Finding compelling opportunities around the world

HALF YEAR REPORT **2020**

AGT
AVI GLOBAL TRUST

AVI

Introduction

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†
£797 million*

ANNUALISED NAV TOTAL RETURN†
10.6%**

ONGOING CHARGES RATIO†
0.94%***

* As at 31 March 2020.
** Source: Morningstar, performance period 30 June 1985 to 31 March 2020, total return net of fees, GBP. The current approach to investment was adopted in 1985.
*** As at 31 March 2020, includes: management fee 0.70%, marketing and administration costs.
† For definitions, see Glossary on pages 22 to 23.

CONTENTS

RETAIL INVESTORS ADVISED BY IFAs

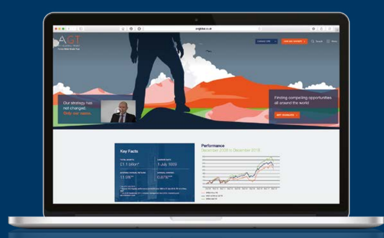
The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers ('IFAs') in the UK to ordinary retail investors in accordance with the Financial Conduct Authority rules in relation to non-mainstream investment products and intends to continue to do so. 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.

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



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FINANCIAL HIGHLIGHTS

- Net asset value ('NAV') total return per share decreased by 24.7%
- Share price total return -24.3%
- Benchmark index decreased on a total return basis by 17.0%
- Interim dividend increased to 6.0p

PERFORMANCE SUMMARY

Net asset value per share (total return) for six months to 31 March 2020[1]*		**-24.7%**
Share price total return for six months to 31 March 2020*		**-24.3%**
	31 March 2020	31 March 2019
Discount*		
(difference between share price and net asset value)[2]	**10.5%**	9.1%
	Six months to 31 March 2020	Six months to 31 March 2019
Earnings and Dividends		
Investment income	**£5.86m**	£5.65m
Revenue earnings per share	**3.01p**	2.87p
Capital earnings per share	**-206.99p**	-24.88p
Total earnings per share	**-203.98p**	-22.01p
Ordinary dividends per share	**6.00p**	2.00p
Ongoing Charges Ratio (annualised)*		
Management, marketing and other expenses (as a percentage of average shareholders' funds)	**0.94%**	0.88%
	High	Low
Period Highs/Lows		
Net asset value per share	**894.83p**	**580.10p**
Net asset value per share (debt at fair value)	**894.31p**	**578.71p**
Share price (mid market)	**802.00p**	**497.50p**

[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 with the debt marked to fair value.

Buybacks
During the period, the Company purchased 1,601,212 Ordinary Shares, all of which have been placed into treasury.

***Alternative Performance Measures**
For all Alternative Performance Measures included in this Report, please see definitions in the Glossary on pages 22 and 23.

Chairman's Statement

Overview of the half year

Returns for the half year under review were dominated by the rapid development of the COVID-19 pandemic over the first quarter of 2020. As explained in the Investment Manager's Review, the effects of the market fall on the prices of many underlying assets were compounded by sharp moves in the discount to asset value in some of our investments. I would stress that the assets underlying your Company's portfolio of direct holdings are high quality businesses which we expect to recover as economies emerge from the current shock.

Income and Dividend

In last year's annual report I noted that it was the Board's intention to rebalance the dividend payments by increasing the interim dividend and potentially decreasing the final dividend. We have also previously stated an intention either to maintain or to increase the total annual dividend each year.

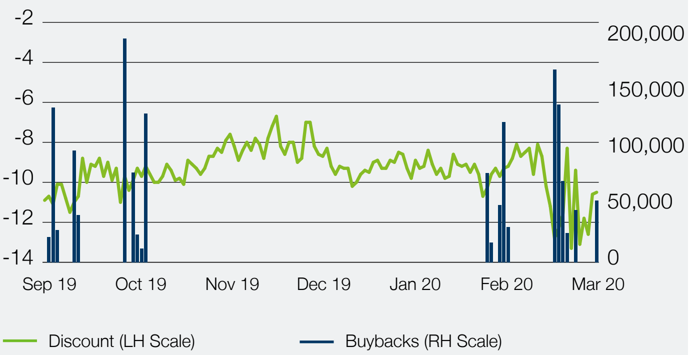
The Board has discussed the effects of the COVID-19 pandemic in some depth, including specifically the effect on our dividend receipts in the current accounting year. At the time of writing the amount of revenue that we will receive this accounting year is unclear. However, we recognise the importance of dividend income for many shareholders and, despite the current challenges, have decided to continue as previously announced. We will therefore pay an interim dividend of 6p per share this year. While it is too early to predict total revenue earnings for the full accounting year to the end of September 2020, taking account of the Company's substantial revenue reserves it is our intention to propose a final dividend at this year's AGM of at least 10.5 pence per share, making the total dividend this year at least the same as last year.

Gearing

On 5 March 2020 we announced that the borrowing limit on the Company's Japanese Yen revolving credit facility with Scotiabank Europe PLC had increased from Yen 4 billion, to Yen 9 billion, equivalent to circa £65 million at exchange rates at the time. Further, up to half of the facility may now be drawn down in pounds sterling, US dollars and/or Euros.

This facility allows a flexible approach to part of the Company's gearing. At the time of increasing the facility limit, the COVID-19 outbreak appeared to be under control but events moved quickly thereafter. As described in the Manager's Commentary, gearing had been carefully managed so that cash is available to invest in attractive opportunities during the market turmoil.

Discount and Share Buybacks



Discount

As shown in the chart, over the period from the end of September 2019 to February 2020 the discount followed a narrowing trend and, while it was generally in the range 8% to 10% we reduced our buyback activity. This relative stability was then undone as the COVID-19 pandemic caused markets to fall sharply and we again stepped up the rate of share buybacks.

Management Arrangements

As the COVID-19 pandemic developed in the UK our investment managers implemented their business continuity plan, which had been thoroughly tested in recent years. I am pleased to report that communications by telephone, video and email have remained robust. Communication with investee companies is usually by a mixture of telephone calls and email correspondence, with occasional face to face meetings. While face to face meetings have not been possible in recent weeks, our investment managers have been able to make full use of video conferencing and this has proven to be efficient and effective.

I am also pleased to report that the service provided by our company secretary and fund administrators at Link was, from our perspective, uninterrupted. I would like to record the Board's thanks to all of our third party service suppliers for maintaining, as far as possible, business as usual in these difficult times.

Annual General Meeting

All of the resolutions at the AGM held in December 2019 were passed by a large majority of those voting. The Board would like to thank shareholders for their continuing support.

Outlook

Having experienced a very sharp and painful sell off in late February and March, the Company's NAV has staged a strong recovery in the last few weeks and up to the time of writing. The outlook is, to say the least, uncertain and there is much debate about the sustainability of the recent rally in equity markets, which appear to be looking forward to the point where lockdowns are eased around the world and economic activity returns to more normal levels. This is, however, far from certain as governments continue to try to balance economic damage with the risk of the infection rate overwhelming health care facilities, with varying success. With all of this in mind we can only predict with certainty that equity markets are likely to be unpredictable.

As Joe Bauernfreund sets out in the Investment Manager's Report, our portfolio has the benefit of a strong store of underlying value, while the moves to reduce gearing earlier in the year have given Joe and his team an amount of cash which they are deploying at depressed valuations. While progress over the next few months will not be straightforward, the Board believes that the long term approach of Joe and his colleagues will serve shareholders well and that value will be unlocked over time.

Susan Noble
Chairman
28 May 2020

Investment Manager's Report

Performance Summary

Over the six-month period ended 31 March 2020, your Company generated a negative net asset value ('NAV') total return of 24.7%, which compares to a negative total return of 17.0% from the MSCI All-Country World Index ex-USA Index in Sterling terms (the 'Comparator Benchmark').

The first quarter of 2020 saw stock markets sell off sharply in response to the spread of COVID-19 around the globe, with investors worrying about the impact of the virus on global economic growth. Sectors with exposure to travel and leisure were most badly affected, being impacted by international travel bans and lockdowns. Your portfolio has limited exposure to these sectors, primarily through Swire Pacific 'B' (Cathay Pacific, 11% of Swire's NAV) and Symphony International (Minor International, 34%). The pandemic was compounded by a breakdown of relations between the members of the so-called OPEC+ group of nations, with oil consequently falling over 60% to $23 per barrel. In response to the outbreak, governments and central banks around the world announced major monetary and fiscal action to palliate the damage, sparking a rally towards the end of the quarter; nonetheless, markets ended the period steeply down.

During this period of heightened volatility, your Company's NAV suffered from the twin effects of underlying NAV declines and discount widening, with the portfolio discount widening from 33% at the end of September to as wide as 45% during March, exceeding the levels seen during the financial crisis (37%) and the Eurozone crisis (38%). Holdings such as EXOR, Oakley Capital Investments, Pershing Square Holdings and Jardine Strategic (although not the largest detractors in the portfolio, on which more in the next section) saw some very stark discount widening. These companies own fundamentally good-quality businesses that became significantly cheaper. This indiscriminate selling reflects illiquidity and mass panic as investors rush to safe havens. It is worth mentioning that, despite the heightened illiquidity that market crashes can bring about, your Company's portfolio remains sufficiently liquid such that it could, within a short period of time, satisfy all of its obligations, if ever needed.

This dramatic widening of discounts is to be expected at times of crisis and acted as a significant headwind to your Company's performance over the interim period. However, when the conjuncture passes and investors begin to see the potential for earnings recovery, we believe that the discount widening will reverse and become a tailwind as we have seen on such occasions in the past.

Contributors and Detractors

	Contribution
Contributors	
Toshiba Plant Systems & Services / NuFlare Technology	0.82%
Vietnam Phoenix Fund 'C'	0.35%
Cosan Ltd	0.12%
Sony	0.07%
Detractors	
Japan Special Situations	-1.10%
Tetragon Financial	-1.48%
Aker	-1.57%
Jardine Strategic	-1.60%
Riverstone Energy	-1.92%
Symphony International	-2.17%

In the run-up to the crisis, the portfolio's gearing had been much reduced, which provided capital to invest in new and existing names that provided excellent opportunities at heavily discounted values. We think that these positions will add to your Company's returns over time. Net gearing at the end of the period was c. 9%.

The macroeconomic backdrop around the world remains uncertain, with COVID-19 and the attendant lockdowns likely to cause significant weakening in economic activity and a decline in corporate profits. Nonetheless, we at AVI maintain high conviction in the current portfolio and are seeing many new opportunities being created by the market dislocation.

The next section provides a detailed description of the portfolio's main contributors to, and detractors from, performance over the interim period.

CONTRIBUTORS/DETRACTORS

Toshiba Plant Systems & Services / NuFlare Technology
(Weight: n.a. / Contribution: 0.82%)
Two constituents of the Japan Special Situations Basket which were taken private by their parent company

While the Japan Special Situations Basket as a whole detracted 1.1% from returns, we wanted to highlight two notable contributors within the basket – Toshiba Plant (0.48%) and NuFlare (0.34%), both of which benefited from the simultaneous takeover by their parent, Toshiba Corp. Both bids came at a significant premium to the prevailing share prices of 27% and 45% respectively, yielding IRRs of 26% and 89% over the life of our investment.

We have been attracted to the "parent-child" subsidiary theme for some time, believing that listed subsidiaries would either be sold off, or bought in by the parent company. We have argued, along with others, that listed subsidiaries trade at depressed prices because of the lack of consideration towards minority shareholders and should be collapsed. With criticism of the arrangements by the Abe administration, and Toshiba Corp's recently refreshed Board, it felt like simply a matter of time before the company would acquire or sell off its stakes in NuFlare and Toshiba Plant.

The actions of Toshiba Corp add to the weight of evidence that our overarching theme surrounding improving corporate governance in Japan is valid. With pressure coming from the government, and increasingly shareholder-conscious institutional investors, Japan Inc. is shifting – slowly, but surely – towards a more efficient, fairer system of governance. The Toshiba Corp offer is but one example of this; we see further evidence in the form of rising share buybacks; higher payout ratios; increasing returns on equity; reductions in cross-shareholdings; and increasingly independent boards.

Vietnam Phoenix Fund 'C'
(Weight: 0.8% / Contribution: 0.35%)
Closed-end fund with a policy of seeking to realise assets and return capital to shareholders

Vietnam Phoenix Fund 'C' ('VPF') contributed 35 basis points ('bps') to returns over the period, making it one of your Company's largest contributors. During the period, VPF made two distributions to AGT, totalling USD18 million, funded by the realisation of key stakes in Greenfeed and Corbyns.

The stake in VPF has been in the portfolio since 2013, when we first invested in DWS Vietnam, a fund with a successful track record but which languished on a discount of 40% as a result of various corporate governance issues, including high fees, a conflicted board, and an absence of discount control measures. Acquiring an 18% stake, we worked to tackle the issues plaguing the fund, culminating in 2016 with the fund being split into two separate entities: an open-ended fund (Fund 'B') housing the listed assets which would realise investments and return cash to shareholders over 3 months, and a closed-end fund (Fund 'C') doing the same with the private assets over several years.

Since that date, Fund 'B' has realised and returned all of its capital to shareholders, and Fund 'C' has made 5 distributions, leaving it primarily with a stake in Anova Corporation, and cash. The realisation process for the unlisted assets has taken longer than we had originally expected with African Swine Fever impairing the value and delaying the sale of the largest asset, animal feed producer Greenfeed, before its eventual disposal in late-2019. Despite this, over the life of our investment, Vietnam Phoenix Fund 'C' (along with predecessor holding DWS Vietnam and open-ended fund Vietnam Phoenix 'B') has generated a respectable IRR of 12% in USD terms (19% in GBP).

CONTRIBUTORS/DETRACTORS CONTINUED

Cosan Ltd

(Weight: 1.4% / Contribution: 0.12%)

New York-listed holding company with investments in two São Paulo-listed holding companies: Cosan SA and Cosan Logística. Through these companies, Cosan Ltd has indirect exposure to the rail transport, sugar production and fuel distribution sectors

Cosan Ltd. ('CZZ') – the NYSE listed holding company of two further Brazilian listed holding companies – was the largest contributor in the 2019 accounting year and one of the most significant contributors during the interim period.

Over the period CZZ's share price and NAV declined 17% and 23%, with the discount narrowing from 20% to 14% providing some cushion. This however does not tell the whole story, with – in sports journalese – CZZ having enjoyed a game of two halves: from October through to the end of January shares in CZZ rallied by 48%, and then in February and March they declined by 44%. Our trading decisions to sell over 60% of the position in the first half added significant value, resulting in a 7% weighted share price local return.

From its peak AGT has sold just over 80% of its position in what has been a highly successful investment, with CZZ generating a 27%/30% USD/GBP IRR since July 2017. From the outset the CZZ investment thesis has been predicated on both the attractive nature of the underlying assets, which span railroads, fuel retail, gas distribution and ethanol production, and the potential for a simplification of the overly complex double-holding company structure, which results in discounts upon discounts. Both parts of this thesis have contributed, with significant earnings growth from the operating businesses, and initial steps to simplify the structure having been taken. Indeed, during the interim period Cosan SA announced a buyback of 2.5% of its share capital, which is the simplest path to removing minority shareholders, and a step along the road to unifying the Cosan group under one listed holding company. With a look-through discount of 33%, even with strong returns to date, CZZ remains an attractive holding, and as such ended the period as a 1.4% position in AGT's portfolio.

Sony

(Weight: 6.7% / Contribution: 0.07%)

Tokyo-listed conglomerate with operations in diverse areas, including gaming, music, pictures, semiconductors and consumer electronics

A position in Sony was added toward the end of AGT's last financial year, and just as was the case in the 2019 financial year, Sony was one of the greatest positive contributors to returns during the interim period. For the six months Sony's shares returned 2%, a little behind NAV at 4%, as the discount shifted from 36% to 37%.

Whilst Sony is well known to many as a consumer electronics manufacturer, shareholders will be glad to know that our investment case is not predicated on a revival of the Walkman, but rather on Sony's four crown jewel businesses: Gaming, Music, Pictures and Semiconductor. These businesses account for 69% of sales and over 90% of operating profits (ex-financial services). Operating profits have grown at an annual compound rate of 22% over the last four years.

The 37% discount is likely driven by the complexity of the conglomerate structure, which packages businesses with different characteristics into a single entity. The complexity also drives misperceptions which are hard to dispel, including that the Gaming business is cyclical and dependent on the "console cycle"; the Semiconductor business is exposed to growth in smartphones; and, the Mobile Communication division will continue to generate losses indefinitely. Our research indicates that the reality is different: Sony's gaming business is moving to a subscription-based digital model; the Semiconductor segment manufactures genuinely differentiated products and will benefit from the increasing use of cameras in smartphones and automobiles; and, with a focus on cost cutting, the mobile business will turn a profit. In this sense Sony is a classic AGT investment: quality assets that are misunderstood and undervalued by the market due to their holding structure, which leads investors to overlook the individual businesses' quality and award a significant discount.

We are encouraged by actions that Sony has taken recently, including the sale of its listed stake in Olympus and a ramp-up in the buyback programme. Management is clearly taking steps in the right direction. Nonetheless, we believe that there are many more levers available to be pulled, including further sales of non-core listed assets such as Sony Financial, M3 and Spotify, and the spin-off of the Semiconductor business as a standalone entity. These actions would have the benefit of freeing up capital to invest in the core businesses and simplifying Sony's structure to make it more accessible and comprehensible.

With a stable of highly attractive core businesses, and further steps which can be taken to unlock value, we continue to view Sony as a highly attractive investment proposition.

CONTRIBUTORS/DETRACTORS CONTINUED

Japan Special Situations
(Weight: 18.8% / Contribution: -1.10%)
A basket of Japanese companies with cash and/or listed securities covering a large proportion of the market value

The Japan Special Situations basket detracted 1.1% from returns over the interim period. As we discussed earlier in the report, Toshiba Plant and NuFlare Technology were responsible for a positive contribution of 82bps, meaning that the remaining stocks detracted 1.92%. The weighted-average total return for the stocks in the portfolio (exc. Toshiba Plant/NuFlare Technology) was -11%. This compares to negative total returns of 11% and 12% from the TOPIX and TOPIX Small indexes respectively, in GBP terms.

Although the performance over the interim period was disappointing, the flipside of the sell-off is that the Japan Special Situations basket offers better value than ever. The average EV/EBIT ratio fell from 4x to 2x and the net financial value* as a percentage of market cap increased from 86% to 94%. These are truly extraordinary valuations, especially when we consider that the companies within the basket are mature, profitable and cash generative.

We find that the management teams of our investee companies are increasingly receptive to our views and arguments, which is encouraging as it highlights both the changing attitudes of Japan, Inc., as well as the success of our "balanced" approach to activism. We strive to engage behind closed doors via letters and meetings, and avoid the more brash confrontational styles of activism that are seen as anathema in Japan.

We recorded a significant victory in this regard during the period, when an undisclosed company, to whom we had, in private, submitted shareholder proposals, acquiesced to our demands and announced key changes to its policies. We subsequently withdrew the proposals.

We continue to believe in the core strategy of the basket, which is to take advantage of changing corporate governance practices in Japan that should lead to the unlocking of trapped value – in the form of excess cash and securities. There is a wealth of empirical evidence which suggests that corporate Japan is shifting its practices. We note, for instance, the record level of buybacks in the year to March 2020, increasing dividend yields, and increasing levels of companies with independent directors. While 2020 may be a difficult year for corporate governance reform, as the pandemic shifts executive attention to other issues, we believe that the long-term trend is unchanged in direction and magnitude.

Tetragon Financial
(Weight: 2.7% / Contribution: -1.48%)
Euronext-listed closed-end fund investing in alternative assets and managers

Tetragon Financial ('TFG') reduced AGT's returns by 1.48% as a 3% decline NAV was compounded by a widening of the discount from 48% to 68%, resulting in total returns for TFG shareholders of 39%.

The major contributors to the NAV decline were those areas of the portfolio which have the highest equity-market exposure, including Tetragon's event-driven equities funds, direct equity holdings and the Hawke's Point Fund I, which provides debt financing for gold miners. While TFG's mark-to-model approach for its CLO equity investments resulted in a far more modest decline for these assets than seen at peers that mark to market, TFG's discount would still be at an extremely wide level of 58% even with all its CLO equity positions written down to zero. While acknowledging the high fee structure, this seems extreme for a fund that has generated an annual NAV total return since inception of +11% and over 10 years of +16%.

Such a sharp share price fall appears overdone and is more indicative of how panic selling and illiquidity can affect funds such as TFG which invest in more obscure and difficult-to-understand asset classes.

* Net financial value = investment securities + cash + treasury shares – debt – net pension liabilities.

CONTRIBUTORS/DETRACTORS CONTINUED

Aker
(Weight: 1.4% / Contribution: -1.57%)
Oslo-listed family-backed holding company with investments primarily in the oil & gas sector

Aker was one of your Company's largest detractors from returns, with the shares and NAV declining 51% and 53%, respectively during the interim period. The relative outperformance of share price over NAV saw the discount narrow from 26% to 24%.

Having first invested in 2008, AGT's attraction to Aker has never rested on a directional view on oil, but rather on the quality of the underlying assets, the controlling family's record of value creation, and the (sometimes) very wide discount to NAV at which Aker trades.

However, with all that said, in the short-term Aker's share price and NAV development are largely wedded to the oil market. During the period Brent Crude declined over 60% with a perfect storm erupting on the supply and demand side. The consensus for production cuts and price stability that had held amongst members of the OPEC+ group since December 2016 dissipated in early March 2020. Concurrently, global measures to prevent the spread of COVID-19 – namely social distancing – have all but ground the world economy to a standstill, stunting demand for oil.

In this context, shares in Aker BP – the oil & gas exploration & production company which accounts for 83% of Aker's NAV – declined by 43% during the period. In response to the crisis Aker BP has shown significant ability to reduce costs: forecasted production costs for 2020 of $7-8 per barrel compared to more than $12 in both of the previous last two years and the 2020 capex budget has been reduced by 20%, as have exploration costs, with all non-critical activities postponed. Having issued USD1.5 billion of new bonds in January 2020 and with USD3.9 billion available in the form of a Revolving Credit Facility, Aker BP has a large liquidity buffer, which provides both stability and optionality, given the likely near-term availability of distressed asset sales in the sector. Elsewhere in Aker's portfolio NAV performance was also challenging: shares in Ocean Yield (10% of NAV) and Aker Solutions (2%) declined 51% and 78%, respectively, whilst the development of the Ghanaian Pecan oilfield by Aker Energy (4%) has been postponed indefinitely.

Aker BP was formed in a low price environment, and is testament to the controlling family's ability to use market dislocations to create long-term value. At the Aker ASA level the recent decision to reduce the dividend, and the family's offer to reinvest their 68% share, provides Aker with increased flexibility. As such – despite the pain we have suffered – comfort, and indeed even optimism, is gained from knowing that your capital is aligned with skilled operators working to turn weakness into strength. The position in Aker was increased significantly during the period.

Jardine Strategic
(Weight: 5.7% / Contribution: -1.60%)
Singapore-listed family holding company with exposure to various sectors, including property, food retail and automobiles

Jardine Strategic ('JS') detracted 1.6% from performance as it suffered from a declining NAV (-21%) and an 8% discount widening. JS's NAV decline occurred across its portfolio with no names escaping large declines as the market continued to digest social unrest in Hong Kong in the first quarter of AGT's financial year and then markets reacted violently to the outbreak of COVID-19 and the economic fallout from large parts of the world being in lock-down during the second quarter.

The worst performing holding was Jardine Cycle and Carriage ('JCC', 19% of JS's NAV), which is highly geared to the commodity cycle, both directly, through its holding in Astra which services the mining industry through United Tractors, and indirectly through Astra's auto-distribution business in Indonesia and JCC's own auto-distribution business which serves the rest of South East Asia. With large parts of the Chinese economy shut from the Lunar New Year at the end of January until mid-March, commodities across the board, especially coal, saw sharp selloffs which we expect to result in poorer performing mining operations, lower expected sales of heavy machinery at United Tractors and lower auto sales.

Hongkong Land (22% of JS's NAV) experienced a total return of -31% as the Hong Kong property market continued to be a drag on performance. In the second half of 2019 many landlords were having to give rental concessions to retail tenants in light of record declines in retail sales. There was hope at the beginning of this year that such rental concessions would begin to be reduced, however with the outbreak of COVID-19 many of these rental concessions are having to be extended for the first half of 2020. With China's shut down, demand for Central office space has declined in the opening half of the year and we have seen prime Central spot rents decline by c. 9% to HKD129/sqft/month, further weighing on Hongkong Land.

On a positive note, we feel that the Jardine group is in a strong position. The well-timed sale of Jardine Lloyd Thompson last year for USD5.6bln has left the group well capitalised, with Jardine Matheson holding over USD1 billion and Jardine Strategic with USD2.1 billion. This cash enables the Group to take advantage of any opportunities which may present themselves in these difficult markets.

The discount of Jardine Strategic has been as narrow as 35% and as wide as 50% over the reporting period and we used these extreme moves to add to our position at the wider end of this range. To put this into context, the discount of Jardine Strategic only reached such levels during the Global Financial Crisis in March 2009. The discount currently stands at 44%.

CONTRIBUTORS/DETRACTORS CONTINUED

Riverstone Energy

(Weight: 0.8% / Contribution: -1.92%)

London-listed closed-end fund investing in the oil and gas exploration and production sector, primarily in North America

Riverstone Energy reduced AGT’s returns by 1.92% as a falling NAV (-46%) was compounded by a widening of the discount from 26% to 66%, resulting in a 75% fall in the share price. Over the interim period, the price of West Texas Intermediate oil declined by approximately 60% as a breakdown of relations between the OPEC+ group of nations, following a disagreement about production cuts, led to Saudi Arabia aggressively increasing output and discounting prices.

Following the period end, the May-19 WTI futures contract went briefly negative over concerns about storage bottlenecks, meaning that buyers would be paid for taking delivery of oil.

The backdrop to your Company’s investment in Riverstone has been a decline in oil prices to levels not seen since 2004 (except briefly in 2015), driven by an increase in supply and, more recently, a collapse in demand. This has led to unprecedented dislocation, with decreased profitability and increased risk of bankruptcy in the sector, as well as increasingly bearish sentiment. The energy sector now accounts for 3% of the S&P 500 (versus 13% in 2008), with the S&P Oil & Gas Exploration & Production index down by 72% since end-2015 to the end of this reporting period. Declining oil prices and valuation multiples have led to write-downs in Riverstone’s portfolio, which is now carried at a MOIC (multiple of investment cost) of 0.4x in March 2020, versus 1.4x in 2018.

In addition to the damage caused by the fall in oil prices, specific pain has been felt over the past year at key holding Hammerhead Resources (11% of NAV) as a result of infrastructure bottlenecks depressing local oil prices in Alberta, Canada. Centennial Resources (now 1% of NAV versus 7% of NAV six months ago) has also suffered, with its share price falling 94% since the end of September.

Following the period end, we took the difficult decision to sell our entire position back to the company as part of a share repurchase programme announced alongside the first quarter valuations. The sale took place at a price 57% higher than where RSE’s share price ended the period, but crystallised a material loss over our holding period of 75%. While the headline discount at the sale price was wide and the valuation to some extent was supported by cash on the balance sheet and by non-E&P investments, we were mindful of 1) the likelihood of further write-downs at the E&P investments in higher cost basins such as the Bakken, notwithstanding hedging programmes; 2) the limited time opportunity to exit presented by the buyback if other large shareholders were to also sell; 3) the material increase in the stake held by the Manager and cornerstone investors were they not to participate in the buyback, compounded by the shareholder-unfriendly company structure which makes effecting change and capturing the discount far from straightforward; and 4) other higher conviction investment opportunities within our universe into which to deploy the capital. On reflection, our original thesis for RSE focussed to too great an extent on our assessment of the undervaluation of certain of their assets and growth prospects versus publicly-listed peers at the time of our investment, at the expense of a more rounded view on other risks in the investment.

Symphony International

(Weight: 2.5% / Contribution: -2.17%)

London-listed closed-end fund whose primary assets include: a stake in Thai-listed hotel and food group Minor International; land banks in Niseko, Japan, and Bangkok, Thailand; and a stake in Indo-Trans Logistics, Vietnam’s largest logistics company

Symphony International reduced AGT’s returns by 2.17% as the interaction between a falling NAV (-39%) and a widening discount (39% to 51%) led to share price returns of -51% for shareholders.

Key holding Minor International (34% of NAV), a Thai-listed hotel and food group, was affected by the COVID-19 pandemic as lockdowns and travel bans impacted its operations. To date, the majority of its hotels and restaurants have been closed, with exceptions for some regions such as Australia, New Zealand, Africa and (recently) China, and restaurants with a take-away offering. With a revenue and cash-flow slowdown and a relatively high level of debt taken on to acquire NH Hotels, concerns have grown as to the ability of Minor’s balance sheet to withstand the crisis. While the debt burden is *prima facie* worrying – it increased significantly following the acquisition of NH Hotels – some comfort can be found in several factors: (1) Minor owns many of its own hotels, giving it the flexibility to explore sale-and-leaseback transactions if needed, which would release capital to support the balance sheet; (2) covenants have been loosened (leases will be excluded from debt calculations, perpetual debt will continue to be treated as equity); (3) the bridging loans used to acquire NH Hotel have been extended by 6 years; and (4) gross cash and undrawn facilities total USD1.6 billion (67% of market cap). Notwithstanding these mitigants, management took the prudent decision after the period end to announce a perpetual bonds issue and equity raise via a rights issue to shore up its balance sheet that will see the share count increase by ~11%.

Minor’s founder/CEO and management team have steered the company through multiple crises over the years, including the SARS outbreak of 2003, the tsunami of 2004, the Icelandic ash cloud of 2010, and multiple coups in its home country. We are encouraged by the company’s recently reopened China operations already showing early signs of a V-shaped recovery.

We believe that Symphony’s sharply widening discount from already very wide levels is primarily a function of the shares’ illiquidity. We continue to engage with the Board and management regarding solutions to the persistently wide discount to NAV.

Outlook

As I write these concluding remarks from my stay-at-home office, the economic outlook continues to look deeply uncertain. The impact from quarantines and lockdowns is unknown, but likely to have a highly negative impact on both the supply and demand sides of the economy.

However, it is important to not lose sight of the fact that we are long-term investors who seek to invest in high-quality companies that we believe will thrive in the long run. Many of the family-controlled holding companies that we own have survived for over a century, a period encompassing wars, pestilence, revolutions, and crises. Today, these companies have sound balance sheets and high-quality assets that should survive the coronavirus pandemic and prosper in the future.

The pace and severity of the March sell-off was breath-taking, exceeding even the depths of the global financial crisis. One would need to look back over thirty years to find declines of similar magnitude in such a short space of time. Your Company's portfolio was doubly penalised by widening discounts and falling NAVs.

The subsequent rally in April reversed this effect somewhat, with rising NAVs boosted by tightening discounts. However, discount levels remain very wide, which is understandable against a backdrop of heightened economic uncertainty. Nonetheless, we believe that the wider portfolio discount represents a deferred store of outperformance which will be released when as the current economic uncertainty begins to lift and investors become confident once more in the prospect of economic growth.

Joe Bauernfreund
Asset Value Investors Limited
28 May 2020

Investment Portfolio

At 31 March 2020

Company	Portfolio classification	% of investee company	IRR (%, GBP)†	ROI (%, GBP)†	Cost £'000†	**Equity exposure† £'000**	Equity exposure % of portfolio
Pershing Square Holdings (total)	Closed-end Fund	2.3	13.6%	32.3%	55,085	**69,129**	9.1%
Pershing Square Holdings (equity position)	*Closed-end Fund*	*1.7*	*n/a†*	*23.6%*	*39,959*	***51,779***	*6.8%*
Pershing Square Holdings (long swap position)†	*Closed-end Fund*	*0.6*	*n/a†*	*8.7%*	*15,126*	***17,350***	*2.3%*
Oakley Capital Investments	Closed-end Fund	14.5	7.7%	12.1%	50,155	**54,082**	7.1%
Sony Corp	Japan	0.1	17.1%	12.2%	45,764	**51,061**	6.7%
Jardine Strategic	Holding Company	0.2	-13.8%	-20.5%	65,746	**43,367**	5.7%
Fondul Proprietatea	Closed-end Fund	2.8	16.2%	53.8%	28,299	**37,208**	4.9%
Softbank Group	Japan	0.1	n/a†	-24.6%	48,459	**36,484**	4.8%
Third Point Offshore Investors	Closed-end Fund	5.2	-3.7%	-8.4%	40,730	**34,678**	4.5%
EXOR	Holding Company	0.3	6.5%	17.1%	28,074	**29,140**	3.8%
Swire Pacific 'B'	Holding Company	1.1	-7.4%	-18.6%	40,329	**25,785**	3.4%
JPEL Private Equity	Closed-end Fund	21.6	19.9%	63.7%	15,478	**23,442**	3.0%
Top ten investments					**418,119**	**404,376**	**53.0%**
Kinnevik	Holding Company	0.7	-7.8%	-7.2%	25,202	**21,432**	2.8%
Tokyo Broadcasting System	Japan	1.1	-6.4%	-12.5%	27,531	**21,400**	2.8%
Tetragon Financial	Closed-end Fund	2.6	-1.6%	-4.4%	32,878	**20,947**	2.7%
Investor AB 'A'	Holding Company	0.2	13.7%	107.6%	6,662	**20,792**	2.7%
Fujitec*	Japan	2.2	0.8%	1.0%	21,251	**20,762**	2.7%
Symphony International Holdings	Closed-end Fund	15.7	3.8%	13.9%	26,636	**19,321**	2.5%
Godrej Industries	Holding Company	1.7	-56.4%	-40.3%	29,770	**17,650**	2.3%
Wendel	Holding Company	0.6	9.4%	26.5%	20,877	**15,849**	2.0%
doValue	Closed-end Fund	3.5	-17.6%	-12.2%	27,551	**14,182**	1.9%
Kato Sangyo*	Japan	1.4	2.5%	5.7%	13,639	**13,973**	1.8%
Top twenty investments					**650,116**	**590,684**	**77.2%**
Teikoku Sen-I*	Japan	3.0	6.8%	10.2%	12,100	**12,929**	1.7%
Kanaden*	Japan	4.8	1.9%	3.7%	12,901	**12,648**	1.7%
SK Kaken*	Japan	1.8	-18.8%	-20.3%	19,056	**12,393**	1.6%
Aker ASA	Holding Company	0.8	16.4%	96.7%	18,343	**11,024**	1.4%
Digital Garage*	Japan	0.9	29.0%	22.1%	9,192	**10,919**	1.4%
Cosan Ltd	Holding Company	0.5	30.2%	59.1%	7,089	**10,473**	1.4%
Pasona Group*	Japan	3.8	-23.3%	-25.0%	16,067	**10,062**	1.3%
Daiwa Industries*	Japan	2.8	-7.1%	-13.6%	12,394	**10,048**	1.3%
Pargesa	Holding Company	0.2	9.0%	31.8%	8,537	**9,848**	1.3%
Konishi*	Japan	2.1	-5.6%	-5.0%	9,760	**9,154**	1.2%
Top thirty investments					**775,555**	**700,182**	**91.5%**

Investment Portfolio continued
At 31 March 2020

Company	Portfolio classification	% of investee company	IRR (%, GBP)†	ROI (%, GBP)†	Cost £'000†	**Equity exposure† £'000**	Equity exposure % of portfolio
Toagosei*	Japan	0.8	-13.8%	-14.1%	9,161	**7,627**	1.0%
Sekisui Jushi*	Japan	1.0	4.8%	6.6%	6,432	**6,683**	0.9%
GP Investments	Closed-end Fund	16.5	-21.6%	-59.8%	16,162	**6,518**	0.9%
Christian Dior	Holding Company	0.0	n/a†	-1.7%	6,591	**6,495**	0.9%
Tachi-S*	Japan	2.5	-21.3%	-41.1%	11,278	**6,346**	0.8%
Riverstone Energy	Closed-end Fund	5.1	-40.5%	-83.9%	38,369	**5,906**	0.8%
Vietnam Phoenix Fund 'C'	Closed-end Fund	16.2	19.2%	60.0%	5,775	**5,736**	0.8%
DTS*	Japan	0.6	n/a†	-18.5%	5,356	**4,352**	0.6%
KKR and Co	Holding Company	0.0	n/a†	-5.2%	3,669	**3,484**	0.5%
NS Solutions*	Japan	0.2	n/a†	-4.1%	3,649	**3,470**	0.5%
Top forty investments					**881,997**	**756,799**	**99.2%**
Better Capital (2009)	Closed-end Fund	2.1	23.6%	45.1%	1,962	**2,152**	0.3%
Nakano Corporation*	Japan	2.1	-16.5%	-33.8%	3,199	**1,901**	0.2%
Nishimatsuya Chain*	Japan	0.4	-14.2%	-30.3%	2,472	**1,598**	0.2%
Ashmore Global Opportunities – GBP	Closed-end Fund	12.5	1.6%	3.0%	846	**542**	0.1%
Eurocastle Investment	Closed-end Fund	3.2	-17.6%	-12.2%	380	**309**	0.0%
Total long equity exposure					**890,856**	**763,301**	**100.0%**
Total net equity exposure					**890,856**	**763,301**	**100.0%**
Other net assets and liabilities						**(40)**	**0.0%**
Total assets less current liabilities						**763,261**	**100.0%**

* Constituent of Japanese Special Situations basket.
† Refer to Glossary on pages 22 and 23.

Statement of Comprehensive Income

For the six months ended 31 March 2020 (unaudited)

	Notes	For the six months to 31 March 2020 Revenue return £'000	Capital return £'000	Total £'000	For the six months to 31 March 2019 Revenue return £'000	Capital return £'000	Total £'000	For the year to 30 September 2019 Revenue return £'000	Capital return £'000	Total £'000
Income										
Investment income	2	**5,861**	**–**	**5,861**	5,650	–	5,650	26,209	–	26,209
(Losses)/gains on financial assets and financial liabilities held at fair value		**–**	**(221,778)**	**(221,778)**	–	(25,363)	(25,363)	–	15,916	15,916
Exchange gains/(losses) on currency balances		**–**	**900**	**900**	–	(167)	(167)	–	(1,572)	(1,572)
		5,861	**(220,878)**	**(215,017)**	5,650	(25,530)	(19,880)	26,209	14,344	40,553
Expenses										
Investment management fee		**(988)**	**(2,305)**	**(3,293)**	(928)	(2,166)	(3,094)	(1,887)	(4,404)	(6,291)
Other expenses (including irrecoverable VAT)		**(822)**	**–**	**(822)**	(745)	(66)	(811)	(1,403)	(66)	(1,469)
(Loss)/profit before finance costs and taxation		**4,051**	**(223,183)**	**(219,132)**	3,977	(27,762)	(23,785)	22,919	9,874	32,793
Finance costs		**(443)**	**(1,044)**	**(1,487)**	(568)	(1,340)	(1,908)	(1,087)	(7,028)	(8,115)
Exchange (losses)/gains on loan revaluation		**–**	**(2,069)**	**(2,069)**	–	1,451	1,451	–	288	288
(Loss)/profit before taxation		**3,608**	**(226,296)**	**(222,688)**	3,409	(27,651)	(24,242)	21,832	3,134	24,966
Taxation		**(320)**	**–**	**(320)**	(218)	–	(218)	(663)	–	(663)
(Loss)/profit for the period		**3,288**	**(226,296)**	**(223,008)**	3,191	(27,651)	(24,460)	21,169	3,134	24,303
Earnings per Ordinary Share	3	**3.01p**	**(206.99p)**	**(203.98p)**	2.87p	(24.88p)	(22.01p)	19.08p	2.82p	21.90p

The total column of this statement is the Income Statement of the Company prepared in accordance with IFRS, as adopted by the European Union. The supplementary revenue and capital 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 six months after tax is also the total comprehensive income.

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

Statement of Changes in Equity

For the six months ended 31 March 2020 (unaudited)

	Ordinary Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve £'000	Merger reserve £'000	Revenue reserve £'000	Total £'000
For the six months to 31 March 2020							
Balance as at 30 September 2019	**11,600**	**7,335**	**28,078**	**807,421**	**41,406**	**43,101**	**938,941**
Ordinary Shares bought back and held in treasury	**–**	**–**	**–**	**(10,730)**	**–**	**–**	**(10,730)**
Total comprehensive income for the period	**–**	**–**	**–**	**(226,296)**	**–**	**3,288**	**(223,008)**
Ordinary dividends paid (see note 6)	**–**	**–**	**–**	**–**	**–**	**(15,854)**	**(15,854)**
Balance as at 31 March 2020	**11,600**	**7,335**	**28,078**	**570,395**	**41,406**	**30,535**	**689,349**
For the six months to 31 March 2019							
Balance as at 30 September 2018	12,953	5,982	28,078	816,890	41,406	36,371	941,680
Ordinary Shares bought back and held in treasury	–	–	–	(6,715)	–	–	(6,715)
Total comprehensive income for the period	–	–	–	(27,651)	–	3,191	(24,460)
Ordinary dividends paid (see note 6)	–	–	–	–	–	(12,221)	(12,221)
Balance as at 31 March 2019	12,953	5,982	28,078	782,524	41,406	51,783	898,284
For the year ended 30 September 2019							
Balance as at 30 September 2018	12,953	5,982	28,078	816,890	41,406	36,371	941,680
Ordinary Shares bought back and held in treasury	–	–	–	(12,603)	–	–	(12,603)
Cancellation of shares held in Treasury	(1,353)	1,353	–	–	–	–	–
Total comprehensive Income for the year	–	–	–	3,134	–	21,169	24,303
Ordinary dividends paid (see note 6)	–	–	–	–	–	(14,439)	(14,439)
Balance as at 30 September 2019	11,600	7,335	28,078	807,421	41,406	43,101	938,941

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

Balance Sheet

As at 31 March 2020 (unaudited)

	Notes	At 31 March 2020 £'000	At 31 March 2019 £'000	At 30 September 2019 £'000
Non-current assets				
Investments held at fair value through profit or loss		**745,951**	946,822	972,824
		745,951	946,822	972,824
Current assets				
Total Return Swap assets		**1,355**	1,063	4,784
Sales for future settlement		**3,710**	110	–
Other receivables		**3,268**	2,961	6,418
Cash and cash equivalents		**42,672**	38,855	64,725
		51,005	42,989	75,927
Total assets		**796,956**	989,811	1,048,751
Current liabilities				
Total Return Swap liabilities		**–**	(2,061)	(3,979)
Revolving credit facility		**(29,872)**	(97)	(30,037)
Other payables		**(3,823)**	(1,644)	(1,865)
		(33,695)	(3,802)	(35,881)
Total assets less current liabilities		**763,261**	986,009	1,012,870
Non-current liabilities				
4.184% Series A Sterling Unsecured Loan 2036	7	**(29,896)**	(14,968)	(29,892)
3.249% Series B Euro Unsecured Loan 2036	7	**(26,452)**	(29,889)	(26,466)
2.93% Euro Unsecured Loan 2037	7	**(17,564)**	(25,766)	(17,571)
$8^1/_8$% Debenture Stock 2023	7	**–**	(17,102)	–
		(73,912)	(87,725)	(73,929)
Net assets		**689,349**	898,284	938,941
Equity attributable to equity Shareholders				
Ordinary Share capital		**11,600**	12,953	11,600
Capital redemption reserve		**7,335**	5,982	7,335
Share premium		**28,078**	28,078	28,078
Capital reserve		**570,395**	782,524	807,421
Merger reserve		**41,406**	41,406	41,406
Revenue reserve		**30,535**	27,341	43,101
Total equity		**689,349**	898,284	938,941
Net asset value per Ordinary Share – basic	4	**635.20p**	809.96p	852.61p
Number of shares in issue excluding Treasury	5	**108,524,456**	110,904,553	110,125,668

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

Registered in England & Wales No. 28203

Statement of Cash Flows

For the six months ended 31 March 2020 (unaudited)

	Six months to 31 March 2020 £'000	Six months to 31 March 2019 £'000	Year to 30 September 2019 £'000
Reconciliation of (loss)/profit before taxation to net cash inflow from operating activities			
(Loss)/profit before taxation	**(222,688)**	(24,242)	24,966
Losses/(gains) on investments held at fair value through profit or loss	**221,778**	25,363	(15,916)
Early redemption premium of debenture stock	**–**	–	4,436
Decrease/(increase) in other receivables	**351**	310	(389)
(Decrease)/increase in other payables	**(575)**	284	452
Taxation (paid)/received	**(279)**	2,660	2,168
Amortisation of debenture and loan issue expenses	**10**	13	55
Net cash (outflow)/inflow from operating activities	**(1,403)**	4,388	15,772
Investing activities			
Purchases of investments	**(192,390)**	(149,011)	(256,192)
Sales of investments	**198,213**	168,016	286,018
Cash inflow from investing activities	**5,823**	19,005	29,826
Financing activities			
Dividends paid	**(15,854)**	(12,221)	(14,439)
Payments for Ordinary Shares bought back and held in treasury	**(10,421)**	(7,117)	(13,001)
Repayment of Debenture Stock	**–**	–	(19,436)
(Repayment)/drawdown of revolving credit facility	**–**	–	27,775
Exchange loss/(gain) on Loan Notes and revolving credit facility	**(192)**	(1,451)	1,974
Cash outflow from financing activities	**(26,467)**	(20,789)	(17,127)
(Decrease)/increase in cash and cash equivalents	**(22,047)**	2,604	28,471
Reconciliation of net cash flow movements in funds:			
Cash and cash equivalents at beginning of period	**64,725**	36,251	36,251
Exchange rate movements	**(6)**	–	3
(Decrease)/increase in cash and cash equivalents	**(22,047)**	2,604	28,471
(Decrease)/increase in net cash	**(22,053)**	2,604	28,474
Cash and cash equivalents at end of period	**42,672**	38,855	64,725

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

Notes to the Financial Statements

For the six months ended 31 March 2020 (unaudited)

1. Significant accounting policies

The condensed financial statements of the Company have been prepared in accordance with International Accounting Standards (IAS) 34 – "Interim Financial Reporting" as adopted by the EU.

In the current period, the Company has applied amendments to IFRS. These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments, changes in disclosure and presentation requirements. The adoption of these has not had any material impact on these financial statements and the accounting policies used by the Company followed in these half-year financial statements are consistent with the most recent Annual Report for the year ended 30 September 2019.

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 the foreseeable future (being a period of at least 12 months from the date on which these financial statements were approved). In making this assessment, the Directors have considered in particular the likely economic effects and the effects on the Company's operations of the current COVID-19 pandemic. The longer term economic effects of the pandemic are very difficult to predict but in considering preparing the accounts on a going concern basis the Directors noted that as at 31 March 2020 the Company's cash balance exceeded short term debt, long term debt is not repayable for over 15 years and the Company holds a portfolio of liquid investments whose value is a multiple of liabilities. The Directors believe that it is possible that the Company could experience further reductions in its income and / or the market value of its investments but they consider it unlikely that the investments would fall in value to a level which would threaten the Company's ability to continue as a going concern. The Directors have been reassured that both the Investment Manager and other key service providers have implemented contingency plans which have worked effectively and have led to minimal disruption. There is no evidence that the level of disruption will increase for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon 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, debt and investment commitments.

Comparative information

The financial information contained in this Half Year Report does not constitute statutory accounts as defined in the Companies Act 2006. The financial information for the half-year period ended 31 March 2020 has not been audited or reviewed by the Company's Auditor. The comparative figures for the financial year ended 30 September 2019 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's Auditor and delivered to the Registrar of Companies. The report of the Auditor was (i) unqualified, (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2. Income

	6 months to 31 March 2020 £'000	6 months to 31 March 2019 £'000	Year to 30 September 2019 £'000
Income from investments			
Listed investments	**5,773**	5,679	25,983
Total Return Swap dividends*	**129**	(296)	(92)
	5,902	5,383	25,891
Other income			
Deposit interest	**246**	164	479
Total Return Swap interest*	**(256)**	124	(435)
Interest on French withholding tax received	**–**	–	25
Exchange (losses)/gains on receipt of income**	**(31)**	(21)	249
	(41)	267	318
Total income	**5,861**	5,650	26,209

* Net income (paid)/received on underlying holdings in Total Return Swaps.
** Exchange movements arise from ex-dividend date to payment date.

3. Earnings per Ordinary Share

	6 months to 31 March 2020		
	Revenue	Capital	Total
Net profit/(loss) (£'000)	**3,288**	**(226,296)**	**(223,008)**
Weighted average number of Ordinary Shares			**109,327,150**
Earnings per Ordinary Share	**3.01p**	**(206.99p)**	**(203.98p)**

	6 months to 31 March 2019		
	Revenue	Capital	Total
Net profit/(loss) (£'000)	3,191	(27,651)	(24,460)
Weighted average number of Ordinary Shares			111,122,660
Earnings per Ordinary Share	2.87p	(24.88)p	(22.01)p

	Year to 30 September 2019		
	Revenue	Capital	Total
Net profit (£'000)	21,169	3,134	24,303
Weighted average number of Ordinary Shares			110,956,131
Earnings per Ordinary Share	19.08p	2.82p	21.90p

There are no dilutive instruments issued by the Company. Both the basic and diluted earnings per share for the Company are represented above.

4. Net asset value per Ordinary Share

The net asset value per Ordinary Share is based on net assets of £689,349,000 (31 March 2019: £898,284,000; 30 September 2019: £938,941,000) and on 108,524,456 (31 March 2019: 110,904,553; 30 September 2019: 110,125,668) Ordinary Shares, being the number of Ordinary Shares in issue excluding shares held in treasury at the relevant period ends.

5. Share capital

During the period to 31 March 2020, 1,601,212 (six months to 31 March 2019: 939,938; year to 30 September 2019: 1,718,823) Ordinary Shares were bought back and placed in treasury for an aggregate consideration of £10,729,000 (six months to 31 March 2019: £6,715,000; year to 30 September 2019: £12,603,000).

No Ordinary Shares held in treasury were cancelled in the period (six months to 31 March 2019: nil; year ended 30 September 2019: 13,523,032).

6. Dividends

During the period, the Company paid a final dividend of 14.5p per Ordinary Share for the year ended 30 September 2019 on 6 January 2020 to Ordinary shareholders on the register at 6 December 2019 (ex-dividend 5 December 2019).

An interim dividend of 6p per Ordinary Share for the period ended 31 March 2020 has been declared and will be paid on 3 July 2020 to Ordinary shareholders on the register at the close of business on 12 June 2020 (ex-dividend 11 June 2020).

7. Values of financial assets and financial liabilities

Valuation of financial instruments

The Company measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value is the amount at which the asset could be sold or the liability transferred in an orderly transaction between market participants, at the measurement date, other than a forced or liquidation sale.

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 in 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.

Financial assets

The table below sets out fair value measurements of financial instruments as at the period 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 31 March 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	**740,215**	**5,736**	**–**	**745,951**
Total Return Swap assets	**–**	**1,355**	**–**	**1,355**
	740,215	**7,091**	**–**	**747,306**

There have been no transfers during the period between Levels 1, 2 and 3.

Financial assets at fair value through profit or loss at 31 March 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	926,321	20,501	–	946,822
Total Return Swap assets	–	1,063	–	1,063
	926,321	21,564	–	947,885

Financial assets at fair value through profit or loss at 30 September 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	957,334	15,490	–	972,824
Total Return Swap assets	–	4,784	–	4,784
	957,334	20,274	–	977,608

Fair value through profit or loss

The inputs used to measure fair value are categorised into different levels of the hierarchy, and each investment is categorised entirely according to the lowest priority level that is significant to the fair value measurement of the relevant asset or liability.

7. Values of financial assets and financial liabilities continued

Financial liabilities

Valuation of Loan Notes and Debenture Stock

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 31 March 2020		At 31 March 2019		At 30 September 2019	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
4.184% Series A Sterling Unsecured Loan Notes 2036	**(29,896)**	**(36,693)**	(29,889)	(34,193)	(29,892)	(35,596)
3.249% Series B Euro Unsecured Loan Notes 2036	**(26,452)**	**(32,632)**	(25,766)	(28,890)	(26,466)	(32,756)
2.93% Euro Senior Unsecured Loan Notes 2037	**(17,564)**	**(21,223)**	(17,102)	(18,612)	(17,571)	(21,348)
8 1/8% Debenture Stock 2023	**–**	**–**	(14,968)	(18,750)	–	–
Total	**(73,912)**	**(90,548)**	(87,725)	(100,445)	(73,929)	(89,700)

There is no publicly available price for the Company's Loan Notes, such that their fair 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. 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. Quoted market prices were previously used to determine the fair value of the Company's Debenture Stock and therefore it would be categorised as Level 1 under the fair value hierarchy.

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 22.

Financial liabilities at 31 March 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Loan Notes	**–**	**(90,548)**	**–**	**(90,548)**
Total Return Swap liabilities	**–**	**–**	**–**	**–**
	–	**(90,548)**	**–**	**(90,548)**

Financial liabilities at 31 March 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Debenture Stock	(18,750)	–	–	(18,750)
Loan Notes	–	(81,695)	–	(81,695)
Total Return Swap liabilities	–	(2,061)	–	(2,061)
	(18,750)	(83,756)	–	(102,506)

Financial liabilities at 30 September 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Loan Notes	–	(89,700)	–	(89,700)
Total Return Swap liabilities	–	(3,979)	–	(3,979)
	–	(93,679)	–	(93,679)

8. Derivatives

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

	At 31 March 2020 £'000	At 31 March 2019 £'000	At 30 September 2019 £'000
Total Return Swaps			
Current assets	**1,355**	1,063	4,784
Current liabilities	**–**	(2,061)	(3,979)
Net value of derivatives	**1,355**	(998)	805

The gross positive exposure of Total Return Swaps as at 31 March 2020 was £17,350,000 (31 March 2019: £41,558,000; 30 September 2019: £37,377,000) and the total negative exposure of Total Return Swaps was £nil (31 March 2019: £48,017,000; 30 September 2019: £29,034,000). The liabilities are secured against assets held with Jefferies Hoare Govett (the "prime broker"). The collateral held as at 30 September 2019 was £5,036,000 (31 March 2019: £19,400,000; 30 September 2019: £14,000,000) which is included in cash and cash equivalents in the Balance Sheet.

9. Related parties and transactions with the Investment Manager

The Company paid management fees to Asset Value Investors Limited during the period amounting to £3,293,000 (six months to 31 March 2019: £3,094,000; year ended 30 September 2019: £6,291,000). At the half-year end, the following amounts were outstanding in respect of management fees: £nil (31 March 2019: £nil; 30 September 2019: £542,000).

Fees paid to Directors for the six months ended 31 March 2020 amounted to £84,000 (six months to 31 March 2019: £72,000; year ended 30 September 2019: £157,000).

10. Post Balance Sheet events

Since the period end, the Company has bought back 946,029 Ordinary Shares with a nominal value of £94,603 at a total cost of £5,784,000.

Since 31 March 2020 markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic. However, since the half year end the NAV per share has increased by 16.2% to 27 May 2020 and contingency plans at the Investment Manager and key service suppliers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

Principal Risks and Uncertainties

Whilst the principal risks facing the Company are substantially unchanged since the date of the Annual Report 2019 and continue to be as set out on pages 8 to 11 of that report the ongoing COVID-19 pandemic has impacted the business in a number of areas as detailed in the Chairman's Statement and Investment Manager's Report.

Risks faced by the Company include, but are not limited to, investment risk, portfolio diversification, gearing, discount, market risk, market price volatility, currency, liquidity risk, interest rate and credit and counterparty risk. Details of the Company's management of these risks and exposure to them are set out in the Annual Report 2019.

Directors' Responsibility Statement

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting as adopted by the EU; and
- this Half Year Report includes a fair review of the information required by:

  a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

This Half Year Report was approved by the Board of Directors on 28 May 2020 and the above responsibility statement was signed on its behalf by Susan Noble, Chairman.

Susan Noble
Chairman
28 May 2020

Glossary

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.

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.

In the case of total return swaps, cost is defined as the notional cost of the position.

Discount/Premium

If the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium.

The discount and performance are calculated in accordance with guidelines issued by the AIC. The discount is calculated using the net asset values per share inclusive of accrued income with debt at market value.

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.

Equity exposure

The notional current equity value of investments and swaps.

Gearing

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.

The gearing of 15.1% represents borrowings of £103,784,000 expressed as a percentage of shareholders' funds of £689,349,000. Net gearing of 8.9% represents borrowings of £103,784,000, less cash and cash equivalents of £42,672,000, expressed as a percentage of shareholders' funds of £689,349,000.

As at 31 March 2020, the values of Loan Notes were:

	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	27,775	98,263
Unamortised issue costs	(104)	(80)	(124)	–	(308)
Exchange movement	–	3,570	162	2,097	5,829
Amortised book cost	29,896	26,452	17,564	29,872	103,784
Fair value	36,693	32,632	21,223	29,872	120,420
Redemption value	45,852	42,003	28,185	29,994	146,034

* The revolving credit facility increased to JPY9 billion (previously JPY 4 billion) on 5 March 2020 equivalent to £67 million at current exchange rates. No further amounts have been drawn down.

The values of the Loan Notes are calculated using net present values of future cash-flows, the yields taking account of the market spread and 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.

In some instances, we display "n/a" instead of IRR figures in the Investment Portfolio table. In most instances, this is done if the holding period is less than three months, as annualising returns over short-term periods results in misleading numbers. In the case of Pershing Square Holdings, the use of both equity and total return swaps means that the calculation of an IRR is only possible for the holding in aggregate.

Net Asset Value ('NAV') per share

The NAV per share is shareholders' funds expressed as an amount per individual share. Shareholders' funds are the total of all the Company's assets, at their current market value, having deducted all liabilities and prior charges at par value, or at their fair value as appropriate. The NAV per share of 635.20p is calculated by dividing the NAV £689,349,000 by the number of Ordinary Shares in issue, excluding Treasury shares, of 108,524,456.

The NAV with debt at fair value is calculated in the same manner but with debt at fair value £90,548,000, rather than the par value of £73,912,000. The NAV with debt at fair value is therefore 619.87p.

(£'000)	Shareholders' funds	Debt at par value*	Debt at fair value*	Shares outstanding	NAV with debt at par value	NAV with debt at fair value
31-Mar-20	689,349	73,912	90,548	108,524,456	635.20	619.87
31-Mar-19	898,284	87,725	100,445	110,904,553	809.96	798.49
30-Sep-19	938,941	73,929	89,700	110,125,668	852.61	838.29

* Not including the Revolving Credit Facility, which is not fair valued.

Ongoing Charges Ratio

As recommended by the AIC in its guidance, ongoing charges are the Company's annualised expenses of £8,230,000 (excluding finance costs and certain non-recurring items) expressed as a percentage of the average monthly net assets of £878,467,000 of the Company during the period.

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 and held in treasury

The Company may repurchase its own shares and shares repurchased may either be cancelled immediately or held in treasury. Shares repurchased, whether cancelled or held in treasury, do not qualify to receive dividends. Share repurchases may increase earnings per share. Further, to the extent that shares are repurchased at a price below the prevailing net asset value per share this will enhance the net asset value per share for remaining shareholders.

Total Return – NAV and Share Price Returns

The combined effect of any dividends paid, together with the rise or fall in the share price or NAV. Total return statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares in the Company or in the assets of the Company at the prevailing NAV, in either case at the time that the shares begin to trade ex-dividend. An annualised return is the average compound annual return, for return data over a period of time longer than a year.

Total Return Swap

A Total Return Swap is a financial contract between two parties, whereby each party agrees to 'swap' a series of payments. The Company has entered into Total Return Swaps with Jefferies International ('Jefferies') which gives it effective exposure to 1,184,066 shares in Pershing Square Holdings ('PSH') in return for the Company making a series of floating rate interest payments to Jefferies.

Note that separately from this Total Return Swap, the Company also owns an equity position (3,533,657 shares) in PSH.

Weight

Weight is defined as being each position's value as a percentage of total assets less current liabilities.

Shareholder Information

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.co.uk. 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 given 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 020 7659 4800 or via the website: www.aviglobal.co.uk.

Company Information

Directors
Susan Noble (Chairman)
Anja Balfour
Graham Kitchen
Nigel Rich
Calum Thomson

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Registrar's Broker Helpline
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London Stock Exchange
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PREMIUM

HOW TO INVEST

AVI Global Trust is a closed-end investment trust with shares listed on the London Stock Exchange and part of the FTSE 250 index. Shares in AVI Global Trust can be bought directly on the London Stock Exchange or through platforms.

For more information visit: **www.aviglobal.co.uk**

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