AGT

AVI GLOBAL TRUST

Navigating towards compelling investment opportunities

ANNUAL REPORT 2020

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.

WHO DO WE INVEST IN?

AVI Global Trust ('AGT' or "the Company") follows a unique strategy of investing in quality assets held through unconventional structures that tend to attract discounts; these types of companies include holding companies, closed-end funds, and cash-rich Japanese operating companies.

PORTFOLIO VALUE BY SECTOR

	2020 %	2019 %
Closed-end Funds	**37**	45
Holding Companies	**33**	30
Japan	**30**	25

Source / Asset Value Investors

OUR INVESTMENT PROCESS

UNIQUE
A concentrated portfolio investing in holding companies, closed-end funds and Japanese cash-rich operating companies unlikely to be found in other funds.

DIVERSIFIED
A concentrated portfolio 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 companies and engaging to improve shareholder value.

ACTIVE
Finding complex, inefficient and overlooked investment opportunities.

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

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

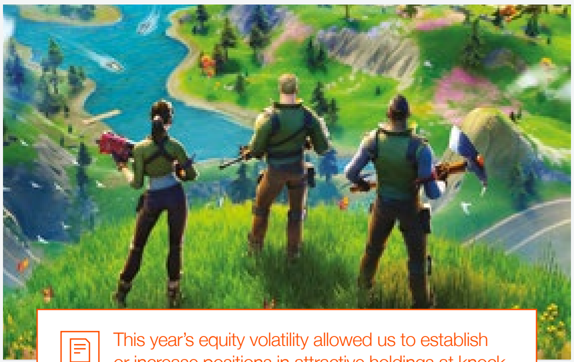
DISCOUNTS TO UNDERLYING VALUE
We seek to find anomalous valuations and to invest in companies and funds trading on a discount to their net asset value.

HIGH-QUALITY ASSETS WITH STRONG GROWTH POTENTIAL
Identifying good-quality underlying assets with appreciation potential at compelling values.

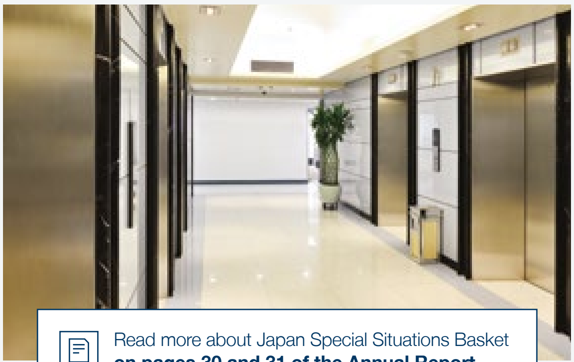
ECONOMIC VALUE
The underlying assets must be seen to offer appreciation and growth potential which could be based on a number of events or catalysts including potential corporate activity or a turn in market sentiment towards a company.

Read more about our Business Model
on page 2 of the Annual Report

HIGHLIGHTS



This year's equity volatility allowed us to establish or increase positions in attractive holdings at knock-down prices. We talk about these holdings more **on pages 24 and 25 of the Annual Report**



Read more about Japan Special Situations Basket
on pages 30 and 31 of the Annual Report

TOTAL ASSETS†

£1 billion*

LAUNCH DATE

1 July 1889

ANNUALISED NAV TOTAL RETURN†

11.3%**

ONGOING EXPENSES RATIO†#

0.89%***

Retail Investors Advised by IFAs

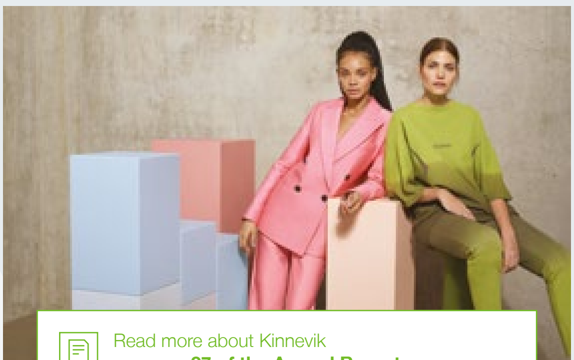
The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers ('IFAs') in the UK to ordinary retail investors in accordance with the Financial Conduct Authority rules in relation to non-mainstream investment products and intends to continue to do so.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

* As at 30 September 2020.
** Source: Morningstar, performance period 30 June 1985 to 30 September 2020, total return net of fees, GBP. The current approach to investment was adopted in 1985.
*** As at 30 September 2020, includes: management fee 0.7%, marketing and administration costs.
† For definitions, see Glossary on pages 95 to 98.
# For a detailed discussion of the Ongoing Expenses Ratio, please see Key Performance Indicators on page 8.



Read more about Kinnevik **on page 27 of the Annual Report**

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

@AVIGlobalTrust AVIGlobalTrust

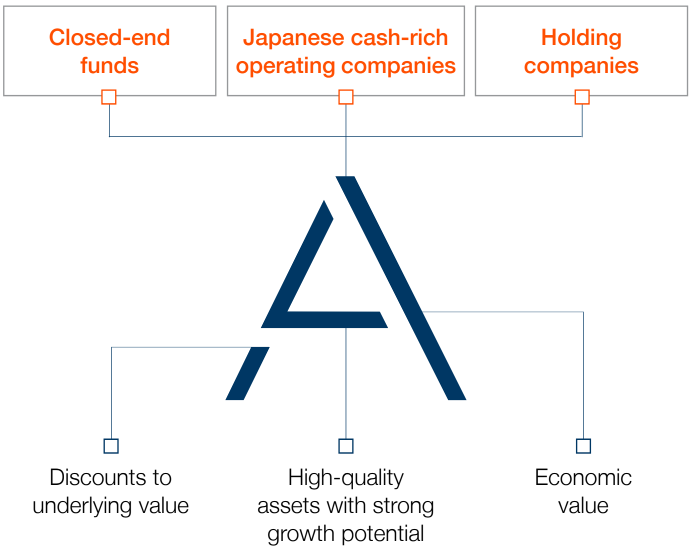
COMPANY PURPOSE

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

Our 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. Often, we engage actively with management in order to provide suggestions for improvements that we believe could help narrow the discount or improve operations, thus releasing value for shareholders.



Read more about our Responsible Business **on page 15 of the Annual Report**

INVESTMENT APPROACH

As an investment trust, one of the Company's most important relationships is with the Investment Manager.

The Company's assets are managed by Asset Value Investors Limited ('AVI'). 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. No more than 10% of the Company's investments may be in unlisted securities.

AVI's investment philosophy is described in more detail **on page 21 of the Annual Report**

The Company's Investment Policy is set out **on page 46 of the Annual Report**

OTHER KEY STATISTICS

NET ASSET VALUE PER SHARE*

30 September 2020	30 September 2019
837.13p	852.61p

NUMBER OF INVESTMENTS

43
(of which 15 are held in Japanese Special Situations – see pages 18 and 19)

* For definitions, see Glossary on pages 95 to 98.

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 ongoing expenses.

NAV TOTAL RETURNS TO 30 SEPTEMBER 2020*

1 Year	10 Years (Annualised)
0.0%	6.9%

DISCOUNT*

30 September 2020	30 September 2019
9.3%	10.9%

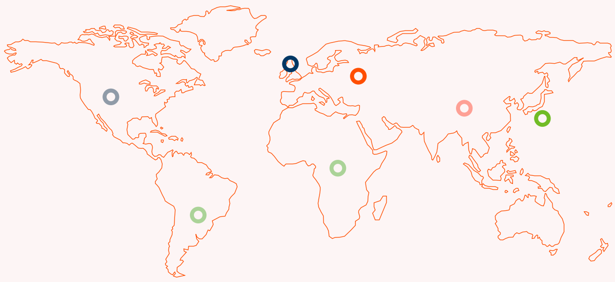
ONGOING EXPENSES RATIO*

2020	2019
0.89%	0.85%

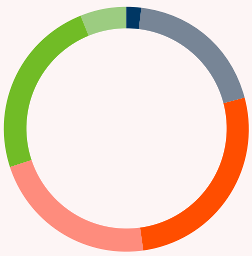
Read more about our KPIs and Principal Risks
on pages 8 to 11 of the Annual Report

GLOBAL

Our investments are distributed throughout the world.



LOOK-THROUGH COUNTRY EXPOSURE*



	2020* %	2019 %
United Kingdom	**2**	1
North America	**19**	17
Europe	**27**	28
Asia	**22**	18
Japan	**24**	26
Latin America, Africa & Emerging Europe	**6**	10

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

TOP TEN INVESTMENTS REPRESENT

52.4%
of portfolio*

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

2020	2019
0.5%	0.1%

* For definitions, see Glossary on pages 95 to 98.

FINANCIAL HIGHLIGHTS

- Net asset value ('NAV') per share on a total return basis was flat at 0.0%
- Final dividend of 10.5p, and total dividend maintained at 16.5p
- Share price total return of 2.0%

PERFORMANCE SUMMARY

	30 September 2020	30 September 2019
Net asset value per share (total return) for the year[1]*	**0.0%**	2.1%
Share price total return for the year*	**2.0%**	-0.4%
Discount* Share Price Discount (difference between share price and net asset value)[2]	**-9.3%**	-10.9%
	Year to 30 September 2020	Year to 30 September 2019
Earnings and Dividends		
Investment income	**£15.16m**	£26.21m
Revenue earnings per share	**9.36p**	19.08p
Capital earnings per share	**(11.18)p**	2.82p
Total earnings per share	**(1.82)p**	21.90p
Ordinary dividends per share	**16.50p**	16.50p
Ongoing Expenses Ratio* Management, marketing and other expenses (as a percentage of average shareholders' funds)	**0.89%**	0.85%
Comparator Benchmark MSCI All Country World ex-US Index (£ adjusted total return†)	**-1.8%**	4.5%
2020 Year's Highs/Lows	High	Low
Net asset value per share	**894.83p**	**580.10p**
Net asset value per share (debt at fair value)*	**884.36p**	**564.39p**
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 debt marked to fair value.

Buybacks

During the year, the Company purchased 4,573,938 Ordinary Shares, all of which were placed into treasury, at a cost of £31.1m.

***Alternative Performance Measures**

For all Alternative Performance Measures included in this Strategic Report, please see definitions in the Glossary on pages 95 to 98.

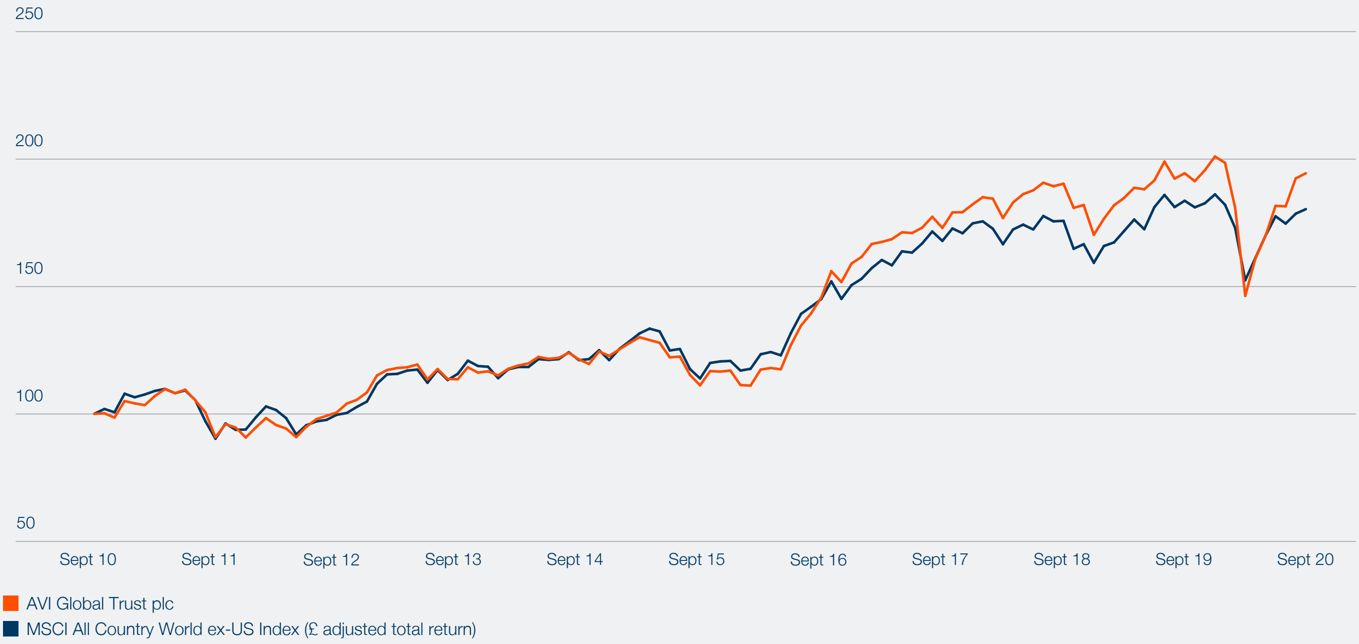
† The Company uses the net version of the MSCI All Country World ex-USA Index, which accounts for withholding taxes incurred. If the gross version of the Index had been used, the comparative figures for the years ending 30 September 2020 and 30 September 2019 would have been 0.4% and 0.5% greater, respectively.

Historical record

Year ended 30 September	**2020**	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenue profit for the year £'000*	**10,134**	21,169	16,933	12,603	18,747	16,268	13,827	21,775	24,050	18,405	12,712
Revenue earnings per share (p)*	**9.36**	19.08	14.83	10.44	14.32	11.75	9.29	13.90	15.06	11.50	7.94
Ordinary dividends per share (p)	**16.50**	16.50	13.00	12.00	11.70	11.70	10.50	10.50	9.50	8.50	7.50
Special dividend per share (p)	**–**	–	–	–	2.80	–	–	2.50	3.50	2.00	–
Net assets £'000	**883,605**	938,941	941,680	903,229	843,973	697,542	826,984	844,455	791,225	740,385	829,670
Basic net asset value per share (p)	**837.13**	852.61	841.95	777.62	670.52	519.53	575.92	551.97	500.47	462.51	518.28

* The profit for the year figures for 2008 to 2014 are Group returns and earnings, those for 2015 to 2019 are the Company returns and earnings. These are 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)



> The recovery in asset value in the second half of the year is encouraging, as is the quality of the portfolio.
>
> **Susan Noble**
> Chairman

Overview of the Year

Having reported at the half year stage a reduction in value of almost a quarter, I am pleased to be able to report that in the second half of our accounting year all of that fall was recovered and we ended the year with a virtually flat NAV total return. The return over the year outperformed our comparator benchmark index, whose total return was -1.8%. It may seem odd to present in such positive terms a year in which no overall gain was made, but in the circumstances the Board believes that the Investment Manager has performed well. As described in the Performance Review, gearing was reduced in the period leading up to the market sell off in reaction to the COVID-19 pandemic and this, along with some well executed portfolio sales, allowed us to buy some attractive companies at depressed prices. The recovery in asset value in the second half of the year is encouraging, as is the quality of the portfolio.

Income and Dividend

AGT's revenue account was particularly hard hit by the effects of the COVID-19 pandemic. Most of our dividend income is typically received in April and May, a time at which many companies naturally sought to retain cash to deal with the effects of the pandemic. Our net revenue per share was much reduced at 9.36p per share, compared with 19.08p last year.

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 and we duly increased the interim dividend, which was paid on 3 July, to 6.0p per share. We have also previously stated an intention either to maintain or to increase the total annual dividend each year.

As we reported at the half year stage in May, the Board discussed the effects of the COVID-19 pandemic in depth, including specifically the effect on our dividend receipts in the current accounting year. We recognise the importance of dividend income for many shareholders and, despite the current challenges, have decided to continue as previously announced. We are therefore proposing a final dividend of 10.5p per share, bringing the total dividends for the year to 16.5p, which is the same as last year.

The combination of the interim dividend already paid and the proposed final dividend for the year will not be covered by net revenue earnings and the Company will use revenue reserves, which have been built up over many years with the intention of providing a buffer in times of stress. The Board continues to monitor the revenue account but I emphasise that we do not set a revenue target for our Investment Manager. Our current intention is to use revenue reserves, and if necessary capital reserves, to maintain the annual dividend at current levels. The Company is operating in an unprecedented environment and therefore our dividend remains under careful and regular review.

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. Gearing was reduced in the period leading up to the COVID-19-related market sell off. Any increase or decrease in cash and gearing levels is driven primarily by views on the prices of shares in our investment universe and not by views on market direction.

Discount, Share Buybacks and Share Issuance

The shares ended the financial year trading at a discount of 9.3%, which was narrower than the discount at the same time last year.

Your Board continues to believe that it is in the best interests of shareholders to use share buybacks with the intention of limiting any volatility in the discount. During the accounting year under review, some 4.6 million shares were bought back. We intervened when the Board believed that the discount was unnaturally wide and intend to continue to follow this approach.

Shares are bought back when the discount is wide, with the intention of limiting volatility in the discount. Because we only buy back shares at a discount to the prevailing net asset value per share, continuing shareholders benefit from share buybacks due to a marginal increase in the NAV per share.

Each year, we take powers to issue new shares. These powers would only be used if shares could be issued at, or above, the prevailing NAV per share. Again, the primary purpose of the ability to issue new shares is with a view to containing the volatility of the discount and any new issue would only be made if it were demonstrably beneficial to existing shareholders.

We also seek to stimulate demand for the shares. The Company has a marketing budget which is administered by the Investment Manager to promote the Company and its shares. We promote the Company to a variety of investors and potential investors, from private individuals to professional fund managers and through a variety of traditional and modern media. For more information please visit our website www.aviglobal.co.uk

Management Fees

Fees paid to the Investment Manager have been set at 0.7% of net assets for some years. The Board is aware that the Investment Manager's approach requires a lot of resources and that the Investment Manager meets all third party research costs. Nevertheless, with effect from 1 October 2020 the fee rate will reduce to an annual rate of 0.60% for that proportion of net assets in excess of £1 billion.

The notice period for termination of the investment management agreement has been reduced from twelve months to six months. This change was to bring the notice period into line with other comparable investment trusts and does not indicate any change in the Board's level of support for our Investment Manager.

Management Arrangements

As I reported at the half year stage, when 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 months, 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 business as usual in these difficult times.

The Board has carefully monitored our key service providers and in particular remains alert to any issues as the amount of time spent working remotely extends well beyond the period that we had initially expected.

Directors

I joined the Board in March 2012 as did Nigel Rich and so March 2021 will be the ninth anniversary of our appointments. The Board has agreed that it would be advisable not to have two Directors retire in the same year and that it would be appropriate to have an orderly succession plan. Nigel Rich will retire from the Board in 2021 and I will retire from the Board in 2022. It is the Company's normal practice that directors retire at an AGM and so Nigel will retire at next year's AGM and I plan to retire at the AGM in 2022. The Nomination Committee will be responsible for the search for suitable replacement Directors.

Reporting and Section 172 of the Companies Act

Regular readers of our annual reports will note that the structure of the Strategic Report and Directors' Report has changed this year, as we are required to make additional disclosures under Section 172 of the Companies Act. I hope that shareholders find these new reports useful in providing an insight into how the Company is managed. I would like to emphasise that despite the different presentation our approach to managing the Company has not changed. All involved are challenged to perform to the best of their abilities and we believe that this is best achieved by working in a culture which is collegiate and supportive.

Annual General Meeting

At the time of writing this Annual Report and meetings in the UK are subject to strict regulations, which could potentially change at short notice. The Board would normally welcome the Annual General Meeting (AGM) as an opportunity to present to you on the Company's strategy and performance and listen and respond to your questions in person. However, the health of the Company's shareholders, as well as of staff who would normally attend the meeting, is of paramount importance, as is complying with regulations.

In light of the current situation, the Board has decided that this year's AGM will be a closed meeting, with only essential staff in attendance and all voting by proxy.

Recognising that the AGM is an important forum for shareholders to hear from the Board and the Investment Manager and to ask questions, this year we have made the following arrangements:

- On 27 November 2020 an audio / visual presentation will be made available on our website www.aviglobal.co.uk
- 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 AVI Global Trust PLC, 65 Gresham Street, London, EC2V 7NQ
- We will post on our website on 14 December 2020 a list of questions received and our replies to your questions. Please note that to protect your personal information the parties asking questions will not be identified on the website.

I urge you to submit your proxy votes in good time for the meeting, following the instructions enclosed with the proxy form.

As well as setting up a forum to ask questions that you might normally raise at the AGM I remain available at any time to answer any questions from shareholders and you can write to me via the independent Company Secretary, whose address is on the inside back cover of the Annual Report and Accounts.

We hope to see shareholders in person at next year's AGM.

Articles of Association

In order to provide the Board with greater flexibility going forward and to ensure shareholder participation in future AGMs, the Company is proposing that amended Articles of Association are adopted at the AGM this year. The principal amendments being proposed to the Articles of Association are to enable the Company to hold shareholder meetings using electronic means (as well as physical shareholder meetings or hybrid meetings). Although the new Articles would permit shareholder meetings to be conducted by electronic means, the Directors have no present intention of holding a virtual-only meeting unless Government restrictions require them to do so.

Outlook

Our investment performance in the second half of the year under review was very strong and our Investment Manager sets out in their report the view that there remains a high level of unrealised value in the portfolio which provides grounds for optimism. On a more cautious note, though, some stock markets have been very strong in recent months, assisted by large amounts of cash in the system as governments around the world seek to stimulate demand to limit the damage caused by the COVID-19 pandemic. While we always emphasise that our investment mandate is to seek total returns with no income target, the fact that many companies are reviewing or have already cut their dividends is a cause for concern and it is obvious that it will take the world some considerable time to recover from the effects of the measures taken to curb the spread of COVID-19.

We remain encouraged by the Investment Manager's continued focus on unrealised value and their ability to continue to find interesting and, we trust, rewarding investments.

Susan Noble
Chairman

12 November 2020

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**

	1 Year	10 Years (Annualised)
Company	0.0%	6.9%

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 is likely to 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 1.8% on a total return basis and over ten years it has increased by 6.1% on an annualised total return basis.

A full description of performance and the investment portfolio is contained in the Investment Review, commencing on page 20.

*Discount**

	30 September 2020	30 September 2019
Year end	9.3%	10.9%
High for the year	13.3%	11.2%
Low for the year	5.6%	7.2%

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 4.6m shares were bought back and placed into treasury, adding an estimated 0.5% to net asset value per share to the benefit of continuing shareholders. The shares were bought back at a weighted average discount of 10.5%.

*Ongoing expenses ratio**

Year ended 30 September 2020	Year ended 30 September 2019
0.89%	0.85%

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 ongoing expenses ratio is the cost of the fees paid to the Investment Manager. This fee is reviewed annually. Further information is contained in the Chairman's Statement on pages 6 and 7.

For the year ended 30 September 2020, the ongoing expenses ratio was 0.89%, up slightly from the previous year.

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 Ongoing Expenses 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, as 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 95 to 98.

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 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 robust and regular assessments of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity, and did so 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 95 to 98.

The Board does not believe that managing risk is solely the job of someone assigned to the task but that 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 to be 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. 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. This statement is particularly apposite for the year under review; when the last Annual Report was written few people had heard of the COVID-19 virus.

PRINCIPAL AND EMERGING RISKS	RISK TOLERANCE AND MITIGATING ACTIONS
Pandemic The novel COVID-19 virus was first identified in China in late 2019 and, despite efforts to contain the spread of COVID-19, outbreaks occurred around the world in the first quarter of 2020. A pandemic such as this affects both (i) the management and operations of the Company and (ii) the Company's investments.	In seeking reassurance on the continuing operation of the Company, the Board worked closely with the Investment Manager and the various external suppliers to ensure that the portfolio could continue to be managed effectively and the Company could continue to operate despite restrictive measures on movement imposed to contain the outbreak. The Investment Manager focused its attention on the likely effects of the outbreak on investee companies in the first quarter of 2020. The Board notes that the Investment Manager was able to execute purchases and sales as usual at the height of the pandemic and was reassured by the Investment Manager's ability to continue to operate "business as usual". The existing risk management mechanism was used to good effect and in particular the detailed risk matrix which the Audit Committee maintains was effective in identifying areas of the Company's operations which may be affected by measures implemented to contain the pandemic. While the Company and its suppliers have dealt well so far with the effects of the pandemic, the Board remains alert to the continuing risks and to the possibility of further issues caused by prolonged restrictions on movement. The Board will continue to monitor the situation closely and will take action if and when necessary.
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 COVID-19 pandemic, the US-China trade war, the protests in Hong Kong and Brexit.	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 Investment Manager has a clear investment strategy, as set out on page 21. 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 much 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. During the year under review the Investment Manager paid careful attention to the possible effects of the developing COVID-19 pandemic and a description of their actions is contained in the Investment Manager's review, which commences on page 20. 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.

PRINCIPAL AND EMERGING RISKS	RISK TOLERANCE AND MITIGATING ACTIONS
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 its gearing at a prudent level. 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 the Euro tranche of the Loan Notes and the Japanese Yen loan 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 also have assets denominated in Euros and Japanese Yen which will increase in value in Sterling terms if the exchange rates increase and so this will offset ('naturally hedge') the debt position.
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 2020, the Company had EUR50m of borrowing and investments denominated in Euros whose value exceeded that of this borrowing. Furthermore, the Company had JPY4,000m of borrowing and investments denominated in Japanese Yen whose value exceeded that of this borrowing.
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 of holdings is 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.

* 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.

PRINCIPAL AND EMERGING RISKS	RISK TOLERANCE AND MITIGATING ACTIONS
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 additionally 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.
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. During the year under review, close attention was paid to the ability of all suppliers to maintain a good level of service while dealing with the changes to operations necessitated by the COVID-19 pandemic. The Board assesses thoroughly the risks inherent in any change of supplier, including the internal controls of any new supplier.
Brexit In the second half of 2020 it became increasingly likely that the UK may come to the end of the post-Brexit transition phase without a comprehensive trade agreement with the EU.	As the vast majority of the underlying assets of investee companies are either based outside the UK or derive most or all of their profits outside the UK, the economic damage which Brexit may cause to the UK is not expected directly to affect the value of the Company's assets to any great extent. However, a "no-deal" scenario is likely to affect the exchange rate between sterling and foreign currencies, which would lead to volatility in the Company's net asset value. Foreign exchange risk is discussed on the previous page.
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.

The principal financial risks are examined in more detail in note 14 to the financial statements on pages 71 to 76.

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 page 15.
(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 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

Following the introduction of 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. The Board is disappointed that it will not be able to meet shareholders in person at this year's AGM due to the restrictions on public gatherings to prevent the spread of the COVID-19 virus but we have made arrangements for a presentation from the Investment Manager to be made available, for shareholders to raise questions and for answers to those questions to be published; **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 occasionally meets major shareholders and welcomes enquiries and feedback from all shareholders. The Chairman can also be contacted via email 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 decision to change the Company's name in May 2019 and the rebalancing of the proportion of the dividend paid as an interim dividend in the accounting year under review.

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.	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 Manager; ✓ Ensure that the interests of shareholders and the Manager are for the most part well aligned and adopts a tone of constructive challenge; ✓ Draw on Board members' individual experience to support the 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 Administrator and Company Secretary	The Administrator and Company Secretary are key to the effective running of the Company.	The Company Secretary attends all Board and Committee meetings.
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.	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. 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 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 our website, a link to which is below, 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 Directors are satisfied that, to the best of their knowledge, the Company's principal suppliers, which are listed on the inside back cover of this report, 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. Further information on the Board's policy on recruitment of new Directors is contained on page 49.

AVI's full ESG Policy can be found at **www.aviglobal.co.uk/how-to-invest/investor-information/esg-policy/**

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

12 November 2020

The top ten equity investments make up 52.4% of the portfolio*, with underlying businesses spread across a diverse range of sectors and regions.

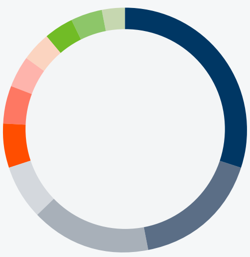
All discounts are estimated by AVI as at 30 September 2020, based on AVI's estimate of each company's net asset value.

* For definitions, see Glossary on pages 95 to 98.

DIVERSIFIED

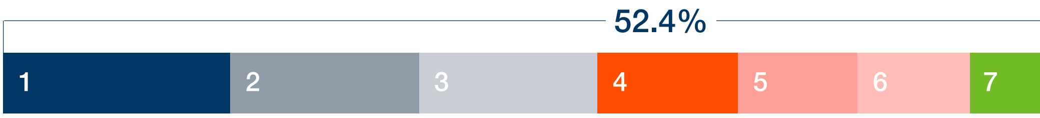
Our portfolio contains broad diversification to sectors and companies.

SECTOR BREAKDOWN



- Consumer Discretionary: **30%**
- Industrials: **17%**
- Communication Services: **16%**
- Financials: **7%**
- IT: **6%**
- Healthcare: **5%**
- Consumer Staples: **4%**
- Materials: **4%**
- Real Estate: **4%**
- Utilities: **4%**
- Energy: **3%**

View our investment platforms
www.aviglobal.co.uk



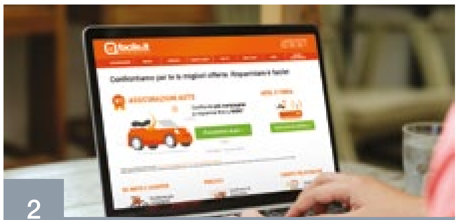
1

PERSHING SQUARE HOLDINGS

Classification	Valuation
Closed-end Fund	£85.2m
% of portfolio	**Discount**
8.9%	-30%

A Euronext- and London-listed closed-end fund managed by a high-profile activist manager. The fund owns a concentrated portfolio of quality US companies. Pershing trades on a 30% 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 / 2020 Lowe's. All rights reserved. Lowe's and the Gable Mansard design are registered trademarks of LF, LLC.



2

OAKLEY CAPITAL INVESTMENTS

Classification	Valuation
Closed-end Fund	£71.4m
% of portfolio	**Discount**
7.4%	-29%

A London-listed closed-end fund which invests in the private funds run by Oakley Capital, a UK-based private equity firm. Oakley owns a portfolio of fast-growing businesses in the consumer, education and TMT 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 the discount will narrow as Oakley continues to generate NAV outperformance, and adopts improved standards of corporate governance.

Source / Facile.it S.p.A.

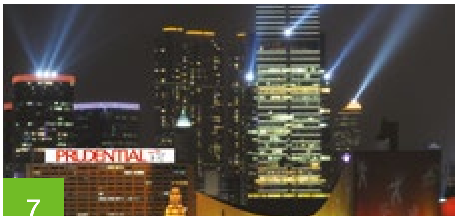
6

KINNEVIK

Classification	Valuation
Holding Company	£42.0m
% of portfolio	**Discount**
4.4%	-6%

The Stockholm-listed holding company of the Stenbeck family. Kinnevik's increased focus on early-stage investments in digitally enabled businesses has positioned it attractively for the future. Kinnevik's stated policy of distributing excess capital argues for a structurally tighter discount, in our view. We believe that outsized returns can be earned by investing capital alongside a long-term oriented family with a history of value creation.

Source / Zalando SE.



7

THIRD POINT INVESTORS

Classification	Valuation
Closed-end Fund	£41.3m
% of portfolio	**Discount**
4.3%	-23%

A London-listed closed-end fund run by a high-profile activist manager. The fund invests in both long and short equity and credit, with a long equity bias. The fund trades on a discount of 23%, which we view as unsustainably wide given Loeb's reputation as an activist investor.

47.6%

8 9 10

3

SOFTBANK GROUP

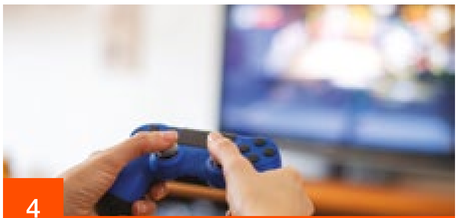
Classification
Japan

Valuation
£66.9m

% of portfolio
7.0%

Discount
-56%

A Tokyo-listed holding company run by the well-known entrepreneur, Masayoshi Son. Key assets include SoftBank Corp (a telecoms business), Alibaba, T-Mobile US and Arm Holdings. SoftBank's wide discount to NAV appears excessive given recently announced plans to dispose of a large amount of assets and deploy the proceeds to reduce gearing and conduct a NAV-accretive buyback.



4

SONY CORP

Classification
Japan

Valuation
£52.2m

% of portfolio
5.5%

Discount
-40%

A Tokyo-listed company with four "crown jewel" businesses: Gaming, Music, Pictures and Images & Sensors. Despite these attractive businesses, Sony trades on a discount of 40% to our estimate of NAV. We believe this reflects the complexity of the conglomerate structure, which obscures the value on offer and creates misconceptions. There are several ways to unlock this value and tighten the discount to NAV.

Copyright / Getty Image.

5

FONDUL PROPRIETATEA

Classification
Closed-end Fund

Valuation
£45.4m

% of portfolio
4.7%

Discount
-19%

A Bucharest- and London-listed closed-end fund originally set up to provide restitution to Romanian citizens whose property was seized by the Romanian Communist government. Fondul provides exposure to some of Romania's most attractive utility and infrastructure assets, including Hidroelectrica, ENEL's Romanian distribution subsidiaries, Bucharest Airport and OMV Petrom. The fund's investment policy is to distribute all excess cash and realisation proceeds to shareholders via dividends and buybacks, and offers the potential for several corporate events to unlock value and help narrow the 19% discount.

Source / OMV Petrom.

8

KKR

Classification
Holding Company

Valuation
£35.3m

% of portfolio
3.7%

Discount
-29%

A US-listed alternative asset manager with c. USD290 billion of assets under management. KKR is one of the largest companies in an industry with appealing structural characteristics, underpinned by a "lower-for-longer" interest rate environment which is driving increased institutional demand for alternative assets.

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

9

EXOR

Classification
Holding Company

Valuation
£31.4m

% of portfolio
3.3%

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 four main assets, three of which are listed: Fiat Chrysler Automobile, Ferrari and CNH Industrial, and one unlisted: PartnerRe. The Agnelli family has a strong history of value creation and, by aligning investors capital with theirs, believe there is a good prospect of achieving outsized returns.

Source / courtesy of CNH Industrial.

10

PROSUS

Classification
Holding Company

Valuation
£31.1m

% of portfolio
3.2%

Discount
-34%

Euronext-listed holding company whose key asset is a 31% in stake in Tencent, the Chinese technology conglomerate best known for its ubiquitous (in China) WeChat app, and Fortnite, the highly successful video game developed by Epic Games. Tencent operates across several attractive areas, including digital advertising, video game publishing, mobile payments, media streaming, and e-commerce.

Caption / Fortnite; **Source /** Epic Games.

As at 30 September 2020

Company	Portfolio classification	% of investee company	IRR (%, GBP)[1]	ROI (%, GBP)[2]	Cost £'000[3]	**Valuation £'000**	% of total assets less current liabilities[#]
Pershing Square Holdings	Closed-end Fund	1.0%	20.6%	34.4%	62,551	**85,232**	8.9%
Oakley Capital Investments	Closed-end Fund	14.9%	20.8%	47.4%	50,155	**71,354**	7.4%
SoftBank Group	Japan	0.1%	54.5%	28.7%	52,056	**66,906**	7.0%
Sony Corp	Japan	0.1%	29.2%	34.6%	37,959	**52,188**	5.5%
Fondul Proprietatea	Closed-end Fund	2.9%	19.2%	75.6%	28,299	**45,444**	4.7%
Kinnevik	Holding Company	0.6%	64.6%	82.5%	20,365	**42,027**	4.4%
Third Point Investors	Closed-end Fund	5.1%	3.5%	10.0%	38,330	**41,315**	4.3%
KKR and Co	Holding Company	0.2%	95.4%	33.2%	26,723	**35,312**	3.7%
EXOR	Holding Company	0.3%	6.2%	17.7%	29,953	**31,395**	3.3%
Prosus	Holding Company	0.0%	25.4%	8.5%	28,687	**31,080**	3.2%
Top ten investments					**375,078**	**502,253**	**52.4%**
Investor AB 'A'	Holding Company	0.2%	14.1%	119.1%	6,662	**28,529**	3.0%
Jardine Strategic	Holding Company	0.2%	-14.2%	-19.0%	48,539	**27,793**	2.9%
Fujitec*	Japan	1.7%	24.8%	43.7%	16,449	**25,450**	2.7%
Godrej Industries	Holding Company	1.7%	-13.0%	-14.9%	29,770	**25,350**	2.6%
VNV Global	Holding Company	3.9%	93.7%	18.0%	21,604	**25,125**	2.6%
Christian Dior	Holding Company	0.0%	4.0%	1.5%	23,874	**24,124**	2.5%
Tetragon Financial	Closed-end Fund	2.6%	0.7%	2.2%	32,878	**23,730**	2.5%
doValue	Closed-end Fund	3.5%	3.1%	2.8%	27,551	**21,783**	2.3%
Aker ASA	Holding Company	0.8%	17.3%	113.0%	18,343	**20,287**	2.1%
Swire Pacific 'B'	Holding Company	1.0%	-10.9%	-28.9%	40,329	**20,035**	2.1%
Top twenty investments					**641,077**	**744,459**	**77.7%**
JPEL Private Equity	Closed-end Fund	18.4%	17.8%	73.0%	11,816	**19,103**	2.0%
Pasona Group*	Japan	3.8%	11.1%	19.3%	16,067	**18,433**	1.9%
Symphony International Holdings	Closed-end Fund	15.7%	2.4%	8.6%	26,636	**17,168**	1.8%
SK Kaken*	Japan	1.8%	-10.4%	-16.3%	19,056	**15,464**	1.6%
Kanaden*	Japan	4.2%	8.2%	20.5%	11,280	**13,070**	1.3%
Toshiba*	Japan	0.1%	n/a	n/a	11,944	**10,341**	1.1%
NS Solutions*	Japan	0.5%	32.1%	13.2%	9,097	**10,274**	1.1%
Hipgnosis Songs Fund 'C'	Closed-end Fund	1.2%	10.2%	1.7%	10,000	**10,200**	1.1%
Daiwa Industries*	Japan	2.8%	-6.3%	-14.9%	12,394	**9,913**	1.0%
Konishi*	Japan	2.1%	1.2%	1.6%	9,759	**9,674**	1.0%
Top thirty investments					**779,126**	**878,099**	**91.6%**

Company	Portfolio classification	% of investee company	IRR (%, GBP)[1]	ROI (%, GBP)[2]	Cost £'000[3]	**Valuation £'000**	% of total assets less current liabilities[#]
Teikoku Sen-I*	Japan	1.8%	16.5%	33.9%	7,077	**9,438**	1.0%
DTS*	Japan	1.1%	-2.6%	-1.4%	9,489	**9,280**	1.0%
Toagosei*	Japan	0.8%	1.1%	1.7%	9,161	**8,951**	0.9%
Digital Garage*	Japan	0.7%	23.1%	24.0%	7,175	**8,530**	0.9%
Naspers	Holding Company	0.0%	-8.1%	-3.2%	8,535	**8,234**	0.8%
Kato Sangyo*	Japan	0.7%	4.8%	12.5%	6,821	**7,593**	0.8%
GP Investments	Closed-end Fund	16.5%	-16.8%	-54.4%	16,162	**7,353**	0.8%
Sekisui Jushi*	Japan	1.0%	9.2%	16.1%	6,631	**6,821**	0.7%
Vietnam Phoenix Fund 'C'	Closed-end Fund	16.0%	19.5%	62.9%	5,775	**5,602**	0.6%
Bank of Kyoto*	Japan	0.1%	n/a	n/a	3,052	**3,467**	0.4%
Top forty investments					859,004	953,368	99.5%
Hipgnosis Songs Fund 'Ords'	Closed-end Fund	1.2%	10.2%	1.7%	3,000	3,026	**0.3%**
Better Capital (2009)	Closed-end Fund	2.1%	23.8%	46.6%	1,962	**2,616**	0.3%
Ashmore Global Opportunities – GBP	Closed-end Fund	8.5%	1.4%	2.4%	701	**394**	0.0%
Eurocastle Investment	Closed-end Fund	3.2%	3.1%	2.8%	380	**305**	0.0%
Total net equity exposure					865,047	959,709	100.1%
Net current assets and liabilities						(1,040)	-0.1%
Total assets less current liabilities[#]						958,669	100.0%

* Constituent of Japanese Special Situations basket.
[1] Internal Rate of Return. Calculated from inception of AVI Global's investment. Refer to Glossary on pages 95 to 98.
[2] Return on investment. Calculated from inception of AVI Global's investment. Refer to Glossary on pages 95 to 98.
[3] Cost (refer to Glossary on pages 95 to 98).
[#] Refer to Glossary on pages 95 to 98.

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

35 years' experience of long-term outperformance following our distinctive investment style (annualised NAV total returns of 11.3% 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 95 to 98.

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

AVI

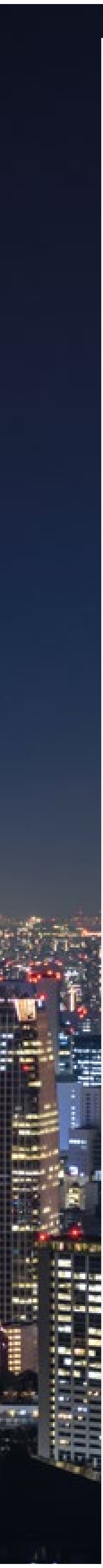
AVI Global Trust

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 2020, AVI's investment team owned 223,534 shares in AVI Global Trust plc.

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 leads us to invest in family-controlled holding companies, closed-end funds and special situations which, currently, we find in the theme of Japanese cash-rich operating companies.

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: Ferrari, EQT, AstraZeneca, Mandarin Oriental, Zalando, Alibaba, Tencent, LVMH, Livongo 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-end funds

The universe of listed closed-end funds is a rich and diverse one, with almost 300 investable funds in London alone, of which approximately 200 are trading at a discount.

Similar to holding companies, we look for certain qualities when we consider a closed-end fund investment. Most importantly, we look for portfolios of high-quality assets (both listed and unlisted) with good growth potential. Our portfolio of closed-end funds gives us exposure to many quality companies, such as Chipotle Mexican Grill, Starbucks, Hilton Worldwide, Minor International, Prudential, WebPros, Career Partner, Babylon and BlaBlaCar.

We also focus to a great extent on the discount to NAV at which the closed-end 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-end 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-end funds has generated half of its returns from discount narrowing.

Japanese cash-rich operating companies

This portion of the portfolio is currently invested in 15 Japanese operating companies which have, on average, 92% 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 this basket of stocks stands 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 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.

Performance Review

> Unprecedented times – crises – are the seeds of opportunity.

Joe Bauernfreund
Chief Investment Officer

WEIGHTED AVERAGE DISCOUNT*

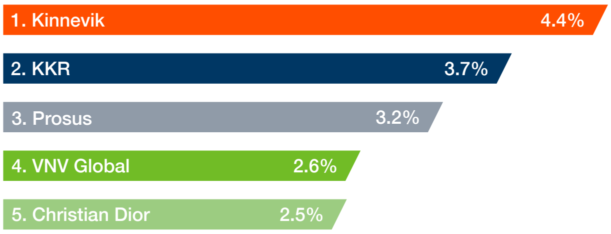
Source / Estimated by Asset Value Investors.

ANNUALISED NAV 10 YEAR TOTAL RETURN PER SHARE*

6.9%

TILTING THE PORTFOLIO

This year’s equity market volatility gave us the opportunity to establish or increase positions in high-quality companies trading at knock-down prices. Some of these new or increased positions include:



Q&A WITH JOE BAUERNFREUND

Q

How has COVID-19 impacted your investment decisions?

The impact of lockdowns on companies caused us to put a higher emphasis on resilience. As a result, we tilted the portfolio towards companies with robust, defensive earnings streams, strong balance sheets and high levels of cash flow generation. The flip-side of this is that the portfolio’s exposure to more cyclical and economically sensitive stocks has been reduced, although we emphasise that the portfolio’s overall exposure remains balanced.

Q

Can you elaborate a bit more on what you mean by ‘tilting’ the portfolio?

One outcome of tilting the portfolio has been a higher number of technology or ‘digitally enabled’ stocks in the portfolio. Kinnevik, VNV Global, SoftBank and Prosus all have a large portion of their underlying holdings exposed to these types of businesses. Examples of these include Zalando, Livongo, Babylon, BlaBlaCar, Alibaba and Tencent.

Another element of tilting has been a focus on quality companies with strong tailwinds behind them. Examples of this include KKR, whose growth is underpinned by increasing institutional demand for alternative assets, and Christian Dior, whose portfolio of luxury brands (through LVMH) allows it to command high and growing demand, strong pricing power and a significant moat.

Q

What do prospects look like for the future?

The economic impact of COVID-19 has been severe, and we are not out of the woods yet. Governments and central banks have been doing their utmost to soften the fall, and we expect that the introduction of a vaccination programme would help economic activity to return to some level of normality – albeit the timing is uncertain. When this happens, strong businesses with solid balance sheets and reasonable valuations can expect to thrive, especially against a backdrop of low interest rates. Your Company’s portfolio is well positioned to benefit from this and drive strong performance in the future.

For further information, please turn to **page 23 of the Annual Report**

* For definitions, see Glossary on pages 95 to 98.

It has been a year of two halves – or, perhaps more accurately, a play in three acts. Of course, the COVID-19 pandemic took centre stage, but there was no shortage of supporting roles, including the US-China trade negotiations, China's enactment of a national security law in Hong Kong, the OPEC+ dispute and subsequent oil price decline, and Brexit.

The first part of the financial year was characterised by low volatility and the steady upward march of markets. The second act, lasting from mid-February to mid-March, began when investors' view of COVID-19 and its implications turned rapidly and deeply negative. Markets plummeted by approximately one-third during this four-week period; the pace and severity of the sell off was breath-taking, exceeding even that 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. Finally, almost as quickly as it started, the rout ended, and markets began to recover, as the extraordinary efforts of governments and central banks underwrote the worst of the economic consequences. A strong rebound ensued, and by the end of the financial year, the MSCI ACWI ex-USA Index was down just -1.8% in GBP terms.

Your Company experienced a difficult first half, with a widening portfolio discount compounding NAV declines, leading to underperformance. This behaviour is in line with how we expect the portfolio to act during times of market stress. As we noted in AGT's half-year report, the wider portfolio discount has in the past been a deferred store of outperformance. It was pleasing that, in such a short space of time, this proved correct: as markets rebounded, a tightening of the portfolio discount in the latter half of the year provided a powerful tailwind to performance. By the year end, your Company had registered a flat NAV (+0.01%) in total return terms, versus -1.8% from the MSCI ACWI ex-USA Total Return Index. Nonetheless, while discount tightening has been helpful, the portfolio discount, at 35%, remains elevated relative to history and higher than the 33% at the start of the year.

Unprecedented times – crises – are the seeds of opportunity. We are pleased to report that we did not let the (market) crisis go to waste. In the run-up to the COVID-19 selloff, the portfolio's gearing had been lowered which, together with capital raised from reducing or exiting positions, provided us with significant resources to initiate or increase positions in high-quality names trading at knock-down prices. New or significantly increased investment in companies in the portfolio include Kinnevik, Prosus, KKR, Christian Dior, SoftBank Group, and VNV Global. Many of these businesses are very high quality, and boast resilient, growing earnings streams. Overall, the effect has been to tilt your Company's portfolio towards higher quality, more liquid stocks, and decrease exposure to cyclical or economically sensitive ones. Portfolio turnover for the year was c. 39%, versus 27% for the prior year, reflecting this tilt in the portfolio.

This increased emphasis on quality has been rewarding to date, as we estimate that the changes have added c. 6% to returns versus the pre-selloff portfolio.

Active management can prove its worth in market environments such as the one that we have gone through. The ability to seize an opportunity and exploit distressed asset prices can lead to valuable outperformance for investors.

Pivoting to the other side of the portfolio, several of our largest detractors – such as Riverstone Energy and Wendel – have been fully exited. The proceeds from these exits have been used in part to fund the investments discussed in the preceding paragraphs.

Other stocks which detracted this year – such as EXOR, Jardine Strategic, Swire Pacific, and Symphony International – remain in the portfolio. Each owns a portfolio of high-quality companies which have suffered as a result of the pandemic and/or are exposed to out-of-favour sectors including travel & hospitality, automobiles, and Hong Kong property.

Looking at your Company as a whole, we believe that the portfolio remains balanced, with multiple potential drivers of performance. In 2020, the two "firing cylinders" driving performance have been discount narrowing and the tilt towards higher-quality companies.

Thinking about future performance, we believe that there are several other cylinders that could drive returns. For example, holdings with exposure to beaten-down assets and sectors – such as the ones discussed in the preceding paragraph. While these assets are not popular now, they retain the potential to deliver significant performance in the future as economies and corporate profitability recover, leading investors to re-assess their prospects.

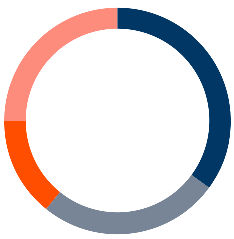
This balance is, in our view, a sensible approach to portfolio construction when the investing backdrop remains uncertain and unpredictable. Whilst high-growth, digitally-focused businesses have led the rally this year – and your Company has, in part, benefited from this trend – we hope that when economic activity recovers more broadly, the pessimistically priced areas of the stock market will recover and strongly contribute to your Company's returns.

Another cylinder to drive performance is the Japan Special Situations basket where, despite strong recent returns, there remains significant value locked up on company balance sheets. The pace of change in corporate Japan is gathering steam, and we are seeing significant improvements in terms of both balance sheet efficiency and corporate governance. Within AGT's own portfolio, we recorded two significant victories in the acquisition by Toshiba Corp of holdings NuFlare Technology and Toshiba Plant Systems & Services at premiums of 46% and 28%. We continue to engage actively with companies in the basket, and launched two public campaigns this year, targeting Fujitec and Teikoku Sen-I. These four companies were the most important contributors to the Japan Special Situations basket strong performance over the year.

We initiated the Japan Special Situations basket in June 2017, since when the strategy has generated returns of +30%. Despite this strong performance, and the significant progress that we are seeing in Japan, valuations in the basket remain extremely low – the EV/EBIT is just 4.9x, and, on average, net cash and listed securities represents 92% of market value. We believe that as the market begins to accept that changes in corporate Japan's practices are here to stay, and not another false dawn, it will reappraise the value on offer. The Japan Special Situations basket remains poised to generate very attractive risk-adjusted returns from here.

On the following pages, we provide more detail on key investments, as well as detailed analyses of the key contributors and detractors to performance over the past 12 months.

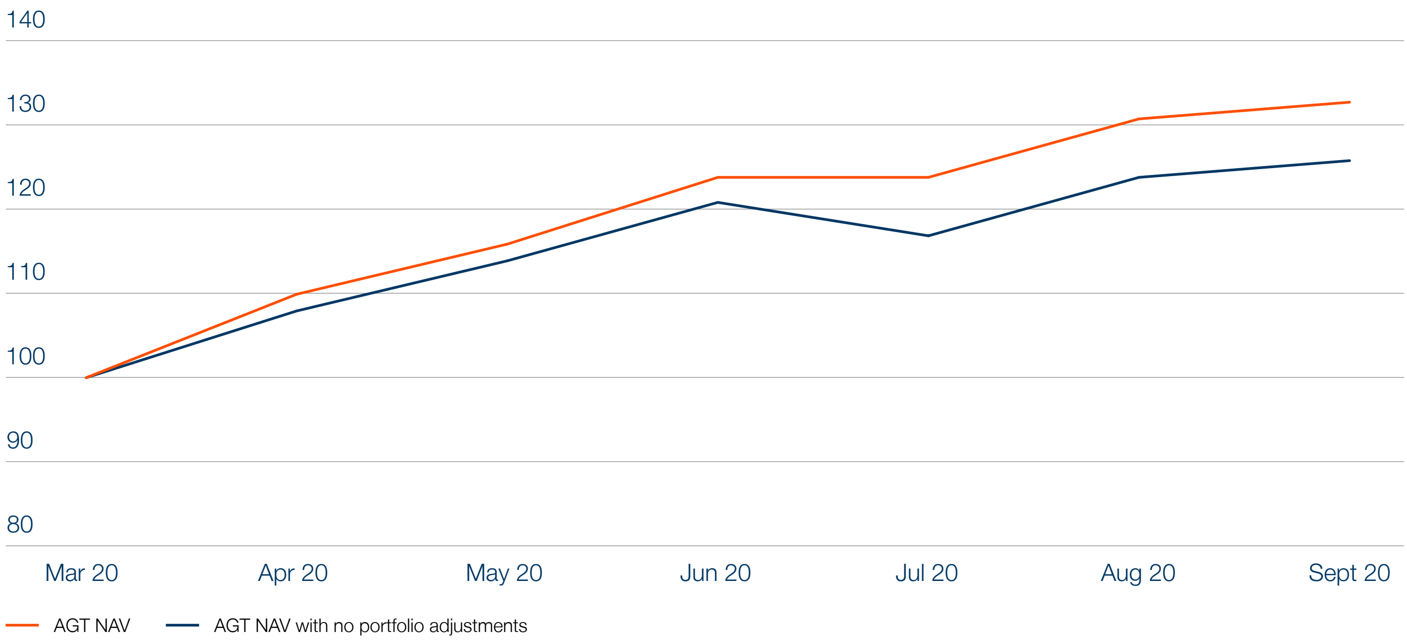
EQUITY PORTFOLIO VALUE BY MARKET CAPITALISATION



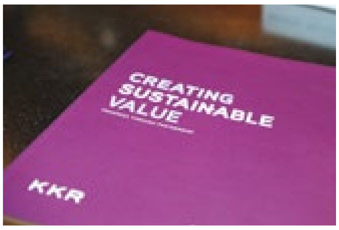
	2020 %	2019 %
<£1 billion	**35**	46
>£1 billion – <£5 billion	**26**	29
>£5 billion – <£10 billion	**14**	6
>£10 billion	**25**	19

Anticipating Strong NAV Growth from our Diverse Portfolio

PERFORMANCE OF AGT'S NAV VERSUS PERFORMANCE OF AGT'S NAV IF NO PORTFOLIO ADJUSTMENTS HAD BEEN MADE (TOTAL RETURN, IN GBP, REBASED TO 100)



NEWLY ESTABLISHED OR INCREASED HOLDINGS



KKR 3.7%

KKR is a US-listed alternative asset manager with USD290 billion of assets under management. The COVID-19 selloff gave us the opportunity to invest in KKR – a name we have been following for some time – at discounts of 45-50%.

The industry benefits from several tailwinds, with the most important being the increasing institutional demand for alternative assets, underpinned by the "lower-for-longer" interest rate environment. KKR's full suite of private equity, credit, and real assets stands to see it benefit from this powerful trend.

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

Prosus 3.2%

Prosus' main asset is a 31% stake in Tencent, the USD600 billion Chinese technology conglomerate operating across several sectors, including social media, digital advertising, video game publishing, mobile payments, media streaming and e-commerce.

Tencent's WeChat app operates as the backbone of China's digital infrastructure; its 1.2 billion monthly active users make it the premier destination for any company trying to operate online in China, which in turn attracts more users, and so forth. The cash flows from Tencent's attractive operating businesses can be reinvested into the business, or deployed into a portfolio of listed and unlisted digital businesses around the world.

Caption / Fortnite **Source /** Epic Games.

VNV Global 2.6%

VNV Global invests in disruptive digital businesses, especially ones that benefit from powerful network effects which raise barriers to entry for competitors. VNV's portfolio includes stakes in Babylon, BlaBlaCar, Gett, and Voi.

We are particularly excited about the prospects for Babylon, whose vision is to reorient healthcare towards prevention rather than cure, which results in better health outcomes for patients and lower costs for health systems. Babylon expects to generate run-rate revenues of $1 billion by end-2021 – versus a valuation in VNV's portfolio of $2.6 billion.

Source / Voi Technology.

Christian Dior 2.5%

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.

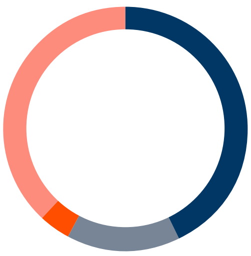
We see strong earnings upside from LVMH, as well as potential returns from the normalisation of the Christian Dior discount or a collapse of the holding structure.

Source / Daniel Day.

Source / Zalando SE

Kinnevik	4.4%

KINNEVIK HOLDINGS
% OF NAV



	%
Zalando (internet fashion retail)	43
Livongo (digital health management)	15
Global Fashion Group (internet fashion retail)	4
Other	38

KINNEVIK / LARGEST CONTRIBUTOR TO PORTFOLIO IN 2020

Kinnevik was the largest contributor to AGT's portfolio in FY2020, as the share price rose +85%. We added materially to the position during the COVID-19 selloff earlier in the year, and subsequently trimmed on strength. Kinnevik owns an exciting portfolio of digitally enabled businesses that have benefited from the pull-forward in digital adoption driven by the spread of COVID-19.

Zalando, the online fashion retailer, enjoyed +27% sales growth in the second quarter of 2020 as newly introduced social distancing measures drove the adoption of e-commerce. The company added three million customers to its platform, the most in a single quarter since 2013; on the supply side, management were proactive in using Zalando's rock-solid balance sheet to extend attractive terms to prospective partners. The beauty of Zalando's partnerships is that the more brands that join, the more customers will use the platform, which drives further brands to join, and so on in a virtuous cycle.

Livongo®

Livongo, the US-based chronic disease management company, was the star performer in the portfolio this year, with its shares rising eight-fold. Similar to Zalando, Livongo has benefited from trends towards digital adoption during lockdowns. In August, Livongo announced that it would be acquiring Teladoc, the leading US-listed telehealth provider, to create a company with unparalleled breadth as a holistic care platform. The transaction will allow Kinnevik to crystallise a portion of its returns (12x multiple of invested capital), and will make it easier to monetise the stake further in the future.

Contribution to returns

+3.13%

Discount

6%

NAV growth

+47%

Portfolio Review

TOP 20 LOOK-THROUGH COMPANIES

AVI Global Trust invests in holding companies and closed-end 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, AVI Global Trust owns a stake in SoftBank Group, a Tokyo-listed holding company, that accounts for 7.0% of AVI Global Trust's portfolio (and 7.6% of its NAV). SoftBank's largest holding is Alibaba, a Chinese internet retailer, which accounts for 72% of SoftBank's own NAV. This translates to AVI Global Trust having an effective exposure to Alibaba of 5.5% of AVI Global Trust's NAV. (Please note that AGT's full look-through exposure to Alibaba is 5.7% of NAV as Alibaba is also held by another company in AGT's portfolio.) 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
Alibaba	SoftBank	5.7%	Internet and Direct Marketing Retail
Tencent	Prosus / Naspers	3.8%	Interactive Media and Services
Fujitec	Fujitec	2.9%	Industrial Machinery
LVMH	Christian Dior SE	2.8%	Apparel, Accessories and Luxury Goods
Hidroelectrica	Fondul Proprietatea	2.4%	Electric Utilities
Sony Technologies	Sony	2.0%	Semiconductors
Zalando	Kinnevik	2.0%	Internet and Direct Marketing Retail
Benefit One	Pasona	1.8%	Human Resource and Employment Services
SK Kaken	SK Kaken	1.8%	Specialty Chemicals
Sony PlayStation	Sony	1.8%	Interactive Home Entertainment
Lowe's	Pershing Square Holdings	1.7%	Home Improvement Retail
Swire Properties	Swire Pacific B	1.7%	Real Estate Operating Companies
Godrej Consumer Products	Godrej Industries	1.5%	Personal Products
Kanaden	Kanaden	1.5%	Trading Companies and Distributors
Restaurant Brands	Pershing Square Holdings	1.5%	Restaurants
Aker BP	Aker	1.5%	Oil and Gas Exploration and Production
Chipotle Mexican Grill	Pershing Square Holdings	1.5%	Restaurants
Ferrari	EXOR	1.3%	Automobile Manufacturers
Agilent	Pershing Square Holdings	1.3%	Life Sciences Tools and Services
Hilton	Pershing Square Holdings	1.2%	Hotels, Resorts and Cruise Lines

PERSHING SQUARE HOLDINGS: HOW THE LOOK-THROUGH ANALYSIS WORKS

Pershing Square Holdings is a Euronext- and London-listed closed-end fund in which AVI Global Trust 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
Lowe's	20%	United States	Home Improvement Retail
Restaurant Brands	17%	North America	Restaurants
Chipotle Mexican Grill	16%	United States	Restaurants
Agilent	14%	Global	Life Sciences Tools and Services
Hilton Worldwide	14%	Global	Hotels, Resorts and Cruise Lines
Starbucks	10%	Global	Restaurants
Howard Hughes	4%	United States	Real Estate Development
Fannie Mae	3%	United States	Thrifts and Mortgage Finance
Freddie Mac	2%	United States	Thrifts and Mortgage Finance

CONTRIBUTORS

KINNEVIK

Classification Holding Company	**Total return on position FY20 (local)**[2] 38.6%
% of portfolio[1] 4.4%	**Total return on position FY20 (GBP)** 43.3%
Discount -6%	**Contribution (GBP)**[3] 313bps
% of investee company 0.6%	**ROI since date of initial purchase**[4] 82.5%

Kinnevik was the most significant contributor to your Company's returns over the past financial year – contributing 313bps. We wrote in last year's Annual Report that, just as it had done many times in the past, Kinnevik was transforming itself once again, into a smaller, more specialist early-stage growth investor, and that we had added to the position as the market took its time digesting this evolution. In what was the inaugural year of this "new" Kinnevik, the shares returned an impressive +85% as the NAV grew by +47% on a total return basis, and the discount narrowed from 22% to 6%. AGT added to its position materially during the sell off, subsequently trimming the position on strength.

Kinnevik is exposed to digitally enabled businesses that have benefited immensely from the pull forward in digital adoption due to COVID-19. This is true no more so than in e-commerce and healthcare, with Zalando (43% of NAV) returning +91%, and Livongo (15%) +703%.

Zalando, the online fashion retailer, which, enjoyed +27% sales growth in the second quarter of 2020, benefited from newly introduced social distancing measures which accelerated the adoption of e-commerce, highlighted by the company's addition of more than three million new customers (+20% year on year), the most in a single quarter since 2013. As well as the heightened demand, the current environment incentivises brands to establish partnerships with Zalando, whose management team has been proactive in using its rock-solid balance sheet to extend attractive terms to prospective partners. The beauty in these partnerships is that the more brands that join, the more extensive the platform offering, thereby attracting more customers, which in turn attracts more brands. This flywheel-effect is hugely powerful and helps establish Zalando as the starting point for fashion in Europe. We see a long runway for future growth as e-commerce penetration continues to increase and Zalando pushes into new markets.

The pandemic has also – unsurprisingly – had ramifications for the healthcare sector. The environment has served as a lightning rod for increased adoption of virtual medical services and digital health solutions. This is an area to which Kinnevik has considerable exposure, most notably through Livongo, the US-based chronic disease management company. In August it was announced that Livongo is to merge with Teladoc, the leading US telehealth company. The combined entity will have an unparalleled breadth as a holistic care platform, creating a strong client proposition and producing ample cross-selling opportunities. From Kinnevik's perspective, this deal allows it to crystallise a portion of the 12.5x multiple of invested capital made on Livongo (the deal is comprised of both stock and cash), as well as making it easier to monetise more of its stake in the future. Kinnevik has a total of 20% of its NAV invested in digital health, with Village MD (value-based care), Cedar (billing) and Babylon Health (AI-enabled healthcare), three of the other most exciting future prospects. Indeed, AGT has built a separate position in Swedish holding company VNV Global – another of Babylon's investors – so as to gain more direct exposure.

AGT has also benefited significantly from a narrowing of Kinnevik's discount to single digit levels versus 22% a year ago. Cognisant of the risks of discount widening, and having added to the position during the sell off, we sold approximately one-third of our stake at a sub-10% discount over the summer. With that said, we note that Kinnevik has a stated policy of distributing excess capital, and has distributed 26% of its market cap to shareholders over the last year. As such, a case can be made that Kinnevik warrants a tighter discount than it has traded on historically. Over the coming years it seems quite plausible that Kinnevik could make further large distributions, in the form of Tele2 or Zalando shares. Coupling this with Kinnevik's growing track record for value creation in its unlisted assets, we see continued upside in the shares.

1 For definitions, see Glossary on pages 95 to 98.
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 95 to 98 for further details.

Portfolio Review continued

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PERSHING SQUARE HOLDINGS / LOWE'S COMPANIES, INC.

Lowe's is a North American home improvement retailer. From one hardware store in Northern California in 1921, Lowe's has grown into one of the largest home improvement retailers in the world, serving 18 million customers per week and generating over $70 billion of revenue in 2019.

% of portfolio

8.9%

CONTRIBUTORS

PERSHING SQUARE HOLDINGS

Classification Closed-end Fund	**Total return on position FY20 (local)**[2] 23.8%
% of portfolio[1] 8.9%	**Total return on position FY20 (GBP)** 20.3%
Discount -30%	**Contribution (GBP)**[3] 267bps
% of investee company 1.0%	**ROI since date of initial purchase**[4] 34.4%

Pershing Square Holdings (PSH) was the second-largest contributor, adding 267bps to AGT's returns during the year. The fund generated excellent NAV total returns of +51%, although a widening of the discount from 27% to 30% restricted the share price total return to +45%.

As the COVID-19-induced selloff sent markets into a tailspin, PSH's portfolio materially underperformed the S&P 500 as a result of its higher exposure to lockdown-affected consumer-focused stocks. However, despite this, PSH's NAV performed resiliently led by an extraordinarily successful hedging programme. PSH's manager, foreseeing the economic damage of efforts to "flatten the curve", purchased credit default swaps covering large notional amounts (in excess of $70bn) of European and US predominantly investment grade credits. In a matter of weeks, as the selloff intensified and credit spreads widened, the value of the hedge jumped. Once unwound, a gain of USD2.6 billion was realised across Pershing's funds, a return of c. 100x the premium and commissions paid. This successful hedging endeavour was termed by one analyst as "arguably the greatest trade the UK closed-end industry has ever witnessed", and left PSH in the enviable position of having an enormous amount of capital to deploy into its portfolio of stocks at depressed valuations.

Many of PSH's underlying holdings have now reported quarterly earnings, allowing us to assess the impact of lockdowns on their businesses. On the whole, revenues have declined, as might be expected in the current environment – with the notable exception of Lowe's, a beneficiary of greater time spent at home and the subsequent increased demand for DIY home improvements. Earlier in the commentary, we advanced the view that crises sow the seeds of opportunity. This way of thinking has been useful in judging company performance over the past several months. We believe that what will matter most in 2020 is not the quarterly vicissitude of earnings, but rather how businesses dealt with the crisis.

With that in mind, Chipotle (one of PSH's holdings)'s actions during the crisis can serve as an instructive example. Chipotle introduced a number of initiatives during the past six months, including: (1) the introduction of free delivery through the Chipotle app to drive increased use; (2) introducing some "digital only" menu items to encourage customers to convert to ordering online; and (3) availing of real estate that has become available as competitors re-trench, accelerating new store launches with drive-through "Chipotlanes" to capitalise on changing dining habits. We like management's opportunistic mindset and believe that Chipotle's actions have turned a dismal economic environment into a strategic advantage.

PSH ended the year on a 30% discount, which appears anomalous given the quality of the portfolio; strong performance over the past two years; the manager's actions during the crisis, showing that the fund can offer downside protection, countering the criticism that investors are paying hedge fund-like fees for a long-only portfolio; and the NAV-accretive buyback programme (although, disappointingly, this has not been active of late).

The possibility of PSH's inclusion in the FTSE 100 index provides another potential catalyst for a tighter discount, as a result of the passive buying that such an event would trigger. PSH's discount tightened in August in the run-up to its potential inclusion in the index in the September quarterly review. Although PSH missed out this time round (and gave up its gains from discount tightening in response), it is likely a case of "when" rather than "if" it will enter the index should its strong performance continue.

1 For definitions, see Glossary on pages 95 to 98.
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4 Figure quoted in GBP terms. Refer to Glossary on pages 95 to 98 for further details.

Portfolio Review continued

CONTRIBUTORS

JAPAN SPECIAL SITUATIONS

Classification Japan	**Total return on position FY20 (local)**[2] 13.1%
% of portfolio[1] 17.4%	**Total return on position FY20 (GBP)** 10.2%
Discount -39%	**Contribution (GBP)**[3] 196bps
% of investee company n/a	**ROI since date of initial purchase**[4] 30.1%

Our Japan Special Situations basket was formed in 2017 composed of a selection of high-quality, over-capitalised small-cap Japanese companies. Continued improvements in corporate governance were a boon to the basket's performance over the year, which returned +10% vs +2% for the MSCI Japan Small Cap Index (in GBP terms) and contributed 199bps to returns.

Within the basket the key contributors were Fujitec (AVI public activist campaign), Teikoku Sen-I (AVI public activist campaign), Toshiba Plant and NuFlare Technology (both taken private by their parent company).

Fujitec, the largest holding in the Japan Special Situations basket and a 2.6% weight in AGT, contributed 126bps to returns over the year, making it the fifth-largest contributor in its own right. At the beginning of May, AVI launched a public campaign highlighting a multitude of issues at Fujitec. Fujitec manufactures, installs and maintains elevators and escalators (E&E), primarily in Asia – it is the maintenance part of Fujitec's business that is most appealing.

Regulations mandate the regular maintenance of E&E installations and, given that the original manufacturer knows the product intimately, this usually means that it is awarded a multi-decade maintenance contract – a veritable cash-cow, providing highly visible, high-margin revenues spread over many years. Over half of Fujitec's profits relate to this maintenance work and it is no surprise that many of Fujitec's peers, which benefit from similar dynamics, trade at EV/EBIT ratios of over 20x, and as high as 30x in Kone's case. What is surprising, however, is that Fujitec trades on an EV/EBIT of just 12x (albeit up from the 6x where it started the year). This discounted valuation stems from a myriad of factors, including poor corporate strategy, a lack of sell-side coverage, poor governance, and poor capital allocation. We initiated our campaign to raise awareness about these issues, with a specific focus on three key areas – operational efficiency, capital structure and corporate governance. Our presentation has so far been well received by other shareholders who share our concerns that the company is being run in a less-than-optimal manner. Most pleasingly, the company has responded to our suggestions with a notable improvement in its shareholder communications (in both English and Japanese) and a commitment to establishing a new strategic direction by the end of this calendar year.

Earlier in January we initiated a similar public campaign at Teikoku Sen-I, including a public presentation and two shareholder proposals. Our aim: to highlight the inefficiency of Teikoku Sen-I's balance sheet, which is replete with cash and investment securities, accounting for 52% of market value. AGT has been a shareholder of Teikoku since March 2018, and we have engaged with management consistently over the past two years to highlight changing corporate governance practices and suggest ways to improve capital allocation. Despite this, Teikoku's management has been recalcitrant and unaccepting of criticism, instead relying on a network of "group" shareholders to defeat AGM proposals aimed at releasing excess capital and rationalising the balance sheet. While, unsurprisingly, our two shareholder proposals did not pass, they received respectable support ratios of 25% and 22%, with the backing of a number of domestic Japanese institutions. During our campaign Teikoku announced a JPY4.2 billion CAPEX programme (c.20% of cash) to utilise its excess cash and expand its production facilities which the market viewed favourably. Teikoku Sen-I contributed 52bps to your Company's returns over the period.

Toshiba Plant (48bps contribution) and NuFlare (34bps contribution) both 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 of 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.

With the basket trading on an EV/EBIT multiple of 4.9x and listed securities and net cash covering 92% of the aggregate market cap, we remain convinced of the merits of our large allocation to the Japan Special Situations basket.

1 For definitions, see Glossary on pages 95 to 98.
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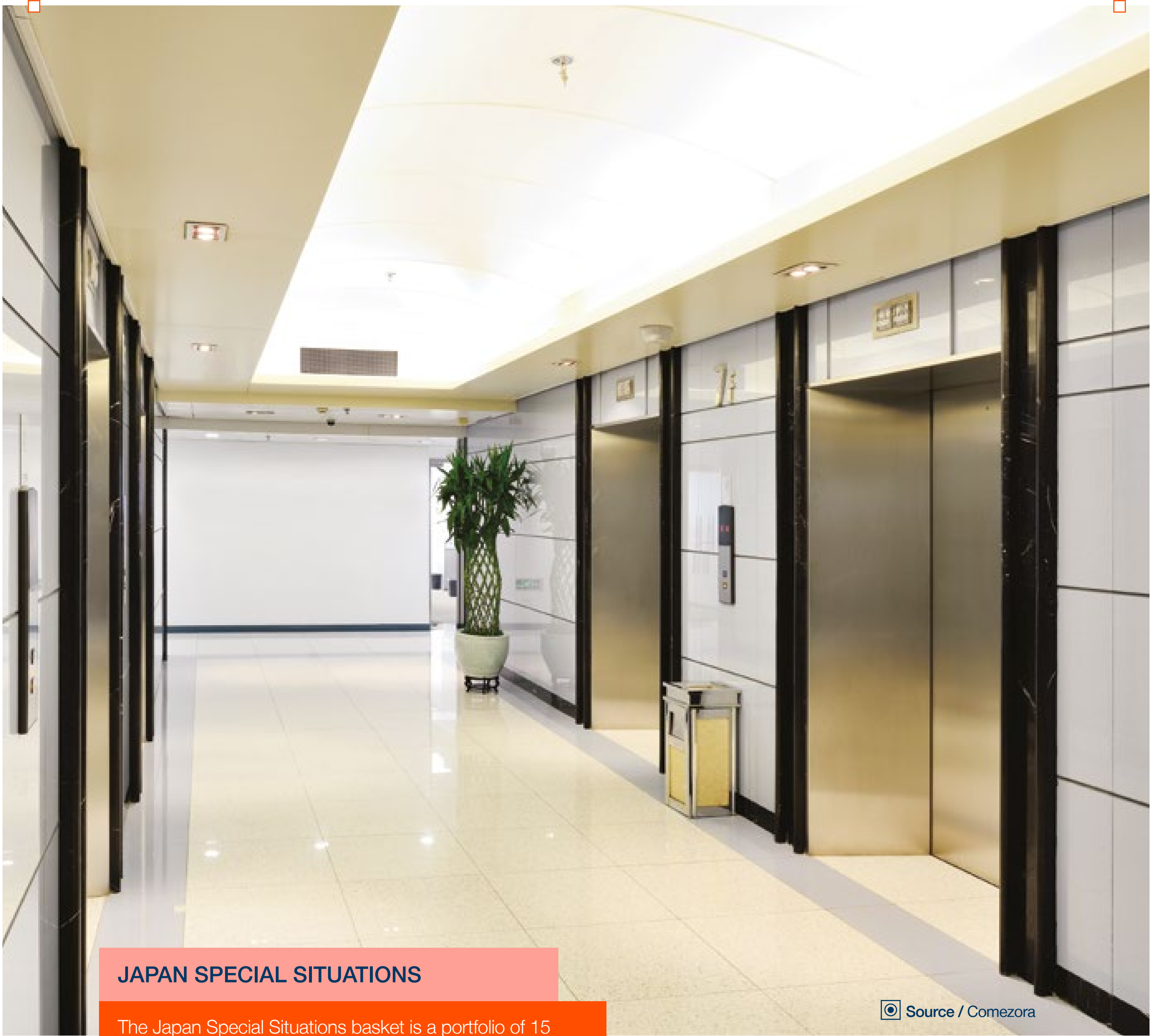

Source / Comezora

JAPAN SPECIAL SITUATIONS

The Japan Special Situations basket is a portfolio of 15 cash- and securities-rich Japanese operating companies. Pressure is mounting on Japanese companies to change their corporate governance practices and capital allocation policies. We believe that it is increasingly probable that these companies will begin to return excess capital to shareholders and take measures to improve the efficiency of their operations, with highly attractive risk-adjusted returns for shareholders.

% of portfolio

17.4%

EV/EBIT*

4.9x

Net cash as a % of market cap*

36%

Net cash and listed securities as a % of market cap*

92%

* For definitions, see Glossary on pages 95 to 98.

Portfolio Review continued

CONTRIBUTORS

SOFTBANK GROUP

Classification Japan	**Total return on position FY20 (local)**[2] 25.5%
% of portfolio[1] 7.0%	**Total return on position FY20 (GBP)** 28.7%
Discount -56%	**Contribution (GBP)**[3] 170bps
% of investee company 0.1%	**ROI since date of initial purchase**[4] 28.7%

SoftBank Group was the fourth-largest contributor to returns over the period, adding 170bps. We initiated a position in SoftBank – a GBP90 billion Japanese holding company whose key assets include stakes in Alibaba, SoftBank Corp (a Japanese telecommunications company), the Vision Fund, Arm Holdings, and T-Mobile US – in February 2020. During our short ownership we have made a return on investment of +26% and an IRR of +48%, in JPY.

SoftBank is a well-known name, plagued by negative headlines – surrounding the Vision Fund in general and the failed WeWork investment in particular. We felt that the publicity around these issues belied the fact that SoftBank's investment in the Vision Fund was simply not very material in terms of its economic impact, and was far outweighed by the value of the stakes in Alibaba (currently in excess of 70% of NAV) and, to a lesser extent, its telecoms holdings: Japan-listed SoftBank Corp and US-listed T-Mobile; and had created an opportunity in terms of a widening discount to NAV at SoftBank.

Despite knowing the company well and notwithstanding the discount opportunity, our view was that there was a lack of meaningful catalysts that could prompt a re-rating of SoftBank's depressed share price. This changed when, in February, news broke that deep-pocketed activist Elliott Advisors had taken a large stake in the company and was seeking sizable buybacks, improved transparency, and better governance.

Having acquired our initial position at what we believed was a very wide discount to NAV, we then saw the discount push out even wider over the COVID-19-inspired market sell off, and we continued to increase our position over this period at discounts approaching 70% and at prices a third lower than where our first purchases were made.

A combination of the pressure from shareholders (we also wrote to the company outlining our recommended course of action) and from the sell off led to Masa Son, SoftBank's CEO and founder, announcing some unambiguously shareholder-friendly measures: SoftBank announced a JPY500 billion buyback (an estimated 6% of market cap at the time of the announcement) followed by a thumping commitment to realise JPY4.3 trillion of assets and buy back a further JPY2.0 trillion of shares (26% of market cap, or 32% in total) in addition to reducing debt. Alongside this, SoftBank announced the appointment of new independent directors to its Board and has improved transparency around the Vision Fund. This was welcome news for investors and, from the nadir in March, the share price has bounced back by +141%, and ended the period +13% above the pre-COVID price at which we initially purchased shares.

We believe that, despite the strong gains, SoftBank still represents exceptional value, a claim which we buttress with two observations. Firstly, the average discount of 40-50% that the market has applied to SoftBank in the past is likely no longer appropriate, given that it has shown itself willing to reduce leverage, improve capital allocation and tentatively embrace higher standards of corporate governance. There is, therefore, significant upside to the 56% discount at which SoftBank ended the period. Secondly, ongoing share buybacks generate risk-free, immediate, and certain NAV accretion for remaining shareholders. As such, we continue to see significant upside in SoftBank's shares, and think the ultimate end game may well be a creeping management buyout via further aggressive share buyback programmes.

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SONY

Classification Japan	**Total return on position FY20 (local)**[2] 23.9%
% of portfolio[1] 5.5%	**Total return on position FY20 (GBP)** 21.1%
Discount -40%	**Contribution (GBP)**[3] 114bps
% of investee company 0.1%	**ROI since date of initial purchase**[4] 34.6%

Sony was the fifth-largest contributor to returns this year, adding 114bps. Its share price rose +29%, behind NAV at +38%, as the discount widened from 36% to 40%.

Whilst Sony is well known to many as a consumer electronics manufacturer, our investment case is predicated on Sony's attractive four "crown jewel" businesses: Gaming, Music, Pictures, and Semiconductors. Together, these four businesses account for 81% of operating profits, and have posted 16% annual operating profit growth over the past two years. Despite this, Sony trades on a 40% discount, which we believe can be explained in part by the complexity of the conglomerate structure, which packages businesses with unique characteristics into a single entity. Pervasive, hard-to-dispel misperceptions about Sony's businesses can also obscure value. Such misconceptions include the idea that the Semiconductor business is exposed to growth in smartphones, or that the mobile communications business will be indefinitely lossmaking. Our research indicates, however, that 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, we expect the mobile business to return to profitability.

Perhaps the most pervasive misconception surrounds Sony's Gaming division, which accounts for 24% of sales and 28% of operating profits. Historically, Sony's gaming business suffered from earnings cyclicality, driven by its legacy business model which relied heavily on hardware sales. With 37% of PS4 owners subscribing to PS Plus, Sony's gaming subscription service, we feel that this indicates that the gaming business is moving away from cyclical hardware to a subscription-based digital model, as further highlighted by the introduction of the disk-less PS5. Over the lifecycle of the PlayStation 4, Sony has improved its subscription service offering, introducing microtransactions, platform fees, and a streaming service, allowing Sony to generate recurring revenue streams and reduce reliance on hardware sales. These new recurring revenues are prized by investors, as they are stable, sticky, and high margin – lending greater visibility to the Gaming division's future earnings. COVID has accelerated the shift to digital, with consumers switching away from physical games, and traditional retail stores, to purchasing content directly on their consoles. With the launch of the PS5 in the 2020 holiday period, Sony is well-positioned to capitalise on further digitalisation, with Sony's PS Now and PS Plus subscriptions giving the business a powerful embedded user base that remains tied to Sony's platforms driven by high-quality first-party titles. Overall, the prospects for future growth, and the conversion from hardware-dependent revenues to a recurring-revenue model are highly exciting and we believe that the Gaming division will be one of Sony's top performers in the future.

Much attention has been drawn to Sony's conglomerate structure, largely from a public activist campaign by Third Point. While we are encouraged by actions that Sony has taken to improve the structure, including the sale of its listed stake in Olympus and a ramp-up in the buyback programme, it is clear that the structure is here to stay. In May Sony announced that they will change their name from 'Sony Corp' to 'Sony Group', and form separate executive teams at each business line.

We would have preferred that certain assets within the structure were spun-off, but we always saw that as a free option on top of the appeal of Sony's high-quality assets operating in secular growth industries. However, we take some solace in Sony's decision to create a decentralised holding structure with management accountability at each business line, which we think will ultimately lead to higher margins and growth. Furthermore, since we first invested, management have demonstrated some advantages to having music, pictures, and gaming under one entertainment holding company – with cross-collaboration between divisions creating unique and differentiated content.

As we have said on previous occasions, Sony is a classic AGT investment – quality, growing assets that are misunderstood and overlooked by the market due to a complex holding structure, and multiple levers to pull to create and unlock value. We continue to see Sony as a highly attractive investment.

Portfolio Review continued

CONTRIBUTORS

KKR

Classification Holding Company	**Total return on position FY20 (local)**[2] 40.3%
% of portfolio[1] 3.7%	**Total return on position FY20 (GBP)** 33.2%
Discount -29%	**Contribution (GBP)**[3] 94bps
% of investee company 0.2%	**ROI since date of initial purchase**[4] 33.2%

We initiated a position in KKR, the US-listed alternative asset manager, in March 2020, accumulating a stake at an average estimated discount of 45-50%. The shares have returned +39% on the weighted-average buy price, adding 94bps to returns.

We have liked the alternative asset managers for some time, and this year's selloff allowed us to establish a position at a steep discount to our estimate of intrinsic value. We believe that KKR has multiple secular tailwinds favouring it, many of which are misunderstood by the market:

- KKR operates in a highly attractive industry, with secular growth driven by increasing institutional investments in alternative assets, underpinned by a "lower-for-longer" interest rate environment.
- Its full suite of alternative strategies – private equity, credit, real assets – allows it to cross-sell to its investors, and benefit from institutional investors looking to consolidate their asset manager relationships.
- Investments in developing new strategies over the last ten years should start to see increasing performance fees as these mature and scale. Up-front investment in these areas has stifled margins, which we expect to increase from here.
- KKR is unique in having a capital markets business that, by sourcing and syndicating loans, handling refinancings, conducting IPOs, etc., can extract more value from each unit of activity relative to its peers. KKR also does capital markets work for third parties, adding another income stream.
- One of KKR's differentiating factors is its very large balance sheet consisting of investments in, and co-investments alongside, its own investment funds. As well as generating attractive returns in its own right in a fee-free manner for shareholders, the balance sheet also allows for potentially higher growth than peers given that it can be used to support/seed new investment strategies.
- The long-duration nature of the capital managed by alternative asset managers results in stable and highly visible revenues, with carried interest (performance fees) consistently undervalued as an income stream by the market.

In July of this year, KKR announced that it would be acquiring a controlling stake in Global Atlantic, a provider of fixed and fixed-indexed annuities, at a valuation in excess of USD4 billion. Global Atlantic is one of the top players in its industry with an excellent track record, having grown earnings and book value by double-digit figures over the past several years. In our view, it is a high-quality business with the potential for significant growth in the future as low interest rates compel the insurance industry to consolidate and seek out managers of capital who can earn returns on assets in excess of the rates owing on their liabilities.

In addition to Global Atlantic's value as a business per se, we also think that the acquisition is transformational for KKR as an asset manager, as it will manage 100% of Global Atlantic's assets, providing it with an additional USD71 billion of assets under management (AUM) on which fee income can be earned. This additional AUM is permanent in nature, thus increasing the visibility and quality of KKR's fee-related earnings. We estimate that the deal will increase KKR's AUM by one-third, and that permanent capital as a percentage of AUM will increase from 9% to 33%.

There are multiple avenues for KKR to pursue that can increase this earnings stream further, including: (a) deploying some of Global Atlantic's capital into KKR's own funds on which it can earn fees; (b) earning fees on co-investors that KKR brings into Global Atlantic; and (c) fees on "sidecar" funds, essentially large pools of committed capital that Global Atlantic can draw down in order to complete large deals.

When we initiated the position in KKR, we viewed it as a high-quality business in a growth sector. The acquisition of Global Atlantic has, in our opinion, further enhanced the quality of the business and its growth prospects. In this light, the 29% discount at which KKR trades (to our estimate of intrinsic value) appears anomalous, and we remain enthusiastic about the prospect of strong returns from here.

1 For definitions, see Glossary on pages 95 to 98.
2 Weighted returns adjusted for buys and sells over the year.
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CONTRIBUTORS

OAKLEY CAPITAL INVESTMENTS

Classification
Closed-end Fund

% of portfolio[1]
7.4%

Discount
-29%

% of investee company
14.9%

Total return on position FY20 (local)[2]
13.7%

Total return on position FY20 (GBP)
13.7%

Contribution (GBP)[3]
93bps

ROI since date of initial purchase[4]
47.4%

Oakley Capital Investments (OCI) is, for the third year running, one of the largest contributors to your Company's returns. This year, growth came from OCI's NAV (+13% in total return terms), with the discount remaining static at 29%. In total, OCI contributed 93bps.

OCI posted a +4% NAV total return for the six months to June 2020, despite the negative impact of the COVID-19 pandemic on some parts of its portfolio. Returns in the main were driven by the realisation of Inspired, the global network of private K-12 schools, at a +25% uplift to carrying value, and strong growth from Career Partner, a private German university benefiting from an increase in student numbers as often happens during a recession. Following the realisation of Inspired and WebPros, and several refinancings, OCI now holds approximately 40% of its NAV in cash. This gives it significant flexibility to fund its commitments to Fund IV and the recently established Origins fund, support its existing portfolio companies, and fund a NAV-accretive buyback programme.

Helpfully, OCI breaks out its portfolio into separate segments, based on how COVID-19 has affected it. Approximately 23% of the portfolio is invested in companies that have either been unimpacted or benefited from lockdowns. Another 27% has seen some short-term disruption but is already recovering, although the potential for further lockdowns could dampen this progress.

Names such as Career Partner, WebPros, Seven Miles, Ocean Technologies, and Contabo – active in sectors including tertiary education, web hosting software, gift cards and maritime e-education – have seen increased or unimpacted revenues and profitability over the past six months. Interestingly, four of these five companies were acquired in the last 12 months, meaning that they are held at cost in the portfolio. That is to say, these investments have not been revalued, despite strong performance; we expect this performance to be seen in the next valuation of the portfolio (December 2020).

Turning to the other parts of the portfolio, c. 28% of NAV is invested in companies that have been significantly disrupted. This includes names such as Time Out and North Sails, both of which have a significant physical presence in the form of Time Out Markets and North Sails Apparel stores. Time Out was recapitalised in May (to which OCI and Oakley contributed), de-gearing its balance sheet and leaving it with sufficient cash to fund operations for the next year. With five out of six Time Out Market locations now re-opened and demand for advertising space increasing again, we are confident that the group can recover from here.

As readers will be aware, OCI has traded at a significant discount to NAV for some time – primarily the result of poor corporate governance in the past, including significantly dilutive share issuances. At the time of writing, the discount remains at a wide 29%.

Our investment thesis is founded in part on the belief that OCI has turned a corner, and is serious about becoming a best-in-class operator from a corporate governance perspective. We note significant improvements which affirm this view: (a) a commitment, enshrined in recently amended bye-laws, not to issue shares at a discount; (b) an ongoing share buyback programme which to date has bought back 7% of outstanding shares at a discount to NAV; (c) a re-listing from the AIM to the SFS, and a voluntary commitment to comply with a large proportion of the requirements of the FCA's premium listing rules; and (d) improved transparency and communication.

Over the past five years, OCI has been one of the top performers among UK listed private equity funds. When we consider this strong growth, and the corporate governance improvements we are witnessing, we believe that it can only be a matter of time before the market begins to appreciate the value on offer and award a substantially higher valuation to OCI.

Portfolio Review continued

CONTRIBUTORS

INVESTOR AB

Classification Holding Company	**Total return on position FY20 (local)**[2] 25.5%
% of portfolio[1] 3.0%	**Total return on position FY20 (GBP)** 31.4%
Discount -17%	**Contribution (GBP)**[3] 74bps
% of investee company 0.2%	**ROI since date of initial purchase**[4] 119.1%

Investor AB – the Wallenberg-controlled family holding company – was also a significant contributor to returns. The shares returned +26%, benefiting from strong NAV growth of +23%, as well a slight narrowing of the discount from 19% to 17%.

Investor's portfolio is split between listed securities (76% of NAV) and unlisted Patricia Industries investments (29%), both of which contributed to NAV growth. Starting with the listed, Atlas Copco (16% of NAV) returned +44% over a period in which it reported record orders and sales for its 2019 results. Copco's shares have rallied off the March lows to new record highs. Investors appreciated the relative defensiveness of its services and its cyclically-resilient after-sales offering, as well as the nature of many of its products, which are often mission critical but make up a low fraction of a user's cost base. Investor has continued to add to its position in ABB (11% of NAV) – now increased by 14% over the last two years. Despite its exposure to the attractive trends of automation and electrification, ABB has been a serial underperformer over the last decade. Investor were instrumental in the appointment of Björn Rosengren as CEO earlier in the year, who will seek to simplify what has become a complex structure; drive operational and margin improvement; and return nearly USD8 billion to shareholders in the form of buybacks following the sale of the Grids division.

During the year, white goods manufacturer Electrolux spun off its Professional arm as a separate listed business: Electrolux Professional. The Professional business, which manufactures equipment for restaurant and hotel kitchens as well as laundry services, is a market leader in a structurally more attractive market, warranting a higher multiple than the rather commoditised legacy home appliance business. This is a further example of the active approach Investor takes to ownership, which in recent years has included the spin-off of Epiroc from Atlas Copco, the sale of ABB's Power Grids division and the IPO of EQT. We note that Investor's running costs have totalled little more than 10bps over the last 12 months – a fee rate that we do not see available from many "activist" investors.

Turning to Patricia Industries, Mölnlycke – Investor's unlisted jewel – has generally performed well, notwithstanding a more recent headwind from delays to elective surgeries in light of COVID. 2019 sales grew by +4% organically, with strong cash generation allowing Mölnlycke to distribute EUR425 million up to Patricia. Peer multiples have also expanded, supporting an increase in valuation. Elsewhere, Investor has been actively supporting its less mature unlisted businesses, with medical equipment provider Laborie (2% of NAV) acquiring US-based Clinical Solutions. Just before year-end Patricia made a new investment for the global leader in analytical osmolality, Advanced Instruments.

AGT has held shares in Investor since 2002. Just as then, we believe the opportunity to align capital with such thoughtful long-term active stewards of capital is an attractive one. We remain excited about the prospect of future returns.

1 For definitions, see Glossary on pages 95 to 98.
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 95 to 98 for further details.

Source / Atlas Copco AB

INVESTOR AB / ATLAS COPCO

Atlas Copco is a global industrial company based in Stockholm. Founded in 1873, today Atlas Copco's leading compressors, vacuum technology, pumps, generators, and power tools can be found in over 180 countries worldwide.

% of portfolio

3.0%

Portfolio Review continued

CONTRIBUTORS

FONDUL PROPRIETATEA

Classification Closed-end Fund	**Total return on position FY20 (local)**[2] 23.8%
% of portfolio[1] 4.7%	**Total return on position FY20 (GBP)** 20.3%
Discount -19%	**Contribution (GBP)**[3] 64bps
% of investee company 2.9%	**ROI since date of initial purchase**[4] 75.6%

Fondul Proprietatea (FP) added 64bps to AGT's returns. Growth was driven by a combination of NAV growth (+12% in USD terms – driven in part by a 5% weakening of USD relative to RON) and a tightening of the discount from 25% to 19%. Overall, shareholders earned total returns of +21%.

We wrote last year that FP had had a turbulent year, after the Romanian government's Emergency Ordinance, targeting companies in the electricity and gas sectors, seemed likely to significantly impair value for FP shareholders.

This year has been a better one. The Emergency Ordinance has been almost entirely repealed, thus eliminating the impact on FP's holdings. In October of 2019, the ruling PSD party lost a vote of no confidence, leaving a caretaker government in place until the country can hold its general election in December 2020.

Looking to the future, we believe that the key catalysts that we have previously identified for unlocking value within FP remain intact. The IPO of Hidroelectrica (47% of NAV) is particularly exciting, as its valuation within FP is significantly lower than the multiples at which similar peers trade. Hidroelectrica's listing would make it the only pure-play hydropower company in the world, which we think could attract significant attention from institutional investors interested in renewable, infrastructure, and ESG-compliant assets.

Other significant catalysts could include: (1) a future IPO of Bucharest Airports (7% of NAV) once air travel returns; (2) the reduction of the stake in OMV Petrom (13%), with the proceeds being used to fund NAV-accretive buybacks and tender offers; and (3) the sale of FP's stakes in Enel's Romanian distribution subsidiaries (7%).

While the timing of these events has been thrown into uncertainty as a result of the pandemic, we believe that they are nonetheless likely over the medium term, and hold out the promise of generating significant value for shareholders. In the meantime, we are happy to hold a high-quality, cheaply-valued portfolio at a 19% discount while being paid a 5% dividend, and the company continues to conduct NAV-accretive tender offers and buybacks.

COSAN LTD

Classification Holding Company	**Total return on position FY20 (local)**[2] 19.8%
% of portfolio[1] n/a	**Total return on position FY20 (GBP)** 15.9%
Discount n/a	**Contribution (GBP)**[3] 57bps
% of investee company n/a	**ROI since date of initial purchase**[4] 69.6%

Having been the largest contributor in the last financial year, Cosan Ltd (CZZ) – the NYSE listed holding company of two further Brazilian listed holding companies – contributed again to this year's performance, as AGT exited its highly successful investment. Over the course of a three-year holding period, CZZ achieved a GBP total return of +70% versus +2% for the MSCI ACWI ex-US index.

As a reminder, AGT's investment in CZZ was predicated on both the enormous amount of value that was trapped in the overly complex double holding company structure, as well as the attractive nature of the underlying holdings.

As we wrote in last year's Annual Report, "CZZ has consistently communicated its intention to simplify the holding structure". In 2020 this came to fruition, as Cosan SA – one of the aforementioned Brazilian holding companies – announced the intention to become the sole group holding company: CZZ shareholders would receive shares in Cosan SA, whilst Cosan Logistica, the holding company structure through which rail-operator Rumo is controlled, was also to be collapsed. In response to this the look-through discount tightened to a low-teen level, compared to the near 60% at which we first started buying. As such, the decision was made to exit the investment on valuation grounds.

Over the life of the investment, on a look-through basis, the bulk of our returns was generated by discount narrowing, from a weighted average 57% on the buys to 40% on the sells – a +41% return. Impressive local look-through NAV returns of +46% were pared back to +14% in USD terms, as the depreciation of the Real hurt dollar-denominated CZZ.

All in all, CZZ serves as a prime example of AGT's approach to finding high-quality misunderstood assets, with catalysts in place to unlock their value.

1 For definitions, see Glossary on pages 95 to 98.
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.
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DETRACTORS

WENDEL

Classification Holding Company	**Total return on position FY20 (local)**[2] -39.2%
% of portfolio[1] n/a	**Total return on position FY20 (GBP)** -40.0%
Discount n/a	**Contribution (GBP)**[3] -117bps
% of investee company n/a	**ROI since date of initial purchase**[4] 27.7%

French family-controlled holding company Wendel was the fifth-largest detractor from your Company's returns. During the period we exited the position.

While AGT's investment in Wendel was by no means a terrible one, neither was it a roaring success. Over six years, Wendel achieved a total return of +11% (in EUR terms), versus +19% for the MSCI ACWI ex-US. The depreciation of sterling meant that AGT experienced a +27% total return in GBP. Returns were driven entirely by NAV growth, with the discount stubbornly wide at c. 31% across our buys and sells.

The investment in Wendel was built on the attractive nature of the assets, Wendel's sizeable investments in unlisted businesses, and the possibility of monetising these at uplifts to what seemed a conservative NAV, coupled with the potential for discount narrowing as the impact – both in terms of balance sheet strain and investor sentiment – of the poorly timed 2007 acquisition of Saint Gobain waned.

Starting with the latter, management, particularly under André François-Poncet, did a good job of reducing leverage and indeed exited Saint Gobain in full. Where the disappointment lay was in a lack of events. Whilst Allied Universal was successfully exited, an unfavourable operating environment saw the possible IPO of IHS delayed; neither Constantia nor Stahl were monetised, and Stahl in particular suffered worsening conditions in its key end markets. Events can serve as means through which valuations are proven, and management's ability to create value is certified. A lack of events can leave investors questioning why they should own Wendel, where such a large portion of NAV is held in one listed entity, Bureau Veritas.

Finding a happy medium between patience and decisiveness is one of fund management's great balancing acts. In the case of Wendel, with few catalysts on the horizon and reduced conviction in the NAV, the decision was made to exit the investment in the spring. Doing so gave us valuable capital which we were able to reinvest into more attractive opportunities, all with greater prospects for outperformance.

RIVERSTONE ENERGY

Classification Closed-end Fund	**Total return on position FY20 (local)**[2] -61.1%
% of portfolio[1] n/a	**Total return on position FY20 (GBP)** -61.1%
Discount n/a	**Contribution (GBP)**[3] -156bps
% of investee company n/a	**ROI since date of initial purchase**[4] -75.0%

Riverstone Energy (RSE) detracted -156bps from returns, as the combination of a declining NAV and widening discount drove the share price significantly lower. A breakdown in relations between the OPEC+ group of nations impacted the supply of oil, while the impact of lockdowns was felt in a sharp drop in demand. Together, these factors drove precipitate declines in the price of West Texas Intermediate (WTI) oil. The extent of the dislocation in the oil markets was observed in late April when the May-20 WTI futures contract went briefly negative – a historical first – over concerns about storage bottlenecks, meaning that buyers would be paid for taking delivery of oil.

It was against this backdrop that we took the difficult decision to sell our entire position back to the company as part of a share repurchase programme announced along with the first quarter valuations. The sale 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 focused to too great an extent on our assessment of the undervaluation of certain of the 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.

Portfolio Review continued

DETRACTORS

SWIRE PACIFIC 'B'

Classification
Holding Company

% of portfolio[1]
2.1%

Discount
-64%

% of investee company
1.0%

Total return on position FY20 (local)[2]
-39.9%

Total return on position FY20 (GBP)
-41.9%

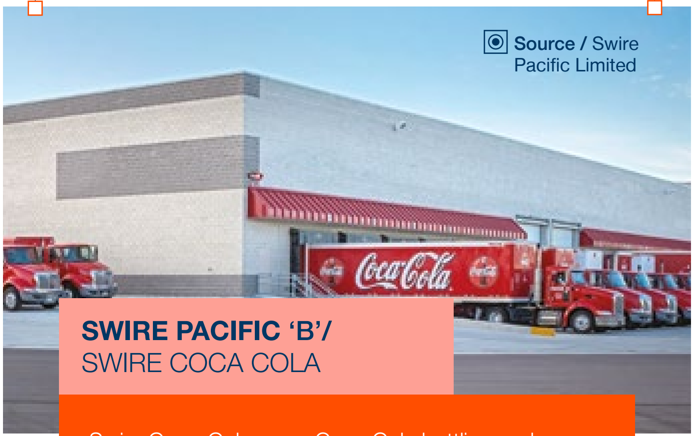
Contribution (GBP)[3]
-165bps

ROI since date of initial purchase[4]
-28.9%

Swire Pacific 'B' reduced NAV by 165bps with the discount ballooning out from 47% to 64% which, on a NAV falling by -16%, drove a total return of -41% in HKD.

Swire Pacific is dominated by Swire Properties with it now accounting for over 72% of NAV, with the remainder of the portfolio (Swire Coca Cola, Cathay Pacific and HAECO) still given a negative valuation by the market. While Swire Properties may dominate the NAV, Cathay Pacific (11% of NAV) has certainly once again dominated the headlines as it required a sizeable capital injection to save the business. Passenger numbers fell dramatically on Cathay's routes – as few as 500 passengers a day were flying – as COVID halted travel in the first quarter with little recovery in international travel since. As one could imagine, any period with passengers reduced to effectively zero was not sustainable and shareholders and the Hong Kong government stepped in to provide HKD39 billion of capital through a mixture of preference shares and a bridge loan from the Hong Kong government, as well as a rights issue for existing shareholders. This capital provides a runway for international travel to return, and we estimate that the company has enough cash now on hand to manage the current cash burn rate until early 2022. However, this assumes that travel numbers stay at depressed levels. We believe that the upcoming strategic review which should be announced by the end of the year is key to resetting Cathay's cost base and strategy going forward.

Swire Properties was obviously impacted greatly by extradition law protests in 2019 as retailers in its prime shopping centres were shuttered. This appeared to be easing as we entered 2020; however, COVID, the introduction of the national security law, and the worsening US-China trade war have hit Hong Kong sentiment greatly. While Swire Properties' office portfolio has performed well, with occupancy remaining high and still reversionary, sentiment is poor as people are concerned about the longer-term future for Hong Kong as the financial centre of Asia. It is expected that vacancies on Hong Kong Island will increase as international companies move space to other centres in Asia, while the impact of COVID has delayed the expansion of mainland Chinese companies into Hong Kong. While this has a short-term impact we believe that there will not be a widespread exodus of international companies from Hong Kong.



Source / Swire Pacific Limited

SWIRE PACIFIC 'B'/
SWIRE COCA COLA

Swire Coca-Cola owns Coca Cola bottling and distribution franchises in the USA and China, with a combined franchise population covering over 700 million people. With their China franchise covering half the Chinese population they aim to benefit from the rising middle class and the roll out of higher priced Coca-Cola brands not yet launched in China.

% of portfolio
2.1%

Hong Kong still provides a gateway to a huge growth market for many international companies and is therefore a required base for many companies looking to expand into China. In addition, due to the US-China trade war, the Hong Kong Stock Exchange as a destination for Chinese companies to list is becoming more attractive and we have seen many already list in Hong Kong, either as a primary listing in new IPOs or secondary listings. This will create office demand in Hong Kong for those companies listing and the ancillary services which support listed companies. Swire Properties is particularly geared to the latter with its Hong Kong Island East portfolio which targets back office type tenants who require/desire cheaper rents than those available in Central.

While Swire Pacific has been a particularly painful investment over the last two years we believe the current valuation, a 65% discount to NAV with Swire Properties at share price, or an even more egregious 80% discount to NAV with Swire Properties at NAV, is not sustainable. While this has been our position for some time now, we nonetheless maintain that it is correct to hold at this time due to the significant headwinds encountered and navigated so far.

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2 Weighted returns adjusted for buys and sells over the year.
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DETRACTORS

JARDINE STRATEGIC

Classification
Holding Company

% of portfolio[1]
2.9%

Discount
-49%

% of investee company
0.2%

Total return on position FY20 (local)[2]
-32.3%

Total return on position FY20 (GBP)
-33.8%

Contribution (GBP)[3]
-213bps

ROI since date of initial purchase[4]
-19.0%

Unfortunately, Jardine Strategic (JS)'s poor performance continued as the company detracted 213bps from NAV over the year. This return was driven by both a falling NAV (-22%) and widening discount from 40% to 49% as the share price fell by 34%.

Last year JS was navigating the stormy waters of extradition law protests in Hong Kong, which had a large impact on its portfolio companies. Going into this financial year, protests continued up until the end of 2019, however as we entered 2020 there was a sense that the protests were petering out and that some normality might return to daily life in HK. While painful, the protests were localised problems only impacting part of JS's portfolio. Then 2020 began and more intense storms began to bluster, with Hong Kong providing no safe harbour. As we now know the COVID outbreak in early 2020 has had a profound impact on JS's investee companies across all geographies, with explicit exposure to retail properties (Hongkong Land), retailers (Dairy Farm), commodities and commodity-related economies (Jardine Cycle & Carriage) and the tourism industry (Mandarin Oriental).

While dealing with COVID, in April it was reported that the Chinese government was going to introduce a national security law, which was duly passed in June. The passing of this law has created much direct fall out with the US removing Hong Kong's "special status", and it also further worsened US-China relations in general causing much debate about the long-term future of HK as the financial centre of Asia.

With all the above, as you can imagine few parts of the portfolio emerged unscathed. Dairy Farm and Jardine Cycle & Carriage, accounting for 36% of NAV, were the worst performers in the portfolio. Dairy Farm, while benefiting from stay at home policies in its grocery retail portfolio, suffered from its health & beauty and convenience store networks which in large parts were closed. Despite this the company remained profitable during the period, due to the strong performance from the grocery retail division which saw a 471% increase in operating profit on revenue growth and margin expansion.

Jardine Cycle & Carriage is highly geared to the commodity cycle through its exposure to the mining industry (through their holding in Astra International) and their auto-distribution businesses. With the shut down of large parts of the global economy, commodity prices have seen sharp selloffs and demand has not returned fully as yet. This resulted in poor mining operations and lower sales of heavy equipment at United Tractors (60% owned by Astra International). The lockdown measures in place impacted JCC's auto-distribution businesses (both via Astra and directly held) as show rooms were closed and production was halted. Four-wheel and two-wheel auto sales have fallen by c. 40-50% in their target markets, with lower margins further impacting net income. In addition, financial services saw increased loan loss provisioning and deferred payments have been offered to customers.

JARDINE STRATEGIC / HONGKONG LAND

Hongkong Land's largest asset base is its best-in-class office and retail portfolio in Central, Hong Kong, comprising 4.8 million square feet of office and retail space in the heart of the financial district. They continue to expand in China with the recently announced acquisition of the exciting West Bund development site in Shanghai, which will provide a similar best-in-class mixed-use development on a prime site in Shanghai.

% of portfolio

2.9%

While large parts of the portfolio were impacted, two holdings, Mandarin Oriental and Zhongsheng, were bright spots in the portfolio. Mandarin Oriental, while obviously suffering from a lack of travel across the globe, is nonetheless up by 15% over the year. While it is hard to pinpoint the exact reason, given its exposure to international travel, we believe that the value in the Excelsior Hotel development site in Hong Kong, which is being converted into a mixed-use office-led building, is becoming apparent. This site alone is valued in excess of the market cap of Mandarin Oriental. It could be argued that this development does not belong in Mandarin's portfolio in the long term so we could see this property sold at some point in the future.

Jardine Strategic has had a torrid two years, with both NAV declines and discount widening creating a double-whammy headwind. While this has been painful, the company has been active in managing its portfolio and now sits with over USD2.3 billion of cash on the balance sheet to deploy into markets where it sees opportunity.

Portfolio Review continued

DETRACTORS

SYMPHONY INTERNATIONAL

Classification Closed-end Fund	**Total return on position FY20 (local)**[2] -54.7%
% of portfolio[1] 1.8%	**Total return on position FY20 (GBP)** -56.9%
Discount -57%	**Contribution (GBP)**[3] -240bps
% of investee company 15.7%	**ROI since date of initial purchase**[4] 8.6%

Symphony International was your Company's largest detractor during the year, reducing returns by 240bps. Both a falling NAV (-35%) and a widening discount contributed to total share price returns of -55%.

Key holding Minor International (30% of NAV) fell sharply over the year as a result of the COVID-19 lockdowns, which saw the large majority of both its hotels and restaurants temporarily closed, with the exception of some regions including Australia, New Zealand, Africa and (more recently) China. With a fall in earnings and cash flows, concerns grew over Minor's ability to service its debt – the burden of which had increased following Minor's acquisition of NH Hotels. We were confident that these fears were exaggerated, given a number of factors: (1) Minor's strong asset-backing, opening the option to conduct sale-and-leasebacks; (2) undemanding covenants on its debt; (3) the extension of the NH Hotel bridging loans; and (4) gross cash and undrawn facilities equating to two-thirds of market cap. Nonetheless, Minor's management prudently decided to issue USD600 million of perpetual bonds and equity (c. 20% of market cap) in order to shore up the balance sheet.

Looking to the future of Minor, the immediate environment is murky. Leisure travel has declined precipitously and likely will take some time to recover. However, this is not Minor's first crisis: the 2003 SARS outbreak, 2004 tsunami, 2010 Icelandic ash cloud, and multiple bouts of domestic political strife have all loomed threateningly at times. Minor's management team has in the past steered it deftly through these crises, a testament to its skill. Furthermore, the quality and wide reach of Minor's brands suggest that it will participate in any eventual global economic recovery, while the strong rebound of its Chinese operations provides optimism for its global business once COVID-19 is behind us.

Symphony International's very wide discount (57%) is, we believe, primarily a function of poor governance, misalignment of interests of the Board/Manager with shareholders, and the illiquidity of the shares. We continue to engage with the Board and management regarding solutions to its persistently wide discount. We note in this regard the recent announcement that Symphony would reduce the minimum management fee from USD8 to USD6 million annually, which is welcome albeit barely even a start on addressing our concerns. All said, there is considerable value to be unlocked at the company and we remain focused on achieving a successful outcome in this respect.

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Outlook

Joe Bauernfreund

KEY FACTS

Total assets*
£1,000m**

Launch date
1 July 1889

Average annualised NAV total return*
+11.3%**

Tom Treanor

Scott Beveridge

Daniel Lee

Darren Gillen

Wilfrid Craigie

Ross McGarry

* Refer to Glossary on pages 95 to 98.
** As at 30 September 2020.
*** From 30 June 1985 to 30 September 2020.

Outlook

The spread of COVID-19 around the globe has had an unprecedented and severe impact on national economies. The scientific community is only starting to get to grips with the heretofore little-studied virus; this, coupled with the fluidity and speed of the pandemic's development, renders any 'outlook' discussion almost obsolete before the ink even dries.

Nonetheless, there are some reasons to be hopeful. The introduction of a vaccination programme would pave the way for economies to normalise and return to full capacity; as such, national governments have an increasingly clear map by which to navigate out of the forest. However, we are by no means out of the woods yet, with the timing of any vaccination programme being uncertain and fears of a 'second wave' stalking Western economies.

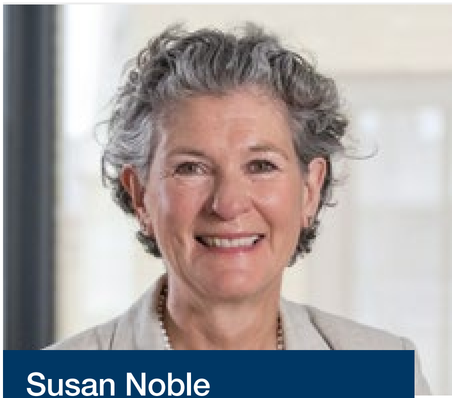
If or when economies return to some form of normality, we expect high-quality companies with solid balance sheets and reasonable valuations to thrive, especially against a backdrop of ultra-low interest rates. We believe that your Company's portfolio is well positioned to benefit from this eventuality, which should drive strong performance in the future.

All of us at Asset Value Investors thank shareholders for their continued support.

Joe Bauernfreund
Chief Executive Officer
Asset Value Investors Limited

12 November 2020

A Diverse Leadership Team



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 and an Associate Director of Manchester Square Partners.

Experience and Contribution:
Formerly Chairman of Alliance Trust Investments, 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:
2019

Annual Remuneration:
£45,000

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:
13,665 Ordinary Shares

Nigel Rich CBE, FCA

Senior Independent
Non-Executive Director

A M N D

Date of Appointment:
March 2012

External Appointments:
Non-Executive Director of Matheson & Co Ltd, Chairman of Urban Logistics REIT plc.

Experience and Contribution:
Formerly Chairman of SEGRO plc, Xchanging plc, Ocean Group/Exel plc, CP Ships Limited and Hamptons Group Limited and Director of Pacific Assets Trust plc, Granada plc and ITV plc. Also formerly Managing Director of Jardine Matheson Holdings and Group Chief Executive, Trafalgar House plc. Nigel's contribution to the Board results from his experience as a senior executive and chairman of companies in Asia and the UK. Nigel is also a Chartered Accountant, which is relevant to his role on the Audit Committee.

Last re-elected to the Board:
2019

Annual Remuneration:
£31,500

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:
18,000* Ordinary Shares

* 3,000 held by Cynthia Rich.

Calum Thomson FCA

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, BLME Holdings plc, Standard Life Private Equity Trust, and Baring Emerging Europe 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).

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:
2019

Annual Remuneration:
£34,000

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:
8,898 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 BMO Global Smaller Companies plc, 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 basket, along with experience of broader international funds and, in recent years, as a non-executive director.

Last re-elected to the Board:
2019

Annual Remuneration:
£29,000

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:
7,300 Ordinary Shares

Graham Kitchen
Independent Non-Executive Director

A M N D

Date of Appointment:
January 2019

External Appointments:
Chairman of Invesco Perpetual Select Trust plc, 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. Graham is an experienced fund manager and Chief Investment Officer and brings to the Board experience both of managing investments and of managing teams of investment managers.

Last re-elected to the Board:
2019

Annual Remuneration:
£29,000

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:
9,000* Ordinary Shares

*2,500 held by Jane Kitchen.

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	8 (8)	5 (5)	3 (3)	2 (2)	0
Anja Balfour	8 (8)	5 (5)	3 (3)	2 (2)	0
Graham Kitchen	8 (8)	5 (5)	3 (3)	2 (2)	0
Nigel Rich	8 (8)	5 (5)	3 (3)	2 (2)	0
Calum Thomson	8 (8)	5 (5)	3 (3)	2 (2)	0

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

The Directors present their report and the audited financial statements for the year ended 30 September 2020.

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 is a qualifying company for the purposes of Stocks & Shares ISAs.

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 2020 was 12.9%. Long-term debt comprised three tranches of Loan Notes, of £30m, €30m and €20m, and shorter-term debt, a JPY9.0bn unsecured revolving credit facility.

Results and Dividends
The Company loss for the year was £1,970,000, which included a profit of £10,134,000 attributable to revenue (2019: profit of £24,303,000 which included a profit of £21,169,000 attributable to revenue). The profit for the year attributable to revenue has been applied as follows:

	£'000
Current year revenue available for dividends	10,134
Interim dividend of 6.0p per Ordinary Share paid on 3 July 2020	6,439
Recommended final dividend payable on 4 January 2021 to shareholders on the register as at 4 December 2020 (ex dividend 3 December 2020):	
– Final dividend of 10.5p per Ordinary Share	11,041*
	17,480

* Based on shares in circulation on 10 November 2020.

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

Ordinary Shares

At 30 September 2020, there were 116,003,133 (2019: 116,003,133) Ordinary Shares of 10p each in issue, of which 10,451,403 (2019: 5,877,465) were held in treasury and therefore the total voting rights attaching to Ordinary Shares in issue were 105,551,730.

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.

Loan Notes

At 30 September 2020, 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: 4.184% Series A Sterling Unsecured Loan Notes 2036
- on 15 January 2016: 3.249% Series B Euro Unsecured Loan Notes 2036
- on 1 November 2017: 2.93% Euro Senior Unsecured Loan Notes 2037

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 and 2.93% on the €20m Euro Senior Loan Notes.

Capital entitlement

The Loan Note holders are entitled to repayment of principal 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

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,

in each case together with interest accrued up to and including the date of redemption.

The estimated fair values of the Loan Notes as at 30 September 2020 were Series A: £38.7m and Series B: £34.8m and Euro Senior: £22.8m, being £8.8m, £7.7m and £4.7m respectively above the amortised values excluding interest.

Had the Company been liquidated on 30 September 2020, the redemption premium would have amounted to £21.4m 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 40% of net assets. The Company also has a short term 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.

Directors and Board Structure
The Directors of the Company are listed on pages 44 and 45. All served throughout the period under review.

In accordance with the AIC's Code of Corporate Governance, all of the 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. During the year under review, this annual review was facilitated by an external agency, Lintstock Limited. 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 44-45 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 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 beneficial interests of the current Directors and their connected persons in the securities of the Company as at 30 September 2020 are set out in the Directors' Report on Remuneration Implementation on pages 84 and 85.

Nigel Rich is a non-executive director of Matheson & Co Ltd, a subsidiary of Jardine Matheson whose subsidiary, Jardine Strategic, is an investee company. The Board has a procedure for managing any potential conflicts of interest and Mr Rich would, if considered necessary, absent himself from discussions on investments in Jardine Matheson and related companies.

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.

The Chairman was independent on appointment and remains 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.

Audit Committee

The Audit Committee met five 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 79 to 81 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.

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. During the year under review, the Management Engagement Committee paid particular attention to the potential effects of the COVID-19 pandemic on the ability of the Investment Manager and key service providers to maintain a satisfactory level of service.

At its annual review of the Investment Manager the Committee resolved to propose a change to the contractual arrangements with the Investment Manager, as described in the Chairman's Statement.

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 and would be taken into account when compiling the specification for candidates for new Board appointments.

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 greater 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 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 the Nomination Committee discussed succession planning, recognising that the ninth anniversary of the appointments of Susan Noble and Nigel Rich will occur in March 2021. The Board agreed that Nigel Rich will retire from the Board in 2021 and Susan Noble will retire from the Board in 2022. The Board recognises that Susan Noble will have been a Director for over ten years at her planned retirement date but believes that the planned approach provides for orderly succession, as set out in the AIC Code. The other Directors confirm that Susan Noble continues to be independent and do not foresee any circumstances which would compromise her independence in the future. The Nomination Committee will be responsible for the search for suitable candidates to replace retiring Directors.

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.

Management Arrangements

AVI, the Investment Manager, is the Company's appointed AIFM, and is engaged under the terms of an Investment Management Agreement ('IMA') dated 17 July 2014. The IMA is terminable by one year's notice from either party, other than for "cause". Following a review carried out during the year, it was agreed that this notice period will reduce to six months with effect from 1 October 2020.

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, calculated quarterly by reference to the net assets at the preceding quarter end and paid monthly. As set out in the Chairman's Statement, with effect from 1 October 2020 the fee rate will reduce to an annual rate of 0.60% for that proportion of net assets in excess of £1 billion.

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 0.5 basis points and 4 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 £71,369, 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.

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 2020, 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 page 80.
The sustainability of the company's business model	The sustainability of the business model is set out in the Viability Statement on pages 55 to 56.
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 12 to 14 and the description of the Board structure on page 48.

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 8 and more details on AVI's ESG Policy is on page 15 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. In 2019/2020, the Board formally defined its culture and values, and behaviours and attributes that promote it. More information on our culture and how it is aligned with the Company's purpose and strategy can be found in the Culture and Values on page 12 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 the Board considers is NAV total returns, details of which can be found on page 8. 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 8 to 11, in the Audit Committee Report on pages 79 to 81 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 13 and 14 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 48. 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 and assisted in the year under review by an appraisal facilitated by Lintstock Ltd, have concluded that the Chairman has fulfilled her role and performed well to support effective functioning of the Board. Further information on our culture can be found on page 12.
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 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 49.

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 greater 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 guide long-term succession plans, and recognises the need and value of progressive refreshing of the Board. Both policies are described in more detail in the description of the Nomination Committee's activities on page 49.
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. The Board engaged Lintstock Ltd to conduct this year's evaluation.
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 79 to 81.
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 79 to 81 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 79 to 81.
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 Directors do have shares in the Company and the details of their shareholdings are set out on page 85.
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 82 to 85. 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 83, although because there are no performance related elements of the remuneration, there is 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 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 47.

At 30 September 2020 and 10 November 2020, the following holdings representing more than 3% of the Company's voting rights had been reported to the Company:

	Number held at 30 September 2020	Percentage held at 30 September 2020	Percentage held at 10 November 2020
Lazard Asset Management LLC	7,889,193	7.47%	7.50%
Interactive Investor	6,205,593	5.88%	5.90%
Hargreaves Lansdown Asset Management Limited	5,832,334	5.53%	5.55%
1607 Capital Partners, LLC	5,442,504	5.16%	5.18%
Halifax Share Dealing Limited	5,427,484	5.14%	5.16%
Charles Stanley & Co Limited	4,966,694	4.71%	4.72%
Smith & Williamson Investment Management Limited	3,781,990	3.58%	3.59%
Finda Oy	3 400 000	3.22%	3.23%

No other changes have been notified.

Financial Risk Management
The principal risks and uncertainties facing the Company are set out on pages 8 to 11. 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
The Company's environmental statements are set out in the Strategic Report on page 15. 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.

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. Further information about the Company's external Auditor, including tenure, can be found in the Audit Committee's Report on pages 79 to 81.

Annual General Meeting
The Notice of the AGM to be held on 17 December 2020 (the 'Notice') is set out on pages 90 to 93. 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 up to 35,049,460 Ordinary Shares of 10p each, 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 10 November 2020,10,854,751 shares were held in treasury, representing 9.357% 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 of 5,257,419 Ordinary Shares, being approximately 5% of the Ordinary Shares (excluding shares held in treasury) in issue as at 10 November 2020, 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 or above the prevailing net asset value.

No shares were issued in the year to 30 September 2020.

Resolution 13 – Share buyback facility
At the AGM held on 19 December 2019, the Directors were authorised to make market purchases of up to 14.99% of the shares in circulation at the date of that meeting. As at 10 November 2020,10,854,751 shares have been bought back under this authority. 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 15,761,742 Ordinary Shares as at 10 November 2020, 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.

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.

Resolution 15
Shareholders will be aware that the Board is progressing succession plans for two long-serving Directors. This process is likely to involve a transitional period when the number of Directors might for a short period exceed five. In order to provide the Board with the flexibility it might need over this period, it is, in accordance with the Company's Articles of Association seeking shareholders' approval by way of ordinary resolution to increase the aggregate amount of Directors' annual remuneration to £300,000 from £200,000.

Resolution 16 – new Articles of Association
This resolution, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles of Association (the 'New Articles') in order to update the Company's current Articles of Association (the 'Existing Articles'). The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation and developments in market practice since the Existing Articles were adopted, and principally include provisions enabling the Company to hold shareholder meetings using electronic means (as well as physical shareholder meetings or hybrid meetings).

While the New Articles (if adopted) would permit shareholder meetings to be conducted using electronic means, the Directors have no present intention of holding a virtual-only meeting. These provisions will only be used where the Directors consider it is in the best of interests of shareholders for a hybrid or virtual-only meeting to be held. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

The Board is also taking the opportunity to make some additional minor or technical amendments to the Existing Articles, including: (i) the inclusion of a procedure in the event an insufficient number of Directors are re-elected at an annual general meeting of the Company; and (ii) the removal of the requirement for the Company to place advertisements in national newspapers in relation to untraced shareholders. These changes reflect modern best practice and are intended to relieve certain administrative burdens on the Company.

A copy of the New Articles, together with a copy showing all of the proposed changes to the Existing Articles, will be available for inspection on the Company's website, www.aviglobal.co.uk/

Details of the above resolutions are contained in the Notice of the AGM to be found on pages 90 to 93.

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.

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 have considered the likely impacts of the current COVID-19 pandemic on the Company, operations and the investment portfolio.

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 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. These tests were driven by the possible effects of continuation of the COVID-19 pandemic but, as an arithmetic exercise, apply equally to any other set of circumstances in which asset value and income are significantly impaired. 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, 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 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 and €20m which falls due for repayment in 2037. This debt was covered over 8 times as at the end of September 2020 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 short-term debt of JPY4,000m and £10m via an unsecured revolving credit 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 the COVID-19 pandemic 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 on this page, in assessing the potential effects of the COVID-19 pandemic the Directors have completed stress tests which included plausible downside scenarios.

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 risks as set out on pages 8 to 11, 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

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 with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 IFRSs as adopted by the EU;
- 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.

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 issuer, together with a description of the principal risks and uncertainties that they face.

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

12 November 2020

Financial Statements / Statement of Comprehensive Income

For the year ended 30 September 2020

	Notes	2020 Revenue return £'000	2020 Capital return £'000	2020 Total £'000	2019 Revenue return £'000	2019 Capital return £'000	2019 Total £'000
Income							
Investment income	2	**15,157**	**–**	**15,157**	26,209	–	26,209
(Losses)/gains on financial assets and financial liabilities held at fair value	8	**–**	**(3,073)**	**(3,073)**	–	15,916	15,916
Exchange losses on currency balances		**–**	**(1,594)**	**(1,594)**	–	(1,572)	(1,572)
		15,157	**(4,667)**	**10,490**	26,209	14,344	40,553
Expenses							
Investment management fee	3	**(1,789)**	**(4,173)**	**(5,962)**	(1,887)	(4,404)	(6,291)
Other expenses (including irrecoverable VAT)	3	**(1,630)**	**–**	**(1,630)**	(1,403)	(66)	(1,469)
Profit/(loss) before finance costs and taxation		**11,738**	**(8,840)**	**2,898**	22,919	9,874	32,793
Finance costs	4	**(913)**	**(2,150)**	**(3,063)**	(1,087)	(7,028)	(8,115)
Exchange (losses)/gains on loan revaluation	4	**–**	**(1,114)**	**(1,114)**	–	288	288
Profit/(loss) before taxation		**10,825**	**(12,104)**	**(1,279)**	21,832	3,134	24,966
Taxation	5	**(691)**	**–**	**(691)**	(663)	–	(663)
Profit/(loss) for the year		**10,134**	**(12,104)**	**(1,970)**	21,169	3,134	24,303
Earnings per Ordinary Share	7	**9.36p**	**(11.18p)**	**(1.82p)**	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 year after tax is also the total comprehensive income.

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

For the year ended 30 September 2020

	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 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	**–**	**–**	**–**	**(31,072)**	**–**	**–**	**(31,072)**
Total comprehensive income for the year	**–**	**–**	**–**	**(12,104)**	**–**	**10,134**	**(1,970)**
Ordinary dividends paid (see note 6)	**–**	**–**	**–**	**–**	**–**	**(22,294)**	**(22,294)**
Balance as at 30 September 2020	**11,600**	**7,335**	**28,078**	**764,245**	**41,406**	**30,941**	**883,605**
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

* Within the balance of the capital reserve, £675,997,000 relates to realised gains (2019: £692,232,000) which under the Articles of Association is distributable by way of dividend. The remaining £88,247,000 relates to unrealised gains and losses on financial instruments (2019: £115,189,000) 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 2020

	Notes	**2020 £'000**	2019 £'000
Non-current assets			
Investments held at fair value through profit or loss	8	**959,709**	972,824
		959,709	972,824
Current assets			
Total Return Swap assets	15	**–**	4,784
Other receivables	9	**8,775**	6,418
Cash and cash equivalents		**31,596**	64,725
		40,371	75,927
Total assets		**1,000,080**	1,048,751
Current liabilities			
Total Return Swap liabilities	15	**–**	(3,979)
Revolving credit facility	10	**(39,314)**	(30,037)
Other payables	10	**(2,097)**	(1,865)
		(41,411)	(35,881)
Total assets less current liabilities		**958,669**	1,012,870
Non-current liabilities			
4.184% Series A Sterling Unsecured Loan 2036	11	**(29,899)**	(29,892)
3.249% Series B Euro Unsecured Loan 2036	11	**(27,140)**	(26,466)
2.93% Euro Unsecured Loan 2037	11	**(18,025)**	(17,571)
		(75,064)	(73,929)
Net assets		**883,605**	938,941
Equity attributable to equity shareholders			
Ordinary share capital	12	**11,600**	11,600
Capital redemption reserve		**7,335**	7,335
Share premium		**28,078**	28,078
Capital reserve		**764,245**	807,421
Merger reserve		**41,406**	41,406
Revenue reserve		**30,941**	43,101
Total equity		**883,605**	938,941
Net asset value per Ordinary Share	13	**837.13p**	852.61p

These financial statements were approved and authorised for issue by the Board of AVI Global Trust plc on 12 November 2020 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 2020

	2020 £'000	2019 £'000
Reconciliation of (loss)/profit before taxation to net cash inflow from operating activities		
(Loss)/profit before taxation	**(1,279)**	24,966
Losses/(gains) on investments held at fair value through profit or loss	**3,073**	(15,916)
Early redemption premium of debenture stock	**–**	4,436
Decrease/(increase) in other receivables	**1,441**	(389)
(Decrease)/increase in other payables	**(158)**	452
Taxation (paid)/received	**(685)**	2,168
Exchange losses on Loan Notes and revolving credit facility	**391**	1,974
Amortisation of debenture and loan issue expenses	**20**	55
Net cash inflow from operating activities	**2,803**	17,746
Investing activities		
Purchases of investments	**(424,934)**	(256,192)
Sales of investments	**431,936**	286,018
Cash inflow from investing activities	**7,002**	29,826
Financing activities		
Dividends paid	**(22,294)**	(14,439)
Payments for Ordinary Shares bought back and held in treasury	**(30,633)**	(13,001)
Repayment of Debenture Stock	**–**	(19,436)
Drawdown of revolving credit facility	**10,000**	27,775
Cash outflow from financing activities	**(42,927)**	(19,101)
(Decrease)/increase in cash and cash equivalents	**(33,122)**	28,471
Reconciliation of net cash flow movements in funds:*		
Cash and cash equivalents at beginning of year	**64,725**	36,251
Exchange rate movements	**(7)**	3
(Decrease)/increase in cash and cash equivalents	**(33,122)**	28,471
(Decrease)/increase in net cash	**(33,129)**	28,474
Cash and cash equivalents at end of year	**31,596**	64,725

* Includes movements in money market funds.

Certain items have been reclassified in comparison to the prior-year financial statements to better reflect the nature of the cash flows.

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 financial statements of the Company have been prepared in accordance with IFRS as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'), and as applied in accordance with the provisions of the Companies Act 2006. The annual 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 have considered the likely impacts of the current COVID-19 pandemic on the Company, operations and the investment portfolio.

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 current cash balance plus available 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 Company is in a net current liability position as at 30 September 2020, however this is not determined to be a going concern risk due to the significant portfolio of level 1 investments which could be sold to settle liabilities.

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. These tests were driven by the possible effects of continuation of the COVID-19 pandemic but, as an arithmetic exercise, apply equally to any other set of circumstances in which asset value and income are significantly impaired. 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, 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 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. These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments, changes in disclosure and presentation requirements. 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 2020 as follows:

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The Directors do not anticipate that the adoption of the above standard will have a material impact on the financial statements as presented.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS 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 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 is considered to be one critical judgement, being that the Directors consider the Company's functional currency to be Pounds Sterling. There are no further significant judgements or estimates in these financial statements.

1. General information and accounting policies continued

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 timeframe 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, 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.

The Company held no leases during the current or prior years.

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.

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 to be held in treasury 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;
- costs of Debenture Stock redemption;
- 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.

2. Income

	2020 £'000	2019 £'000
Income from investments		
Listed investments	**14,598**	25,983
Total return swap dividends*	**369**	(92)
	14,967	25,891
Other income		
Deposit interest	**264**	479
Total return swap interest*	**(481)**	(435)
Underwriting commission	**426**	–
Interest on French withholding tax received	**1**	25
Exchange (losses)/gains on receipt of income**	**(20)**	249
	190	318
Total income	**15,157**	26,209

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

3. Investment management fee and other expenses

	2020 Revenue return £'000	2020 Capital return £'000	2020 Total £'000	2019 Revenue return £'000	2019 Capital return £'000	2019 Total £'000
Management fee	**1,789**	**4,173**	**5,962**	1,887	4,404	6,291
Other expenses:						
Directors' emoluments – fees	**169**	**–**	**169**	157	–	157
Auditor's remuneration – audit	**35**	**–**	**35**	28	–	28
Auditor's remuneration – interim review	**–**	**–**	**–**	7	–	7
Marketing	**459**	**–**	**459**	310	–	310
Printing and postage costs	**65**	**–**	**65**	63	–	63
Registrar fees	**80**	**–**	**80**	86	–	86
Custodian fees	**185**	**–**	**185**	144	–	144
Depositary fees	**120**	**–**	**120**	121	–	121
Advisory and professional fees	**249**	**–**	**249**	208	66†	274
Costs associated with dividend receipts	**60**	**–**	**60**	95	–	95
Irrecoverable VAT	**85**	**–**	**85**	84	–	84
Regulatory fees	**72**	**–**	**72**	68	–	68
Directors' insurances & other expenses	**51**	**–**	**51**	32	–	32
	1,630	**–**	**1,630**	1,403	66	1,469

† Capitalised costs associated with the total return swap.

For the year ended 30 September 2020, the fee calculated in accordance with the IMA amounted to 0.7% (2019: 0.7%) of the net asset value 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

	2020 Revenue return £'000	2020 Capital return £'000	2020 Total £'000	2019 Revenue return £'000	2019 Capital return £'000	2019 Total £'000
Loan, debenture and revolving credit facility interest						
8$^{1}/_{8}$% Debenture Stock 2023*	**–**	**–**	**–**	246	573	819
4.184% Series A Sterling Unsecured Loan Notes 2036	**376**	**879**	**1,255**	376	879	1,255
3.249% Series B Euro Unsecured Loan Notes 2036	**259**	**604**	**863**	263	613	876
2.93% Euro Senior Unsecured Loan Notes 2037	**154**	**359**	**513**	152	354	506
Revolving credit facility	**93**	**217**	**310**	37	87	124
	882	**2,059**	**2,941**	1,074	2,506	3,580
Amortisation						
8$^{1}/_{8}$% Debenture Stock 2023*	**–**	**–**	**–**	–	36	36
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
Revolving credit facility	**31**	**72**	**103**	13	31	44
	31	**91**	**122**	13	86	99
Early redemption						
8$^{1}/_{8}$% Debenture Stock 2023*	**–**	**–**	**–**	–	4,436	4,436
Total	**913**	**2,150**	**3,063**	1,087	7,028	8,115
Exchange (losses)/gains on Loan Notes**	**–**	**(1,114)**	**(1,114)**	–	288	288

* The 8$^{1}/_{8}$% Debenture Stock was redeemed on 3 June 2019.
** Revaluation of Euro loan notes.

5. Taxation

	Year ended 30 September 2020			Year ended 30 September 2019		
	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*	**691**	**–**	**691**	1,096	–	1,096
Overseas tax recovered – previously expensed**	**–**	**–**	**–**	(433)	–	(433)
Tax cost for the year	**691**	**–**	**691**	663	–	663

* Tax deducted on payment of overseas dividends by local tax authorities.
** Receipts from the recovery of French withholding tax from prior years.

5. Taxation continued

The tax charge for the year is higher (2019: lower) than the standard rate of corporation tax in the United Kingdom of 19%. The differences are explained below:

	Year ended 30 September 2020			Year ended 30 September 2019		
	Revenue return £'000	**Capital return £'000**	**Total £'000**	Revenue return £'000	Capital return £'000	Total £'000
Profit/(loss) before taxation	**10,825**	**(12,104)**	**(1,279)**	21,832	3,134	24,966
UK corporation tax rate of 19%	**2,057**	**(2,300)**	**(243)**	4,148	596	4,744
Effects of the non-taxable items:						
– Tax-exempt overseas investment income	**(2,770)**	**–**	**(2,770)**	(4,967)	–	(4,967)
– Gains/(losses) on investments, exchange gains on capital items and movement on fair value of derivative financial instruments	**–**	**1,098**	**1,098**	–	(1,925)	(1,925)
– Excess management expenses carried forward	**540**	**1,202**	**1,742**	513	1,329	1,842
– Corporate interest restriction	**173**	**–**	**173**	306	–	306
– Overseas tax not recoverable	**691**	**–**	**691**	1,096	–	1,096
– Overseas tax recovered previously written off	**–**	**–**	**–**	(433)	–	(433)
	691	**–**	**691**	663	–	663

At 30 September 2020 the Company had unrelieved management expenses and disallowed interest of £87,852,000 (30 September 2019: £78,686,000) that are available to offset future taxable revenue. A deferred tax asset of £16,692,000 has not been recognised because the Company is not expected to generate sufficient taxable income in future periods in excess of the available deductible expenses and, accordingly, the Company is unlikely to be able to reduce future tax liabilities through the use of existing surplus losses.

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

6. Dividends

	2020 £'000	2019 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 September 2019 of 14.50p (2018: 11.00p) per Ordinary Share	**15,855**	12,221
Interim dividend for the year ended 30 September 2020 of 6.00p (2019: 2.00p) per Ordinary Share	**6,439**	2,218
	22,294	14,439

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.

	2020 £'000	2019 £'000
Interim dividend for the year ended 30 September 2020 of 6.00p (2019: 2.00p) per Ordinary Share	**6,439**	2,218
Proposed final dividend for the year ended 30 September 2020 of 10.50p (2019: 14.50p) per Ordinary Share	**11,041***	15,855
	17,480	18,073

* Based on shares in circulation on 10 November 2020.

7. Earnings per Ordinary Share

The earnings per Ordinary Share is based on Company net loss after tax of £1,970,000 (2019: net profit of £24,303,000) and on 108,222,102 (2019: 110,956,131) 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:

			2020			2019
Basic and diluted	**Revenue**	**Capital**	**Total**	Revenue	Capital	Total
Profit for the year (£'000)	**10,134**	**(12,104)**	**(1,970)**	21,169	3,134	24,303
Weighted average number of Ordinary Shares			**108,222,102**			110,956,131
Earnings per Ordinary Share	**9.36p**	**(11.18)p**	**(1.82)p**	19.08p	2.82p	21.90p

There are no dilutive instruments issued by the Company (2019: none).

8. Investments held at fair value through profit or loss

	30 September 2020 £'000	30 September 2019 £'000
Financial assets held at fair value		
Opening book cost	**852,421**	826,405
Opening investment holding gains	**121,208**	163,860
Opening fair value	**973,629**	990,265
Movement in the year:		
Purchases at cost:		
Equities	**424,886**	255,779
Sales/ Close – proceeds:		
Equities and total return swaps	**(435,733)**	(288,331)
– realised gains on equity sales and close of total return swaps	**23,473**	58,568
Decrease in investment holding gains	**(26,546)**	(42,652)
Closing fair value	**959,709**	973,629
Closing book cost	**865,047**	852,421
Closing investment holding gains	**94,662**	121,208
Closing fair value	**959,709**	973,629
Financial assets held at fair value		
Equities	**959,709**	972,824
Total return swaps	**–**	805
	959,709	973,629

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Transaction costs		
Cost on acquisition	**251**	241
Cost on disposals	**243**	276
	494	517
Analysis of capital gains		
Gains on sales/ close out of financial assets based on historical cost	**23,473**	58,568
Movement in investment holding gains for the year	**(26,546)**	(42,652)
Net gains on investments	**(3,073)**	15,916

The Company received £435,733,000 (2019: £288,331,000) from investments sold in the year. The book cost of these investments when they were purchased was £412,260,000 (2019: £229,763,000). 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

	2020 £'000	2019 £'000
Sales for future settlement	**6,515**	2,711
Overseas tax recoverable	**650**	655
Prepayments and accrued income	**1,585**	3,036
VAT recoverable	**25**	16
	8,775	6,418

Overseas 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 which the Company expects to receive in due course.

No other receivables are past due or impaired.

10. Current liabilities

	2020 £'000	2019 £'000
Total return swap	**–**	3,979
Revolving credit facility	**39,314**	30,037
Other payables		
Purchases for future settlement	**–**	48
Amounts owed for share buybacks	**443**	4
Management fees	**488**	542
Interest payable	**797**	787
Other payables	**369**	484
Total other payables	**2,097**	1,865
Total current liabilities	**41,411**	35,881

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 and a further £10,000,000 was drawn down as at 30 September 2020. As at the year end a total of JPY4.0bn and £10,000,000 remained drawndown.

The facility bears interest at the rate of 0.75% over LIBOR on any drawn balance. 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.

11. Non-current liabilities

	2020 £'000	2019 £'000
4.184% Series A Sterling Unsecured Loan Notes 2036	**29,899**	29,892
3.249% Series B Euro Unsecured Loan Notes 2036	**27,140**	26,466
2.93% Euro Senior Unsecured Loan Notes 2037	**18,025**	17,571
Total	**75,064**	73,929

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

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 40% of net assets.

Further information on the Loan Notes is set out on page 47.

12. Called-up share capital

	Ordinary Shares of 10p each	
	Number of shares	Nominal value £'000
Allotted, called up and fully paid	**116,003,133**	11,600
Treasury shares:		
Balance at beginning of year	**5,877,465**	
Buyback of Ordinary Shares into treasury	**4,573,938**	
Balance at end of year	**10,451,403**	
Total Ordinary Share capital excluding treasury shares	**105,551,730**	

During the year, 4,573,938 (2019: 1,718,823) Ordinary Shares with a nominal value of £457,000 (2019: £172,000) and representing 3.94% of the issued share capital, were bought back and placed in treasury for an aggregate consideration of £31,072,000 (2019: £12,603,000). No Ordinary Shares were bought back for cancellation (2019: nil). No Ordinary Shares were cancelled from treasury during the year (2019: 13,523,032).

The allotted, called up and fully paid shares at 30 September 2020 consisted of 116,003,133 Ordinary Shares.

13. Net asset value

The net asset value per 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:

	Net asset value per share attributable	
	2020	2019
Ordinary Shares	**837.13p**	852.61p

	Net asset value attributable	
	2020 £'000	2019 £'000
Ordinary Shares	**883,605**	938,941

Net asset value per Ordinary Share is based on net assets and on 105,551,730 Ordinary Shares (2019: 110,125,668), being the number of Ordinary Shares in issue excluding Treasury Shares at the year end.

14. Financial instruments and capital disclosures

Investment objective and policy

The investment objective of the Company is 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.

The Company's investment objective and policy are detailed on page 46.

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 and exchange rate movements. 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.

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. If the fair value of the Company's investments at the year end increased or decreased by 20%, then it would have had an impact on the Company's capital return and equity of £191,941,000 (2019: £194,564,000).

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 £40,307,000 (2019: £41,813,000).

14. Financial instruments and capital disclosures continued

Foreign currency continued

The currency exposure is as follows:

Currency risk	**GBP £'000**	**EUR £'000**	**USD £'000**	**SEK £'000**	**JPY £'000**	**NOK £'000**	**CHF £'000**	**HKD £'000**	**Other £'000**	**Total £'000**
At 30 September 2020										
Other receivables	**102**	**168**	**147**	**–**	**7,439**	**197**	**285**	**437**	**–**	**8,775**
Cash and cash equivalents	**31,596**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**31,596**
Other payables	**(1,534)**	**(406)**	**–**	**–**	**(157)**	**–**	**–**	**–**	**–**	**(2,097)**
4.184% Series A Sterling Unsecured Loan Notes 2036	**(29,899)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(29,899)**
3.249% Series B Euro Unsecured Loan Notes 2036	**–**	**(27,140)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(27,140)**
2.93% Euro Senior Unsecured Loan Notes 2037	**–**	**(18,025)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(18,025)**
Revolving credit facility	**(10,000)**	**–**	**–**	**–**	**(29,314)**	**–**	**–**	**–**	**–**	**(39,314)**
Currency exposure on net monetary items	**(9,735)**	**(45,403)**	**147**	**–**	**(22,032)**	**197**	**285**	**437**	**–**	**(76,104)**
Investments held at fair value through profit or loss – equities	**87,196**	**108,687**	**301,093**	**95,681**	**285,793**	**20,287**	**–**	**20,035**	**40,937**	**959,709**
Total net currency exposure	**77,461**	**63,284**	**301,240**	**95,681**	**263,761**	**20,484**	**285**	**20,472**	**40,937**	**883,605**

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	Other £'000	Total £'000
At 30 September 2019										
Other receivables	698	167	2,813	–	1,378	213	275	874	–	6,418
Cash and cash equivalents	50,725	–	14,000	–	–	–	–	–	–	64,725
Other payables	(1,294)	(399)	–	–	(172)	–	–	–	–	(1,865)
Total return swaps	–	–	805	–	–	–	–	–	–	805
4.184% Series A Sterling Unsecured Loan Notes 2036	(29,892)	–	–	–	–	–	–	–	–	(29,892)
3.249% Series B Euro Unsecured Loan Notes 2036	–	(26,466)	–	–	–	–	–	–	–	(26,466)
2.93% Euro Senior Unsecured Loan Notes 2037	–	(17,571)	–	–	–	–	–	–	–	(17,571)
Revolving credit facility	–	–	–	–	(30,037)	–	–	–	–	(30,037)
Currency exposure on net monetary items	20,237	(44,269)	17,618	–	(28,831)	213	275	874	–	(33,883)
Investments held at fair value through profit or loss – equities	82,446	116,529	354,554	56,352	254,008	15,924	27,539	36,909	28,563	972,824
Total net currency exposure	102,683	72,260	372,172	56,352	225,177	16,137	27,814	37,783	28,563	938,941

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 2020 £'000	At 30 September 2019 £'000
Exposure to floating interest rates:		
Cash and cash equivalents	**31,596**	64,725
JPY revolving credit facility	**(39,314)**	(30,037)

If the above level of cash was maintained for a year, a 1% increase in interest rates would decrease the revenue return and net assets by £77,000 (2019: increase by £347,000). 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 £77,000 (2019: revenue increase/cost decrease of £347,000).

	30 September 2020		30 September 2019	
	Book cost £'000	**Fair value £'000**	Book cost £'000	Fair value £'000
4.184% Series A Sterling Unsecured Loan Notes 2036	**29,899**	**38,677**	29,892	35,596
3.249% Series B Euro Unsecured Loan Notes 2036	**27,140**	**34,826**	26,466	32,756
2.93% Euro Senior Unsecured Loan Notes 2037	**18,025**	**22,779**	17,571	21,348
Total	**75,064**	**96,282**	73,929	89,700

The impact of holding the Loan Notes at fair value would be to reduce the Company's net assets by £21,218,000.

The fair value of the Company's Loan Notes at the year end was £96,282,000 (2019: £89,700,000). 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 £11.2m (2019: £10.9m), all other factors being equal. A 1% decrease would increase the fair values by £13.0m (2019: £4.1m).

14. Financial instruments and capital disclosures continued

Liquidity risk

The Company's assets mainly comprise readily realisable securities which can be easily sold to meet funding commitments, if necessary. Unlisted investments, if any, in the portfolio are subject to liquidity risk. The risk is taken into account by the Directors when arriving at their valuation of these items.

Liquidity risk is mitigated by the fact that the Company has £31,596,000 (2019: £64,725,000) 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-end 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 2020						
4.184% Series A Sterling Unsecured Loan Notes 2036	**(1,255)**	**(1,255)**	**(1,255)**	**(8,786)**	**(17,348)**	**(29,899)**
3.249% Series B Euro Unsecured Loan Notes 2036	**(884)**	**(884)**	**(884)**	**(6,190)**	**(18,298)**	**(27,140)**
2.93% Euro Senior Unsecured Loan Notes 2037	**(532)**	**(532)**	**(532)**	**(3,721)**	**(12,708)**	**(18,025)**
Revolving credit facility	**(39,314)**	**–**	**–**	**–**	**–**	**(39,314)**
Other payables	**(2,097)**	**–**	**–**	**–**	**–**	**(2,097)**
	(44,082)	**(2,671)**	**(2,671)**	**(18,697)**	**(48,354)**	**(116,475)**

	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 2019						
4.184% Series A Sterling Unsecured Loan Notes 2036	(1,255)	(1,255)	(1,255)	(8,786)	(17,341)	(29,892)
3.249% Series B Euro Unsecured Loan Notes 2036	(863)	(863)	(863)	(6,038)	(17,839)	(26,466)
2.93% Euro Senior Unsecured Loan Notes 2037	(519)	(519)	(519)	(3,630)	(12,384)	(17,571)
Revolving credit facility	(30,037)	–	–	–	–	(30,037)
Total return swap liabilities	(3,979)	–	–	–	–	(3,979)
Other payables	(1,865)	–	–	–	–	(1,865)
	(38,518)	(2,637)	(2,637)	(18,454)	(47,564)	(109,810)

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 £40,371,000 (2019: £75,927,000).

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 2020	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	**951,491**	**5,602**	**2,616**	**959,709**
	951,491	**5,602**	**2,616**	**959,709**

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

The valuation of Level 2 equity investment is determined using the average of independent broker traded prices available in the market. The valuation techniques used by the Company are explained in the accounting policies note on pages 61 to 63.

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

Fair value of Level 3 investments

	30 September 2020 £'000	30 September 2019 £'000
Opening fair value of investments	**–**	–
Transfer to Level 3 from Level 1 in the year	**2,616**	–
Movement in unrealised investment holding gains	**–**	–
Closing fair value of investments	**2,616**	–

The fair value of the Level 3 investment is derived from the net asset value less the average discount prior to delisting.

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 2020		At 30 September 2019	
	Book value £'000	**Fair value £'000**	Book value £'000	Fair value £'000
4.184% Series A Sterling Unsecured Loan Notes 2036	**(29,899)**	**(38,677)**	(29,892)	(35,596)
3.249% Series B Euro Unsecured Loan Notes 2036	**(27,140)**	**(34,826)**	(26,466)	(32,756)
2.93% Euro Senior Unsecured Loan Notes 2037	**(18,025)**	**(22,779)**	(17,571)	(21,348)
Total	**(75,064)**	**(96,282)**	(73,929)	(89,700)

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. 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.

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 95 to 98.

Financial liabilities at 30 September 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Loan Notes	–	(96,282)	–	(96,282)
	–	(96,282)	–	(96,282)

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)

Capital management policies and procedures

The structure of the Company's capital is described on page 47 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 58.

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 and short exposure to individual securities. Derivatives are valued by reference to the underlying market value of the corresponding security.

	At 30 September 2020 £'000	At 30 September 2019 £'000
Total return swaps		
Current assets	**–**	4,784
Current liabilities	**–**	(3,979)
Net value of derivatives	**–**	805

The gross positive exposure on total return swaps as at 30 September 2020 was £nil (30 September 2019: £37,377,000) and the total negative exposure of total return swaps was £nil (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 2020 was £nil (30 September 2019: £14,000,000), which is included in cash and cash equivalents in the Balance Sheet.

16. Contingencies, guarantees and financial commitments

At 30 September 2020, the Company had £nil financial commitments (2019: £nil).

At 30 September 2020, the Company had £nil contingent liability in respect of any investments carrying an obligation for future subscription or underwriting commitments (2019: £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 84. At the year end, £nil was outstanding due to Directors (2019: £nil).

The transaction pursuant to the IMA with AVI is set out in the Report of the Directors on page 49. Management fees for the year amounted to £5,962,000 (2019: £6,291,000).

As at the year end, the following amounts were outstanding in respect of management fees: £488,000 (2019: £542,000).

18. Post balance sheet events

Since the year end, the Company has bought back 403,348 Ordinary Shares with a nominal value of £40,335 at a total cost of £3,056,000, which have been placed in treasury.

On 6 October 2020 the Company repaid the £10,000,000 which was drawndown on the revolving credit facility on 23 September 2020. An additional breakage cost of £3,000 was incurred. The amount drawndown as at 10 November 2020 is JPY4.0bn of the JPY9.0bn facility.

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.

Financial Statements / 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 Thompson, 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 2020, 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; 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 55.
- Consideration of a statement by the Directors on the long-term viability of the Company. That statement can be found on pages 48 and 49.
- Recommendation of a final dividend for the year ended 30 September 2020 and an interim dividend for the year ending 30 September 2020;
- 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;
- 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: 99.1% of the portfolio at the year end can be verified against daily market prices and observable price movements. The remaining 0.9% uses methodologies 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.
- 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 the ongoing COVID-19 pandemic.
- 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 review 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.

Significant Issues 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. Amongst other topics, such as a change in government in the UK, the possible impacts, if any, of Brexit and end of the Transition Period were considered. In particular, the Committee considered whether the ability to recover withholding tax on EU investments would in any way be impaired. It was decided that this should be reviewed on an ongoing basis and as the details of the UK's future relationship with the EU become clearer.

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 8 to 11.

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 a 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 annual audit, 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 2020 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.

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. Philip Merchant has been the Audit Partner allocated to the Company since the appointment of KPMG at the 2016 AGM. The audit of the financial statements for the year ended 30 September 2020 is therefore his fourth 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 2020 Audit Quality Report on the quality of audits performed by KPMG and has satisfied itself that none of the shortcomings identified are relevant to the audit of the Company.

Fees Payable to the Auditor
Total fees payable to the Auditor were £35,000 (2019: £35,000). Of the total fees, the fees for audit services were £35,000 (2019: £28,000). 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 2020 was £nil (2019: £7,000 being in relation to the half year review). These non-audit services are assurance related, and the Audit Committee firmly believes that KPMG have been best placed to provide them on a cost effective basis to the benefit of shareholders. The fees for non-audit services are considered not material in the context of the accounts as a whole. The Audit Committee is satisfied that KPMG remains independent. The Audit Committee confirms that the non-audit work undertaken by the Company's Auditor satisfies, and does not compromise, the tests of the Auditor's independence, objectivity, effectiveness, resources and qualification.

Given the assurance nature of the fees, the cost of these services is considered by the Audit Committee to be proportionate in relation to the fees for audit services.

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.

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 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
AVI Global Trust has complied throughout the year ended 30 September 2020 with the provisions of the Statutory Audit Services Order 2014, issued by the Competition and Markets Authority ('CMA Order').

Calum Thomson
Audit Committee Chairman

12 November 2020

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.

This Remuneration Policy was approved by shareholders at the AGM of the Company held in 2019. The policy will apply until it is next put to shareholders for renewal of that approval at the Company's AGM in 2022. Any variation of that policy prior to the 2022 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 £200,000, as set out in the Company's Articles of Association. Any change to this limit would require shareholder approval. At this year's AGM as part of the review of the Company's Articles of Association, it is proposed to increase this aggregate limit to £300,000. The reason for this increase can be found on page 54 under the explanation for Resolution 15. Directors are also entitled to reimbursement of reasonable fees and expenses incurred by them in the performance of their duties.

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 2020	Purpose of reward	Operation
Annual Fee	All Directors	£29,000	For commitment as Directors of a public company	Determined by the Board at its discretion (see note 1)
Additional Fee	Chairman of the Board	£16,000	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 2020.
3. The Company has no employees. Accordingly, there are no differences in policy on the remuneration of Directors and the remuneration of employees.
4. 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 £200,000 but will be increased to £300,000 if shareholders vote in favour of Resolution 15 at the forthcoming AGM.

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.

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 17 December 2020.

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 £200,000 per annum. This limit will be increased to £300,000 per annum if shareholders approve the proposed changes to the Company's Articles of Association at this year's AGM. Each Director abstains from voting on their own individual remuneration.

The Board is satisfied that the changes to the remuneration of the Directors is compliant with the Directors' Remuneration Policy approved by shareholders at the AGM held on 20 December 2019.

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

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 20 December 2019 and a non-binding Ordinary Resolution adopting the Directors' Remuneration Implementation Report for the year ended 30 September 2019 was approved by shareholders at the AGM held on 19 December 2019. 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

Remuneration Implementation Report (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	112,894

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

Single Total Figure Table (audited information)

	Fees paid (£)		Taxable benefits (£)*		Total (£)	
Name of Director	**2020**	2019	**2020**	2019	**2020**	2019
Susan Noble	**45,000**	41,750	**–**	–	**45,000**	41,750
Anja Balfour	**29,000**	27,150	**1,810**	1,896	**30,810**	29,046
Steven Bates	**–**	6,023	**–**	–	**–**	6,023
Graham Kitchen	**29,000**	20,825	**–**	–	**29,000**	20,825
Nigel Rich	**31,500**	29,025	**16**	–	**31,516**	29,025
Calum Thomson	**34,000**	31,850	**612**	585	**34,612**	32,435
	168,500	156,623	**2,438**	2,481	**170,938**	159,104

* Reimbursement of travel expenses.

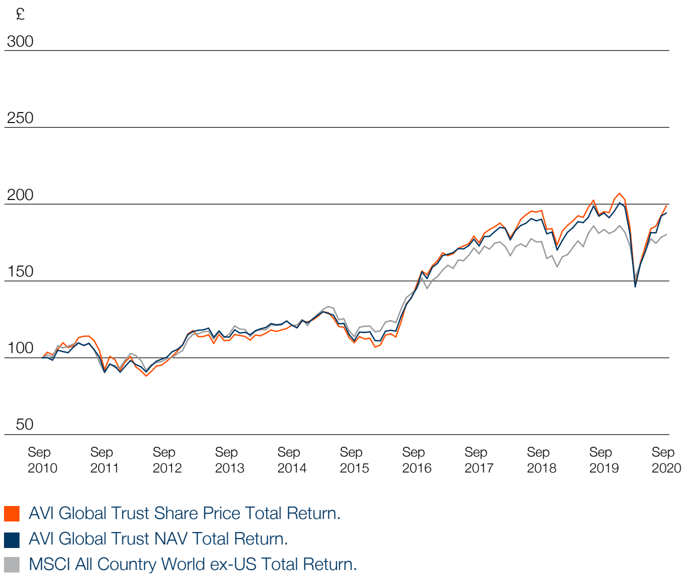
Sums Paid to Third Parties (audited information)
None of the fees referred to in the above table were paid to any third party in respect of the services provided by any of the Directors.

Other Benefits
Taxable benefits – Article 117 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 118 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 2020



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

	2020	2019	Difference
Spend on Directors' fees*	**£168,500**	£156,623	7.6%
Management fee and other expenses	**£7,592,205**	£7,759,519	(2.2)%
Distribution to shareholders:			
(a) dividends	**£22,293,412**	£14,439,319	54.4%
(b) share buyback	**£31,072,050**	£12,602,699	146.6%

* 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 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 (or date of retirement if earlier or date of appointment, if later) are shown in the table below:

	Ordinary Shares	
Director	**2020**	2019
Susan Noble	13,665	13,665
Anja Balfour†	7,300	7,300
Steven Bates††	20,000	20,000
Graham Kitchen†††	9,000*	9,000*
Nigel Rich	18,000**	18,000**
Calum Thomson	8,898	8,898

* Includes 2,500 held by Jane Kitchen.
** Includes 3,000 held by Cynthia Rich.
† Appointed 1 January 2018.
†† Retired 19 December 2018.
††† Appointed 1 January 2019.

There have been no changes to Directors' interests between 30 September 2020 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 2020:

(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

12 November 2020

To the Members of AVI Global Trust plc

1. Our opinion is unmodified

We have audited the financial statements of AVI Global Trust plc ('the Company') for the year ended 30 September 2020 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 2020 and of its return for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU); 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 shareholders on 20 December 2016. The period of total uninterrupted engagement is for the four financial years ended 30 September 2020. 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		£10.0m (2019: £10.4m) 1% (2019: 1%) of total assets
Key audit matters		Versus 2019
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 2019) in arriving at our audit opinion above, together with our key audit procedures to address that matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results 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.

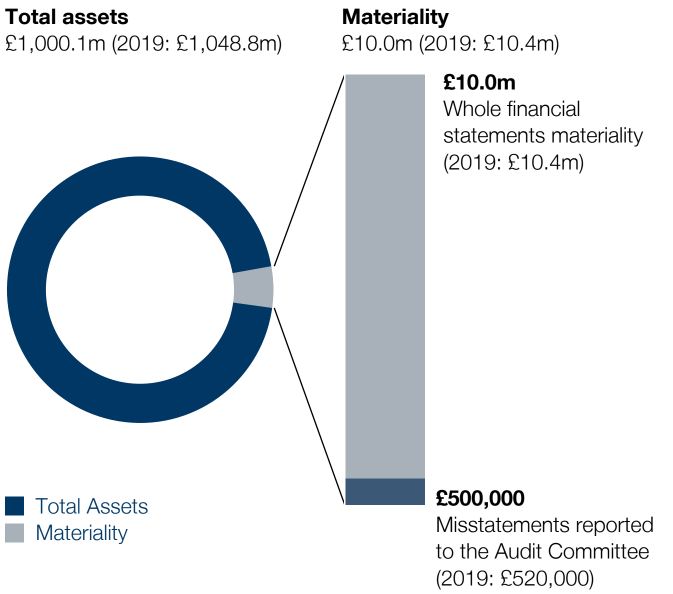
	The risk	Our response
Carrying amount of quoted investments (£957.2 million; 2019: £972.8m) *Refer to page 79 (Audit Committee Report), page 62 (accounting policy) and page 68 (financial disclosures).*	**Low risk, high value:** The Company's portfolio of investments make up 95.7% (2019: 92.8%) of the total assets (by value) and are considered to be the key driver of operations and performance results. We do not consider investments to be 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.	Our procedures included: — **Test of detail:** Agreeing the valuation of 100% of quoted investments in the portfolio to externally quoted prices; and — **Enquiry of custodians:** Agreeing 100% of the investment holdings in the portfolio to independently received third party confirmations from the investment custodians. **Our results:** — We found the carrying amount of quoted investments to be acceptable (2019: acceptable).

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 £10.0m (2019: £10.4m), determined with reference to a benchmark of total assets, of which it represents 1% (2019: 1%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £500,000 (2019: £520,000); in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.



4. We have nothing to report on 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').

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. 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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if:

- we have anything 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 a period of at least 12 months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 55 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. 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

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement on pages 55 and 56 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 Principal Risks and Uncertainties disclosures describing these risks 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.

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

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 report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and 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; or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. 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.

7. Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page 56, 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 other irregularities (see below), 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, other irregularities 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.

Irregularities – ability to detect
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 manager and the administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations. 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) 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, and 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: the Listing Rules 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 and the manager and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

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 (irregularities) 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 irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. 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. 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 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.

Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

12 November 2020

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 First Annual General Meeting of AVI Global Trust plc will be held at the office of Asset Value Investors Limited , 25 Bury Street, London, SW1Y 6AL at 10.00am on 17 December 2020 to consider the following business.

The resolutions numbered 1 to 11 and 15 are proposed as ordinary resolutions, which must each receive more than 50% of the votes cast in order to be passed. Resolutions numbered 12, 13, 14 and 16 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 2020 together with the Strategic Report and the Reports of the Directors and Auditor.
2. To approve a final ordinary dividend of 10.50p per Ordinary Share.
3. To re-elect Anja Balfour as a Director of the Company.
4. To re-elect Graham Kitchen as a Director of the Company.
5. To re-elect Susan Noble as a Director of the Company.
6. To re-elect Nigel Rich as a Director of the Company.
7. To re-elect Calum Thomson as a Director of the Company.
8. To re-appoint KPMG LLP as the Company's Auditor.
9. To authorise the Audit Committee to determine the Auditor's remuneration.
10. To approve the Directors' Remuneration Implementation Report for the year ended 30 September 2020.
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 of 10p each 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 of 35,049,460 Ordinary Shares 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 of 10p each 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 of 5,257,419 Ordinary Shares being approximately 5% of the equity share capital in issue as at 10 November 2020, 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 of 10p each 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 number of Ordinary Shares hereby authorised to be purchased is 15,761,742;

    (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 10p (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.

15. THAT the aggregate amount of remuneration that may be paid to Directors under Article 116(1) of the Company's Articles of Association shall be £300,000.

16. THAT the Articles of Association produced to the meeting and signed by the chairman of the meeting for the purposes of identification be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association with effect from the conclusion of the meeting.

By Order of the Board

Link Company Matters Limited
Corporate Secretary

Registered Office:
Beaufort House
51 New North Road
Exeter, Devon EX4 4EP

12 November 2020

Notes

1. Articles of Association

A copy of the proposed new Articles of Association of the Company, together with a copy showing all of the proposed changes to the existing Articles of Association, will be available for inspection on the Company's website, www.aviglobaltrust.co.uk.

2. Attending the AGM in Person

Given the risks posed by the spread of COVID-19 and in accordance with the Company's Articles of Association and Government guidance, the Company is not allowing shareholders to attend the AGM in order to ensure the health, wellbeing and safety of the Company's shareholders and officers as well as compliance with the venue's security requirements. Shareholders are therefore strongly encouraged to register their votes in advance by submitting proxy forms to the Company's Registrar in accordance with the procedure set out in these notes.

3. 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. Shareholders are strongly advised to appoint the chairman of the AGM as their proxy, as a third party proxy holder will not be able to access the AGM.

4. 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 10:00 on 15 ,December 2020.

If you require additional proxy forms, please contact the Registrar's helpline on 0371 384 2490 (+44 121 415 7047 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 10:00 on 15, December 2020.

5. 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.

6. 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.

7. 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 18:30 on 15, December 2020 (or, in the event of any adjournment, 18:30 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.

8. Issued Share Capital and Total Voting Rights

As at 10 November 2020, the Company's issued share capital consisted of 116,003,133 Ordinary Shares, carrying one vote each, of which 10,854,751 were in treasury. Therefore, the voting rights in the Company as at 10 November 2020 equate to a total of 105,148,382 votes.

9. 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 10:00 on 15 , December 2020. 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.

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. 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.

13. 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 on the Company's website www.aviglobal.co.uk.

14. 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 Equinity'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 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 0845 850 0181 or via the website: www.aviglobal.co.uk.

Provisional Financial Calendar 2020/2021

17 December 2020	Annual General Meeting
4 January 2021	Final dividend paid on Ordinary Shares
May 2021	Announcement of half year results
June 2021	Interim dividend paid on Ordinary Shares
November 2021	Announcement of annual results
November 2021	Posting of Annual Report
December 2021	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)		
Closing NAV per share (p) 30 September 2020	**817.03**	a
Dividends paid out (p)	**191.48**	b
Benefits from re-investing dividends (p)	**305.63**	c
Adjusted NAV per share (p)	**1,314.14**	**d = a + b + c**
Opening NAV per share (p) – June 1985	**29.72**	e
Annualised NAV total return (%)	**11.3%**	**((d/e) ^ (1/35.25)) - 1**

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
Pounds Sterling	Euro	US Dollar	Swedish Krona	Japanese Yen	Norwegian Krone	Swiss Franc	Hong Kong Dollar	Brazilian Real	Romanian Lei

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 741.00p (2019: 747.00p) from the NAV per share (with debt at fair value) of 817.03p (2019: 838.29p) and is usually expressed as a percentage of the NAV per share, 9.3% (2019: 10.9%). If the share price is higher than the NAV per share, this situation is called a premium.

Earnings before Interest and Tax ('EBIT')
A standard measure of operating profits and, therefore, the profits that are available to be distributed to both debt and equity investors. It is often compared with Enterprise Value in the 'EV/EBIT Ratio', similar to the price-to-earnings ratio.

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.

Enterprise Value ('EV')
Enterprise value is the sum of a company's market value plus debt less cash.

Free Cash Flow Yield ('FCF')
Free cash flow is the amount of cash profits that a business generates, adjusted for the minimum level of capital expenditure required to maintain the company in a steady state. It measures how much a business could pay out to equity investors without impairing the core business. When free cash flow is divided by the market value, we obtain the free cash flow yield.

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 12.9% (2019: 11.1%) represents borrowings of £114,378,000 (2019: £103,966,000) expressed as a percentage of shareholders' funds of £883,605,000 (2019: £938,941,000). Using debt at fair value, gross gearing is 15.7% (2019: 13.0%).

Net gearing, which accounts for cash balances and uses debt at par value, is 8.6% (2019: 3.6%). Using debt at fair value, net gearing is 11.3% (2019: 5.4%).

The current values of the Loan Notes and revolving credit facility consist of the following:

	30 September 2020					30 September 2019				
	2036 GBP loan £'000	**2036 EUR loan £'000**	**2037 EUR loan £'000**	**Revolving credit facility £'000**	**Total £'000**	2036 GBP loan £'000	2036 EUR loan £'000	2037 EUR loan £'000	Revolving credit facility £'000	Total £'000
Value of issue	**30,000**	**22,962**	**17,526**	**37,775**	**108,263**	30,000	22,962	17,526	27,775	98,263
Unamortised issue costs	**(101)**	**(77)**	**(119)**	**–**	**(297)**	(108)	(83)	(127)	–	(318)
Exchange movement	**–**	**4,255**	**618**	**1,539**	**6,412**	–	3,587	172	2,262	6,021
Amortised book cost	**29,899**	**27,140**	**18,025**	**39,314**	**114,378**	29,892	26,466	17,571	30,037	103,966
Fair value	**38,677**	**34,826**	**22,779**	**39,314**	**135,596**	35,596	32,756	21,348	30,037	119,737
Redemption costs	**7,336**	**8,124**	**5,911**	**–**	**21,371**	9,981	10,203	7,251	–	27,435
Redemption value	**46,013**	**42,950**	**28,690**	**39,314**	**156,967**	45,577	42,959	28,599	30,037	147,172

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.

Japan Special Situations basket
A basket of Japanese operating companies which have large amounts of net cash and securities (surplus to operating requirements) on the balance sheet. There are currently 15 stocks in the basket. For further information, see the case study on pages 30 and 31.

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 £883,605,000 (2019: £938,941,000) by the number of Ordinary Shares in issue excluding Treasury Shares of 105,551,730 (2019: 110,125,668) at the year end.

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 reducing the NAV by £21,218,000 (2019: £15,771,000). This is calculated by the original NAV of £883,605,000 (2019: £938,941,000) less the debt at amortised cost £75,064,000 (2019: £73,929,000), adding back the debt at fair value £96,282,000 (2019: £89,700,000). The adjusted NAV (debt at fair value) is £862,387,000 (2019: £923,170,000) divided by the number of Ordinary Shares in issue excluding Treasury Shares of 105,551,730 (2019: 110,125,668) at the year end provides the adjusted NAV per share (debt at fair value).

Net Financial Value ('NFV')
The NFV is cash *plus* investment securities *plus* treasury shares *less* total debt *less* net pension liabilities. It measures the amount of net surplus cash and securities that a company carries on its balance sheet.

Ongoing Expenses Ratio (APM) / Ongoing Charges Ratio
As recommended by the AIC in its current guidance, the Company's Ongoing Charges Ratio is the sum of: (a) its Ongoing Expenses 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 Ongoing Expenses Ratio, please see the discussion of Key Performance Indicators on page 8 of the Annual Report.

The Company's Ongoing Expenses Ratio is its annualised expenses (excluding finance costs and certain non-recurring items) of £7,592,000 (2019: £7,693,000) (being investment management fees of £5,962,000 (2019: £6,291,000) and other expenses of £1,630,000 (2019: £1,403,000) (see note 3)) expressed as a percentage of the average month-end net assets of £853,625,000 (2019: £903,924,000) during the year as disclosed to the London Stock Exchange.

A reconciliation of the Ongoing Charges to the Ongoing Expenses Ratio is provided below:

		2020	2019
Ongoing Expenses Ratio (a Key Performance Indicator)	a	**0.89%**	0.85%
Underlying Charges Ratio	b	**1.42%**	1.88%
Ongoing Charges Ratio	= a + b	**2.31%**	2.73%

% of investee company
AGT's economic exposure to each investee company, as estimated by AVI.

Portfolio
Portfolio is defined as being Total Assets less Current Liabilities. For the year ended September 2020, this is £958,669,000 (year ended September 2019: £1,012,870,000).

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 these are then held in treasury, 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 0.5% (2019: 0.1%) 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 10.5% (2019: 9.7%).

	30 September 2020	30 September 2019	
Weighted average discount of buybacks	**10.5%**	9.7%	a
Percentage of shares bought back	**4.2%**	1.3%	b
NAV accretion from buyback	**0.5%**	0.1%	(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 Assets less Current Liabilities
Total assets less current liabilities is used as the basis for the measurement of equity exposure (being total assets of £1,000,080,000 (2019: £1,048,751,000) less current liabilities of £41,411,000 (2019: £35,881,000)).

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%.

NAV total return over 1 year

	Page	**30 September 2020**	30 September 2019	
Closing NAV per share (p)		**817.03**	838.29	a
Dividends paid out (p)	67	**20.50**	13.00	b
Benefits from re-investing dividends (p)		**0.80**	1.09	c
Adjusted NAV per share (p)		**838.33**	852.38	d = a+b+c
Opening NAV per share (p)		**838.29**	834.58	e
NAV total return (%)		**0.0%**	2.1%	= (d/e)-1

NAV total return over 10 years (annualised)

Closing NAV per share (p) – September 2020	**817.03**	a
Dividends paid out (p)	**126.40**	b
Benefits from re-investing dividends	**57.73**	c
Adjusted NAV per share	**1,001.16**	**d = a + b + c**
Opening NAV per share (p) – 30 September 2010	**514.56**	e
Annualised NAV total return (%)	**6.9%**	**((d/e) ^ (1/10)) - 1**

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 2020**	30 September 2019	
Closing price per share (p)		**741.00**	747.00	a
Dividends paid out (p)	67	**20.50**	13.00	b
Benefits from re-investing dividends (p)		**0.55**	0.82	c
Adjusted price per share (p)		**762.05**	760.82	d = a+b+c
Opening price per share (p)		**747.00**	764.00	e
Share price total return (%)		**2.0%**	-0.4%	= (d/e)-1

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

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.

Shareholder Information / Company Information

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

Secretary
Link Company Matters Limited
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Asset Value Investors Limited
25 Bury Street
London SW1Y 6AL

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.

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68 Upper Thames Street
London EC4V 3BJ

Auditor
KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

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

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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