–	(1,091)
Revolving credit facility	(59,821)	–	–	–	–	(59,821)
Other payables	(2,358)	–	–	–	–	(2,358)
	(65,867)	(2,597)	(2,597)	(18,177)	(85,670)	(174,908)

† The Company has represented the liquidity note for the prior year to be consistent with the current year.

Credit risk

Credit risk is mitigated by diversifying the counterparties through which the Investment Manager conducts investment transactions. The credit standing of all counterparties is reviewed periodically, with limits set on amounts due from any one counterparty. As at the year end cash is held with JP Morgan (A2*) and Morgan Stanley in the Liquidity Fund (AAA*).

The total credit exposure represents the carrying value of fixed-income investments, cash and receivable balances and totals £114,850,000 (2021: £72,990,000). The fixed interest security is a US Treasury short dated security rated AAA*.

Fair values of financial assets and financial liabilities

Valuation of financial instruments

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant assets as follows:

- Level 1 – valued using quoted prices unadjusted in active markets for identical assets or liabilities.
- Level 2 – valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included within Level 1.
- Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data for the asset or liability.

* Moody's credit ratings.

The tables below set out fair value measurements of financial instruments as at the year end, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Financial assets at fair value through profit or loss at 30 September 2022	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	**961,000**	**–**	**25,431**	**986,431**
Fixed interest securities	**22,359**	**–**	**–**	**22,359**
	983,359	**–**	**25,431**	**1,008,790**

Financial assets at fair value through profit or loss at 30 September 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,193,120	–	3,081	1,196,201
	1,193,120	–	3,081	1,196,201

Fair value of Level 3 investments

	30 September 2022 £'000	30 September 2021 £'000
Opening fair value of investments	**3,081**	2,616
Acquisition	**31,179**	–
Transfer from Level 1 to Level 3 in the year	**–**	394
Sales – proceeds	**(8,249)**	(616)
Realised gain/(loss) on equity sales	**441**	(24)
Movement in investment holding gains	**(1,021)**	711
Closing fair value of investments	**25,431**	3,081

The fair values of the Level 3 investments are valued with reference to the net asset value.

Financial liabilities

Valuation of Loan Notes

The Company's Loan Notes are measured at amortised cost, with the fair values set out below. Other financial assets and liabilities of the Company are carried in the Balance Sheet at an approximation to their fair value.

	At 30 September 2022		At 30 September 2021	
	Book value £'000	**Fair value £'000**	Book value £'000	Fair value £'000
4.184% Series A Sterling Unsecured Loan Notes 2036	**(29,913)**	**(25,127)**	(29,906)	(36,519)
3.249% Series B Euro Unsecured Loan Notes 2036	**(26,235)**	**(22,668)**	(25,715)	(31,779)
2.93% Euro Senior Unsecured Loan Notes 2037	**(17,430)**	**(14,214)**	(17,078)	(20,700)
1.38% JPY Senior Unsecured Loan Notes 2032	**(49,315)**	**(48,640)**	–	–
Total	**(122,893)**	**(110,649)**	(72,699)	(88,998)

There is no publicly available price for the Company's Loan Notes. Their fair market value has been derived by calculating the relative premium (or discount) of the loan versus the publicly available market price of the reference market instrument and exchange rates. As this price is derived by a model, using observable inputs, it would be categorised as Level 2 under the fair value hierarchy.

Financial Statements / Notes to the Financial Statements continued

14. Financial instruments and capital disclosures continued

Financial liabilities continued

Valuation of Loan Notes continued

The financial liabilities in the table below are shown at their fair value, being the amount at which the liability may be transferred in an orderly transaction between market participants. The costs of early redemption of the Loan Notes are set out in the Glossary on page 104.

Financial liabilities at 30 September 2022	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Loan Notes	**–**	**(110,649)**	**–**	**(110,649)**
Total return swap liabilities	**–**	**–**	**–**	**–**
	–	**(110,649)**	**–**	**(110,649)**

Financial liabilities at 30 September 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Loan Notes	–	(88,998)	–	(88,998)
Total return swap liabilities	–	(1,091)	–	(1,091)
	–	(90,089)	–	(90,089)

The fair value of the total return swaps is derived using the market price of the underlying instruments and exchange rates and therefore would be categorised as Level 2.

Capital management policies and procedures

The structure of the Company's capital is described on page 55 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 66.

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern;
- 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, through an appropriate balance of equity capital and debt; and
- to maximise the return to shareholders while maintaining a capital base to allow the Company to operate effectively and meet obligations as they fall due.

The Board, with the assistance of the Investment Manager, regularly monitors and reviews the broad structure of the Company's capital on an ongoing basis. These reviews include:

- the level of gearing, which takes account of the Company's position and the Investment Manager's views on the market; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from last year.

The Company is subject to externally imposed capital requirements:

a) as a public company, the Company is required to have a minimum share capital of £50,000; and

b) in accordance with the provisions of Sections 832 and 833 of the Companies Act 2006, the Company, as an investment company:

(i) is only able to make a dividend distribution to the extent that the assets of the Company are equal to at least one and a half times its liabilities after the dividend payment has been made; and

(ii) is required to make a dividend distribution with respect to each accounting year such that it does not retain more than 15% of the income that it derives from shares and securities in that year.

These requirements are unchanged since last year and the Company has complied with them at all times.

15. Derivatives

The Company may use a variety of derivative contracts, including total return swaps, to enable it to gain long exposure to individual securities. Derivatives are valued by reference to the underlying market value of the corresponding security.

	At 30 September 2022 £'000	At 30 September 2021 £'000
Total return swaps		
Current assets	**–**	–
Current liabilities	**–**	(1,091)
Net value of derivatives	**–**	(1,091)

The gross positive exposure on total return swaps as at 30 September 2022 was £nil (30 September 2021: £38,396,000) and the total negative exposure of total return swaps was £nil (30 September 2021: £39,487,000). The liabilities are secured against assets held with Jefferies Hoare Govett (the prime broker). The collateral held as at 30 September 2022 was £nil (30 September 2021: £13,349,000), which is included in cash and cash equivalents in the Balance Sheet.

16. Contingencies, guarantees and financial commitments

At 30 September 2022, the Company had £nil financial commitments (2021: £nil).

At 30 September 2022, the Company had £nil contingent liability in respect of any investments carrying an obligation for future subscription or underwriting commitments (2021: £nil).

17. Related party transactions and transactions with the Investment Manager

Fees paid to the Company's Directors are disclosed in the Report on Remuneration Implementation on page 92. At the year end, £24,000 was outstanding due to Directors (2021: £nil).

The transaction pursuant to the IMA with AVI is set out in the Report of the Directors on page 57. Management fees for the year amounted to £7,650,000 (2021: £7,126,000).

As at the year end, the following amounts were outstanding in respect of management fees: £nil (2021: £nil).

18. Post balance sheet events

Since the year end, the Company has bought back 2,146,720 Ordinary Shares with a nominal value of £42,934 at a total cost of £3,864,000.

Other Reports / AIFMD Disclosures (Unaudited)

The Company's AIFM is Asset Value Investors Limited.

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. Those disclosures that are required to be made pre-investment are included within an AIFMD Investor Disclosure Document. This, together with other necessary disclosures required under AIFMD, can be found on the Company's website www.aviglobal.co.uk.

All authorised AIFMs are required to comply with the AIFMD Remuneration Code. The AIFM's remuneration disclosures can be found on the Company's website www.aviglobal.co.uk.

Leverage:
For the purposes of the AIFMD, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives.

This is expressed as a ratio between the Company's exposure and its net asset value, and is calculated under the Gross and Commitment Methods in accordance with AIFMD. Under the Gross Method, exposure represents the sum of the Company's positions without taking account of any netting or hedging arrangements. Under the Commitment Method, exposure is calculated after certain hedging and netting positions are offset against each other.

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD as at 30 September 2022. This gives the following figures:

Leverage Exposure	Gross Method	Commitment Method
Maximum Limit	150%	130%
Actual Level	113%	113%

Other Reports / Report of the Audit Committee

Role of the Audit Committee
The Audit Committee's main functions are:

- To monitor the internal financial control and risk management systems on which the Company is reliant.
- To consider whether there is a need for the Company to have its own internal audit function.
- To monitor the integrity of the half year and annual financial statements of the Company by reviewing and challenging, where necessary, the actions and judgements of the Investment Manager and the Administrator.
- To review the proposed audit programme and the subsequent Audit Report of the external Auditor and to assess the effectiveness and quality of the audit process, the nature of the non-audit work and the levels of fees paid in respect of both audit and non-audit work, in compliance with the Company's Non Audit Services Policy.
- To make recommendations to the Board in relation to the appointment, re-appointment or removal of the Auditor, and to negotiate their remuneration and terms of engagement on audit and non-audit work.
- To monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualifications.

Composition of the Audit Committee
The Audit Committee comprises the whole Board, being independent Directors. Calum Thomson, a qualified chartered accountant with over 25 years' experience, has chaired the Audit Committee throughout the year. All members of the Committee have recent and relevant financial experience, and the Committee as a whole has competence relevant to the investment trust sector. The Audit Committee operates within defined terms of reference, which are available on the Company's website.

Activities During the Year:

- Review of the Half Year Report for the period to 31 March 2022, recommending its approval to the Board;
- Consideration of the external Auditor's plan for the audit of the year end financial statements;
- Review of the Company's internal controls and risk management system, including an annual assessment of emerging and principal risks facing the Company;
- Review of the service levels provided by the Company's Custodian and Depositary;
- Review of the controls reports issued by the Company's outsourced service providers, including those issued by the Company's Administrator, Depositary, Custodian and Investment Manager;
- Review of the year end financial statements, including a review to ensure that the financial statements issued by the Company are considered fair, balanced and understandable, and discussion of the findings of the external audit with KPMG. Several sections of the Annual Accounts are not subject to formal statutory audit, including the Strategic Report and Investment Manager's Review; and the checking process for the financial information in these sections was considered by the Audit Committee, and by the Auditor;
- Assessment and recommendation to the Board on whether it was appropriate to prepare the Company's financial statements on a going concern basis. This review included challenging the assumptions on viability of the Company and reviewing stress tests focused on its ability to continue to meet its viability. The Board's conclusions are set out in the Report of the Directors on page 63;
- Consideration of a statement by the Directors on the long-term viability of the Company. That statement can be found on page 63;
- Recommendation of a final dividend for the year ended 30 September 2022 and an interim dividend for the period to 31 March 2022;
- Review of special dividends received in the year to determine their allocation to the revenue or capital account in the Statement of Comprehensive Income;
- Review of the Investment Manager's Business Continuity Plan; and
- Review of the Committee's terms of reference.

Significant Areas of Focus
The Committee considers in detail the annual and interim statements and its key focus in its work on the Annual Report and Accounts is that the financial statements are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Committee also carefully considers the most significant issues, both operational and financial, likely to impact on the Company's financial statements.

The key area of focus for the Committee was the valuation of the investment portfolio: 97.4% of the equity investment portfolio at the year end can be verified against daily market prices and observable price movements. The remaining 2.6% uses methodologies not based on observable inputs.

The following other areas of focus were considered throughout the year and as part of the annual audit:

- The possibility of management override of controls, because individuals have access to the Company's assets and accounting records in order to fulfil their roles. The Board, through the Audit Committee, is responsible for ensuring that suitable internal control systems to prevent and detect fraud and error are designed and implemented by the third-party service providers to the Company and is also responsible for reviewing the effectiveness of such controls.
- Valuation of assets: Most of the Company's assets are listed and regularly traded and so values for these assets can be verified from market sources. In the case of unlisted investments the Committee challenges management to ensure that valuations are reasonable and appropriate given the circumstances and information available. Valuations are also verified as part of the audit process.
- Revenue recognition: Dividends are accounted for on an ex-dividend basis and occasionally the Company receives special dividends. All revenues are reconciled and there is separation of duties between the Investment Manager and Administrator.
- Management fees: The Investment Manager's fee is the largest expense item. The Administrator ensures that each fee payment is independently verified and the amounts paid are further verified as part of the audit process.
- Debt covenants: Compliance with debt covenants is verified by the Administrator at each month end and certified to lenders and notified to the Directors.
- Going Concern and Viability: During the year and as part of the year-end review the Committee considered the Company's ability to continue to operate and its future viability. Stress tests were carried out, examining the effects of substantial falls in asset value and revenues. Throughout the year, the Audit Committee has also dedicated time to considering the likely economic effects and the impact on the Company of COVID-19, the war in Ukraine, political and economic instability in the UK, supply shortages and inflationary pressures.
- Compliance with the Companies Act and Listing Rules: Reports on compliance are received and reviewed at each quarterly Board meeting.
- Investment Trust Status: A report on compliance with the requirements to maintain investment trust status is received and reviewed at each Board meeting. As part of the year-end process, the Audit Committee reviews the requirements to retain investment trust status, and in particular the minimum dividend distribution which must be made with respect to the year under review.

Other Reports / Report of the Audit Committee continued

Significant Areas of Focus continued
A further significant risk control is to ensure that the investment portfolio accounted for in the financial statements reflects physical ownership of the relevant securities. The Company uses the services of an independent Custodian (JPMorgan Chase Bank, NA) to hold the assets of the Company. The investment portfolio is reconciled regularly by the Administrator to the Custodian's records. The systems and controls operated by the Custodian are also monitored by the Depositary, J.P. Morgan Europe Limited, whose responsibilities include oversight of the safekeeping of the Company's assets. The Audit Committee meets with the Depositary, as necessary, to review the work of the Depositary, and to consider the effectiveness of the internal controls at the Custodian.

Given the nature of the Company's investments, substantial funds can be received from corporate actions at investee companies. The implementation of the corporate actions can be complex and challenging. The Committee reviews such corporate actions, and takes advice where necessary. The Committee reviews the analysis of corporate actions provided by the Investment Manager and ensures that the treatment in the financial statements is appropriate.

The Company suffers withholding tax on many of its dividends received, some of which is irrecoverable. The Audit Committee and the Investment Manager aim to ensure that any recoverable withholding tax is received in a timely manner. However, such recovery can be difficult in some jurisdictions, and the Company has incurred professional service fees in this area.

At each Audit Committee meeting, the members discussed the emerging risks that may have an impact on the Company. Topics discussed in the year under review included the continuing effects of the COVID-19 pandemic, the effects of both Brexit and the pandemic on world trade and particularly disruption to supply chains, the effects of the Russian invasion of Ukraine and in particular increasing levels of inflation and the growing prominence of climate change.

Internal Controls
The Board confirms that there is an ongoing process for identifying, evaluating and managing the emerging and principal risks faced by the Company in line with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published in September 2014 and the FRC's Guidance on Audit Committees published in April 2016. This process has been in place for the year under review and up to the date of approval of this report, and accords with the guidance. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed. The risks of any failure of such controls are identified in a Risk Matrix and a schedule of Key Risks, which are regularly reviewed by the Board and which identify the likelihood and severity of the impact of such risks and the controls in place to minimise the probability of such risks occurring. Where reliance is made on third parties to manage identified risks, those risks are matched to appropriate controls reported in the relevant third-party service provider's annual report on controls. The principal risks identified by the Board are set out in the Strategic Report on pages 12 to 15.

The following are the key components which the Company has in place to provide effective internal control:

- The Board has agreed clearly defined investment criteria, which specify levels of authority and exposure limits. Reports on compliance with these criteria are regularly reviewed by the Board.
- The Board has a procedure to ensure that the Company can continue to be approved as an investment company by complying with sections 1158/1159 of the Corporation Tax Act 2010.
- The Investment Manager and Administrator prepare forecasts and management accounts which allow the Board to assess the Company's activities and to review its performance.
- The contractual agreements with the Investment Manager and other third-party service providers, and adherence to them, are regularly reviewed.
- The services and controls at the Investment Manager and at other third-party suppliers are reviewed at least annually.
- The Audit Committee receives and reviews assurance reports on the controls of all third-party service providers, including the Custodian and Administrator, undertaken by professional service providers.
- The Audit Committee seeks to ensure that the Company is recovering withholding tax on overseas dividends to the fullest extent possible.
- The Investment Manager's Compliance Officer continually reviews the Investment Manager's operations. The Investment Manager also employs an independent compliance consultant. Compliance reports are submitted to the Committee at least annually.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. They do not eliminate the risk of failure to achieve business objectives and, by their nature, can only provide reasonable and not absolute assurance against misstatement or loss.

As the Company has no employees, it does not have a whistle-blowing policy and procedure in place. The Company delegates its main functions to third-party providers, each of whom report on their policies and procedures to the Audit Committee.

The Audit Committee believes that the Company does not require an internal audit function, principally because the Company delegates its day-to-day operations to third parties, which are monitored by the Committee, and which provide control reports on their operations at least annually.

External Audit Process
The Audit Committee meets at least twice a year with the Auditor. The Auditor provides a planning report in advance of the preparation of the Annual Report and a report on the annual audit. The Audit Committee has an opportunity to question and challenge the Auditor in respect of each of these reports. In addition, the Audit Committee Chairman discusses the audit plan and results of the audit with the external Auditor prior to the relevant Audit Committee meeting. After each audit, the Audit Committee reviews the audit process and considers its effectiveness. The review of the 2022 audit concluded that the audit process had worked well, and that the key matters had been adequately addressed. At least once a year, the Audit Committee has an opportunity to discuss any aspect of the Auditor's work with the Auditor in the absence of the Investment Manager and administrators.

The Audit Committee specifically considered and discussed with the Auditor the extent and nature of procedures undertaken on withholding tax reclaims and the unlisted investments, as part of concluding on those balances.

Auditor Assessment and Independence
The Audit Committee has reviewed KPMG's independence policies and procedures, including quality assurance procedures. It was considered that those policies and procedures remained fit for purpose. John Waterson is the Audit Partner allocated to the Company. The audit of the financial statements for the year to 30 September 2022 is his first as Audit Partner. The Committee has also taken into consideration the standing, skills and experience of the audit firm and the audit team, and is satisfied that KPMG is both independent and effective in carrying out their responsibilities.

The Audit Committee has discussed the findings of the FRC's recent 2022 Audit Quality Report on the quality of audits performed by KPMG and questioned the audit team on any particular areas of the findings that caused them to change their audit approach and was relevant to the audit of the Company. The Committee has satisfied itself that none of the shortcomings identified are directly relevant to the audit of the Company.

Fees Payable to the Auditor
Total fees payable to the Auditor were £45,000 (2021: £40,000). Of the total fees, the fees for audit services were £45,000 (2021: £40,000). The Audit Committee has approved and implemented a policy on the engagement of the Auditor to supply non-audit services, taking into account the recommendations of the FRC, and does not believe there to be any impediment to the Auditor's objectivity and independence. All non-audit work to be carried out by the Auditor must be approved by the Audit Committee in advance. The cost of non-audit services provided by the Auditor for the financial year ended 30 September 2022 was £nil (2021: £nil). The Audit Committee is satisfied that KPMG remains independent.

Re-appointment of the Auditor
Taking into account the performance and effectiveness of the Auditor and the confirmation of their independence, the Committee recommends that KPMG LLP be re-appointed as Auditor to the Company. However, the Committee will carry out a tender process in respect of the 2023 year end, which may result in a different auditor being appointed.

Audit Tender CMA Order
The audit was put out to competitive tender in 2016, following which KPMG were appointed as the Company's Auditor in respect of the financial year ended 30 September 2017. In accordance with the Statutory Audit Services Order 2014, issued by the Competition and Markets Authority (CMA Order), a competitive audit tender must be carried out at least every ten years. The Company is therefore required to carry out a tender no later than in respect of the financial year ending 30 September 2027.

CMA Order
AGT has complied throughout the year ended 30 September 2022 with the provisions of the CMA Order.

Calum Thomson
Audit Committee Chairman

7 November 2022

Other Reports / Directors' Remuneration Policy

This Remuneration Policy provides details of the remuneration policy for the Directors of the Company. All Directors are independent and non-executive, appointed under the terms of Letters of Appointment, and none has a service contract. The Company has no employees.

A resolution to approve this Remuneration Policy, which was last approved at the AGM of the Company held in 2019, will be proposed at the forthcoming AGM. If passed, the policy will apply until it is next put to shareholders for renewal of that approval at the Company's AGM in 2025. Any variation of the policy prior to the 2025 AGM would have to be submitted for shareholder approval.

The non-executive Directors of the Company are entitled to such rates of annual fees as the Board at its discretion shall from time to time determine.

In addition to the annual fee, under the Company's Articles of Association, if any Director is requested to perform extra or special services, they will be entitled to receive such additional remuneration as the Board may think fit, and such remuneration may be either in addition to or in substitution for any other remuneration that they may be entitled to receive.

Total remuneration paid to Directors is subject to an annual aggregate limit of £300,000, as set out in the Company's Articles of Association.

No component of any Director's remuneration is subject to performance factors.

The rates of fees per Director are reviewed annually. Annual fees are pro-rated where a change takes place during a financial year.

Table of Directors' Remuneration Components*

Component	Director	Rate at 30 September 2022	Purpose of reward	Operation
Annual Fee	All Directors	£32,000	For commitment as Directors of a public company	Determined by the Board at its discretion (see note 1)
Additional Fee	Chairman of the Board	£18,000	For additional responsibility and time commitment	Determined by the Board at its discretion (see note 1)
Additional Fee	Chairman of the Audit Committee	£5,000	For additional responsibility and time commitment	Determined by the Board at its discretion (see note 1)
Additional Fee	Senior Independent Director	£2,500	For additional responsibility and time commitment	Determined by the Board at its discretion (see note 1)
Additional Fee	All Directors	Discretionary	For performance of extra or special services in their role as a Director	Determined by the Board at its discretion (see notes 1 and 2)
Expenses	All Directors	N/A	Reimbursement of expenses paid by them in order to perform their duties	Reimbursement upon submission of appropriate invoices

Notes:

1. The Board only exercises its discretion in setting rates of fees after an analysis of fees paid to Directors of other companies having similar profiles to that of the Company, and consultation with third-party advisers. Individual Directors do not participate in discussions relating to their own remuneration.
2. Additional fees would only be paid in exceptional circumstances in relation to the performance of extra or special duties. No such fees were paid in the year to 30 September 2022.

* The Company has no employees. Accordingly, there are no differences in policy on the remuneration of Directors and the remuneration of employees. No Director is entitled to receive any remuneration which is performance-related. As a result, there are no performance conditions in relation to any elements of the Directors' remuneration in existence to set out in this Remuneration Policy.

Views of Shareholders
Any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board when reviewing levels of remuneration.

Recruitment Remuneration Principles

1. The remuneration package for any new Chairman or non-executive Director will be the same as the prevailing rates determined on the bases set out above. The fees and entitlement to reclaim reasonable expenses will be set out in Directors' Letters of Appointment.
2. The Board will not pay any introductory fee or incentive to any person to encourage them to become a Director, but may pay the fees of search and selection specialists in connection with the appointment of any new non-executive Director.
3. The Company intends to appoint only non-executive Directors for the foreseeable future.
4. The maximum aggregate fees currently payable to all Directors is £300,000.

Service Contracts
None of the Directors has a service contract with the Company. Non-executive Directors are engaged under Letters of Appointment and are subject to annual re-election by shareholders.

Loss of Office
Directors' Letters of Appointment expressly prohibit any entitlement to payment on loss of office.

Scenarios
The Chairman's and non-executive Directors' remuneration is fixed at annual rates, and there are no other scenarios where remuneration will vary unless there are payments for extra or special services in their role as Directors. It is accordingly not considered appropriate to provide different remuneration scenarios for each Director.

Statement of Consideration of Conditions Elsewhere in the Company
As the Company has no employees, a process of consulting with employees on the setting of the Remuneration Policy is not relevant.

Other Items
None of the Directors has any entitlement to pensions or pension-related benefits, medical or life insurance schemes, share options, long-term incentive plans or performance-related payments. No Director is entitled to any other monetary payment or any assets of the Company except in their capacity (where applicable) as shareholders of the Company.

Directors' and Officers' liability insurance cover is maintained by the Company, at its expense, on behalf of the Directors.

The Company has also provided indemnities to the Directors in respect of costs or other liabilities which they may incur in connection with any claims relating to their performance or the performance of the Company whilst they are Directors.

The Directors' interests in contractual arrangements with the Company are as shown in the Report of the Directors. Except as noted in the Report of the Directors, no Director was interested in any contracts with the Company during the period or subsequently.

Review of the Remuneration Policy
The Board has agreed that there would be a formal review before any change to the Remuneration Policy; and, at least once a year, the Remuneration Policy will be reviewed to ensure that it remains appropriate.

Other Reports / Report on Remuneration Implementation

This Report is prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

A resolution to approve this Report on Remuneration Implementation will be proposed at the AGM of the Company to be held on 20 December 2022.

Statement from the Chairman
As the Company has no employees and the Board is comprised wholly of non-executive Directors, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole, at its discretion within an aggregate ceiling of £300,000 per annum. Each Director abstains from voting on their own individual remuneration.

During the year, the Board carried out a review of the level of Directors' fees in accordance with the Remuneration Policy and considered the level of fees being paid to non-executive directors of investment trusts with assets of around £1bn, as well as to the Company's peer group. This review concluded that the fees being paid to the Company's Directors were below the average. As reported in the 2021 Annual Report, fees were increased with effect from 1 April 2022 to £50,000 (previously £45,000) per annum for the Chairman and £32,000 (previously £29,000) per annum for other Directors. The additional fees payable to the Chairman of the Audit Committee and to the Senior Independent Director remained unchanged, at £5,000 and £2,500 per annum respectively.

The Board is satisfied that the changes to the remuneration of the Directors are compliant with the Directors' Remuneration Policy approved by shareholders at the AGM held on 19 December 2019.

There will be no significant change in the way that the Remuneration Policy will be implemented in the course of the next financial year, once approved.

Directors' Emoluments (audited information)
Directors are only entitled to fees at such rates as are determined by the Board from time to time and in accordance with the Directors' Remuneration Policy as approved by the shareholders.

None of the Directors has any entitlement to pensions or pension-related benefits, medical or life insurance schemes, share options, long-term incentive plans or performance-related payments. No Director is entitled to any other monetary payment or any assets of the Company.

Accordingly the Single Total Figure table below does not include columns for any of these items or their monetary equivalents.

As the Company does not have a Chief Executive Officer or any executive Directors, there are no percentage increases to disclose in respect of their total remuneration, and it has not reported on those aspects of remuneration that relate to executive Directors.

Directors' & Officers' liability insurance is maintained and paid for by the Company on behalf of the Directors.

In line with market practice, the Company has agreed to indemnify the Directors in respect of costs, charges, losses, liabilities, damages and expenses, arising out of any claims or proposed claims made for negligence, default, breach of duty, breach of trust or otherwise, or relating to any application under Section 1157 of the Companies Act 2006, in connection with the performance of their duties as Directors of the Company. The indemnities would also provide financial support from the Company should the level of cover provided by the Directors' & Officers' liability insurance maintained by the Company be exhausted.

Voting at AGM
A binding Ordinary Resolution approving the Directors' Remuneration Policy was approved by shareholders at the AGM held on 19 December 2019 and a non-binding Ordinary Resolution adopting the Directors' Report on Remuneration Implementation for the year ended 30 September 2021 was approved by shareholders at the AGM held on 16 December 2021. The votes cast by proxy were as follows:

Remuneration Policy (AGM 2019)	
For – % of votes cast	99.74%
Against – % of votes cast	0.15%
At Chairman's discretion – % of votes cast	0.11%
Total votes cast	44,140,907
Number of votes withheld	109,933

Report on Remuneration Implementation (AGM 2021)	
For – % of votes cast	99.62%
Against – % of votes cast	0.28%
At Chairman's discretion – % of votes cast	0.10%
Total votes cast	36,508,955
Number of votes withheld	86,232

The Directors who served during the year received the following emoluments:

Single Total Figure Table (audited information)

	Fees paid (£)		Taxable benefits (£)*		Total (£)		Percentage change (%)[1]	
Name of Director	**2022**	2021	**2022**	2021	**2022**	2021	**2021-2022**	2020-2021
Susan Noble	**47,500**	45,000	**1,287**	–	**48,787**	45,000	**5.6**	3.9
Anja Balfour	**30,500**	29,000	**4,450**	404	**34,950**	29,404	**5.2**	3.4
Neil Galloway[2]	**30,500**	2,417	**–**	–	**30,500**	2,417	**5.2**	–
Graham Kitchen	**30,500**	29,000	**877**	–	**31,377**	29,000	**5.2**	3.4
Nigel Rich[3]	**6,704**	31,500	**–**	–	**6,704**	31,500	**–**	4.3
Calum Thomson	**37,490**	34,000	**1,211**	386	**38,701**	34,386	**10.3**[4]	3.4
	183,194	170,917	**7,825**	790	**191,019**	171,707		

* Reimbursement of travel expenses.
1 The average percentage change over the previous financial years. Fees for Directors who were appointed or resigned during the year were calculated on a pro-rata basis, in order to provide a meaningful figure.
2 Appointed 1 September 2021.
3 Retired 16 December 2021.
4 Mr Thomson was appointed as Senior Independent Director with effect from 16 December 2021 and since then received the additional fee for this function.

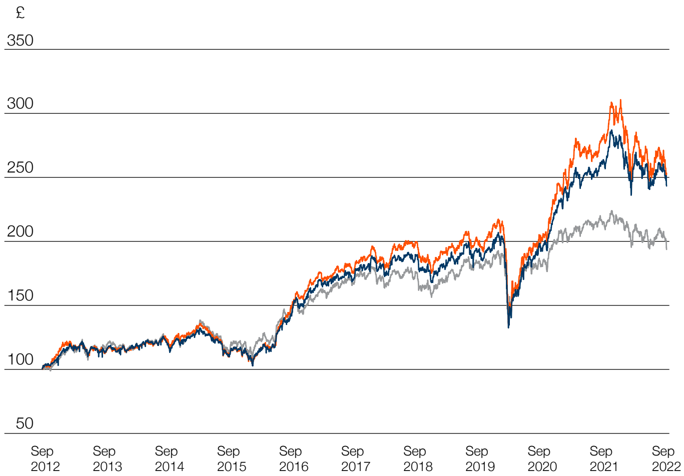
Sums Paid to Third Parties (audited information)
None of the fees referred to in the above table were paid to any third party in respect of the services provided by any of the Directors.

Other Benefits
Taxable benefits – Article 100 of the Company's Articles of Association provides that Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings.

Pensions related benefits – Article 101 permits the Company to provide pension or similar benefits for Directors and employees of the Company. However, no pension schemes or other similar arrangements have been established and no Director is entitled to any pension or similar benefits.

Share Price Total Return
The chart below illustrates the total shareholder return for a holding in the Company's shares, as compared to the MSCI All Country World ex-US Index (£ adjusted total return), which the Board has adopted as the measure for both the Company's performance and that of the Investment Manager for the year.

Ten years to 30 September 2022



Relative Importance of Spend on Pay
The table below shows the proportion of the Company's income spent on pay.

	2022	2021	Difference
Spend on Directors' fees*	**£183,000**	£171,000	7.0%
Management fee and other expenses	**£10,276,000**	£8,861,000	16.0%
Distribution to shareholders:			
(a) dividends	**£16,683,000**	£17,308,000	(3.6)%
(b) share buybacks	**£36,678,000**	£32,638,000	12.4%

* As the Company has no employees the total spend on remuneration comprises only the Directors' fees.

Note: the items listed in the table above are as required by the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ss.20, with the exception of the management fee and other expenses, which has been included because the Directors believe that it will help shareholders' understanding of the relative importance of the spend on pay. The figures for this measure are the same as those shown in note 3 to the financial statements.

Statement of Directors' Shareholding and Share Interests (audited information)
Neither the Company's Articles of Association nor the Directors' Letters of Appointment require a Director to own shares in the Company. The interests of the Directors and their connected persons in the equity and debt securities of the Company at 30 September 2022 (or date of retirement if earlier or date of appointment, if later) are shown in the table below:

	Ordinary Shares	
Director	**2022**	2021*
Susan Noble	**55,150**	68,325
Anja Balfour	**36,500**	36,500
Neil Galloway†	**–**	–
Graham Kitchen	**74,500[1]**	54,500[1]
Nigel Rich††	**90,000[2]**	90,000[2]
Calum Thomson	**44,490**	44,490

1. Includes 27,250 shares held by Jane Kitchen as at 30 September 2022 (as at 30 September 2021: 17,250*).
2. Included 15,000 shares held by Cynthia Rich.
† Appointed 1 September 2021.
†† Retired 16 December 2021.

Since 30 September 2022, Neil Galloway has purchased a total of 25,000 shares in the Company. There have been no other changes to Directors' interests between 30 September 2022 and the date of this Report.

Annual Statement
On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on Remuneration Implementation summarises, as applicable, for the year to 30 September 2022:

(a) the major decisions on Directors' remuneration;

(b) any substantial changes relating to Directors' remuneration made during the year; and

(c) the context in which the changes occurred and decisions have been taken.

Susan Noble
Chairman

7 November 2022

* Restated for Share Split.

Other Reports / Independent Auditor's Report

To the Members of AVI Global Trust plc

KPMG

1. Our opinion is unmodified

We have audited the financial statements of AVI Global Trust plc ("the Company") for the year ended 30 September 2022 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Balance Sheet, Statement of Cash Flows and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its return for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the Directors on 20 December 2016. The period of total uninterrupted engagement is for the six financial years ended 30 September 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: financial statements as a whole		£11.0m (2021: £12.6m) 1% (2021: 1%) of total assets
Key audit matters		Versus 2021
Recurring risk	Carrying amount of quoted investments	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2021), in arriving at our audit opinion above, together with our key audit procedures to address this matter and our findings from those procedures in order that the Company's members, as a body, may better understand the process by which we arrived at our audit opinion. This matter was addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

	The risk	Our response
Carrying amount of quoted investments (£983m; 2021: £1,193m) *Refer to page 87 and 88 (Audit Committee Report), page 70 (accounting policy) and page 76 and page 83 (financial disclosures).*	**Low risk, high value:** The Company's portfolio of quoted investments makes up 89% (2021: 94.0%) of the Company's total assets (by value) and is the key driver of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	We performed the detailed tests below rather than seeking to rely on controls, because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described below. Our procedures included: — **Test of detail:** Agreed the valuation of 100% of quoted investments in the portfolio to externally quoted prices; and — **Enquiry of custodian:** Agreed 100% of quoted investment holdings in the portfolio to independently received third-party confirmations from investment custodian. **Our findings** We found no differences from the third-party holdings' confirmations nor from the externally quoted prices of a size to require reporting to the audit committee (2021: no differences from the third-party holdings' confirmations nor from the externally quoted prices of a size to require reporting to the audit committee).

3. Our application of materiality and an overview of the scope of our audit

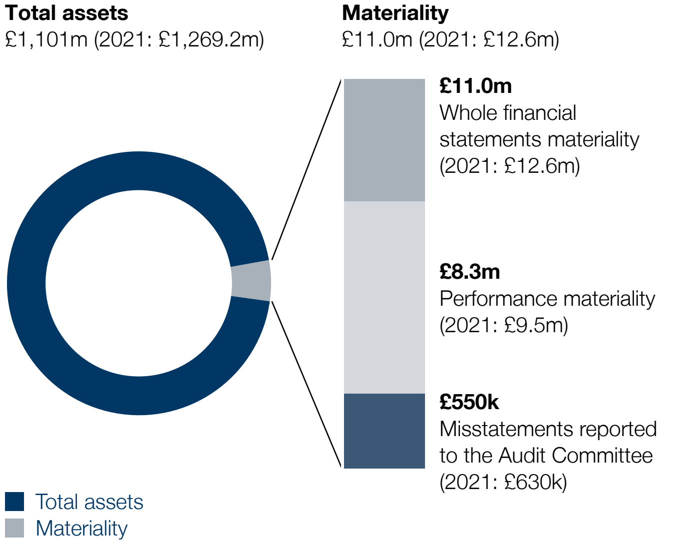
Materiality for the financial statements as a whole was set at £11.0m (2021: £12.6m), determined with reference to a benchmark of Total Assets, of which it represents 1% (2021: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to £8.3m (2021: £9.5m). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £550k (2021: £630k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality and performance materiality levels specified above and was performed by a single audit team.

The scope of the audit work performed was fully substantive as we did not rely upon the Company's internal control over financial reporting.



4. The impact of climate change on our audit

In planning our audit we have considered the potential impacts of climate change on the Company's financial statements.

We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit. Level 1 listed investments make up 89% of the Company's total assets, for which fair value is determined as the quoted market price. Therefore there was no significant impact of climate change on our key audit matter.

We have read the disclosure of climate-related narrative in the front half of the financial statements and considered consistency with the financial statements and our audit knowledge.

5. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources and its ability to operate over this period were:

- the impact of a significant reduction in the valuation of investments and the implications for the Company's debt covenants;
- the liquidity of the investment portfolio and its ability to meet the liabilities of the Company as and when they fall due; and
- the operational resilience of key service organisations.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Company's liquid investment position (a reverse stress test).

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and related sensitivities.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- the related statement under the Listing Rules set out on page 63 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Other Reports / Independent Auditor's Report continued

To the Members of AVI Global Trust plc

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Assessing the segregation of duties in place between the Directors, the Administrator and the Company's Investment Manager; and
- Reading Board and Audit Committee minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular to the risk that management may be in a position to make inappropriate accounting entries. We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We did not identify any material post-closing entries and, based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is non-judgemental and straightforward, with limited opportunity for manipulation particularly in light of the segregation of duties. We did not identify any additional fraud risks.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors, the Investment Manager and the Administrator (as required by auditing standards), and discussed with the Directors the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and its qualification as an Investment Trust under UK taxation legislation, any breach of which could lead to the Company losing various deductions and exemptions from UK corporation tax. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection, bribery and corruption legislation and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors, the Investment Manager and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Directors' Report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability statement page 63 that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the Emerging and Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the Directors' explanation in the viability statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability statement, set out on page 63 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the section of the Annual Report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the Annual Report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 64, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

John Waterson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

7 November 2022

Shareholder Information / Notice of Annual General Meeting

This Document is Important and Requires your Immediate Attention
If you are in any doubt about the action to take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended) without delay. If you have sold or transferred all of your Ordinary Shares in the capital of AVI Global Trust plc (the Company) and, as a result, no longer hold any Ordinary Shares in the Company, please send this document and the accompanying Form of Proxy as soon as possible to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Notice is hereby given that the One Hundred and Thirty Third Annual General Meeting of AVI Global Trust plc will be held at 11 Cavendish Square, London W1G 0AN at 11.00am on Tuesday, 20 December 2022 to consider the following business.

The resolutions numbered 1 to 11 are proposed as ordinary resolutions, which must each receive more than 50% of the votes cast in order to be passed. Resolutions numbered 12 to 14 are proposed as special resolutions, which must each receive at least 75% of the votes cast in order to be passed.

1. To receive and adopt the financial statements of the Company for the financial year ended 30 September 2022 together with the Strategic Report and the Reports of the Directors and Auditor.
2. To approve a final ordinary dividend of 2.1p per Ordinary Share.
3. To re-elect Anja Balfour as a Director of the Company.
4. To re-elect Neil Galloway as a Director of the Company.
5. To re-elect Graham Kitchen as a Director of the Company.
6. To re-elect Calum Thomson as a Director of the Company.
7. To re-appoint KPMG LLP as the Company's Auditor.
8. To authorise the Audit Committee to determine the Auditor's remuneration.
9. To approve the Directors' Report on Remuneration Implementation for the year ended 30 September 2022.
10. To approve the Directors' Remuneration Policy.
11. THAT the Directors of the Company be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the Act) to exercise all of the powers of the Company to allot Ordinary Shares in the capital of the Company (Ordinary Shares) and to grant rights to subscribe for or to convert any security into Ordinary Shares in the Company up to a maximum nominal value of £3,262,032 provided that such authority shall expire on the date which is 15 months after the date of the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company, save that the Company may before such expiry make offers or agreements which would or might require Ordinary Shares to be allotted, or rights to be granted, after such expiry and the Directors may allot Ordinary Shares, or grant such rights, in pursuance of such offers or agreements as if the authority conferred hereby had not expired; and all unexercised authorities previously granted to the Directors to allot Ordinary Shares be and are hereby revoked.
12. THAT, subject to the passing of resolution 11 above, the Directors of the Company be and are hereby generally authorised and empowered pursuant to Sections 570 and 573 of the Companies Act 2006 (the Act) to allot equity securities (as defined in Section 560 of the Act) (including the grant of rights to subscribe for, or to convert any securities into, Ordinary Shares in the capital of the Company (Ordinary Shares) and the sale of Ordinary Shares held by the Company in treasury) wholly for cash pursuant to any existing authority given in accordance with Section 551 of the Act, as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

    (a) in connection with an offer of such securities by way of rights to holders of Ordinary Shares on the register of members of the Company on a fixed record date in proportion (as nearly as may be practicable) to their respective holdings of Ordinary Shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements or any legal or practical problems arising under the laws of, or the requirements of, any territory or any regulatory or governmental body or authority or stock exchange; and

    (b) otherwise than pursuant to sub-paragraph (a) above, equating to a maximum nominal value of £489,304 being approximately 5% of the equity share capital in issue as at 7 November 2022, and the authority hereby granted shall expire on the date which is 15 months after the date of the passing of this resolution or, if earlier, the date of the next Annual General Meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities and sell Treasury Shares in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

13. THAT the Company be and is hereby generally and unconditionally authorised for the purposes of Section 701 of the Companies Act 2006 (the Act) to make one or more market purchases (within the meaning of Section 693(4) of the Act) of Ordinary Shares in the capital of the Company (Ordinary Shares) either for cancellation or to hold as Treasury Shares (within the meaning of Section 724 of the Act) provided that:
    (a) the maximum aggregate nominal value of Ordinary Shares hereby authorised to be purchased is £1,466,935;
    (b) the Directors be authorised to determine at their discretion that any Ordinary Shares purchased be cancelled or held by the Company as Treasury Shares;
    (c) the minimum price which may be paid for a share shall be the nominal value of that share (exclusive of associated expenses);
    (d) the maximum price which may be paid for an Ordinary Share shall be the higher of: (i) 5% above the average of the middle market quotations of the Ordinary Shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date on which the relevant share is contracted to be purchased (exclusive of associated expenses); and (ii) the higher of the price of the last independent trade and the highest current independent bid for an Ordinary Share of the Company on the London Stock Exchange; and
    (e) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on the date which is 15 months after the date of the passing of this resolution or, if earlier, the date of the next Annual General Meeting of the Company save that the Company may prior to such expiry enter into a contract or arrangement to purchase Ordinary Shares under this authority which will or may be completed or executed wholly or partly after the expiry of this authority and may make a purchase of Ordinary Shares pursuant to any such contract or arrangement as if the authority hereby conferred had not expired.
14. THAT a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

By Order of the Board

Link Company Matters Limited
Corporate Secretary
Registered Office:
Beaufort House
51 New North Road
Exeter, Devon EX4 4EP

7 November 2022

Shareholder Information / Notice of Annual General Meeting continued

Notes

1. Attending the AGM in Person

If you wish to attend the AGM in person, you should sign the admission card enclosed with this document and hand it to the Company's Registrars on arrival at the AGM.

2. Appointment of Proxy

Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company.

3. Appointment of Proxy

A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. Where two or more valid appointments of proxy are received in respect of the same share in relation to the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others. If the Company is unable to determine which is last sent, the one which is last received shall be so treated. If the Company is unable to determine either which is last sent or which is last received, none of such appointments shall be treated as valid in respect of that share. The termination of the authority of a person to act as proxy must be notified to the Company in writing.

To be valid, any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by 11.00am on Friday, 16 December 2022. In determining the time for delivery of proxies pursuant to the Articles of Association, no account has been taken of any part of a day that is not a working day. Alternatively, you may send any document or information relating to proxies to the electronic address indicated on the form of proxy.

The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 8 below) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.

If you require additional proxy forms, please contact the Registrar's helpline on 0371 384 2490 (+44 371 384 2490 from outside the UK). Lines are open 8.30am to 5.30pm Monday to Friday (excluding public holidays in England and Wales).

Alternatively, you may, if you wish, register the appointment of a proxy electronically by logging on to www.sharevote.co.uk. To use this service you will need your Voting ID, Task ID and Shareholder Reference Number printed on the accompanying Form of Proxy. Full details of the procedure are given on the website.

To be valid, the appointment of a proxy electronically must be made by 11.00am on Friday, 16 December 2022. In determining the time for electronic appointment of proxies pursuant to the Articles of Association, no account has been taken of any part of a day that is not a working day.

4. Appointment of Proxy by Joint Shareholders

In the case of joint shareholders, where more than one of the joint shareholders purports to appoint one or more proxies, only the purported appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint shareholders appear in the Company's register of members in respect of the joint shareholding, with the first named being the most senior.

5. Nominated Persons

Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies does not apply to Nominated Persons as such rights can only be exercised by registered shareholders of the Company.

6. Entitlement to Attend and Vote

To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.30pm on Friday, 16 December 2022 (or, in the event of any adjournment, 6.30pm on the date which is two business days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

7. Issued Share Capital and Total Voting Rights

As at 7 November 2022, the Company's issued share capital consisted of 534,905,804 Ordinary Shares, carrying one vote each, of which 45,600,956 were in treasury. Therefore, the voting rights in the Company as at 7 November 2022 equate to a total of 489,304,848 votes. Treasury shares represented 8.53% of the issued share capital as at 7 November 2022.

8. CREST Members

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 11.00am on Friday, 16 December 2022. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

9. Proxymity
If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 11.00am on Friday, 16 December 2022 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully, as you will be bound by them and they will govern the electronic appointment of your proxy.

10. Corporate Members
Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares. To be able to attend and vote at the meeting, corporate representatives will be required to produce, prior to their entry to the meeting, evidence satisfactory to the Company of their appointment.

11. Rights to Publish Statements under Section 527 of the Companies Act 2006
Under Section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:

(i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or
(ii) any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

12. Questions and Answers
Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

However, where appropriate, the Chairman may offer to provide an answer to a question after the conclusion of the AGM.

If you are unable to attend the AGM in person and have any questions about the Annual Report, the investment portfolio or any other matter relevant to the Company, please write to us either via email at agm@aviglobal.co.uk or by post to AVI Global Trust PLC, Beaufort House, 51 New North Road, Exeter, Devon, EX4 4EP.

13. Information on the Company's Website
In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.aviglobal.co.uk.

14. Display Documents
None of the Directors has a contract of service with the Company. Copies of the Letters of Appointment of the Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (except weekends and public holidays) until the date of the meeting and at the place of the meeting for a period of 15 minutes prior to and during the meeting.

15. Electronic Address
Any electronic address provided either in this notice or in any related documents (including the Form of Proxy) may not be used to communicate with the Company for any purposes other than those expressly stated.

Dividends

Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandate forms may be obtained from Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA on request or downloaded from Equiniti's website www.shareview.com. The Company operates the BACS system for the payment of dividends. Where dividends are paid directly into shareholders' bank accounts, dividend tax vouchers are sent to shareholders' registered addresses.

Share Prices

The Company's Ordinary Shares are listed on the London Stock Exchange under 'Investment Trusts'. Prices are published daily in The Financial Times, The Times, The Daily Telegraph, The Scotsman and The Evening Standard.

Change of Address

Communications with shareholders are mailed to the last address held on the share register. Any change or amendment should be notified to Equiniti Limited at the address given above, under the signature of the registered holder.

Daily Net Asset Value

The net asset value of the Company's shares can be obtained by contacting Customer Services on 0845 850 0181 or via the website: www.aviglobal.co.uk.

Provisional Financial Calendar 2022/2023

20 December 2022	Annual General Meeting
3 January 2023	Final dividend paid on Ordinary Shares
May 2023	Announcement of half year results
June 2023	Interim dividend paid on Ordinary Shares
November 2023	Announcement of annual results
November 2023	Posting of Annual Report
December 2023	Annual General Meeting

Shareholder Information / Glossary

AIFM
The AIFM, or Alternative Investment Fund Manager, is Asset Value Investors, which manages the portfolio on behalf of AGT shareholders. The current approach to investment used by Asset Value Investors was adopted in June 1985.

NAV total return since inception of strategy in June 1985 (annualised)

	30 September 2022	30 September 2021	
Closing NAV per share (p) 30 September 2022	**199.76**	218.76	a
Dividends paid out (p)	**42.20**	38.90	b
Benefits from re-investing dividends (p)	**96.13**	106.97	c
Adjusted NAV per share (p)	**338.08**	364.63	**d = a + b + c**
Opening NAV per share (p) – June 1985	**5.94**	5.94	e
Annualised NAV total return (%)	**11.4%**	12.0%	**((d/e) ^ (1/37.25)) - 1**
Closing adjusted NAV	**338.08**	364.63	

Alternative Performance Measure (APM)
An APM is a numerical measure of the Company's current, historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial framework. In selecting these Alternative Performance Measures, the Directors considered the key objectives and expectations of typical investors in an investment trust such as the Company.

Comparator Benchmark
The Company's Comparator Benchmark is the MSCI All Country World ex-US Total Return Index, expressed in Sterling terms. The benchmark is an index which measures the performance of global equity markets, both developed and emerging. The weighting of index constituents is based on their market capitalisation.

Dividends paid by index constituents are assumed to be reinvested in the relevant securities at the prevailing market price. The Investment Manager's investment decisions are not influenced by whether a particular company's shares are, or are not, included in the benchmark. The benchmark is used only as a yard stick to compare investment performance.

Cost
The book cost of each investment is the total acquisition value, including transaction costs, less the value of any disposals or capitalised distributions allocated on a weighted average cost basis.

Currency

GBP	EUR	USD	SEK	JPY	NOK	CHF	HKD	BRL	RON	INR
Pounds Sterling	Euro	US Dollar	Swedish Krona	Japanese Yen	Norwegian Krone	Swiss Franc	Hong Kong Dollar	Brazilian Real	Romanian Lei	Indian Rupee

Discount/Premium (APM)
If the share price is lower than the NAV per share, it is said to be trading at a discount. The size of the Company's discount is calculated by subtracting the share price of 179.00p (2021: 204.00p*) from the NAV per share (with debt at fair value) of 199.8p (2021: 218.8p*) and is usually expressed as a percentage of the NAV per share, 10.4% (2021: 6.7%). If the share price is higher than the NAV per share, this situation is called a premium.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)
A proxy for the cash flow generated by a business – it is most commonly used for businesses that do not (yet) generate operating or shareholder profits.

Gearing (APM)
Gearing refers to the ratio of the Company's debt to its equity capital. The Company may borrow money to invest in additional investments for its portfolio. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

Using debt at par value, the gross gearing of 12.7% (2021: 11.7%) represents borrowings of £122,893,000 (2021: £132,520,000) expressed as a percentage of shareholders' funds of £969,508,000 (2021: £1,133,222,000). Using debt at fair value, gross gearing is 11.3% (2021: 13.3%).

Net gearing, which accounts for cash balances and uses debt at par value, is 1.7% (2021: 5.5%). Using debt at fair value, net gearing is 0.5% (2021: 7.0%).

* Restated for Share Split.

Shareholder Information / Glossary continued

Gearing (APM) continued
The gross and net gearing reconciliation calculations are provided below:

Gross Gearing (Debt at Par)	**2022**	2021	
Debt	**-122,893,000**	-132,519,573	a
NAV	**969,508,000**	1,133,222,163	b
Gross Gearing	**12.7%**	11.7%	=a/b

Net Gearing (Debt at Par)	**2022**	2021	
Assets (inc. Cash)	**114,849,611**	72,989,679	c
Liabilities	**-8,880,079**	-2,357,964	d
Net	**-16,923,468**	-61,887,858	e=a+c+d
Net Gearing	**1.7%**	5.5%	=e/b

Gross Gearing (Debt at Fair)	**2022**	2021	
Debt	**-110,649,000**	-148,819,000	a
NAV	**981,752,000**	1,116,923,000	b
Gross Gearing	**11.3%**	13.3%	=a/b

Net Gearing (Debt at Fair)	**2022**	2021	
Assets (inc. Cash)	**114,849,611**	72,989,679	c
Liabilities	**-8,880,079**	-2,357,964	d
Net	**-4,679,468**	-78,187,285	e=a+c+d
Net Gearing	**0.5%**	7.0%	=e/b

The current values of the Loan Notes and revolving credit facility consist of the following:

	30 September 2022						30 September 2021				
	2036 GBP loan £'000	**2036 EUR loan £'000**	**2037 EUR loan £'000**	**JPY revolving credit facility £'000**	**2032 JPY loan £'000**	**Total £'000**	2036 GBP loan £'000	2036 EUR loan £'000	2037 EUR loan £'000	JPY revolving credit facility £'000	Total £'000
Value of issue	**30,000**	**22,962**	**17,526**	**–**	**49,516**	**120,004**	30,000	22,962	17,526	61,201	131,689
Unamortised issue costs	**(87)**	**(66)**	**(105)**	**–**	**(179)**	**(437)**	(94)	(71)	(113)	–	(278)
Exchange movement	**–**	**3,339**	**9**	**–**	**(22)**	**3,326**	–	2,824	(335)	(1,380)	1,109
Amortised book cost	**29,913**	**26,235**	**17,430**	**–**	**49,315**	**122,893**	29,906	25,715	17,078	59,821	132,520
Fair value	**25,127**	**22,668**	**14,214**	**–**	**48,640**	**110,649**	36,519	31,779	20,700	59,821	148,819
Redemption costs	**4,899**	**7,144**	**5,016**	**–**	**(2,124)**	**14,935**	5,167	6,547	4,804	–	16,518
Redemption value	**30,026**	**29,812**	**19,230**	**–**	**46,516**	**125,584**	41,686	38,326	25,504	59,821	165,337

The fair values of the Loan Notes are calculated using net present values of future cash flows and the yields, taking account of exchange rates. The redemption value includes the penalty payable on early redemption.

Internal Rate of Return (IRR)
The IRR is the annualised rate of return earned by an investment, adjusted for dividends, purchases and sales, since the holding was first purchased.

Net Asset Value (NAV)
The NAV is shareholders' funds expressed as an amount per individual share. Shareholders' funds are the total value of all the Company's assets, at current market value, having deducted all liabilities including debt at amortised cost revalued for exchange rate movements. The total NAV per share is calculated by dividing shareholders' funds of £969,508,000 (2021: £1,133,222,000) by the number of Ordinary Shares in issue excluding Treasury Shares of 491,451,568 (2021: 510,566,625*) at the year end.

* Restated for Share Split.

Net Asset Value (debt at fair value) (APM)
The adjusted NAV per share (debt at fair value) incorporates the debt at fair value instead of at amortised cost, increasing the NAV by £12,244,000 (2021: £16,298,000 decrease). This is calculated by the original NAV of £969,508,000 (2021: £1,133,222,000) less the debt at amortised cost £122,893,000 (2021: £72,699,000), adding back the debt at fair value £110,649,000 (2021: £88,998,000). The adjusted NAV (debt at fair value) is £957,264,000 (2021: £1,116,924,000) divided by the number of Ordinary Shares in issue excluding Treasury Shares of 491,451,568 (2021: 510,566,625*) at the year end provides the adjusted NAV per share (debt at fair value).

Ongoing Charges Ratio / Expense Ratio (APM)
As recommended by the AIC in its current guidance, the Company's Ongoing Charges Ratio is the sum of: (a) its Expense Ratio; and (b) the Ongoing Charges Ratios incurred at the underlying funds in which the Company has investments, weighted for the value of the investment in each underlying fund as a percentage of the Company's NAV. For a detailed discussion of the Expense Ratio, please see the discussion of Key Performance Indicators on page 12 of the Annual Report.

The Company's Expense Ratio is its annualised expenses (excluding finance costs and certain non-recurring items) of £9,577,000 (2021: £8,820,000) (being investment management fees of £7,650,000 (2021: £7,126,000) and other expenses of £2,594,000 (2021: £1,735,000) less non-recurring expenses of £667,000 (2021: £41,000)) expressed as a percentage of the average month-end net assets of £1,089,555,000 (2021: £1,058,575,000) during the year as disclosed to the London Stock Exchange.

A reconciliation of the Ongoing Charges to the Expense Ratio is provided below:

		30 September 2022	30 September 2021
Expense Ratio (a Key Performance Indicator)	a	**0.88%**	0.83%
Underlying Charges Ratio	b	**1.34%**	1.27%
Ongoing Charges Ratio	= a + b	**2.22%**	2.10%

% of investee company
AGT's economic exposure to each investee company, as estimated by AVI.

Return on Investment (ROI)
The ROI is the total profits earned to date on an investment divided by the total cost of the investment.

Shares Bought Back
The Company may repurchase its own shares, reducing the freely traded shares ranking for dividends and enhancing returns and earnings per Ordinary Share to the remaining shareholders. When the Company repurchases its shares, it does so at a total cost below the prevailing NAV per share.

The estimated percentage added to NAV per share from buybacks of 0.4% (2021: 0.3%) is derived from the repurchase of shares in the market at a discount to the prevailing NAV at the point of repurchase. The shares were bought back at a weighted average discount of 10.3% (2021: 8.2%).

	30 September 2022	30 September 2021	
Weighted average discount of buybacks	**10.3%**	8.2%	a
Percentage of shares bought back	**3.7%**	3.3%	b
NAV accretion from buyback	**0.4%**	0.3%	(a * b) / (1 – b)

Total Assets
Total assets include investments, cash, current assets and all other assets. An asset is an economic resource, being anything tangible or intangible that can be owned or controlled to produce positive economic value. The total assets less all liabilities is equivalent to total shareholders' funds.

Total Return (APM)
Total return statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The total return measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the NAV or share price plus dividend income reinvested by the Company at the prevailing NAV or share price.

NAV Total Return (APM)
NAV total return is calculated by assuming that dividends paid out are re-invested into the NAV on the ex-dividend date. This is accounted for in the "benefits from re-investing dividends" line. The NAV used here includes debt marked to fair value and is inclusive of accumulated income.

Where an "annualised" figure is quoted, this means that the performance figure quoted is not a standard one-year figure, and therefore has been converted into an annual return figure in order to ease comparability. For example, if AGT's NAV increased by +100% over a ten-year period, this would become an annualised NAV return of 7.2%.

* Restated for Share Split.

Shareholder Information / Glossary continued

NAV Total Return (APM) continued

NAV total return over 1 year

	Page	**30 September 2022**	30 September 2021	
Closing NAV per share (p)		**199.76**	218.76	a
Dividends paid out (p)	75	**3.30**	3.30	b
Benefits from re-investing dividends (p)		**-0.23**	0.50	c
Adjusted NAV per share (p)		**202.83**	222.56	d = a+b+c
Opening NAV per share (p)		**218.76**	163.41	e
NAV total return (%)		**-7.3%**	36.2%	= (d/e)-1
Closing adjusted NAV		**202.83**	222.56	

NAV total return over 10 years (annualised)			
Closing NAV per share (p) – September 2022	**199.76**	218.76	a
Dividends paid out (p)	**28.24**	28.24	b
Benefits from re-investing dividends (p)	**15.69**	21.72	c
Adjusted NAV per share (p)	**243.69**	268.73	**d = a + b + c**
Opening NAV per share (p) – 30 September 2012	**99.64**	92.07	e
Annualised NAV total return (%)	**9.4%**	11.3%	**((d/e) ^ (1/10)) - 1**
Closing adjusted NAV	**243.69**	268.73	e

Share Price Total Return (APM)

Share price total return is calculated by assuming that dividends paid out are re-invested into new shares on the ex-dividend date. This is accounted for in the “benefits from re-investing dividends” line.

Share price total return over 1 year

	Page	**30 September 2022**	30 September 2021	
Closing price per share (p)		**179.00**	1,020.00	a
Dividends paid out (p)	75	**3.30**	16.500	b
Benefits from re-investing dividends (p)		**-0.27**	2.64	c
Adjusted price per share (p)		**182.03**	1,039.14	d = a+b+c
Opening price per share (p)		**204.00**	741.00	e
Share price total return (%)		**-10.8%**	40.2%	= (d/e)-1

Treasury share

When a share is bought back it may be cancelled immediately or held (at zero value) as a Treasury Share. Shares that are held in treasury can be reissued for cash at minimal cost. The Company will only reissue shares from treasury at a price at or above the prevailing NAV per share.

Total Return Swap

A total return swap is a financial contract between two parties, whereby each party agrees to “swap” a series of payments. AGT has previously entered into a swap on Pershing Square Tontine Holdings ‘PSTH’ with a well-known investment bank. Effectively, AGT was paid the total return on PSTH, and in return agreed to pay a series of floating-rate interest payments to the investment bank.

Weight

Weight is defined as being each position’s value as a percentage of net assets.

Weighted-average Discount (APM)

The weighted-average discount is calculated as being the sum of the products of each holding’s weight in AGT’s portfolio times its discount.

AVI calculates an estimated sum-of-the-parts NAV per share for each holding in AGT’s portfolio. This NAV is compared with the share price of the holding in order to calculate a discount.

Weighted Average Shares (APM)

The weighted average shares outstanding is calculated by multiplying the outstanding number of shares after each share issue and buy back of shares during the year with the time weighted portion. The total of the weighted average of shares in issue excluding Treasury shares during the year is 503,274,200 adjusted for the share split.

Shareholder Information / Company Information

Directors
Susan Noble (Chairman)
Anja Balfour
Neil Galloway
Graham Kitchen
Calum Thomson

Secretary
Link Company Matters Limited
Beaufort House
51 New North Road
Exeter
Devon EX4 4EP
Tel: 01392 477500

Registered Office
Beaufort House
51 New North Road
Exeter
Devon EX4 4EP

Registered in England & Wales
No. 28203

Investment Manager and AIFM
Asset Value Investors Limited
2 Cavendish Square
London W1G 0PU

Registrar and Transfer Office
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Registrar's Shareholder Helpline
Tel. 0371 384 2490
Lines are open 8.30am to 5.30pm, Monday to Friday.

Registrar's Broker Helpline
Tel. 0906 559 6025
Calls to this number cost £1 per minute from a BT landline, other providers' costs may vary. Lines are open 8.30am to 5.30pm, Monday to Friday.

Corporate Broker
Jefferies Hoare Govett
100 Bishopsgate
London EC2N 4JL

Auditor
KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Depositary
J.P. Morgan Europe Limited
25 Bank Street
London E14 5JP

Banker and Custodian
JPMorgan Chase Bank NA
125 London Wall
London EC2Y 5AJ

London Stock Exchange
LISTED
PREMIUM

HOW TO INVEST

AGT is a closed-ended investment trust with shares listed on the London Stock Exchange and part of the FTSE 250 index. Shares in AGT can be bought directly on the London Stock Exchange or through platforms.

For more information visit:
www.aviglobal.co.uk

Design and Production
www.carrkamasa.co.uk

ckd
perivan

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C022913

AGT
AVI GLOBAL TRUST