AGT

AVI GLOBAL TRUST

Finding compelling opportunities around the world

ANNUAL REPORT **2019**

AVI

Established in 1889, the Company's investment objective is to achieve capital growth through a focused portfolio of investments, particularly in companies whose shares stand at a discount to estimated underlying net asset value.

TOTAL ASSETS†
£1,049 million*

LAUNCH DATE
1 July 1889

ANNUALISED NAV TOTAL RETURN†
11.7%**

ONGOING CHARGES RATIO†
0.85%***

OUR CASE STUDIES

JAPAN SPECIAL SITUATIONS

A portfolio of 18 cash- and securities-rich Japanese operating companies. Pressure is mounting on Japanese companies to change corporate governance practices and enhance balance sheet efficiency. We believe it is increasingly probable that these companies will begin to return excess capital to shareholders or put it to more productive use.

❯ See page 24

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

@AVIGlobalTrust

AVIGlobalTrust

* As at 30 September 2019.
** Source: Morningstar, performance period 30 June 1985 to 30 September 2019, total return net of fees, GBP. The current approach to investment was adopted in 1985.
*** As at 30 September 2019, includes: management fee 0.70%, marketing and administration costs.
† For definitions, see Glossary on pages 89-92.

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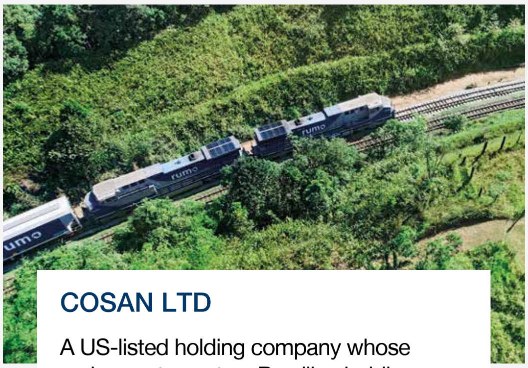

COSAN LTD

A US-listed holding company whose main assets are two Brazilian holding companies, Cosan SA and Cosan Logística. The businesses underlying these holding companies are high quality. However, the complex structure has led to discounts on discounts which we think should narrow over time.

❯ **See page 20**

PERSHING SQUARE HOLDINGS

A Euronext-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 27% discount to NAV, which we regard as unsustainably wide for a portfolio of large-cap, liquid securities, particularly given the manager's activist strategy.

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❯ **See page 23**

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.

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 their intrinsic value. 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.

INVESTMENT APPROACH

As an investment trust, the Company's most important relationship 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 17 of the Annual Report and the Company's Investment Policy is set out on page 38.

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 charges.

KEY PERFORMANCE INDICATORS

DISCOUNT*

30 September 2019	30 September 2018
10.9%	8.5%

NAV TOTAL RETURNS TO 30 SEPTEMBER 2019*

1 Year	10 Years (Annualised)
2.1%	8.4%

ONGOING CHARGES RATIO*

2019	2018
0.85%	0.87%

OTHER KEY STATISTICS

NET ASSET VALUE PER SHARE*

30 September 2019	30 September 2018
852.61p	841.95p

NUMBER OF INVESTMENTS

43

(of which 18 are held in Japanese Special Situations – see pages 14 and 15)

TOP TEN INVESTMENTS REPRESENT

49.0%

of portfolio*

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

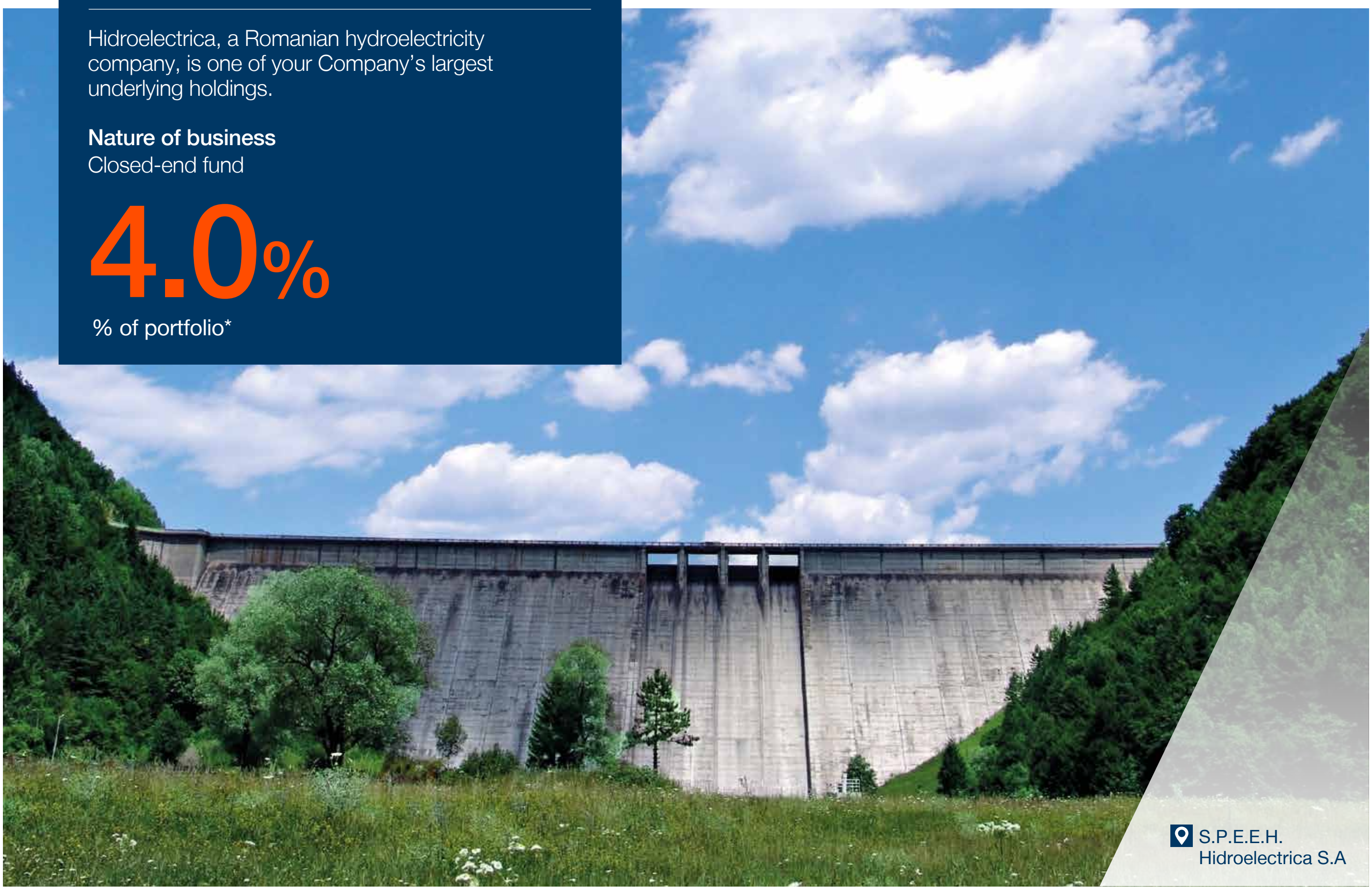
2019	2018
0.1%	0.4%

FONDUL PROPRIETATEA

Hidroelectrica, a Romanian hydroelectricity company, is one of your Company's largest underlying holdings.

Nature of business
Closed-end fund

4.0%
% of portfolio*



S.P.E.E.H. Hidroelectrica S.A

* For definitions, see Glossary on pages 89 to 92.

FINANCIAL HIGHLIGHTS

- Net asset value ('NAV') per share on a total return basis increased by 2.1%
- Final dividend increased to 14.50p and total dividend increased by 26.9% to 16.50p
- Share price total return of -0.4%

PERFORMANCE SUMMARY

	30 September 2019	30 September 2018
Net asset value per share (total return) for the year[1]*	**2.1%**	10.0%
Share price total return for the year*	**-0.4%**	12.0%
Discount*		
Share Price Discount (difference between share price and net asset value)[2]	**-10.9%**	-8.5%
	Year to 30 September 2019	Year to 30 September 2018
Earnings and Dividends		
Investment income	**£26.21m**	£22.64m
Revenue earnings per share	**19.08p**	14.83p
Capital earnings per share	**2.82p**	58.72p
Total earnings per share	**21.90p**	73.55p
Ordinary dividends per share	**16.50p**	13.00p
Ongoing Charges Ratio*		
Management, marketing and other expenses (as a percentage of average shareholders' funds)	**0.85%**	0.87%
Comparator Benchmark*		
MSCI All Country World ex-US Index (£ adjusted total return*)	**4.5%**	4.7%
2019 Year's Highs/Lows	High	Low
Net asset value per share	**878.26p**	**738.71p**
Net asset value per share (debt at fair value)	**867.39p**	**731.27p**
Share price (mid market)	**781.00p**	**660.00p**

[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 1,718,823 Ordinary Shares, all of which were placed into treasury, at a cost of £12.6m. On 11 September 2019, the Company cancelled 13,523,032 of the shares held in treasury.

***Alternative Performance Measures**

For all Alternative Performance Measures included in this Strategic Report, please see definitions in the Glossary on pages 89 to 92.

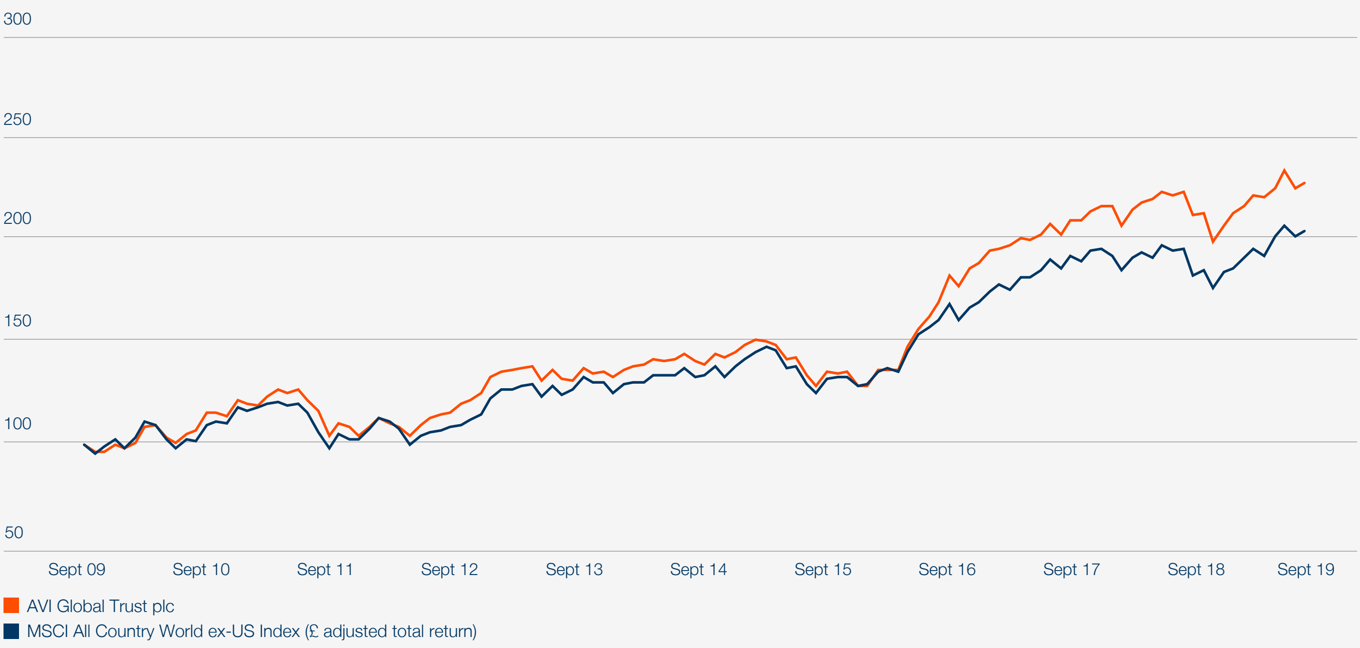
† During the year, your Company switched to the net version of the MSCI All Country World ex-US Index, which accounts for withholding taxes incurred. If the gross version of the Index had been used, the comparative figures for the years ending 30 September 2019 and 30 September 2018 would have been 0.9% and 0.5% higher, respectively. Further detail can be found in the Chairman's Statement on page 6.

Historical record
Year ended 30 September

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenue profit for the year £'000*	**21,169**	16,933	12,603	18,747	16,268	13,827	21,775	24,050	18,405	12,712	12,774
Revenue earnings per share (p)*	**19.08**	14.83	10.44	14.32	11.75	9.29	13.90	15.06	11.50	7.94	7.98
Ordinary dividends per share (p)	**16.50**	13.00	12.00	11.70	11.70	10.50	10.50	9.50	8.50	7.50	6.00
Special dividend per share (p)	–	–	–	2.80	–	–	2.50	3.50	2.00	–	1.25
Net assets £'000	**938,941**	941,680	903,229	843,973	697,542	826,984	844,455	791,225	740,385	829,670	735,188
Basic net asset value per share (p)	**852.61**	841.95	777.62	670.52	519.53	575.92	551.97	500.47	462.51	518.28	459.26

* The profit for the year figures for 2008 to 2014 are Group returns and earnings, those for 2015 to 2019 are the Company return and earnings. These are comparable on a like-for-like basis.

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



> Our managers were able to deliver a positive overall return in difficult markets.

Overview of the Year

The financial year to September 2019 was a challenging period and our investments were buffeted by the effects of the US-China trade war, unrest in Hong Kong, slowing global economic growth and the fear of recession. Closer to home, the continuing uncertainty over Brexit has affected the economy and the stock market. The shares hit a low point on Christmas Eve before staging a substantial recovery in the first quarter of 2019. Overall, the recovery continued into the second half of our financial year, albeit again with some volatility, and we ended the financial year with the NAV total return showing a modest gain over 12 months.

Our managers were able to deliver a positive overall return over the year in difficult markets and despite some severe headwinds. The key message, which is described in more detail in the Investment Manager's Review, is that underlying value in the portfolio has increased noticeably while share prices overall have not kept pace. In particular, the strategic move into Japan in recent years has built a store of value, while in other parts of the world we have experienced some notable successes this year. Your Board spends a large part of its time reviewing investments with the Investment Manager and we remain encouraged by the continuing focus on fundamental value.

In this year's Annual Report, recognising that this is an important topic for many investors, we have expanded the description of our approach to Environmental, Social and Governance ('ESG') factors.

As a Board we strive to be transparent and we have decided that henceforth we will report performance compared with the version of our benchmark index which accounts for any tax which cannot be reclaimed. Shareholders should be aware that our Investment Manager's investment process is not influenced by the composition of the benchmark index as they focus on the prospects for individual companies and the value in the share price. The effect of the change is minor, and is explained further on page 4.

Our Investment Manager is obliged under the current regulatory regime to produce a set of statistics and a Key Information Document ('KID'). Others have written extensively on the subject and our trade body, the AIC, issued a document on the subject of KIDs entitled "Burn Before Reading". We have a particular issue in that to the extent that the portfolio is invested in other investment companies, the Investment Manager is obliged to add the running costs of those companies when reporting our own running costs. In our view, this amounts to unequal treatment as, for example, we do not have to report head office costs of conglomerates or property companies. As a Board, we believe that the way costs are restated impacts the marketing of the Company and puts us at a disadvantage compared with many other investment companies. While we are naturally in favour of full transparency of costs, we do not believe that this was the outcome which the regulation was designed to produce.

Income and Dividend

Our revenues were very strong this year, particularly in the second half of the accounting year. As a consequence, we have been able to increase total dividends for the year by 26.9%.

The Board has elected to propose a final dividend of 14.5p per share for the year. If approved by shareholders at the Annual General Meeting, the total dividends for the accounting year including the interim dividend of 2.0p per share already paid will be 16.5p per share. It is the Board's intention to rebalance the dividend payments by increasing the next interim dividend and potentially reducing the next final dividend.

The Company has either maintained or increased its total annual dividends for the past 30 years, and expects to continue to do so in the future. As I have stated previously, 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. We do not set an income target for our Investment Manager as this could unnecessarily constrain their freedom to act.

Debt Structure and Gearing

Your Board regularly reviews the funding structure of the Company and in recent years we introduced long-term Sterling and Euro debt at what we considered to be attractive interest rates. We also consider shorter-term debt to be more flexible and we announced in April 2019 that the Company had entered into an agreement with Scotiabank Europe PLC for a Japanese Yen 4.0bn revolving credit facility for a period of three years. The facility was equivalent to £27.7m on that date.

The facility was drawn down in full and funds were partly used in a refinancing exercise to repay the Company's £15m $8\frac{1}{8}$% Debenture Stock, with the balance deployed by the Investment Manager in further investments in Japanese equities. The Debenture Stock was due to mature in 2023 and the total cost of redeeming this debt early was £19.9m including accrued interest. While the cost of redemption initially reduced the NAV per share by 0.1% (or 0.8p per share) with debt at fair value, the refinancing exercise is expected to reduce the total annual interest by approximately £930,000 (or 0.8p per share), based on current short-term interest rates for the revolving credit facility.

Following the refinancing exercise, the Company's weighted average interest on all borrowings reduced to 2.9%, compared with 4.3% before the refinancing. Borrowing in Japanese Yen also provides a natural hedge against exchange rate fluctuations for our Japanese investments, as does borrowing in Euros when matched with European investments.

During the year, we also cancelled 13.5m shares held in treasury.

Discount

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 1.7m shares were bought back, and this had a small beneficial effect on NAV per share for continuing shareholders. We intervened when the Board believed that the discount was unnaturally wide and intend to continue to follow this approach.

Board

The Board regularly discusses the skills and experience which Directors bring to the Company and we have a long-term plan for orderly succession which naturally evolves over time.

Steven Bates duly retired as a Director following the Annual General Meeting on 19 December 2018, having served for 12 years.

Graham Kitchen was appointed as a Director with effect from 1 January 2019. Graham was Global Head of Equities at Janus Henderson Investors until March 2018, having joined in 2005. Prior to that, he held senior positions in fund management at Threadneedle Investments and Invesco as a UK Fund Manager. Graham is a non-executive director of the Mercantile Investment Trust plc and of Invesco Perpetual Select Trust plc. He also provides investment advice to a small number of charities.

Company Name

The Board regularly reviews feedback both from existing shareholders and those who may buy shares in the future. After lengthy consideration of a number of alternatives, the Board decided to change the name of the Company to AVI Global Trust plc in May 2019.

Over its long history, the Company's name has made reference to the scope of its investment mandate, having launched in July 1889 as the Transvaal Mortgage, Loan & Finance Company Limited, and being renamed on three occasions since then as it has evolved. Over the past 30 years, the Company has developed a global reach and the new name, we believe, more accurately reflects where we invest and how the assets are managed. An investment trust's "customers" are, in effect, its shareholders, and this initiative was driven by a desire both to have a name which more accurately reflects what we do and better to appeal to new investors.

Outlook

The challenges which I set out above continue unabated. The macro-economic situation remains difficult. The trade war between the US and China is affecting economic growth in both countries and, by extension, the rest of the world's economy and equity markets. Political tension remains high, not least in Europe. At the time of writing, the UK is dealing with an uncertain outcome of the Brexit process and now also an unscheduled general election. While most of your Company's assets are located overseas and so the direct effect of political uncertainty in the UK is limited largely to exchange rate volatility, we are acutely aware of the risks of investing in such a difficult environment.

It is important that the Investment Manager looks through the background turbulence and seeks to make money for our shareholders by finding and exploiting good value. As set out in the Investment Manager's Review, we have not been immune to circumstances this year, but the level of value in the portfolio does appear to us exceptional. This value ranges from discounted investments in many well-known companies to the particular opportunity which a changing approach to corporate governance in Japan presents. In addition, the Investment Manager has increased the level of cash in the portfolio, which is being carefully deployed into increasing stakes in existing investments and new opportunities. Your Board believes that the store of value in the portfolio provides both some security in challenging times and the opportunity for attractive returns over the longer term.

Susan Noble
Chairman
11 November 2019

Key Performance Indicators

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

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

*NAV total return**

Company	1 Year	10 Years (Annualised)
	2.1%	8.4%

The Directors regard the Company's NAV total return as being the overall measure of value delivered to shareholders over the long term. Total return reflects both the net asset value growth of the Company and also dividends paid to shareholders. The Investment Manager's investment style is such that performance 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, As explained on page 6, the Board has decided to use the net version of this Index, which accounts for withholding taxes. Over the past year, the benchmark has increased 4.5% on a total return basis and over ten years it has increased by 7.2% on an annualised total return basis.

A full description of performance and the investment portfolio is contained in the Investment Review, commencing on page 16.

*Discount**

Year end	30 September 2019	30 September 2018
	10.9%	8.5%
High for the year	11.2%	11.7%
Low for the year	7.2%	6.8%

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 1.7m shares were bought back and placed into treasury, adding an estimated 0.1% to net asset value per share to the benefit of continuing shareholders. The shares were bought back at a weighted average discount of 9.7%. On 11 September 2019, the Company cancelled 13,523,032 of the shares held in treasury.

*Ongoing charges**

Year ended 30 September 2019	Year ended 30 September 2018
0.85%	0.87%

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 charges ratio is the cost of the fees paid to the Investment Manager. This fee is reviewed annually and the Board believes that the cost is reasonable, given the Investment Manager's active approach to fund management and the resources required to provide the level of service.

For the year ended 30 September 2019, the ongoing charges ratio was 0.85%, down slightly from the previous year.

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. 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 and challenging perceptions. 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 are 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.

* For definitions, see Glossary on pages 89 to 92.

Risk Area	Risk Tolerance and Mitigating Actions
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, potentially, 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 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 17. 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. The Company, through the Investment Manager's compliance function and the Administrator's independent checks, has a robust system for ensuring compliance with the investment mandate.
Gearing 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, 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 value 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 should 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 2019, 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.

Risk Area	Risk Tolerance and Mitigating Actions
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.
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, supported by the Company, 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.
Failed trades The portfolio has investments in a number of jurisdictions around the world and there is a risk of portfolio trades failing and/or of loss of assets.	The Board has zero tolerance to the loss of assets due to failed trades, theft or fraud. The Investment Manager and Administrator have comprehensive systems in place for executing and settling transactions and for ensuring that the assets are kept safe. The Company uses a leading global custodian bank to safeguard its assets and receives regular, comprehensive reports from the Custodian. In addition, the Depositary provides further independent oversight of the protection of the Company's assets.
Tax reclaims The portfolio has investments in a number of countries where systems for reclaiming tax are prolonged.	The Board has instructed the Company's suppliers to ensure that they take all reasonable steps to ensure that reclaims of tax are expedited. The Investment Manager has a process, overseen by the Audit Committee, to ensure that tax is reclaimed in an efficient and timely manner, working with the Custodian and, where appropriate, other agencies. In recent years, the Investment Manager, working closely with the Custodian, has been successful in substantially reducing the amount of overseas withholding tax which had been claimed but not yet received.
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 and the Administrator) have effective control systems which are regularly reviewed. The Board assesses thoroughly the risks inherent in any change of supplier, including the internal controls of any new supplier.

The principal financial risks are examined in more detail in note 14 to the financial statements on page 65.

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 Stewardship Policy 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 42.

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
11 November 2019

AVI'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

Factor	Relevant Aspect	Boundaries or Tools for Implementation
Governance	Good governance has always been at the core of AVI's investment approach. The two areas of focus are: • How managers and directors guide a business. • The set of rules that describe the company's governing mechanisms.	AVI's strategy includes an active approach to governance and accountability which includes the following: • Voting at AGMs. • Letters to boards requesting change. • A dialogue with management and boards about governance issues.
Social	We try to understand the social system that an investee company operates within. The areas of focus are: • How the stakeholder relationships co-exist. • Employment related matters in terms of incentives.	As a minority shareholder, AVI will advise and guide its portfolio companies. Areas of focus include: • Discussions on unequal relationships with different stakeholders. • How employees and management incentives are organised.
Environmental	As a responsible owner, AVI fully supports policies and actions implemented by its portfolio companies to support a sustainable environment.	Our influence is limited as AVI is not involved in the day-to-day activities of its portfolio companies. However, we look to understand a company's stewardship of the environment to ensure that there are no egregious practices.

AVI's engagement in any one of these aspects will vary depending on the type of portfolio company (i.e. family-backed holding company, closed-end fund or asset-backed company).

AVI's full ESG Policy can be found at
www.aviglobal.co.uk

The top ten equity investments make up 49% of the portfolio*, with underlying businesses spread across a diverse range of sectors and regions.

1

PERSHING SQUARE HOLDINGS

Nature of business
Closed-end Fund

% of portfolio
9.2%

Valuation
£92.7m

Discount
-27.3%

A Euronext-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 27% discount to NAV, which we regard as unsustainably wide for a portfolio of large-cap, liquid securities, particularly given the manager's activist strategy.

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2

OAKLEY CAPITAL INVESTMENTS

Nature of business
Closed-end Fund

% of portfolio
5.4%

Valuation
£54.4m

Discount
-29.3%

A London-listed 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 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 / Time Out Group plc

All discounts are estimated by AVI as at 30 September 2019, based on AVI's estimate of each company's net asset value. Refer to Glossary of pages 89 to 92.

* For definitions, see Glossary on pages 89 to 92

6

EUROCASTLE INVESTMENT

Nature of business
Closed-end Fund

% of portfolio
4.2%

Valuation
£43.0m

Discount
-9.7%

A Euronext-listed closed-end fund whose main assets include a portfolio of Italian non-performing loans ('NPLs') and doValue, an Italian third-party servicer of NPLs. We see multiple layers of value in Eurocastle Investment, including a 10% discount to NAV, a cheap valuation for doValue, and a conservative discount rate used to value the portfolio of NPLs.

Source / doValue S.p.A.

7

JARDINE STRATEGIC

Nature of business
Family-backed Holding Company

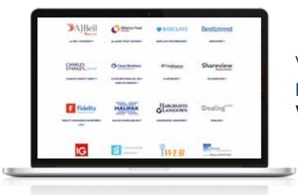
% of portfolio
4.1%

Valuation
£41.4m

Discount
-39.7%

An Asian holding company which holds interests in Jardine Matheson, Hongkong Land, Jardine Cycle & Carriage, Dairy Farm and Mandarin Oriental by way of a cross shareholding between Jardine Matheson and Jardine Strategic. The group structure, which is controlled by the Keswick family, provides broad exposure to Asian businesses at an attractive discount to the value of their listed underlying holdings.

Source / Exchange Square in Hong Kong



View our investment platforms
www.aviglobal.co.uk

3 THIRD POINT OFFSHORE INVESTORS

Nature of business
Closed-end Fund

Valuation
£49.8m

% of portfolio
4.9%

Discount
-17.9%

A London-listed closed-end fund run by well-known activist Daniel Loeb. The fund invests in both long and short equity and credit, with a long equity bias. The fund trades on a discount of 18%, which we view as unsustainably wide given Loeb's reputation as an activist investor.

Source / Nana Kofi Acquah / Nestlé

4 SONY CORP

Nature of business
Asset-backed Company

Valuation
£48.9m

% of portfolio
4.8%

Discount
-36.3%

A Japanese holding company with four "crown-jewel" businesses: Gaming, Music, Pictures and Images & Sensors. Despite these attractive businesses, Sony trades on a discount of 36% 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.

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5 EXOR

Nature of business
Family-backed Holding Company

Valuation
£46.1m

% of portfolio
4.5%

Discount
-31.4%

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 your capital with theirs, we believe there is a good prospect of achieving outsized returns.

Source / New Holland Agriculture

8 FONDUL PROPRIETATEA

Nature of business
Closed-end Fund

Valuation
£40.9m

% of portfolio
4.0%

Discount
-24.5%

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 pays an 8% dividend yield and offers the potential for several corporate events to unlock value and help narrow the 24% discount.

Source / OMV Petrom S.A.

9 SYMPHONY INTERNATIONAL

Nature of business
Closed-end Fund

Valuation
£39.8m

% of portfolio
3.9%

Discount
-40.8%

A London-listed closed-end fund whose main assets include a stake in Minor International, a Thai group focused on hotels, restaurants and retail; a joint venture that owns a valuable bank of land in Bangkok; and a stake in Christian Liaigre, a luxury furniture retailer. The 41% discount is extraordinarily wide for a London-listed closed-end fund and we believe several options exist to tighten it.

Source / nhow Rotterdam

10 TETRAGON FINANCIAL

Nature of business
Closed-end Fund

Valuation
£39.6m

% of portfolio
3.9%

Discount
-46.2%

A Euronext- and London-listed closed-end fund investing in a multi-asset portfolio with exposure to CLO equity, hedge funds and real estate. Tetragon wholly owns, or has substantial stakes in, the asset managers that manage its portfolio, and the ultimate IPO of this asset management business is likely to release some of the value found in the company's 46% discount to NAV.

Source / Tetragon Financial Group Ltd

At 30 September 2019

Company	Nature of business	% of investee company[#]	IRR (%, GBP)[1]	ROI (%, GBP)[2]	Cost £'000[3]	**Equity exposure[4] £'000**	Equity exposure % of portfolio[#]
Pershing Square Holdings (total)^	Closed-end Fund	2.7%	18.7%	37.8%[+]	70,667	**92,710**	9.2%
Pershing Square Holdings (equity position)	*Closed-end Fund*	*1.6%*	*n/a*	*27.1%[+]*	*40,108*	***55,333***	*5.5%*
Pershing Square Holdings (long swap position)[#]	*Closed-end Fund*	*1.1%*	*n/a*	*10.7%[+]*	*30,559*	***37,377***	*3.7%*
Oakley Capital Investments	Closed-end Fund	11.9%	26.1%	35.3%	41,217	**54,410**	5.4%
Third Point Offshore Investors	Closed-end Fund	9.2%	6.4%	12.8%	45,523	**49,842**	4.9%
Sony Corp	Asset-backed Company	0.1%	53.3%	11.6%	43,778	**48,897**	4.8%
EXOR	Family-backed Holding Company	0.4%	14.3%	35.0%	33,912	**46,072**	4.6%
Eurocastle Investment	Closed-end Fund	15.1%	25.3%	10.1%	42,156	**42,969**	4.2%
Jardine Strategic	Family-backed Holding Company	0.2%	-2.0%	-3.6%	47,736	**41,446**	4.1%
Fondul Proprietatea	Closed-end Fund	2.8%	20.1%	63.4%	28,299	**40,878**	4.0%
Symphony International Holdings	Closed-end Fund	15.7%	14.1%	64.1%	26,636	**39,800**	3.9%
Tetragon Financial	Closed-end Fund	2.8%	9.7%	26.2%	35,939	**39,551**	3.9%
Top ten investments					**415,863**	**496,575**	**49.0%**
JPEL Private Equity	Closed-end Fund	18.4%	23.4%	74.5%	20,472	**38,480**	3.8%
Swire Pacific 'B'	Family-backed Holding Company	2.1%	1.7%	4.3%	40,329	**36,909**	3.7%
Kinnevik 'B'	Family-backed Holding Company	0.6%	17.5%	8.6%	31,745	**34,181**	3.4%
Cosan Ltd	Family-backed Holding Company	2.1%	31.3%	56.2%	18,625	**33,734**	3.3%
Tokyo Broadcasting System	Asset-backed Company	1.4%	-1.7%	-3.2%	35,560	**32,028**	3.2%
Pargesa	Family-backed Holding Company	0.6%	12.0%	41.6%	20,418	**27,539**	2.7%
Wendel	Family-backed Holding Company	0.5%	15.6%	47.0%	20,877	**27,488**	2.7%
Riverstone Energy	Closed-end Fund	5.1%	-13.7%	-37.0%	38,369	**23,988**	2.4%
Investor AB 'A'	Family-backed Holding Company	0.1%	13.9%	109.2%	6,663	**22,171**	2.2%
Pasona Group*	Asset-backed Company	3.6%	18.9%	17.5%	15,476	**17,587**	1.7%
Top twenty investments					**664,397**	**790,680**	**78.1%**
Fujitec*	Asset-backed Company	1.7%	1.5%	1.6%	16,147	**15,937**	1.6%
Aker ASA	Family-backed Holding Company	0.5%	18.1%	145.2%	8,290	**15,924**	1.6%
Vietnam Phoenix Fund 'C'	Closed-end Fund	32.0%	14.3%	37.4%	16,060	**15,490**	1.5%
Godrej Industries	Family-backed Holding Company	0.9%	-32.4%	-15.6%	17,106	**14,378**	1.4%
GP Investments	Closed-end Fund	11.2%	-4.0%	-12.6%	16,162	**14,185**	1.4%
Kato Sangyo*	Asset-backed Company	1.4%	2.1%	3.8%	13,639	**13,823**	1.4%
Kanaden*	Asset-backed Company	4.8%	3.4%	4.9%	12,901	**13,108**	1.3%
SK Kaken*	Asset-backed Company	1.2%	-6.5%	-6.3%	13,705	**12,705**	1.2%
Daiwa Industries*	Asset-backed Company	2.7%	-0.4%	-0.6%	12,126	**11,566**	1.1%
Toshiba Plant Systems*	Asset-backed Company	0.9%	9.4%	10.0%	10,364	**11,280**	1.1%
Top thirty investments					**800,897**	**929,076**	**91.7%**

Company	Nature of business	% of investee company[#]	IRR (%, GBP)[1]	ROI (%, GBP)[2]	Cost £'000[3]	**Equity exposure[4] £'000**	Equity exposure % of portfolio[#]
Teikoku Sen-I*	Asset-backed Company	3.0%	-7.3%	-6.9%	12,040	**11,054**	1.1%
Toagosei*	Asset-backed Company	0.8%	18.7%	9.7%	9,161	**9,907**	1.0%
Digital Garage*	Asset-backed Company	0.8%	56.6%	23.7%	8,176	**9,845**	1.0%
Nishimatsuya Chain*	Asset-backed Company	1.9%	-8.8%	-16.3%	11,609	**9,343**	0.9%
Nuflare Technology*	Asset-backed Company	1.3%	62.0%	34.3%	6,684	**8,847**	0.9%
Tachi-S*	Asset-backed Company	2.5%	-13.5%	-22.4%	11,276	**8,547**	0.8%
Konishi*	Asset-backed Company	1.7%	-6.3%	-3.3%	8,163	**7,831**	0.8%
Sekisui Jushi*	Asset-backed Company	1.0%	15.4%	13.2%	6,432	**7,198**	0.7%
Better Capital (2009)	Closed-end Fund	2.1%	24.6%	47.7%	1,962	**2,982**	0.3%
Nakano Corporation*	Asset-backed Company	2.1%	-8.9%	-16.1%	3,199	**2,535**	0.2%
Top forty investments					**879,599**	**1,007,165**	**99.4%**
Mitsuboshi Belting*	Asset-backed Company	0.3%	-9.9%	-6.7%	1,691	**1,230**	0.1%
Ashmore Global Opportunities – GBP	Closed-end Fund	12.5%	3.5%	6.9%	846	**1,066**	0.1%
Nissan Shatai*	Asset-backed Company	0.1%	-2.9%	-4.1%	844	**740**	0.1%
Total long equity exposure					**882,980**	**1,010,201**	**99.7%**
Pershing Square Holdings Hedges°							
Total return swap[#] – long positions						included in ^ above	
Total return swap* – short positions			n/a	-26.1%	(21,493)	**(29,034)**	-2.8%
Total net equity exposure					**861,487**	**981,167**	**96.9%**
Other net assets and liabilities						**31,703**	**3.1%**
Total assets less current liabilities						**1,012,870**	**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 89 to 92.
[2] Return on investment. Calculated from inception of AVI Global's investment. Refer to Glossary on pages 89 to 92.
[3] Cost (refer to Glossary on pages 89 to 92) plus notional cost of long and short swap positions.
[4] Notional current equity value of investments and swaps.
^ Pershing Square Holdings' notional equity exposure includes investment in equity shares and long swap position. For further information, refer to page 23.
+ The ROI for Pershing Square Holdings does not include any contribution from the associated short total return swap positions.
° Value of Pershing Square Holdings hedged by shorting a pro rata amount of underlying holdings in Berkshire Hathaway, Chipotle Mexican Grill, Howard Hughes, Hilton Worldwide Holdings, Lowe's Companies, Restaurant Brands International and Starbucks.
[#] For definitions, refer to Glossary on pages 89 to 92.

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

34 years' experience of long-term outperformance following our distinctive investment style (annualised NAV total returns of 11.7% 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 89 to 92.

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

AVI Global Trust

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

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

Members of the investment team at AVI invest their own money in funds which they manage. As at 30 September 2019, AVI's investment team owned 220,031 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.

Family-backed 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, Pernod Ricard, Adidas, EQT, AstraZeneca, Mandarin Oriental, Cathay Pacific, Bureau Veritas, Zalando 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, Time Out, North Sails, Nestlé and Minor International.

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 18 Japanese operating companies which have, on average, 91% 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 3x 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

Joe Bauernfreund
Chief Investment Officer

> Over the financial year the total net asset value return was 2.1%.

Joe is Chief Executive Officer and Chief Investment Officer of AVI. Joe has been AVI Global Trust's named portfolio manager since 1 October 2015, continuing the natural progression that has seen only three portfolio managers at AVI Global Trust in the last 30 years.

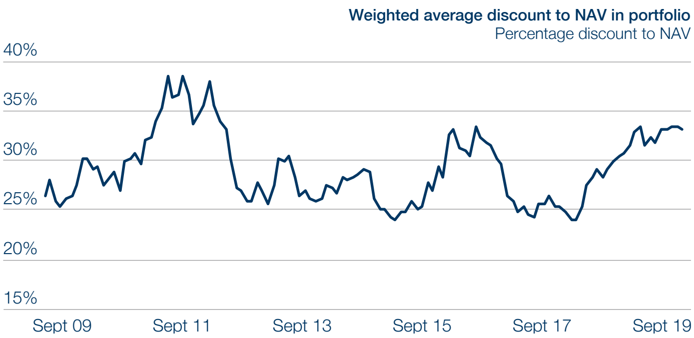
The past 12 months have been challenging for investors to navigate. We have had to endure the market correction of the last quarter of 2018, the US-China trade war, fears of a slowdown in global economic growth, unrest in Hong Kong and, here in the UK, the ongoing Brexit saga. To varying degrees, these have all had an impact on your Company's portfolio as well as broad market performance.

The +2.1% total return achieved over the past 12 months compares to a return of +4.5% in the Company's benchmark index, the MSCI All Country World ex-US Index (all in GBP). Returns amongst most developed markets have been relatively muted over the period: Europe, the UK and Japan managed low-single-digit total returns in GBP terms, whilst the S&P 500 returned almost 10% (total return, GBP) – respectable compared to the rest but lower than recent years.

The broad theme that has been playing on investors' minds over the period has been the growing uncertainty about the future growth of the world economy and hence the likely direction of company profits. In recent months, with the yield curve inversion in the US (i.e. long-term interest rates are now lower than short-term ones, indicating that the bond market thinks a recession is imminent), fears of an impending recession have been on the rise. The ongoing trade dispute between the US and China has increased the likelihood of a global recession and appears to already have had an impact on company performance in certain areas. Investors have become fixated on central bank policy, which has spun 180 degrees during the 12 month period. The growing conclusion is that zero/negative interest rates are here to stay. Investors seem unsure whether this will be enough to push already elevated valuations in certain areas of the market to ever-higher levels.

Japan has been an area that continues to be unloved by international investors and a market that has suffered from the negative sentiment pervading markets. It is seen as a play on global growth and particularly so for the small-cap universe. We remain optimistic about the opportunities in Japan. Indeed, your Company's exposure to Japan increased from 20% to 27% over the past 12 months. Notwithstanding this, the summer months have proven to be extremely challenging for the Japanese market. Valuations of many Japanese companies have fallen to distressed levels, with some having cash covering almost their entire market capitalisation.

WEIGHTED AVERAGE DISCOUNT*



Source / Estimated by Asset Value Investors

8.4%

Annualised NAV 10 Year Total Return per share*

* For definitions, see Glossary on pages 89 to 92.

In addition to a backdrop of slowing global growth, localised events have also had an impact on markets. The greatest of these have been the protests in Hong Kong over the summer, which raised the prospect of China interfering more in the territory's affairs. Your Company's exposure to Jardine Strategic and Swire Pacific was detrimental to returns over the summer, as their share prices suffered from the increased risk premium demanded for Hong Kong-exposed companies.

Sterling has continued to be volatile, with the broad trend over the past 12 months being one of weakness. Your Company has very little by way of direct exposure to the UK and very limited exposure to Sterling; thus, the weakness has made a positive contribution to returns over the past 12 months.

The upshot of these muted returns has been ever-more-attractive fundamental valuations. And this is what we would expect to occur at times when the future is most uncertain. In turn, this is the time when we can find the best opportunities to deliver strong long-term growth. The weighted average discount on your Company's portfolio stands at 33% today. This is remarkably wide. One year ago it was 30%. Over the past 20 years it has been as narrow as 12% and as wide as 39%. That the level observed today is close to that during the 2009 financial crisis is remarkable, and reflects the continued lack of interest in our areas of focus. Investors are missing out on very attractive opportunities.

The companies we are exposed to through under-researched holding structures, comprise a group of attractive, high-quality and well-known names, as can be seen on pages 14 and 15. We hold those companies at an average discount of 33% compared to what investors are paying for them directly. So, although the future path of global growth remains clouded – and we are by no means complacent about that fact – we believe that our portfolio is well positioned to withstand the uncertain future.

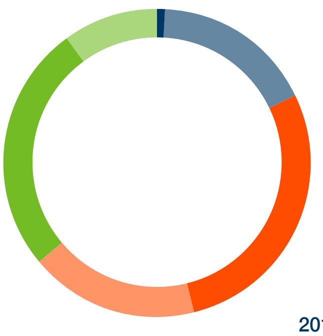
The combination of strong balance sheets, high-quality businesses and attractive fundamental valuations is a compelling mix. The uncertain future will undoubtedly create volatility – and it is our intention to take advantage of this. During the past 12 months, your Company's portfolio has seen some strongly performing investments, as well as some weak performances. Overall, we have been encouraged by the level of NAV growth in your portfolio, although particular pain has been felt at our holding in Riverstone Energy, where the NAV has fallen sharply along with the US Exploration and Production sector. Riverstone Energy has also suffered from a widening discount, as has our other oil-related holding, Aker, where the discount has widened from 14% to 26%. As previously mentioned, Jardine Strategic and Swire Pacific – the two Hong Kong-exposed investments – have also been detractors, with falling NAVs compounded by widening discounts.

On the other side of the equation, we have seen strong performance from Cosan Ltd, Pershing Square and Fondul Proprietatea, all of which registered excellent NAV growth in the past year.

We have taken some profits in stronger performers as they have become less cheap, and added to names where we believe weakness and volatility present an opportunity. We expect to continue to do this as the market grapples with the challenges lying ahead. In anticipation of this, utilisation of the debt facilities has declined over the past few months and, as at the time of writing, we have cash available for investment of £53m.

On the following pages, we provide more detail on key investments and a number of other significant contributors and detractors to performance over the past 12 months.

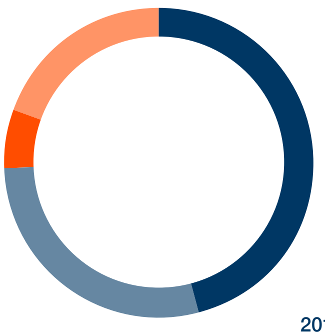
LOOK-THROUGH COUNTRY EXPOSURE



	2019 %	2018 %
United Kingdom	**1.0**	0.9
North America	**17.0**	24.3
Europe	**28.2**	27.8
Asia	**17.7**	17.9
Japan	**26.2**	18.6
Latin America, Africa & Emerging Europe	**9.9**	10.5

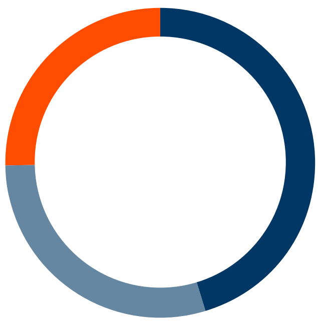
Based on location of companies' underlying assets, rather than country of listing.

EQUITY PORTFOLIO VALUE BY MARKET CAPITALISATION



	2019 %	2018 %
<£1 billion	**46.1**	41.8
>£1 billion – <£5 billion	**28.5**	39.5
>£5 billion – <£10 billion	**6.1**	–
>£10 billion	**19.3**	18.7

PORTFOLIO VALUE BY SECTOR



	2019 %	2018 %
Closed-end Funds	**45.3**	46.6
Family-backed Holding Companies	**29.6**	34.4
Asset-backed Companies	**25.1**	19.0

Source / Asset Value Investors

CONTRIBUTORS

COSAN LTD

Description	Total return on position FY19 (local)[2]
Family-backed Holding Company	92.0%
% of portfolio[1]	**Total return on position FY19 (GBP)**
3.3%	100.5%
Discount	**Contribution (GBP)[3]**
-20.3%	3.25%
% of investee company	**ROI since date of initial purchase[4]**
2.1%	56.2%

FONDUL PROPRIETATEA

Description	Total return on position FY19 (local)[2]
Closed-end Fund	20.2%
% of portfolio[1]	**Total return on position FY19 (GBP)**
4.0%	26.1%
Discount	**Contribution (GBP)[3]**
-24.5%	1.63%
% of investee company	**ROI since date of initial purchase[4]**
2.8%	63.4%

Cosan Ltd ('CZZ') was, by some way, the largest contributor to performance over the year, adding 325bps to returns. Its share price appreciated by +121% vs the MSCI Brazil's +31%, in USD – a notable turnaround from last year when CZZ was our largest detractor.

CZZ has a complex structure. It has stakes in two listed holding companies, Cosan SA ('CSAN3') and Cosan Logistica ('RLOG'), which in turn own listed and unlisted assets. This complex structure deters other investors, and has led to discounts on discounts. When we first invested in CZZ in July 2017, we saw a group of high-quality assets, run by highly competent management, with huge upside from simplification of the group structure.

In last year's annual report, when commenting on the underperformance of CZZ, we wrote that "we remain convinced by the merits of our investment and look forward to continued buybacks, NAV growth and the ultimate prize – the simplification of the group structure". Since then, CZZ has purchased 9% of its own shares, achieved NAV growth of +86% and begun simplifying the holding structure by taking private Comgás, a listed subsidiary of CSAN3.

Given the risk-free accretion to NAV, we have long been proponents of buybacks. The accretion increases the wider the discount and, with CZZ trading on a 54% look-through discount at the start of the year, we were pleased to see management recognising the upside as well. CZZ conducted two tenders over the year, contributing approximately +9% to CZZ's look-through NAV.

CZZ's impressive +86% NAV growth was driven by both of its holdings – CSAN3 and RLOG – which returned +61% and +110% respectively. Returns at CSAN3 came from good results at Comgás (+15% EBITDA growth); outperformance of their fuel distribution business, Raízen Combustíveis, which achieved fuel growth of +7% versus peers' +1%; and the successful international expansion of their lubricant business driving +43% EBITDA growth. Returns at RLOG benefited from a narrowing of the discount from 29% to 11%, on increased likelihood of restructuring, and a +64% share price gain in Rumo, RLOG's sole holding.

CZZ has consistently communicated its intention to simplify the holding structure. Its aim is to see each underlying company with its own listing held directly by CZZ. We believe that the acquisition of Comgás minorities in March is the start of this process. Comgás is now wholly owned by CSAN3 and management can focus on recapitalising the business and distributing cash to CSAN3 before eventually relisting and spinning out to CZZ.

Management's increased focus on simplification, coupled with buybacks and strong operating performance, saw CZZ's discount narrow from 33% to 20%, and the look-through discount from 54% to 42%. With the strong performance, we took the opportunity to sell down half of our position over the year. On a 42% look-through discount, there is still significant upside and we remain confident about the prospects of the investment.

Fondul Proprietatea ('FP') had a turbulent year. In late December, the Romanian government introduced an Emergency Ordinance which, had it been successfully implemented, would have resulted in material value impairment for shareholders of FP. The initial package of measures included a tax on turnover for companies operating in the electricity and gas sectors, and a cap on electricity and gas prices. The measures would have affected many sectors to which FP has exposure and, while some of the measures appeared to contravene Romania's obligations under EU law, the market nonetheless responded negatively to the news. FP's discount widened materially, reaching in excess of 40% at the trough.

However, as 2019 progressed, the feared negative outcome appeared to recede further into the distance. By April, the Romanian parliament had significantly softened many of the envisaged measures. May's European elections saw strong performance from the Union to Save Romania ('USR') – a pro-business, pro-EU, pro-reform party. Since the elections, the Bucharest Stock Exchange has recovered by +18% and Fondul's share price is up +25%.

Overall, and despite the turbulent year, FP produced NAV returns of +13% which, together with a tightening of the discount from 32% to 24%, resulted in a share price total return of +28% (in USD terms). At the portfolio level, FP declared a dividend of RON0.09/USD1.08 – equivalent to an attractive dividend yield of 6% on NAV and 8% on the pre-distribution share price.

The potential for an IPO of key assets, including Hidroelectrica (38% of NAV) and Bucharest Airport (8%), remains plausible, providing catalysts to unlock value for shareholders. We believe that both companies are valued extremely conservatively in FP's NAV. With a high dividend yield composed of recurring ordinary and special dividends, high- quality and cheaply-held assets, a policy of returning all sale proceeds to shareholders and a 24% discount to NAV, we continue to believe that FP offers considerable value.

1 For definitions, see Glossary on pages 89 to 92.
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 89 to 92 for further details.

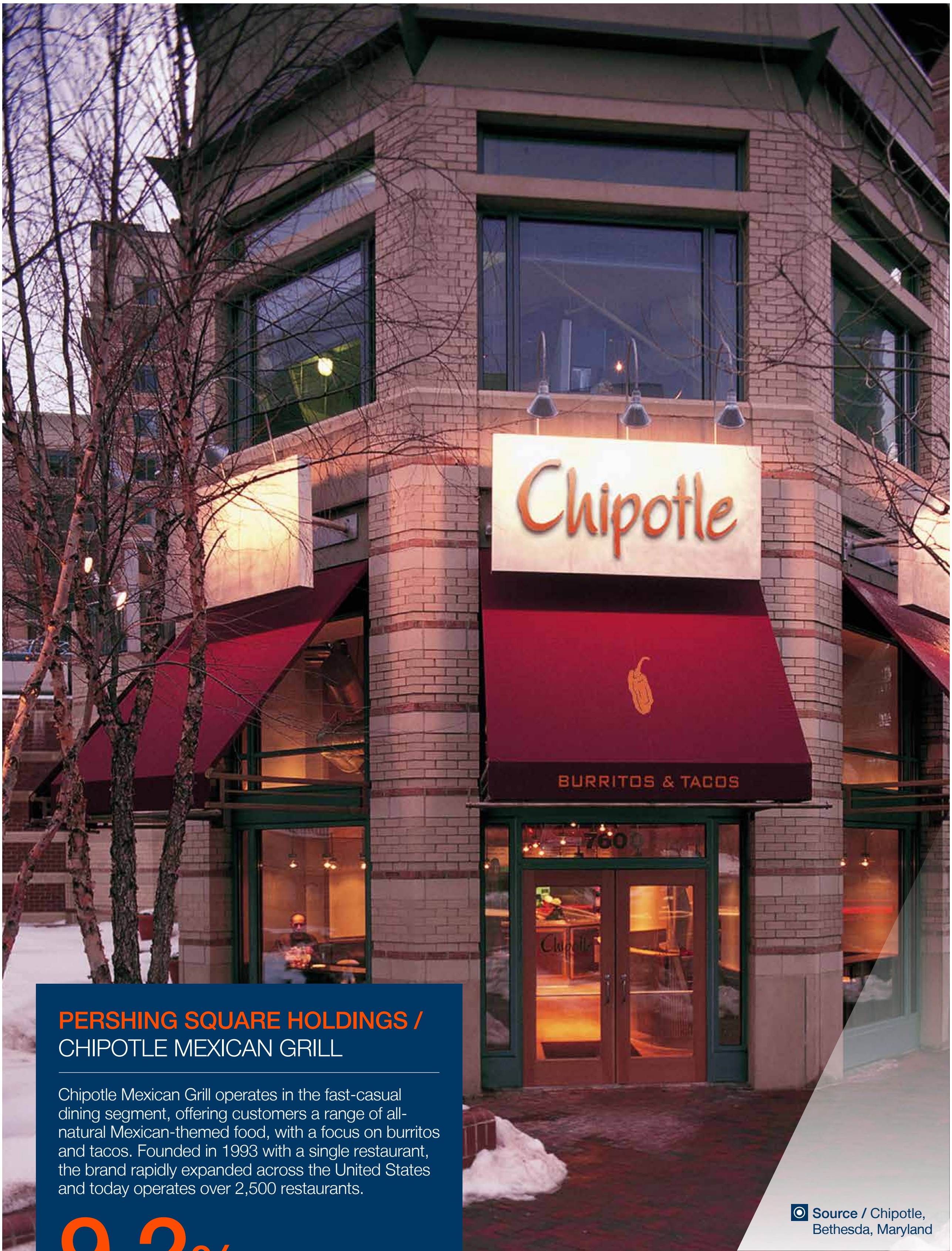
Source / Rumo

COSAN LTD / RUMO

Rumo SA is a Brazilian rail transportation and logistics business whose key area of activity extends over Mato Grosso, São Paulo and the southern states of Brazil, home to four of the country's most active ports, through which most grain production is exported. The company operates 12,000km of lines, 1,000 locomotives and 25,000 wagons, as well as distribution centres and storage facilities. Cosan Logística will benefit from long-term Brazilian economic development and the increased use of rail transportation.

3.3%

% of portfolio



Source / Chipotle, Bethesda, Maryland

PERSHING SQUARE HOLDINGS / CHIPOTLE MEXICAN GRILL

Chipotle Mexican Grill operates in the fast-casual dining segment, offering customers a range of all-natural Mexican-themed food, with a focus on burritos and tacos. Founded in 1993 with a single restaurant, the brand rapidly expanded across the United States and today operates over 2,500 restaurants.

9.2%

% of portfolio

CONTRIBUTORS

PERSHING SQUARE HOLDINGS

Description
Closed-end Fund

% of portfolio[1]
9.2%

Discount
-27.3%

% of investee company
2.7%

Total return on position FY19 (local)[2]
20.6%

Total return on position FY19 (GBP)
24.2%

Contribution (GBP)[3]
1.31%

ROI since date of initial purchase[4]
37.8%

Pershing Square Holdings ('PSH') was the third-largest contributor to your Company's returns over the period, adding 131bps, driven by NAV growth of +33%. As a reminder, 40% of the PSH position is hedged (as at the financial year end) by shorting a pro rata amount of the underlying holdings; this provides the potential for equity-like returns from discount tightening (albeit this did not prove to be the case over the period) while not taking on equity market risk. The outright long position added 186bps to returns, and the hedged position reduced returns by -55bps as a result of the discount widening.

The majority of PSH's holdings produced strong returns, with positions in Chipotle (+85% total share price return), Starbucks (+60%), Restaurant Brands (+23%) and Hilton Worldwide (+16%) all being significant contributors. Only one stock, Lowe's Inc, produced negative returns (-2%).

PSH also holds stakes in Fannie Mae and Freddie Mac, option-style plays on housing market reform in the US. Over the year, those positions increased by +164% and +156% respectively as the US Treasury inched ever closer to overhauling the businesses and ending the government's claim over the companies' excess capital. (Note: these positions are not hedged given their non-equity-market risk profiles).

Despite the strong progress over the year, the share price discount to NAV widened out from 24% to 27%, which reduced share price returns slightly. PSH introduced some measures to combat the extraordinarily wide discount, including a quarterly dividend payment and a buyback programme for 3% of outstanding shares. While both of these measures are helpful at the margin, we believe that deeper structural solutions are needed to resolve the issue.

The discount, however, was not helped by the issuance of USD400m in debt with a 20-year maturity in August – a view which we made known to the Chairman of PSH by means of a public letter.

Our view, expressed in detail in the letter, was that the issue of such long-dated debt would act as a poison pill in constraining the ability of the company to tackle its very wide discount to NAV. While the eventual terms of the debt showed some concessions (e.g. caps after ten years on the make-whole premium due in the event of early repayment, offering some protection against further falls in interest rates), and hinted at a portion of the proceeds being used to refinance existing debt, these do not change our fundamentally negative view of the issue.

Taking a step back, it is highly debatable whether PSH should be refinancing its debt at all, let alone using very long-dated debt to do so. Given that the existing debt has been cited frequently in the past by the board and by the manager as an impediment to more aggressive share buybacks and/or tender offers, or other more structural solutions, there is a strong argument that it should be repaid in full at its maturity in 2022 and that the company should either be run on an unleveraged basis or levered using more flexible debt.

Aside from limiting the company's ability to manage its discount, the additional gearing increases the option value of the manager's performance fee (as performance fees can be viewed as a call option on NAV growth with the strike set at the high watermark, the more leveraged the company is, the more volatile its NAV will be, and the more valuable is that option). We have grave concerns that the board of PSH seems to have been blind to the consequences of, and conflicts surrounding, the recent debt issue.

We invested in PSH over two years ago, having conducted extensive due diligence on its portfolio and the manager's investment strategy, and have benefited from the strong NAV returns as performance has turned around. We continue to have a favourable view of the prospects for further share price appreciation from PSH's portfolio of high-quality, free cash flow-generative companies with limited capital expenditure requirements, high returns on invested capital and clear idiosyncratic drivers for earnings growth. We now await a similar "turnaround" from the board, which bears responsibility for the discount suffered by shareholders.

[1] For definitions, see Glossary on pages 89 to 92.
[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 89 to 92 for further details.

We don't just analyse performance. We actively encourage it.

JAPAN SPECIAL SITUATIONS*

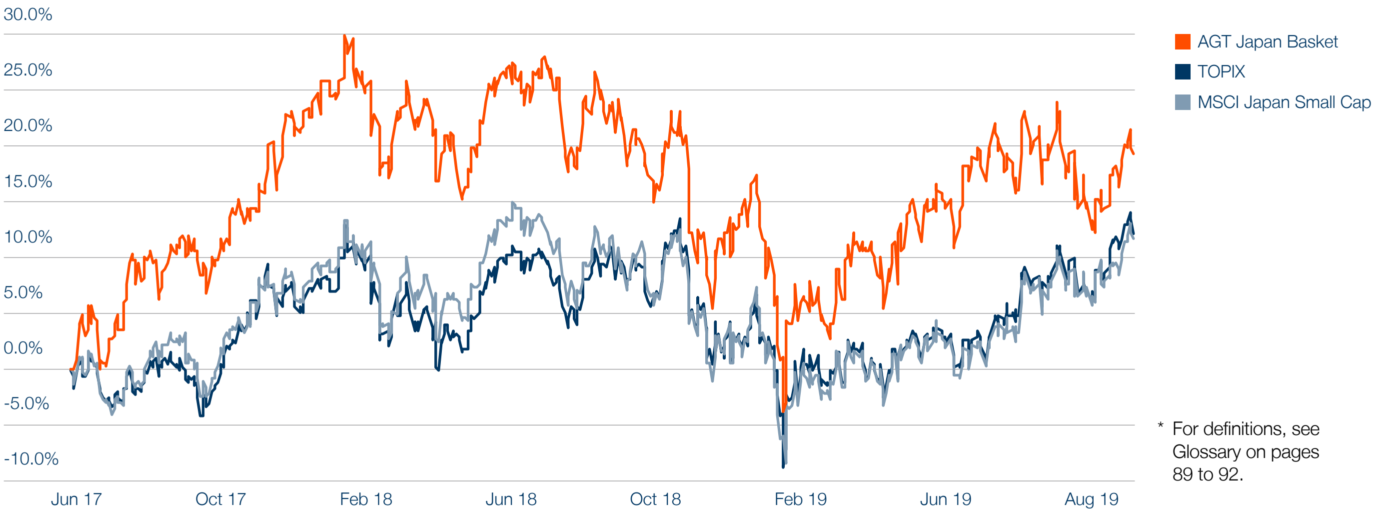
The Japan Special Situations basket is a portfolio of 18 cash- and securities-rich Japanese operating companies. Driven by the Abe administration, pressure is mounting on Japanese companies to change their corporate governance practices and capital allocation policies. We believe that it is increasingly probable that these companies will begin to return excess capital to shareholders or put it to more productive use, with highly attractive risk-adjusted returns for shareholders.

It has been over two years since we launched the Japan Special Situations basket. This basket was created to exploit a niche opportunity that we saw in undervalued, overcapitalised, small-cap Japanese companies. These companies have generated an enormous amount of cash which they have not been able to invest fast enough, leading to a large accumulation of cash on the balance sheet. With the introduction of the Corporate Governance Code in 2015, companies have been returning this to shareholders, through increased payout ratios and record-high buybacks.

Despite the positive actions of many companies, Japanese stocks have lagged over the past year. The MSCI Japan Small Cap has fallen -1% against the S&P 500, which rose +10%, and the MSCI Europe, which gained +5% (in GBP).

The fractious US-China trade war and the view from foreign investors that Japan is a never-changing, expensive proxy for global growth, has continued to take its toll. The mismatch to how we see fundamentals and how foreigners view the market creates exciting opportunities for us.

PERFORMANCE OF JAPAN SPECIAL SITUATIONS BASKET SINCE LAUNCH



* For definitions, see Glossary on pages 89 to 92.

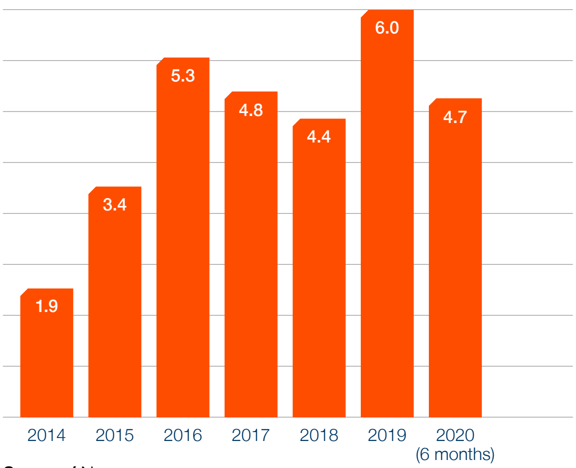
Source / AVI, FactSet. All data total return GBP.

Despite this, the basket is still ahead of the MSCI Japan Small Cap Index, returning +18% since inception versus the index's +11%, and, most importantly, valuations have become cheaper. The EV/EBIT of the basket has fallen from 3.7 at the start of the financial year to 3.1 at the end, and, similarly, the percentage of the market cap that the basket has covered by net cash and investment securities has increased from 75% to 91%. Lower valuations give greater upside to our fair values. Coupled with the progress we are seeing on the corporate governance front, we are excited about the prospects of this basket, which is why it remains our largest portfolio weight.

91%

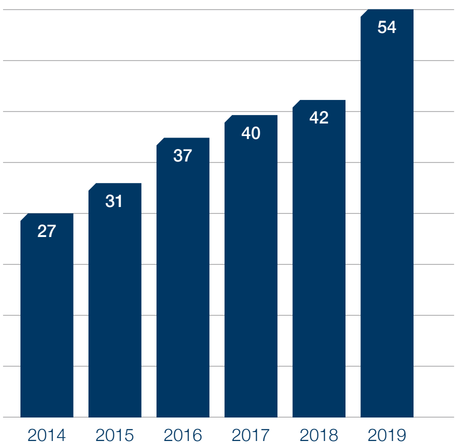
On average, net cash and investment securities account for 91% of the market capitalisation of the stocks in the basket*.

JAPANESE LISTED COMPANIES COMPLETED BUYBACKS (JPY TRILLION)



Source / Nomura

NUMBER OF SHAREHOLDER PROPOSALS IN JAPAN IS RISING SLOWLY BUT STEADILY



Source / CLSA

* For definitions, see Glossary on pages 89 to 92.

CONTRIBUTORS

OAKLEY CAPITAL INVESTMENTS

Description Closed-end Fund	**Total return on position FY19 (local)**[2] 17.5%
% of portfolio[1] 5.4%	**Total return on position FY19 (GBP)** 17.5%
Discount -29.3%	**Contribution (GBP)**[3] 0.88%
% of investee company 11.9%	**ROI since date of initial purchase**[4] 35.3%

Oakley Capital Investments ('OCI') is a London-listed fund investing in, and making co-investments alongside, the private funds run by Oakley Capital – a private equity firm set up by Peter Dubens, a well-regarded UK entrepreneur, with over EUR1.5bn under management.

Oakley Capital has a distinctive approach to private equity investing, as it focuses on complex deals (such as carve-outs) sourced by its network of entrepreneurs who believe in the Oakley philosophy. This method allows Oakley to avoid the auction process – where competitive bids push up asset prices – and assemble a portfolio of businesses currently growing EBITDA at 31% annually, held at an EV/EBITDA multiple of just 12x, which we consider to be modest in light of the aforementioned earnings growth and the multiples at which comparable listed peers trade. Oakley focuses on niche areas where it has expertise, such as consumer, TMT and education.

The portfolio consists of 17 companies spread across those three sectors. Major holdings include Inspired (a global network of K-12 schools), Time Out (a media brand in the roll-out phase of a food-market concept), WebPros (a US and European provider of web-hosting services and software), Career Partner (a German private university) and Schülerhilfe (a provider of after-school tutoring in German-speaking countries).

The past year has been a busy one for Oakley Capital and OCI. Oakley Capital successfully marketed its Fund IV, which raised almost EUR1.5bn from institutional and private investors; OCI itself made a commitment of EUR400m to Fund IV, accounting for 27% of the total. Fund IV made its first investment in May of this year into Seagull & Videotel, providers of e-learning solutions to the maritime sector, and subsequently invested in Seven Miles, a German seller of digital and physical gift vouchers to both consumers and B2B clients.

In addition to this, Fund III (2016 vintage) made three new investments into Ekon (a Spanish provider of ERP software), Rastreator & Acierto (Spanish price comparison websites) and Alessi (an Italian provider of luxury household goods). The Alessi investment will be Fund III's last, with the remainder of committed capital used to finance further investments into the existing holdings.

Fund II also saw a major transaction occur, with Warburg Pincus buying a significant stake in Inspired, which resulted in a 72% uplift to the carrying value. OCI retains exposure to Inspired both through Fund II and through a co-investment.

In August, OCI completed its admission to the Specialist Fund Segment ('SFS') of the London Stock Exchange, which we view as an improvement over the previous Alternative Investment Market ('AIM') listing, where corporate governance protections are weaker. When we consider previous corporate governance improvements – including a share buyback (albeit small), repeated public commitments not to issue shares at a discount, an energised marketing campaign and improved transparency in financial reporting – it is clear that OCI has made great strides in improving its governance standards, notwithstanding there remains considerable room for further advances.

Despite the strong growth in NAV (+28% total return) and corporate governance improvements over the year, OCI's discount widened from 24% to 29%, resulting in a share price total return of +19%. While we accept that OCI has a lingering reputation for violating shareholder rights, we believe that the current discount is an excessive punishment for past transgressions that are now receding into the rear-view mirror. With an attractive portfolio of fast-growing stocks acquired at reasonable multiples, a unique approach of avoiding auctions and leveraging its network of entrepreneurs, and a wide discount to NAV, we think that OCI remains as compelling an investment as when we first invested in it 18 months ago.

1 For definitions, see Glossary on pages 89 to 92.
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 89 to 92 for further details.

Source / Career Partner Group

OAKLEY CAPITAL INVESTMENTS / CAREER PARTNER GROUP

Career Partner Group is a leading provider of higher education in Germany, operating principally under the brand of the International University of Applied Sciences Bad Honnef. The group has over 20,000 students, offering more than 80 study programmes at Bachelor, Master, and MBA level.

5.4%

% of portfolio

CONTRIBUTORS

THIRD POINT OFFSHORE INVESTORS

Description Closed-end Fund	**Total return on position FY19 (local)**[2] 7.9%
% of portfolio[1] 4.9%	**Total return on position FY19 (GBP)** 14.1%
Discount -17.9%	**Contribution (GBP)**[3] 0.71%
% of investee company 9.2%	**ROI since date of initial purchase**[4] 12.8%

Third Point Offshore Investors ('TPOU') added 71bps to your Company's returns over the financial year, driven by a +3% growth in the NAV and a tightening of the discount from 22% to 18%, resulting in total share price returns of +8%. A +6% strengthening of USD relative to GBP provided a further tailwind for returns. Underlying performance on the long side was good, with the top seven positions (accounting for 50% of NAV) increasing by an average of +15%.

In large part due to our engagement with the company's board and manager, TPOU has introduced various measures to tackle the persistently wide discount at which its shares have traded. These include a move to a Premium Listing, a buyback programme, the cancellation of TPOU shares held by the Master Fund, a reduction in the management fee from 2% to 1.25% and the appointment of a new chairman.

In a Corporate Update published in late September 2019, the board announced an aggressive USD200m buyback programme to take place over the next three years. This sum is equivalent to 30% of the market cap just prior to the announcement. Significantly, the chairman commented that shareholders will be consulted on "alternative approaches" should the programme not have the desired effect.

We continue to view TPOU as an attractive opportunity for your Company's portfolio.

SONY CORP

Description Asset-backed Company	**Total return on position FY19 (local)**[2] 9.5%
% of portfolio[1] 4.8%	**Total return on position FY19 (GBP)** 11.9%
Discount -36.3%	**Contribution (GBP)**[3] 0.57%
% of investee company 0.1%	**ROI since date of initial purchase**[4] 11.6%

Despite only being held since the middle of June, Sony was the sixth-largest contributor, adding 57bps to performance as its share price rose by +10% from our average purchase price.

Sony is known to consumers as an electronics company, but today that division accounts for a relatively small portion of overall profits. In reality, Sony owns a myriad of businesses, within which there are four "crown jewels" – Gaming, Music, Pictures and Semiconductors (image sensors) – which account for 68% of sales and over 100% of operating profits (ex-financial services). Operating profits for these four businesses have grown at an annual compound rate of 24% over the last four years. Despite the attractiveness of the underlying businesses, the market prices Sony on a 37% discount to our sum-of-the-parts NAV.

We believe that this discount is driven by the complexity of the conglomerate structure, which drives a series of hard-to-dispel misconceptions, such as: the Gaming business is cyclical and dependent on the "console cycle"; the Semiconductor business is exposed to growth in smartphones; and the Mobile Communication division will continue to generate losses indefinitely. However, our research indicates that these conceptions are incorrect. The Gaming business is moving to a subscription-based recurring-revenue model; the Semiconductor division manufactures genuinely differentiated products and will benefit from the increasing use of cameras in smartphones and automobiles; and, with a focus on cost cutting, the mobile business will turn a profit. We also note that the recent proposed Universal Music Group ('UMG') Tencent transaction values UMG at 22x 2019 estimated EV/EBITDA; to our minds, this confirms the high value placed on unique content assets by strategic buyers and the read-across for Sony Music is, in our view, very positive.

We are encouraged by the presence of activist investor Third Point, whose London-listed vehicle is a top ten holding of your Company, on the register. We agree with Third Point's arguments that there are several levers that management could pull to realise Sony's value, including: (a) a spin-off of Sony's semiconductor business; (b) disposal of the listed stakes in Sony Financial, M3 and Spotify (16% of Sony's market cap), which would have the benefit of both freeing up capital for growth and deconsolidating Sony Financial; and (c) the deployment of a moderate amount of gearing to conduct further buybacks.

Whilst Sony's board stated in a formal reply to Third Point's letter that they would not consider a spin-off of their semiconductor business for the time being, we are nonetheless encouraged by their receptiveness to their campaign, and note that, as suggested by Third Point, Sony sold its listed stake in Olympus for USD760m. In our opinion, this reflects an investing environment in Japan which is increasingly welcoming of shareholders engaging constructively with companies. Furthermore, we believe that this type of large-cap activism could have a trickle-down effect towards the smaller segments of the market as investors become increasingly aware of, and interested in, the opportunities available in Japan.

Looking to the future, we are excited by the underlying strength of Sony's businesses and their potential for growth. Coupled with a highly attractive 36% discount and multiple levers for value creation, we continue to see this as a highly attractive investment.

1 For definitions, see Glossary on pages 89 to 92.
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 89 to 92 for further details.

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 Swire Pacific, a Hong Kong-listed family-controlled holding company, that accounts for 3.7% of AVI Global Trust's portfolio (3.94% of its NAV). Swire Pacific's largest holding is Swire Properties, a Hong Kong property developer, which accounts for c73% of its own NAV. This translates to an effective exposure of AVI Global Trust to Swire Properties of 2.9% of AVI Global Trust's NAV. The table below is an indication of the degree of diversification of the portfolio.

Look-through companies	Parent company	Underlying look-through weight	Look-through holding sector
Swire Properties	Swire Pacific Ltd 'B'	2.9%	Real Estate Operating Companies
doValue	Eurocastle	2.3%	Specialised Finance
Minor International	Symphony	2.3%	Hotels, Resorts and Cruise Lines
Sony Playstation	Sony Corp	1.8%	Interactive Home Entertainment
Fujitec	Fujitec	1.7%	Industrial Machinery
Hidroelectrica SA	Fondul Proprietatea GDRs	1.7%	Electric Utilities
Benefit One	Pasona	1.6%	Human Resource and Employment Services
Partner RE	EXOR	1.6%	Reinsurance
Kato Sangyo	Kato Sangyo	1.5%	Food Distributors
Ferrari	EXOR	1.4%	Automobile Manufacturers
Kanaden	Kanaden	1.4%	Trading Companies and Distributors
Cosan Logistica	Cosan Ltd	1.4%	Railroads
SK Kaken	SK Kaken	1.3%	Specialty Chemicals
TFG Asset Management	Tetragon Financial	1.3%	Asset Management and Custody Banks
Bureau Veritas	Wendel	1.2%	Research and Consulting Services
Fiat Chrysler Autos	EXOR	1.2%	Automobile Manufacturers
Daiwa Industries	Daiwa Industries	1.2%	Industrial Machinery
Aker BP	Aker	1.2%	Oil and Gas Exploration and Production
Toshiba Plant	Toshiba Plant	1.2%	Construction and Engineering
Sony Music	Sony Corp	1.2%	Movies and Entertainment

EXOR: HOW THE LOOK-THROUGH ANALYSIS WORKS

EXOR is an Italian-listed holding company in which AVI Global Trust's portfolio has an investment. Although EXOR is just one company, it provides your Company's portfolio with exposure to many different geographies and sectors by virtue of the fact that EXOR itself holds a diversified portfolio of companies.

Company name	% of EXOR's portfolio	Geography	Sector
Fiat Chrysler Autos	23%	Global	Automobile Manufacturers
Ferrari	27%	Global	Automobile Manufacturers
CNH Industrial	15%	Global	Agricultural and Farm Machinery
Juventus	4%	Italy	Movies and Entertainment
Partner RE	30%	Global	Reinsurance
The Economist	1%	Global	Publishing

CONTRIBUTORS

EUROCASTLE INVESTMENT

Description Closed-end Fund	**Total return on position FY19 (local)[2]** 8.0%
% of portfolio[1] 4.2%	**Total return on position FY19 (GBP)** 10.1%
Discount -9.7%	**Contribution (GBP)[3]** 0.55%
% of investee company 15.1%	**ROI since date of initial purchase[4]** 10.1%

We initiated a position in Eurocastle Investment ('ECT') in March, at an average buy-in discount of 22%. Since then, ECT has contributed 55bps to returns and was your Company's seventh-largest contributor. Positive returns came despite a -10% fall in the NAV over the period, as a narrowing in the discount from 25% to 10% provided a counterweight to the decline in NAV.

ECT's largest listed holding, doValue (51% of NAV), an Italian third-party servicer of non-performing loans ('NPLs') with EUR137bn of assets under management ('AUM'), has produced a negative return since March, with its share price down by -23%. We consider doValue to be a much misunderstood stock, with its share price highly correlated to Italian financials despite its lack of any significant balance sheet investments. We view doValue as more akin to a fund manager, earning "base" and "performance" fees on amounts collected from corporate debtors, with historic collections demonstrating resilience across economic cycles.

doValue's revenues for the first half of 2019 grew by +7%, and net income by +27%. We believe that doValue's acquisition of Altamira Asset Management in January is a transformational and highly accretive deal which is underappreciated by the market, providing an additional EUR56bn in AUM acquired at just 4x EV/EBITDA. Importantly, Altamira, with its market-leading positions in Spain, Portugal and Cyprus, diversifies doValue outside of Italy to the whole of southern Europe and gives it further opportunities for growth. Trading on a mid-to-high teens free cash flow yield, we see significant upside for the shares from here.

In August, ECT sold down 25% of its holding in doValue, with the proceeds used to fund a tender offer at NAV.

We see multiple layers of value at ECT: aside from doValue's undervaluation, the NPL investments held on ECT's balance sheet are valued at a blended 13% discount rate, and ECT itself trades on a 10% discount to NAV.

TETRAGON FINANCIAL

Description Closed-end Fund	**Total return on position FY19 (local)[2]** 2.8%
% of portfolio[1] 3.9%	**Total return on position FY19 (GBP)** 8.5%
Discount -46.2%	**Contribution (GBP)[3]** 0.45%
% of investee company 2.8%	**ROI since date of initial purchase[4]** 26.2%

Tetragon Financial ('TFG') added 45bps to your Company's returns over the financial year. The NAV grew by +14% on a total return basis, but was tempered by a widening of the discount from 39% to 46%, which reduced shareholder returns to +3% (in USD). A +6% strengthening in the GBP/USD exchange rate provided a further boost to returns.

Over the period, returns were significantly aided by a transformative transaction within TFG's asset management business, TFGAM. GreenOak – a real estate investment firm with USD11bn AUM, in which TFGAM owned a 23% stake – announced that it would be merging with Bentall Kennedy, a global real estate investor owned by SunLife with USD36bn AUM. Under the terms of the deal, TFG retained a 13% stake in the Bentall-GreenOaks combined entity, and received a cash payout, which was used to fund a NAV-accretive tender offer.

We calculate that the deal was struck at a +92% uplift to GreenOaks carrying value, which provided a +5% boost to TFG's NAV (pre-performance fees). This transaction was TFG's first (partial) exit from the managers that it owns within its TFGAM subsidiary, and highlights the conservative valuations at which TFG marks its holdings.

Trading on a 46% discount and sporting a 6% dividend yield, TFG is attractively priced, although we acknowledge that corporate governance concerns and the lack of shareholder voting rights are a significant factor weighing on the discount. Further realisations from the TFG AM business and/or an IPO may provide a catalyst for some of the trapped value to be unlocked.

1 For definitions, see Glossary on pages 89 to 92.
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 89 to 92 for further details.

CONTRIBUTORS

GP INVESTMENTS

Description Closed-end Fund	**Total return on position FY19 (local)**[2] 28.5%
% of portfolio[1] 1.4%	**Total return on position FY19 (GBP)** 29.5%
Discount -43.8%	**Contribution (GBP)**[3] 0.35%
% of investee company 11.2%	**ROI since date of initial purchase**[4] -12.6%

GP Investments ('GPIV'), a Brazilian private equity company, had a strong year, with its share price increasing +30% in BRL terms. The majority of the returns came from a tightening of the discount from 56% to 44%, with the NAV increasing by +1% over the period.

GPIV's strong performance reflects a general resurgence in the fortunes of Brazilian equity markets, with the Bovespa Index rising by +32% over the year. The election of the authoritarian Jair Bolsonaro, the "Trump of the Tropics", has encouraged investors with his promises of reforming excessive government spending, especially state pensions.

Centauro (26% of NAV) – the largest retailer of sporting goods in Latin America – IPO'd in April and, following a shaky start, has seen its share price increase by +74%. The IPO proceeds were earmarked to fund a renovation of the existing store network. The group has multiple avenues to pursue for growth, including an expansion of the existing store network from 190 stores currently to a potential 300-400, an increased online presence and the roll-out of its '5G' store format, which will involve creating 'smart' stores that can measure customer activity and enhance the shopping experience. Despite the strong share price increase, Centauro trades on 14x times estimated 2020 EV/EBITDA, which we believe represents good value for a company with multiple, credible avenues for growth.

At the portfolio level, GPIV made further progress in paying off expensive debt (10% interest rate), with gross debt of USD107m as at June 2019 (compared to USD131m this time last year). The fund is now in a net cash position, with 2% net cash as a percentage of NAV, which compares with -4% the year prior. At a 44% discount to NAV and with a portfolio of attractive, fast-growing assets, we continue to view GPIV as a compelling holding.

KINNEVIK 'B'

Description Family-backed Holding Company	**Total return on position FY19 (local)**[2] 12.4%
% of portfolio[1] 3.4%	**Total return on position FY19 (GBP)** 8.6%
Discount -22.0%	**Contribution (GBP)**[3] 0.30%
% of investee company 0.6%	**ROI since date of initial purchase**[4] 8.6%

In early 2019 we rebuilt a position in Kinnevik, the Swedish holding company. Your Company has invested in Kinnevik at many points in recent decades, attracted to the Stenbeck family's long-term mentality, dynamic focus on growth and successful track record of value creation. The impetus for reinvesting was twofold: in 2018, Kinnevik's discount widened from as narrow as 10% to 18%, and shares in its largest holding, Zalando (the e-commerce company), had nearly halved as the market reacted poorly to a short-term blip in growth, creating an interesting prospective NAV growth dynamic. Whilst the NAV has grown by 22%, the discount has widened further and consequently we have added to the position.

Since the initiation of our position, shares in Zalando have rallied by +54% (in EUR terms). The company held a Capital Markets Day in February at which it reported strong growth for the fourth quarter of 2018, easing concerns. They provided an update on their evolution as a platform business and the positive implications that this has for medium-term profitability. Looking ahead, as shoppers continue to migrate to online, we believe the growth runway to be immense.

Since its establishment in 1936, Kinnevik has continually reinvented itself, from iron, paperwork and woodworking industries, to telecoms and then, over the last decade, to digital consumer businesses. In 2019, Kinnevik accelerated the rate of change once again, transforming itself into a fully-fledged growth and venture capital investor. To do this, Kinnevik will distribute its stake in Millicom (20% of NAV) to shareholders, a yield of 24% and equivalent to eight years' ordinary dividends. This seems highly sensible: not only is it a rare opportunity to receive such a large portion of NAV back at a zero discount, but it shrinks Kinnevik's portfolio to a more suitable size for growth and venture investing. As well as this, Kinnevik has sold approximately 17% of its stake in Zalando, which will help to reduce debt, freeing up the capacity to pursue further new unlisted growth investments.

Disruption is in Kinnevik's DNA and, indeed, the market is taking some time to digest Kinnevik's bold new vision, as indicated by its 22% discount. We have used this uncertainty to add to the position at what we consider to be attractive valuations. As investors come to appreciate Kinnevik's unique and specialised offering of liquid low-effective-fee venture capital investing, it seems probable that the discount will narrow. This, coupled with continued strong NAV growth, should provide attractive future returns for your Company.

1 For definitions, see Glossary on pages 89 to 92.
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 89 to 92 for further details.

DETRACTORS

SWIRE PACIFIC 'B'

Description Family-backed Holding Company	**Total return on position FY19 (local)**[2] -12.5%
% of portfolio[1] 3.7%	**Total return on position FY19 (GBP)** -7.7%
Discount -46.8%	**Contribution (GBP)**[3] -0.34%
% of investee company 2.1%	**ROI since date of initial purchase**[4] 4.3%

Swire Pacific was your Company's fifth-largest detractor, reducing NAV by -34bps, as unrest in Hong Kong had an impact on two major components of Swire Pacific: Swire Properties (73% of NAV) and Cathay Pacific (11%).

The performance of Swire Pacific 'B' shares can be split into two distinct periods. Pre- and post- the Hong Kong demonstrations, with the first recognised protest held on 9 June. Up until this point of the financial year, Swire Pacific performed well, with the 'B' share price up by +10% on an increasing NAV (+13%), with a widening of the discount from 43% to 44%. Swire Properties was benefiting from its asset rotation policy, funding the next phase of developments, plus the de-centralisation story in Hong Kong was a boon for their Island East portfolio. Cathay Pacific, two years into their transformation programme, posted improving 2018 results, with the belief that they would continue to benefit from the roll-off of fuel hedges and improving operations.

However, since the demonstrations started, the performance of Swire Pacific and its underlying holdings has more than wiped out[1] the gains from the opening eight months of the financial year. The 'B' shares' discount has widened to 47% on a falling NAV, down 11% over the financial year, a swing of -24% since the start of the demonstrations.

Cathay Pacific has been in the headlines with staff involved in demonstrations while its three most senior management, Chairman, CEO and COO, have been replaced. Air China has a 30% stake in Cathay Pacific and the Civil Aviation Administration of China were critical of Cathay's commitment to safety and security, which were probably factors in the changes. This appears to have appeased the Civil Aviation Administration of China. While appeasing the Chinese authorities reduces some pressure in the short term, companies are having to tread a fine line between being seen to side with China or the protestors. While Cathay Pacific has suffered from the specific issues mentioned above, the unrest has also led to a dramatic fall in visitor numbers to Hong Kong. Cathay Pacific reported passengers flying into Hong Kong fell by -38% in August, as overall tourist numbers fell to nearly half of the level that they were expected to be, while cargo volumes have also declined on the back of slowing global trade. Although the current situation is painful for Cathay Pacific, we believe that when the current issues are resolved, visitor numbers will bounce back quickly, with Cathay Pacific being a beneficiary of this as it is the flag carrier for Hong Kong.

Source / Swire Properties Ltd.
Photo credit / One Taikoo Place

SWIRE PACIFIC / SWIRE PROPERTIES

Swire Properties is 82% owned by Swire Pacific and is your Company's largest underlying exposure. Swire Properties owns a prime, mixed-use portfolio in Hong Kong, Tier 1 cities in China and Miami. It trades on a discount of c.49% to estimated NAV.

3.7%
% of portfolio

Swire Properties has been at the epicentre of the recent demonstrations, with its large Pacific Place mixed-use scheme located beside Admiralty, where the protests originally took place. Indeed, demonstrations led the centre to lose some trading time to closures. As mentioned earlier, tourist numbers are down significantly, reducing spend in their retail assets, but also impacting hotel occupancy, with Swire managing and leasing several hotels in Hong Kong. The extent of these problems will be revealed in results for the third quarter. Despite this, performance of their office portfolio continues, with CLSA renewing their lease at Pacific Place at levels rumoured to be above where we value the property. Other lease discussions for offices continue as normal as they benefit from the move away from Central to cheaper business districts, such as Island East, where Swire Properties has significant exposure.

The 'B' shares, which your Company owns, still ascribe an efficient-market-hypothesis-busting negative valuation to the ex-Swire Properties businesses. While this situation has now persisted for well over a year, it seems unlikely that the Swire family will let this persist indefinitely, with almost half of their economic holding in Swire Pacific being through the 'B' shares.

1 For definitions, see Glossary on pages 89 to 92.
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 89 to 92 for further details.

DETRACTORS

JARDINE STRATEGIC

Description
Family-backed Holding Company

% of portfolio[1]
4.1%

Discount
-39.7%

% of investee company
0.2%

Total return on position FY19 (local)[2]
-13.8%

Total return on position FY19 (GBP)
-9.5%

Contribution (GBP)[3]
-0.54%

ROI since date of initial purchase[4]
-3.6%

Jardine Strategic was our fourth worst performer, reducing NAV by -54bps over the year as the share price fell by -18%. The share price decline outstripped the -11% decline in NAV, and we saw the discount widen to 40%. Jardine is facing a multitude of headwinds, similar to Swire Pacific, but not all down to the demonstrations in Hong Kong. With 23% of NAV in Hongkong Land, it was an obvious detractor from performance (reducing NAV by c.8% since the protests started), as falling tourist numbers impacted retail sales along with a slowdown in Central Hong Kong rental growth as Chinese demand waned (this was likely occurring before the current demonstrations). We have also seen weakness from Jardine Cycle & Carriage (23% of NAV), Astra (82% of Cycle & Carriage's NAV) and Mandarin Oriental (5% of NAV). Similarly to Swire Pacific, performance was satisfactory until the demonstrations in Hong Kong started but deteriorated after, partly due to Hong Kong but also as a result of global growth concerns.

Jardine Cycle & Carriage and Astra are suffering from a South East Asian slowdown as commodity prices impact numerous divisions directly (mining and heavy equipment) but also second derivatives of these economies such as auto sales. While Astra has improved market share, auto sales in Indonesia have been weak, while increased competition has impacted margins.

Mandarin Oriental is an interesting case. Performance has been terrible, with the share price down by -24% this calendar year. With nearly 50% of earnings and NAV coming from the Excelsior hotel in Hong Kong, we see earnings pressure as the Excelsior closed in March, although this was flagged well in advance to the market. However, on a NAV basis, we see reason to be optimistic given the potential for outsized gains when the development of the Excelsior site into a commercial property is completed. Valuing a potential development at a 7% capitalisation rate means that this property alone would be worth more than the current market capitalisation of Mandarin Oriental, giving some sense of how cheap it is at present.

Short-term numbers coming through are suggesting that Hong Kong tourist numbers are down by as much as 50% and hotel occupancy down from a normalised 80% to c.50%. We are likely to see pain in reporting numbers of Hong Kong-focused stocks (Hongkong Land and Dairy Farm), while margin pressure on Jardine Cycle & Carriage's auto exposure is unlikely to ease in the short term until new models are released. However, the Jardine Group is now rich with cash, with Jardine Strategic sitting on USD1.5bn and Jardine Matheson USD1.3bn after the sale of Jardine Lloyd Thomson earlier this year. This gives them the firepower to take advantage of any weakness in their underlying holdings. With Jardine Strategic trading at the wider end of its discount range (40%) and their holdings in the main trading at discounts to their long-term multiples, we believe that much bad news has been priced in and will watch carefully to see where the company decides to deploy its cash reserves.

TOKYO BROADCASTING SYSTEM

Description
Asset-backed Company

% of portfolio[1]
3.2%

Discount
-48.6%

% of investee company
1.4%

Total return on position FY19 (local)[2]
-21.9%

Total return on position FY19 (GBP)
-14.3%

Contribution (GBP)[3]
-0.72%

ROI since date of initial purchase[4]
-3.2%

Tokyo Broadcasting Systems ('TBS') was our third largest detractor this year, reducing returns by 72bps. TBS' share price fell by -26% which, coupled with NAV growth of +2%, resulted in a substantial widening of the discount from 30% to 49%. Key holdings Tokyo Electron (25% of NAV) and Recruit Holdings (19%) had mixed fortunes, returning +36% and -13% respectively.

TBS announced its full-year results in mid-May. Management gave a weak outlook for the 2020 profitability due to reorganisation costs and the beginning of 4K broadcasting, announced a dividend payout ratio of only 23% (well below the company's stated 30% policy), and gave no further strategy for reducing cross-shareholdings. Investors had previously been hopeful for the prospects of a strategic change in policy, following a Citibank research note in February which explicitly mentioned the possibility of a large-scale sale of securities and greater shareholder returns through buybacks and dividends. The market reaction was distinctly negative, with the stock falling by -15% on the day of the announcement.

Further disappointment came when TBS declined to take part in either Tokyo Electron's buyback or a block offering of Recruit shares. We were disappointed by this as both represented opportunities to reduce the extraordinarily large allocation in TBS' NAV.

Against this, there are some grounds for optimism: in March, TBS sold down around 8% of one of its largest holdings, Tokyo Electron, introduced stock-based compensation for directors and saw a 3% reduction in key allegiant shareholder stakes.

Despite a difficult year, we believe that the investment case for TBS remains strong. It has excess cash, listed securities and prime Tokyo real estate which cover its market capitalisation almost two times over. TBS is, in effect, an asset manager with a small broadcasting business. Whilst thus far TBS has been ambiguous in its intentions for these assets, we believe that if it were to announce a clearly defined strategic policy to reduce its over-capitalised balance sheet, the market would reward the company with a much higher share price. We remain in regular dialogue with TBS's board of directors in order to produce a satisfactory outcome for all stakeholders. We added to our position on share price weakness during the year.

1 For definitions, see Glossary on pages 89 to 92.
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 89 to 92 for further details.

DETRACTORS

AKER ASA

Description Family-backed Holding Company	**Total return on position FY19 (local)**[2] -19.0%
% of portfolio[1] 1.6%	**Total return on position FY19 (GBP)** -22.3%
Discount -26.4%	**Contribution (GBP)**[3] -0.78%
% of investee company 0.5%	**ROI since date of initial purchase**[4] 145.2%

Last year's top contributor, Aker, was a significant detractor from your Company's performance this year. Over the period, Aker's shares declined by -32% on a total return basis, as NAV weakness was compounded by the discount widening from 14% to 26%.

NAV performance was disappointing, returning -20%. Shares in Aker BP, the Norwegian oil exploration and production company that accounts for 72% of Aker's NAV, returned -25%; there was also weakness at other listed holdings, most notably Aker Solutions (5% of NAV), which declined by -57%. Your investment in Aker has never been predicated on a directional view on oil, but over shorter periods fluctuations in the oil price can buffet or burnish Aker. In the case of financial year 2019, it was the former: Brent crude oil prices declined by -27%, much to the detriment of Aker's NAV. Over the longer term, Aker's NAV performance has outperformed the return from an investment in oil, and indeed global equity markets. It is this – as well as their active approach to deal making and value creation – that attracts us to Aker.

Whilst the oil price clouded the outcome, there were still some positive developments on the NAV front. Both operational and financial performance remain strong at Aker BP, which held a Capital Markets Day in January, projecting a greater-than-40% reduction in operating expenditure per barrel by 2023, and materially increasing their dividend forecast, with dividends expected to grow by 2.6x in the same period. During the year, there were also positive developments at Aker Energy (10% of NAV), a Ghanaian offshore oil and gas venture established in 2018, in which Aker holds a 49% stake. The venture is typical of Aker, finding growth opportunities and suitable partners in the long-term pursuit of value.

Turning to the discount side of the equation, Aker suffered from a substantial de-rating in its discount from 14% to 26%, which alone reduced shareholder returns by -15%. This was something which we had prepared for, exiting over 70% of the position in the first nine months of calendar year 2018 on lower discounts. Following weakness, the position was subsequently rebuilt this year at a weighted-average 24% discount. We remain attracted to the long-term prospects of NAV growth and discount narrowing.

RIVERSTONE ENERGY

Description Closed-end Fund	**Total return on position FY19 (local)**[2] -53.6%
% of portfolio[1] 2.4%	**Total return on position FY19 (GBP)** -53.6%
Discount -42.0%	**Contribution (GBP)**[3] -2.93%
% of investee company 5.1%	**ROI since date of initial purchase**[4] -37.0%

Riverstone Energy ('RSE') was by far our largest detractor for the year (-293bps) with a share price fall of -54%. A sharp decline in the NAV (-36%) was compounded by a near-doubling of the discount to 42%.

Over the year, the price of West Texas Intermediate oil declined by -26%, with geo-political concerns outweighed by continued strong production levels. Sentiment to the US Oil & Gas sector is at all-time negative levels, with energy's share of the S&P 500 at just 5% (down from a peak of 13% in 2008). Multiple compression in publicly traded peers (the S&P E&P Index trades at 5x EV/EBITDA vs 12x less than three years ago) has translated into write-downs for RSE's private investments.

More specific pain has been felt at Canadian holding Hammerhead Resources, RSE's largest investment, due to government caps placed on production for companies such as Hammerhead that operate in Western Alberta. A shortage of pipelines and other infrastructure has depressed oil prices (when oil cannot be transported out of the Basin, this depresses local oil prices) within the Basin and led to the government action.

Overall, RSE's holdings were valued at a MOIC (multiple of investment cost) of 0.9x at June 2019 – this compares to a MOIC of 1.4x during the third quarter of 2018.

RSE's woes were further compounded by a -79% decline in the share price of its sole listed holding, Centennial Resources ('CDEV', 7% of NAV). CDEV was hit by the decline in oil prices over the period, which was compounded by guidance from management that it would be reducing production estimates by more than expected in response to the oil price slide. While this move is sensible insofar as it leaves oil in the ground when it is priced too low, it also means that CDEV is unlikely to break-even until at least 2022; previously, management had projected break even profitability in 2020.

There were some points of positive news over the past year, including the realisation of two assets – Sierra and Meritage Midstream – accounting for 7% of NAV, and an announcement with the June 2019 results that the board continues to *"evaluate options with the goal of reducing the discount"*, and that it has been *"holding discussions [...] regarding potential changes to the terms of the investment management agreement."*

The RSE investment has been a difficult one for your Company to date, with weak NAV growth since the position was initiated in 2015, and discount widening impairing shareholder returns. While we would not want to pre-judge the announcement of the board's measures to reduce the discount, we believe that structural solutions will be required to narrow the discount sustainably and we continue to engage with the board and management of RSE in order to achieve a satisfactory outcome for all parties.

1 For definitions, see Glossary on pages 89 to 92.
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 89 to 92 for further details.

Investment Review / Investment Manager's Review continued
Outlook


Joe Bauernfreund

KEY FACTS

Total assets*
£1,049m**

Launch date
1 July 1889

Average annualised NAV total return*
+11.7%**


Tom Treanor


Scott Beveridge


Daniel Lee


Darren Gillen


Wilfrid Craigie


Cameron Dryburgh

Outlook

Since the year end, markets have continued to be volatile as most of the challenges and issues that surfaced during the year continue to be unresolved. This has meant that discounts in general have remained wide as many of our stocks are overlooked and thus mispriced.

Japan has been a bright spot from a low base, having been a major laggard for most of the year. But it is a useful reminder of how markets can bounce back from extremely oversold levels. There have been other positives within the closed-end fund portfolio, where corporate catalysts at JPEL Private Equity highlight how idiosyncratic events can generate returns from discount elimination.

Your Company's portfolio is rich with potential. Discounts are close to distressed levels and, in many cases, we, along with the management teams of our portfolio companies, are continually looking for ways to create value. Whilst the broad macroeconomic and political environment is extremely uncertain, we are excited by the fundamentally attractive investment opportunities we are seeing across our investment universe.

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

Joe Bauernfreund
Chief Executive Officer
Asset Value Investors Limited
11 November 2019

* Refer to Glossary on pages 89 to 92.
** As at 30 September 2019.
*** From 30 June 1985 to 30 September 2019.

Susan Noble
Independent Non-Executive Chairman

A M N D

Date of Appointment:
March 2012

Appointed Chairman:
December 2017

External appointments:
Chair of Newton Investment Management Limited and Newton Capital Management Limited, an Associate Director of Manchester Square Partners.

Experience:
Formerly Chair 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.

Last re-elected to the Board:
2018

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 and Chairman of The Tobacco Pipemakers and Tobacco Trade Benevolent Fund.

Experience:
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.

Last re-elected to the Board:
2018

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 Chair 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 two charities La Serenissima (a Baroque Orchestra) and The Tarbat Discovery Centre (a Pictish museum).

Experience:
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.

Last re-elected to the Board:
2018

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:
Non-Executive Director of Schroder Japan Growth Fund plc, F&C Global Smaller Companies plc and Scottish Friendly Assurance Society Limited.

Experience:
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.

Elected to the Board:
2018

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:
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.

Appointed to the Board:
January 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[1]
Susan Noble	7 (7)	4 (4)	2 (2)	2 (2)	–
Anja Balfour	6 (7)[2]	3 (4)[2]	1 (2)[2]	1 (2)[2]	–
Steven Bates*	2 (2)	2 (2)	1 (1)	2 (2)	–
Graham Kitchen**	4 (5)[3]	2 (2)	1 (1)	0 (0)	–
Nigel Rich	7 (7)	4 (4)	2 (2)	2 (2)	–
Calum Thomson	7 (7)	4 (4)	2 (2)	2 (2)	–

The number in brackets denotes the number of meetings each was entitled to attend.

1 Generally meets on short notice. No meetings were held during the year.
2 Ms Balfour missed a Board meeting, Audit Committee meeting, Management Engagement Committee meeting and Nomination Committee meeting (all held on the same day) due to a long-standing prior engagement that pre-dated her appointment as a Director.
3 Mr Kitchen missed one Board meeting due to a prior engagement that pre-dated his appointment as a Director.
* Retired 19 December 2018.
** Appointed 1 January 2019.

The Directors present their report and the audited financial statements for the year ended 30 September 2019.

Status
The Company is registered as a public limited company under the Companies Act 2006 and is an investment company under Section 833 of the Companies Act 2006. It is a member of the AIC.

The Company changed its name from British Empire Trust plc to AVI Global Trust plc on 24 May 2019.

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

Distribution Policy
Dividend distributions
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. 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. The share buyback programme will be subject to shareholder approval 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 2019 was 11.1%. Long-term debt comprised three tranches of Loan Notes, of £30m, €30m and €20m, and shorter-term debt a JPY4.0bn unsecured revolving credit facility.

The £15m of Debenture Stock was redeemed on 3 June 2019 at £129.224 per £100 in principal amount of Stock and accrued interest.

Results and Dividends
Company profit for the year was £24,303,000, which included a profit of £21,169,000 attributable to revenue (2018: profit of £83,981,000, which included a profit of £16,933,000 attributable to revenue). The profit for the year attributable to revenue has been applied as follows:

	£'000
Current year revenue available for dividends	21,169
Interim dividend of 2.0p per Ordinary Share paid on 28 June 2019	2,218
Recommended final dividend payable on 6 January 2020 to shareholders on the register as at 6 December 2019 (ex dividend 5 December 2019):	
– Final dividend of 14.5p per Ordinary Share	15,855*
	18,073

* Based on shares in circulation on 8 November 2019.

Directors

The Directors of the Company are listed on pages 36 and 37. All served throughout the period under review with the exception of Graham Kitchen, who was appointed as a non-executive Director on 1 January 2019. Steven Bates retired from the Board on 19 December 2018.

In accordance with the recommendations of the AIC's Code of Corporate Governance, Mr Kitchen will stand for election at the AGM. The remaining Directors of the Board will retire at the forthcoming AGM and offer themselves for re-election.

As set out on page 43, the Board carries out an annual review of each Director and of the Board as a whole. 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. Following the performance review, it was agreed that all Directors should stand for election/re-election, and the election/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.

The beneficial interests of the current Directors and their connected persons in the securities of the Company as at 30 September 2019 are set out in the Directors' Report on Remuneration Implementation on page 79.

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.

Management Arrangements

AVI 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".

The Investment Manager is 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.

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 £69,696, 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.

Interests in Share Capital

Information on the structure, rights and restrictions relating to share capital is given on page 50.

At 30 September 2019 and 8 November 2019, the following holdings representing more than 3% of the Company's voting rights had been reported to the Company:

	Number held at 30 September 2019	Percentage held at 30 September 2019	Percentage held at 8 November 2019
Lazard Asset Management LLC	7,889,193	7.16	7.22
Wells Capital Management, LLC	6,220,593	5.65	5.69
Alliance Trust Limited	6,205,593	5.64	5.68
Hargreaves Lansdown Asset Management Limited	5,832,334	5.30	5.33
1607 Capital Partners, LLC	5,442,504	4.94	4.98
Halifax Share Dealing Limited	5,427,484	4.93	4.96
Charles Stanley & Co Limited	4,966,694	4.51	4.54
Smith & Williamson Investment Management Limited	3,781,990	3.43	3.46

No other changes have been notified.

Financial Risk Management
The principal risks and uncertainties facing the Company are set out on pages 8 to 10. 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 11.

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.

Annual General Meeting
The Notice of the AGM to be held on 19 December 2019 (the 'Notice') is set out on pages 84 to 87.

Resolution 12 – Authority to allot shares
The Directors seek to renew the general and unconditional authority to allot up to 36,447,898 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 generally. 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 8 November 2019, 6,659,438 shares are held in treasury, representing 5.7% of the issued share capital.

Resolution 13 – 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 5,467,184 Ordinary Shares, being approximately 5% of the Ordinary Shares (excluding shares held in treasury) in issue as at 8 November 2019, 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. 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.

Resolution 14 – Share buyback facility
At the AGM held on 19 December 2018, 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 8 November 2019, 1,677,943 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 16,390,619 Ordinary Shares as at 8 November 2019, to be bought back. Purchases would be made in accordance with the 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 15– 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.

Details of the above resolutions are contained in the Notice.

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.

Corporate Governance
The Listing Rules and the Disclosure Guidance and Transparency Rules ('Disclosure Rules') of the UK Listing 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 April 2016 are applicable for the year under review. The related Code of Corporate Governance ('AIC Code') issued by the AIC in July 2016 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 Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for Investment Companies ('AIC Guide'). 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 notes the publication of the revised AIC Code in February 2019, which is applicable to the Company for the financial year ending 30 September 2020. The Board has noted the changes that have been made in the revised AIC Code and, where appropriate, is putting processes into place to ensure that it will be in compliance. The Company will report against compliance with the revised AIC Code in next year's Annual Report and Accounts.

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 and the AIC Guide (which incorporates the UK Code) provides shareholders with full details of the Company's Corporate Governance compliance.

Throughout the year ended 30 September 2019, the Company has complied with the provisions of the AIC Code and the relevant provisions of the UK Code, except as set out below.

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 Guide, 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. The Company has therefore not reported further in respect of these provisions.

The Principles of the AIC Code

The AIC Code is made up of 21 principles split into three sections covering:

- The Board
- Board Meetings and Relationship with the Investment Manager
- Shareholder communications

The Board

AIC Code Principle	Compliance Statement
1. The Chairman should be independent.	The Chairman, Susan Noble, was independent of the Investment Manager at the time of her appointment and remains so. There is a clear division of responsibility between the Chairman, the Directors, the Investment Manager and the Company's other third-party service providers. The Chairman is responsible for leading the Board, ensuring its effectiveness in all aspects of its role and is responsible for ensuring that all Directors receive accurate, timely and clear information.
2. A majority of the Board should be independent of the Manager.	The Board consists of five non-executive Directors, each of whom is independent of the Investment Manager. No member of the Board is a director of another investment company managed by the Company's Investment Manager, nor has any Board member been an employee of the Company, its Investment Manager or any of its service providers. Nigel Rich is the Senior Independent Director.
3. Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.	All Directors submit themselves for annual re-election by shareholders. The individual performance of each Director standing for re-election is evaluated annually by the remaining members of the Board and, if considered appropriate, a recommendation is made that shareholders vote in favour of their re-election at the AGM (see principle 7).
4. The Board should have a policy on tenure, which is disclosed in the annual report.	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 (see principle 6).

The Board continued

AIC Code Principle	Compliance Statement
5. There should be full disclosure of information about the Board.	All of the Directors are resident in the UK and their biographical details, set out on pages 36 and 37 of this Report, demonstrate the wide range of skills and experience that they bring to the Board. Details of the Board's Committees and their composition are set out on page 48 of this Report. The Audit Committee comprises all of the Directors, all of whom are considered to be independent. The Chairman of the Company is a member of the Audit Committee, but does not chair it. Her membership of the Audit Committee is considered appropriate given the Chairman's extensive knowledge of the financial services industry. The Board considers that, as it is comprised of non-executive Directors, it is not necessary to establish a separate Remuneration Committee. Further information on Directors' remuneration is set out under principle 8 below. 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 and at the AGM.
6. The Board should aim to have a balance of skills, experience, length of service and knowledge of the Company.	With the retirement of Mr Bates at the 2018 AGM, the Nomination Committee discussed the required skills and experience of a new non-executive Director, bearing in mind the balance of skills on the Board. These requirements were reviewed with independent recruitment consultants prior to the search for a suitable candidate. Following this process, Graham Kitchen was appointed as a Director and brings considerable investment experience to the Board (see principle 9). The Nomination Committee conducts annually a skills audit to enable the Board to identify any skill shortages to be filled by new Directors. The experience of the current Directors is detailed in the biographies of the Directors, set out on pages 36 and 37 of this Report. When considering new appointments, the Board reviews the skills of the Directors and seeks to add persons with complementary skills or who possess skills and experience which fill any gaps in the Board's knowledge or experience and who can devote sufficient time to the Company to carry out their duties effectively. 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: • 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 • long lists of potential non-executive Directors should include diverse candidates of appropriate merit.

AIC Code Principle	Compliance Statement
7. The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors.	The Board, meeting as the Nomination Committee, has a formal process to evaluate its own performance and that of its Chairman annually. The Chairman leads the assessment, which covers the functioning of the Board as a whole, the effectiveness of the Board Committees and the independence of each Director. Where necessary, the Chairman discusses the responses with each Director individually. The Chairman absents herself from the Board's review of her effectiveness as the Company Chairman, and this review is led by the Senior Independent Director. The Board is satisfied that the structure, mix of skills and operation of the Board continue to be effective and relevant for the Company. During 2017, an independent review of the Board was undertaken by Lintstock Limited, the results of which were considered in detail by the Board. The Board has agreed that an independent review of the Board will be commissioned regularly and a further review will be commissioned in 2020.
8. Directors' remuneration should reflect their duties, responsibilities and the value of their time spent.	The Board periodically reviews the fees paid to the Directors and compares these with the fees paid by the Company's peer group and the investment trust industry generally, taking into account the time commitment and responsibility of each Board member. Details of the remuneration arrangements for the Directors of the Company can be found in the Directors' Remuneration Implementation Report on pages 78 and 79 and in note 3 to the financial statements. As all of the Directors are non-executive, the Board considers that it is acceptable for the Chairman of the Company to chair meetings when discussing Directors' fees. The Chairman's remuneration, additional remuneration paid to the Chairman of the Audit Committee and additional remuneration paid to the Senior Independent Director are determined by the Board in the absence of the individuals affected. The Board periodically takes advice from external independent advisers on Directors' remuneration. All Directors own shares in the Company, all of which were purchased in the open market and using the Directors' own resources. No stock options or other performance-related elements have been awarded.
9. The Independent Directors should take the lead in the appointment of new Directors and the process should be disclosed in the annual report.	The Nomination Committee is comprised of the whole Board, which is made up entirely of Independent Directors and, subject to there being no conflicts of interest, all members of the Committee are entitled to vote on candidates for the appointment of new Directors and on recommending for shareholders' approval the Directors seeking re-election at the AGM. As disclosed in the 2018 Annual Report, Mr Bates retired as a Director following the 2018 AGM. Fletcher Jones Executive Search was appointed to assist with the search for a new non-executive Director. They produced a long list of candidates for the role of non-executive Director and a number were selected for interview by the Committee. Following this process, Graham Kitchen was appointed as a non-executive Director on 1 January 2019. There is no connection between the Directors or the Company and Fletcher Jones.

The Board continued

AIC Code Principle	Compliance Statement
10. Directors should be offered relevant training and induction.	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 role 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.
11. The Chairman (and the Board) should be brought into the process of structuring a new launch at an early stage.	Principle 11 applies to the launch of new investment companies and is therefore not applicable to the Company.

Board Meetings and Relationship with the Investment Manager

AIC Code Principle	Compliance Statement
12. Boards and managers should operate in a supportive, co-operative and open environment.	The Board meets regularly throughout the year and a representative of the Investment Manager is in attendance, when appropriate, at each meeting and most Committee meetings. The Chairman encourages open debate to foster a supportive and co-operative approach for all participants.
13. The primary focus at regular Board meetings should be a review of investment performance and associated matters, such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues.	The Board has agreed a schedule of matters specifically reserved for decision by the Board. This includes establishing the investment objectives, strategy and benchmarks, the permitted types or categories of investments, the markets in which transactions may be undertaken, the level of permitted gearing and borrowings, the amount or proportion of the assets that may be invested in any category of investment or in any one investment, and the Company's treasury and share buyback policies. The Board, at its regular meetings, undertakes reviews of key investment and financial data, revenue projections and expenses, analyses of asset allocation, transactions and performance comparisons, share price and net asset value performance, gearing, marketing and shareholder communication strategies, the risks associated with pursuing the investment strategy, peer group information and industry issues. The Audit and Management Engagement Committees of the Board respectively review the Company's risk matrix and the performance and cost of the Company's third-party service providers. The Board has agreed arrangements under which the Directors, in the furtherance of their duties, may take independent professional advice at the Company's expense.

Board Meetings and Relationship with the Investment Manager continued

AIC Code Principle	Compliance Statement
14. Boards should give sufficient attention to overall strategy.	The Board is responsible for strategy and has established a predetermined annual programme of agenda items under which it reviews the objectives and strategy of the Company at each meeting. In addition to the regular Board meetings, the Board meets specifically on one additional day each year to focus on strategy and any other issues that require in-depth attention.
15. The Board should regularly review both the performance of, and contractual arrangements with, the Manager (or executives of a self-managed company).	The Management Engagement Committee meets at least once a year. It reviews annually the performance of the Investment Manager. The Committee considers the quality, cost and remuneration method of the service provided by the Investment Manager against its contractual obligations and the Board receives regular reports on compliance with the Investment Restrictions which it has set. It also considers the performance analysis provided by the Investment Manager. In view of the level of data available from independent service providers, and the appraisal undertaken by the Board, the Board does not consider a formal independent appraisal of the Investment Manager's service to be necessary. Following a formal annual review, and bearing in mind the long-term performance of the Company, the Board concluded that, in its opinion, the continuing appointment of AVI, the Investment Manager, on the terms agreed, is in the interests of its shareholders as a whole. The Audit Committee reviews the Investment Manager's compliance and control systems in operation insofar as they relate to the affairs of the Company and the Board undertakes periodic reviews of the arrangements with, and the services provided by, the Custodian, to ensure that the safeguarding of the Company's assets and security of the shareholders' investment is being maintained. (See also principle 18 and the Report of the Audit Committee).
16. The Board should agree policies with the Manager covering key operational issues.	The IMA between the Company and the Investment Manager sets out the limits of the Investment Manager's authority, beyond which Board approval is required. The Board has also agreed investment guidelines with the Investment Manager, including guidelines on the deployment of gearing, which are considered at each Board meeting. Representatives of the Investment Manager attend each meeting of the Board to address questions on specific matters and to seek approval for specific transactions which the Investment Manager is required to refer to the Board, for example, investing in unquoted investments. The Board delegates investee company communication to the Investment Manager. The Board has also delegated discretion to the Investment Manager to exercise voting powers on its behalf, other than for contentious or sensitive matters which are to be referred to the Board for consideration. AVI is a signatory of the UK Stewardship Code issued by the FRC. The Board has reviewed the Investment Manager's Stewardship Policy, which includes its Corporate Governance and Voting Guidelines, and which is published on the Investment Manager's website: www.assetvalueinvestors.com. The Board recognises that appropriate environmental, social and governance policies are usually a reflection of good management and encourages AVI to consider this when evaluating investments. Reports on commissions paid by the Investment Manager are submitted to the Board regularly.

Board Meetings and Relationship with the Investment Manager continued

AIC Code Principle	Compliance Statement
17. Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.	The Board considers any imbalances in the supply of and the demand for the Company's shares in the market and takes appropriate action when considered necessary. The Board considers the discount or premium to NAV of the Company's share price at each Board meeting and reviews the changes in the level of discount or premium and in the share price since the previous Board meeting and over the longer term. At each meeting, the Board reviews reports from the Investment Manager's marketing department on marketing and shareholder communication strategies. It also considers their effectiveness as well as measures of investor sentiment and any recommendations on share buybacks.
18. The Board should monitor and evaluate other service providers.	The Management Engagement Committee reviews, at least annually, the performance of all of the Company's third-party service providers, including the level and structure of fees payable and the length of the notice period, to ensure that they remain competitive and in the best interests of shareholders, as well as reviewing service providers' anti-bribery and corruption policies to address the provisions of the Bribery Act 2010, together with their policies on whistle-blowing and cyber crime prevention. A review of the Investment Manager and the other service providers undertaken during the year concluded that the services provided to the Company were satisfactory and that the agreements entered into with them were operating in the best interests of the shareholders. The Audit Committee reviews reports from the principal service providers on compliance and the internal and financial control systems in operation and relevant independent audit reports thereon. The Directors have carried out a review of the effectiveness of the Company's systems of internal control as they have operated over the year and up to the date of approval of the Annual Report. Given the nature of the business, the Company is reliant on its service providers and their internal controls. As set out in more detail in the Report of the Audit Committee on pages 73 to 75, the Company has in place a system for assessing the adequacy of those controls. There were no material matters arising from the review of the Company's controls that required further investigation and no significant failings or weaknesses were identified.

Shareholder Communications

AIC Code Principle	Compliance Statement
19. The Board should regularly monitor the shareholder profile of the Company and put in place a system for canvassing shareholder views and for communicating the Board's views to shareholders.	A detailed analysis of the substantial shareholders of the Company is provided to the Directors at each Board meeting. Representatives of the Investment Manager regularly meet institutional shareholders and private client asset managers to discuss strategy and to understand their issues and concerns and, if applicable, to discuss corporate governance issues. The results of such meetings are reported at the following Board meeting. Regular reports on investor sentiment and industry issues from the Company's broker are submitted to the Board. The Directors are available to meet shareholders. Shareholders wishing to communicate with the Chairman, or any other member of the Board, may do so by writing to the Company, for the attention of the Company Secretary at the Registered Office. All shareholders are encouraged to attend the AGM, where they are given the opportunity to question the Chairman, the Board and representatives of the Investment Manager. The Investment Manager will make a presentation to shareholders covering the investment performance and strategy of the Company at the forthcoming AGM. The Directors welcome the views of all shareholders and place considerable importance on communications with them.
20. The Board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the Manager is asked to act as spokesman.	All substantive communications regarding any major corporate issues are discussed by the Board taking into account representations from the Investment Manager, the Auditor, legal advisers, broker and Company Secretary.
21. The Board should ensure that shareholders are provided with sufficient information for them to understand the risk/reward balance to which they are exposed by holding the shares.	The Board aims to provide shareholders with a full understanding of the Company's investment objective, policy and activities, its performance and the principal investment risks by means of informative Annual and Half Year reports. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares and the publication by the Investment Manager of a monthly fact sheet. The Annual Report provides information on the Investment Manager's investment performance, portfolio risk and operational and compliance issues. Further details on the risk/reward balance are set out in the Strategic Report under Principal Risks on pages 8 to 10, and in note 14 to the financial statements. The Investment Portfolio is listed on pages 14 and 15. The Company's website, www.aviglobal.co.uk, is regularly updated with monthly factsheets and provides useful information about the Company including the Company's financial reports and announcements.

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. 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 Board Committees are available from the Company Secretary and on the Company's website.

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 IMA, ensuring that they follow good industry practice, are competitive and are 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.

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. It also meets to consider 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.

The Board has agreed to follow the recommendations of the AIC Code that the Directors of FTSE 350 companies should be subject to annual re-election by shareholders.

Information about the work of the Nomination Committee during the year can be found on pages 42 and 43.

Audit Committee

The Audit Committee met four times in the year and comprises the whole Board, being independent Directors. All members of the Committee have recent and relevant financial experience. The Audit Committee has set out a formal Report on pages 73 to 75 of the Annual Report.

Disclosure Committee

A Disclosure Committee, comprising all Directors, meets as and when required to ensure inside information is identified and disclosed, if necessary, in a timely fashion.

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

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.

Going Concern

The Directors have carefully reviewed the current financial resources and the projected expenses of the Company for the next 12 months. On the basis of that review and as the majority of net assets are securities which are traded on recognised stock exchanges, the Directors are satisfied that the Company's resources are adequate for continuing in business for the foreseeable future and that it is appropriate to prepare the financial statements on a going concern basis.

Viability

The Directors consider viability as part of their continuing programme of monitoring risk. 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 12 times as at the end of September 2019 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 JPY1.465bn 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 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 10, 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.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, they are required to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU ('IFRS').

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 the financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates which are reasonable and prudent;
- state whether the financial statements have been prepared in compliance with IFRS, subject to any material departures disclosed and explained therein;
- provide additional disclosures where compliance with the specific requirements of IFRS are considered to be insufficient to enable users to understand the impact of particular transactions, events and conditions on the financial position and performance;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- prepare financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 the 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.

The Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with relevant laws and regulations, and for ensuring that the Annual Report includes information required by the Disclosure Rules of the FCA.

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

Declaration

The Directors listed on pages 36 and 37, being the persons responsible, hereby confirm to the best of their knowledge:

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

In the opinion of the Board, the Annual Report and Accounts taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's position and performance, business model and strategy.

Approval

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

By Order of the Board

Link Company Matters Limited
Corporate Secretary
11 November 2019

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

Ordinary Shares

At 30 September 2019, there were 116,003,133 (2018: 129,526,165) Ordinary Shares of 10p each in issue, of which 5,877,465 (2018: 17,681,674) were held in treasury and therefore the total voting rights attaching to Ordinary Shares in issue were 110,125,668.

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 2019, 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 rates of 4.184% per annum on the £30m Sterling Loan Notes, 3.249% per annum on the €30m Euro Loan Notes and 2.93% per annum 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.

Had the Company been liquidated on 30 September 2019, the redemption premium would have amounted to £27.4m over and above the fair values.

The estimated fair values of the Loan Notes as at 30 September 2019 were Series A: £35.6m and Series B: £32.8m and Euro Senior: £21.3m, being £5.7m, £6.3m and £3.8m respectively above the amortised values excluding interest.

Voting entitlement

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

Financial Statements / Statement of Comprehensive Income

For the year ended 30 September 2019

	Notes	2019 Revenue return £'000	2019 Capital return £'000	2019 Total £'000	2018 Revenue return £'000	2018 Capital return £'000	2018 Total £'000
Income							
Investment income	2	**26,209**	**–**	**26,209**	22,638	–	22,638
Gains on financial assets and financial liabilities held at fair value	8	**–**	**15,916**	**15,916**	–	75,456	75,456
Exchange losses on currency balances		**–**	**(1,572)**	**(1,572)**	–	(632)	(632)
		26,209	**14,344**	**40,553**	22,638	74,824	97,462
Expenses							
Investment management fee	3	**(1,887)**	**(4,404)**	**(6,291)**	(1,930)	(4,504)	(6,434)
Other expenses (including irrecoverable VAT)	3	**(1,403)**	**(66)**	**(1,469)**	(1,666)	–	(1,666)
Profit before finance costs and taxation		**22,919**	**9,874**	**32,793**	19,042	70,320	89,362
Finance costs	4	**(1,087)**	**(7,028)**	**(8,115)**	(1,145)	(2,697)	(3,842)
Exchange gains/(losses) on loan revaluation	4	**–**	**288**	**288**	–	(575)	(575)
Profit before taxation		**21,832**	**3,134**	**24,966**	17,897	67,048	84,945
Taxation	5	**(663)**	**–**	**(663)**	(964)	–	(964)
Profit for the year		**21,169**	**3,134**	**24,303**	16,933	67,048	83,981
Earnings per Ordinary Share	7	**19.08p**	**2.82p**	**21.90p**	14.83p	58.72p	73.55p

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 year.

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

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

Financial Statements / Statement of Changes in Equity

For the year ended 30 September 2019

	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 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**
For the year ended 30 September 2018							
Balance as at 30 September 2017	12,953	5,982	28,078	781,555	41,406	33,255	903,229
Ordinary Shares bought back and held in treasury	–	–	–	(31,713)	–	–	(31,713)
Total comprehensive income for the year	–	–	–	67,048	–	16,933	83,981
Ordinary dividends paid (see note 6)	–	–	–	–	–	(13,817)	(13,817)
Balance as at 30 September 2018	12,953	5,982	28,078	816,890	41,406	36,371	941,680

* Within the balance of the capital reserve, £692,232,000 relates to realised gains (2018: £657,077,000) which under the Articles of Association is distributable by way of dividend. The remaining £115,189,000 relates to unrealised gains and losses on financial instruments (2018: £159,813,000) and is non-distributable.

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

The Company, subsequent to the approval by the Shareholders at the December 2017 AGM, has the ability to distribute unrestricted available capital reserves.

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

Financial Statements / Balance Sheet
As at 30 September 2019

	Notes	2019 £'000	2018 £'000
Non-current assets			
Investments held at fair value through profit or loss	8	**972,824**	990,265
		972,824	990,265
Current assets			
Total return swap assets	15	**4,784**	–
Other receivables	9	**6,418**	6,550
Cash and cash equivalents		**64,725**	36,251
		75,927	42,801
Total assets		**1,048,751**	1,033,066
Current liabilities			
Total return swap liabilities	10, 15	**(3,979)**	–
Revolving credit facility	10	**(30,037)**	–
Other payables	10	**(1,865)**	(2,225)
		(35,881)	(2,225)
Total assets less current liabilities		**1,012,870**	1,030,841
Non-current liabilities			
4.184% Series A Sterling Unsecured Loan Notes 2036	11	**(29,892)**	(29,885)
3.249% Series B Euro Unsecured Loan Notes 2036	11	**(26,466)**	(26,633)
2.93% Euro Unsecured Loan Notes 2037	11	**(17,571)**	(17,679)
$8^1/_8$% Debenture Stock 2023	11	**–**	(14,964)
		(73,929)	(89,161)
Net assets		**938,941**	941,680
Equity attributable to equity Shareholders			
Ordinary share capital		**11,600**	12,953
Capital redemption reserve		**7,335**	5,982
Share premium		**28,078**	28,078
Capital reserve		**807,421**	816,890
Merger reserve		**41,406**	41,406
Revenue reserve		**43,101**	36,371
Total equity		**938,941**	941,680
Net asset value per Ordinary Share – basic	13	**852.61p**	841.95p
Number of shares in issue excluding Treasury Shares	12	**110,125,668**	111,844,491

These financial statements were approved and authorised for issue by the Board of AVI Global Trust plc on 11 November 2019 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 2019

	2019 £'000	2018 £'000
Reconciliation of profit before taxation to net cash inflow from operating activities		
Profit before taxation	**24,966**	84,945
Gains on investments held at fair value through profit or loss	**(15,916)**	(75,456)
Redemption premium of Debenture Stock	**4,436**	–
Increase in other receivables	**(389)**	(1,114)
Increase in other payables	**452**	240
Taxation received/(paid)	**2,168**	(1,649)
Amortisation of Debenture and loan issue expenses	**55**	26
Net cash inflow from operating activities	**15,772**	6,992
Investing activities		
Purchases of investments	**(256,192)**	(349,572)
Sales of investments	**286,018**	381,615
Cash inflow from investing activities	**29,826**	32,043
Financing activities		
Dividends paid	**(14,439)**	(13,817)
Payments for Ordinary Shares bought back and placed in treasury*	**(13,001)**	(32,427)
Repayment of Debenture Stock	**(19,436)**	–
Issue of loans net of costs	**–**	17,384
Draw down of revolving credit facility	**27,775**	–
Exchange loss on Loan Notes and revolving credit facility	**1,974**	575
Cash outflow from financing activities	**(17,127)**	(28,285)
Increase in cash and cash equivalents	**28,471**	10,750
Reconciliation of net cash flow movements in funds:**		
Cash and cash equivalents at beginning of year	**36,251**	25,496
Exchange rate movements	**3**	5
Increase in cash and cash equivalents	**28,471**	10,750
Increase in net cash	**28,474**	10,755
Cash and cash equivalents at end of year	**64,725**	36,251

* During the year, 13,523,032 (2018: nil) Ordinary Shares were cancelled from treasury.
** Includes movements in money market funds.

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, except to any extent where it is not consistent with the requirements of IFRS.

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 the foreseeable future (being a period of 12 months from the date these financial statements were approved). Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, debt and investment commitments (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 other recognised international exchanges.

Accounting developments

In the current period, the Company has applied a number of amendments to IFRS. These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments, changes in disclosure and presentation requirements. The Company has also applied, with associated amendments, for the first time the following standards:

- IFRS 9 Financial Instruments; and
- IFRS 15 Revenue from Contracts with Customers.

The assessment of the impact of the adoption of these standards is set out below.

IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets, and replaces the multiple classification and measurement models in IAS 39.

The financial instruments are managed and have their performance evaluated on a fair value basis, in accordance with the risk management and investment strategies of the Company consistent with prior periods. The adoption of IFRS 9 did not result in any change to the classification or measurement of financial instruments in either the current or prior periods.

The other receivables and prepayments are accounted for at amortised cost, meeting the criteria for classification in IFRS 9, hence there has been no change in the accounting for these assets. The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than incurred credit losses as in the case of IAS 39 applicable to all financial assets.

IFRS 15 specifies how and when revenue is recognised and enhances disclosures. Given the nature of the Company's revenue streams from financial instruments, the provisions of this standard did not have a material impact. There are no changes in the methodology of accounting for investment income and other income is recognised when the amounts fall due, both consistent with prior periods.

IFRS 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases by lessors and lessees and will be adopted from 1 October 2019.

The adoption of these standards has not had any material impact on these or prior years' financial statements.

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 are no significant judgements or estimates in these financial statements.

Investments

The Company's business is investing financial assets with a view to capital growth. This 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, subject to any provision for impairment. These are constantly monitored for value and impairment. The values and impairment, if any, are approved by the Board.

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

Foreign currency

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

Cash and cash equivalents

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

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

Other receivables and payables

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

Revolving credit facility

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

Income

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

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

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

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 notes 11 and 14.

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

	2019 £'000	2018 £'000
Income from investments		
Listed investments	**25,983**	22,296
Total return swap dividends*	**(92)**	–
	25,891	22,296
Other income		
Deposit interest	**479**	127
Total return swap interest*	**(435)**	–
Interest on French withholding tax received	**25**	54
Exchange gains on receipt of income**	**249**	161
	318	342
Total income	**26,209**	22,638

* 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

	2019 Revenue return £'000	2019 Capital return £'000	2019 Total £'000	2018 Revenue return £'000	2018 Capital return £'000	2018 Total £'000
Management fee	**1,887**	**4,404**	**6,291**	1,930	4,504	6,434
Other expenses						
Directors emoluments – fees	**157**	**–**	**157**	146	–	146
Auditor's remuneration – audit	**28**	**–**	**28**	25	–	25
Auditor's remuneration – interim review and debenture review services	**7**	**–**	**7**	8	–	8
MarketIng	**310**	**–**	**310**	421	–	421
Research costs*	**–**	**–**	**–**	93	–	93
Printing and postage costs	**63**	**–**	**63**	15	–	15
Registrar fees	**86**	**–**	**86**	88	–	88
Custodian fees	**144**	**–**	**144**	138	–	138
Depositary fees	**121**	**–**	**121**	144	–	144
Advisory and professional fees	**208**	**66†**	**274**	298	–	298
Costs associated with dividend receipts	**95**	**–**	**95**	83	–	83
Irrecoverable VAT	**84**	**–**	**84**	107	–	107
Regulatory fees	**68**	**–**	**68**	65	–	65
Directors' insurances & other expenses	**32**	**–**	**32**	35	–	35
	1,403	**66**	**1,469**	1,666	–	1,666

* Contribution to Investment Manager's research budget.
† Capitalised costs associated with the total return swap.

For the year ended 30 September 2019, the fee calculated in accordance with the IMA amounted to 0.7% (2018: 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

	2019 Revenue return £'000	2019 Capital return £'000	2019 Total £'000	2018 Revenue return £'000	2018 Capital return £'000	2018 Total £'000
Loan, debenture and revolving credit facility interest						
8 1/8% Debenture Stock 2023*	**246**	**573**	**819**	366	854	1,220
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	**263**	**613**	**876**	259	604	863
2.93% Euro Senior Unsecured Loan Notes 2037	**152**	**354**	**506**	144	334	478
JPY revolving credit facility**	**37**	**87**	**124**	–	–	–
	1,074	**2,506**	**3,580**	1,145	2,671	3,816
Amortisation						
8 1/8% Debenture Stock 2023*	**–**	**36**	**36**	–	7	7
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
JPY revolving credit facility**	**13**	**31**	**44**	–	–	–
	13	**86**	**99**	–	26	26
Early redemption						
8 1/8% Debenture Stock 2023*	**–**	**4,436**	**4,436**	–	–	–
Total	**1,087**	**7,028**	**8,115**	1,145	2,697	3,842
Exchange gains/(losses) on Loan Notes***	**–**	**288**	**288**	–	(575)	(575)

* The 8 1/8% Debenture Stock 2023 was redeemed on 3 June 2019.
** The JPY4.0bn unsecured revolving credit faciltiy was entered into on 4 April 2019 and was fully drawn down on 10 April 2019 with interest payable at a rate equal to LIBOR plus 0.75%.
*** Revaluation of Euro Loan Notes.

5. Taxation

	Year ended 30 September 2019			Year ended 30 September 2018		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Analysis of charge for the year						
Overseas tax not recoverable*	**1,096**	**–**	**1,096**	964	–	964
Overseas tax recovered – previously expensed**	**(433)**	**–**	**(433)**	–	–	–
Tax cost for the year	**663**	**–**	**663**	964	–	964

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

The tax assessed for the year is the standard rate of corporation tax in the United Kingdom of 19%. The differences are explained below:

	Year ended 30 September 2019			Year ended 30 September 2018		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Return on ordinary activities after interest payable but before appropriations	**21,832**	**3,134**	**24,966**	17,897	67,048	84,945
Theoretical tax at UK corporation tax rate of 19% (2018: 19%)	**4,148**	**596**	**4,744**	3,400	12,739	16,139
Effects of the non-taxable items:						
– Tax-exempt overseas investment income	**(4,967)**	**–**	**(4,967)**	(4,267)	–	(4,267)
– (Losses)/gains on investments, exchange gains on capital items and movement of fair value of derivative financial instruments	**–**	**(1,925)**	**(1,925)**	–	(14,107)	(14,107)
– Excess management expenses carried forward	**513**	**1,329**	**1,842**	551	1,368	1,919
– Corporate interest restriction	**306**	**–**	**306**	316	–	316
– Overseas tax not recoverable	**1,096**	**–**	**1,096**	964	–	964
– Overseas tax recovered previously expensed	**(433)**	**–**	**(433)**	–	–	–
Tax credit for the year	**663**	**–**	**663**	964	–	964

At 30 September 2019, the Company had unrelieved management expenses of £78,686,000 (30 September 2018: £68,933,000) that are available to offset future taxable revenue. A deferred tax asset of £13,376,000 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 Company meets (and intends to continue for the foreseeable future to meet) the conditions for approval as an investment trust company.

6. Dividends

	2019 £'000	2018 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 September 2018 of 11.00p (2017: 10.00p) per Ordinary Share	**12,221**	11,557
Interim dividend for the year ended 30 September 2019 of 2.00p (2018: 2.00p) per Ordinary Share	**2,218**	2,260
	14,439	13,817

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.

	2019 £'000	2018 £'000
Interim dividend for the year ended 30 September 2019 of 2.00p (2018: 2.00p) per Ordinary Share	**2,218**	2,260
Proposed final dividend for the year ended 30 September 2019 of 14.50p (2018: 11.00p) per Ordinary Share	**15,855***	12,259
	18,073	14,519

* Based on shares in circulation on 8 November 2019.

7. Earnings per Ordinary Share

The earnings per Ordinary Share is based on Company net profit after tax of £24,303,000 (2018: £83,981,000) and on 110,956,131 (2018: 114,182,431) 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:

			2019			2018
Basic and diluted	Revenue	Capital	Total	Revenue	Capital	Total
Profit for the year (£'000)	**21,169**	**3,134**	**24,303**	16,933	67,048	83,981
Weighted average number of Ordinary Shares			**110,956,131**			114,182,431
Earnings per Ordinary Share	**19.08p**	**2.82p**	**21.90p**	14.83p	58.72p	73.55p

There are no dilutive instruments issued by the Company (2018: none).

8. Investments held at fair value through profit or loss

	30 September 2019 £'000	30 September 2018 £'000
Financial assets held at fair value		
Opening book cost	**826,405**	774,915
Opening investment holding gains	**163,860**	175,596
Opening fair value	**990,265**	950,511
Movement in the year:		
Purchases at cost:		
Equities	**255,779**	345,819
Sales/Close – proceeds:		
Equities and total return swaps	**(288,331)**	(381,521)
– realised gains on equity sales and close of total return swaps	**58,568**	87,192
Decrease in investment holding gains	**(42,652)**	(11,736)
Closing fair value	**973,629**	990,265
Closing book cost	**852,421**	826,405
Closing investment holding gains	**121,208**	163,860
Closing fair value	**973,629**	990,265
Financial assets held at fair value		
Equities	**972,824**	990,265
Total return swaps	**805**	–
	973,629	990,265

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Transaction costs		
Cost on acquisition	**241**	571
Cost on disposals	**276**	384
	517	955
Analysis of capital gains		
Gains on sales/close out of financial assets based on historical cost	**58,568**	87,192
Movement in investment holding gains for the year	**(42,652)**	(11,736)
Net gains on financial assets and financial liabilities held at fair value	**15,916**	75,456

9. Other receivables

	2019 £'000	2018 £'000
Amounts due from brokers	**2,711**	401
Overseas tax recoverable	**655**	3,486
Prepayments and accrued income	**3,036**	2,647
VAT recoverable	**16**	16
	6,418	6,550

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

	2019 £'000	2018 £'000
Total return swap liabilities	**3,979**	–
Revolving credit facility	**30,037**	–
Other payables		
Purchases for future settlement	**48**	462
Amounts owed for share buybacks	**4**	400
Management fees	**542**	–
Interest payable	**787**	668
Other payables	**484**	695
Total other payables	**1,865**	2,225
Total current liabilities	**35,881**	2,225

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 fully drawn down and JPY4.0bn (£28,047,000) was received on 9 May 2019 and used to repay the Debenture Stock. The refinancing exercise is expected to reduce annual interest costs by approximately £930,000 (or 0.8p per share), based on current short-term interest rates for the facility.

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 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

	2019 £'000	2018 £'000
8 1/8% Debenture Stock 2023	**–**	14,964
4.184% Series A Sterling Unsecured Loan Notes 2036	**29,892**	29,885
3.249% Series B Euro Unsecured Loan Notes 2036	**26,466**	26,633
2.93% Euro Senior Unsecured Loan Notes 2037	**17,571**	17,679
Total	**73,929**	89,161

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

On 3 June 2019, the Company redeemed all of the outstanding Debenture Stock.

Under the terms of the Loan Notes, 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 50.

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	**17,681,674**	
Buyback of Ordinary Shares into treasury	**1,718,823**	
Cancellation of Ordinary Shares held in treasury	**(13,523,032)**	
Balance at end of year	**5,877,465**	
Total Ordinary Share capital excluding Treasury Shares	**110,125,668**	

During the year, 1,718,823 (2018: 4,309,052) Ordinary Shares with a nominal value of £172,000 (2018: £431,000) and representing 1.48% of the issued share capital, were bought back and placed in treasury for an aggregate consideration of £12,603,000 (2018: £31,713,000). No Ordinary Shares were bought back for cancellation (2018: nil). 13,523,032 Ordinary Shares were cancelled from treasury during the year (2018: nil).

The allotted, called up and fully paid shares at 30 September 2019 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	
	2019	2018
Ordinary Shares (basic)	**852.61p**	841.95p

	Net asset value attributable	
	2019 £'000	2018 £'000
Ordinary Shares (basic)	**938,941**	941,680

Basic net asset value per Ordinary Share is based on net assets and on 110,125,668 Ordinary Shares (2018: 111,844,491), being the number of Ordinary Shares in issue excluding Treasury Shares at the year end.

At the year end, the net asset value per Ordinary Share adjusted to include the Loan Notes at fair value was 838.29p (2018: 834.58p).

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 38.

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 10%, then it would have had an impact on the Company's capital return and equity of £97,282,000 (2018: £99,027,000).

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 £41,813,000 (2018: £40,918,000).

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 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**

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 undelying investment.

	GBP £'000	EUR £'000	USD £'000	SEK £'000	JPY £'000	NOK £'000	CHF £'000	HKD £'000	Other £'000	Total £'000
At 30 September 2018										
Other receivables	651	701	145	–	1,517	2,138	647	751	–	6,550
Cash and cash equivalents	36,251	–	–	–	–	–	–	–	–	36,251
Other payables	(1,360)	(403)	–	–	(462)	–	–	–	–	(2,225)
8 1/8% Debenture Stock 2023	(14,964)	–	–	–	–	–	–	–	–	(14,964)
4.184% Series A Sterling Unsecured Loan Notes 2036	(29,885)	–	–	–	–	–	–	–	–	(29,885)
3.249% Series B Euro Unsecured Loan Notes 2036	–	(26,633)	–	–	–	–	–	–	–	(26,633)
2.93% Euro Senior Unsecured Loan Notes 2037	–	(17,679)	–	–	–	–	–	–	–	(17,679)
Currency exposure on net monetary items	(9,307)	(44,014)	145	–	1,055	2,138	647	751	–	(48,585)
Investments held at fair value through profit or loss – equities	132,625	106,899	405,170	32,474	184,647	22,902	52,725	43,298	9,525	990,265
Total net currency exposure	123,318	62,885	405,315	32,474	185,702	25,040	53,372	44,049	9,525	941,680

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 2019 £'000	At 30 September 2018 £'000
Exposure to floating interest rates:		
Cash and cash equivalents	**64,725**	36,251
JPY revolving credit facility	**(30,037)**	–

If the above level of cash was maintained for a year, a 1% increase in interest rates would increase the revenue return and net assets by £347,000 (2018: £363,000). 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 £347,000 (2018: £363,000).

	30 September 2019		30 September 2018	
	Book cost £'000	Fair value £'000	Book cost £'000	Fair value £'000
8 1/8% Debenture Stock 2023	**–**	**–**	14,964	18,975
4.184% Series A Sterling Unsecured Loan Notes 2036	**29,892**	**35,596**	29,885	32,493
3.249% Series B Euro Unsecured Loan Notes 2036	**26,466**	**32,756**	26,633	28,021
2.93% Euro Senior Unsecured Loan Notes 2037	**17,571**	**21,348**	17,679	17,920
Total	**73,929**	**89,700**	89,161	97,409

The impact of holding the Loan Notes at fair value would be to reduce the Company's net assets by £15,771,000.

The fair value of the Company's Loan Notes at the year end was £89,700,000 (2018: £97,409,000). The interest rates of the non-current liabilities (Loan Notes) are fixed. A 1% increase in market interest rates would be expected to decrease the fair value of the non-current liabilities by approximately £10.9m (2018: £10.3m), all other factors being equal. A 1% decrease would increase the fair values by £4.1m (2018: £12.1m).

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 £64,725,000 (2018: £36,251,000) 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	Total £'000
At 30 September 2019					
4.184% Series A Sterling Unsecured Loan Notes 2036	**(1,255)**	**(1,255)**	**(1,255)**	**(8,786)**	**(12,551)**
3.249% Series B Euro Unsecured Loan Notes 2036	**(863)**	**(863)**	**(863)**	**(6,038)**	**(8,627)**
2.93% Euro Senior Unsecured Loan Notes 2037	**(519)**	**(519)**	**(519)**	**(3,630)**	**(5,187)**
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)**	**(62,246)**

	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	Total £'000
At 30 September 2018					
$8^1/_8$% Debenture Stock 2023*	(1,219)	(1,219)	(1,219)	(17,133)	(20,790)
4.184% Series A Sterling Unsecured Loan Notes 2036	(1,255)	(1,255)	(1,255)	(8,786)	(12,551)
3.249% Series B Euro Unsecured Loan Notes 2036	(868)	(868)	(868)	(6,076)	(8,680)
2.93% Euro Senior Unsecured Loan Notes 2037	(522)	(522)	(522)	(3,654)	(5,220)
Other payables	(2,225)	–	–	–	(2,225)
	(6,089)	(3,864)	(3,864)	(35,649)	(49,466)

* Comprises the remaining interest payments to 2023, together with the principal to be repaid in 2023.

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.

The total credit exposure represents the carrying value of fixed-income investments, cash and receivable balances and totals £75,927,000 (2018: £42,801,000).

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.

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 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**

Financial assets at fair value through profit or loss at 30 September 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	964,491	25,774	–	990,265

The valuation of Level 2 equity investments 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 page 56.

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

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 2019		At 30 September 2018	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
4.184% Series A Sterling Unsecured Loan Notes 2036	**(29,892)**	**(35,596)**	(29,885)	(32,493)
3.249% Series B Euro Unsecured Loan Notes 2036	**(26,466)**	**(32,756)**	(26,633)	(28,021)
2.93% Euro Senior Unsecured Loan Notes 2037	**(17,571)**	**(21,348)**	(17,679)	(17,920)
8 1/8% Debenture Stock 2023	**–**	**–**	(14,964)	(18,975)
Total	**(73,929)**	**(89,700)**	(89,161)	(97,409)

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 relevant reference market instruments 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.

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 90.

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)**

Financial liabilities at 30 September 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Debenture Stock	(18,975)	–	–	(18,975)
Loan Notes	–	(78,434)	–	(78,434)
	(18,975)	(78,434)	–	(97,409)

Capital management policies and procedures

The structure of the Company's capital is described on page 50 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 52.

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 each year such that it does not retain more than 15% of the income that it derives from shares and securities.

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 2019 £'000	At 30 September 2018 £'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 2019 was £37,377,000 (30 September 2018: £nil) and the total negative exposure of total return swaps was £29,034,000 (30 September 2018: £nil). The liabilities are secured against assets held with Jefferies Hoare Govett (the "prime broker"). The collateral held as at 30 September 2019 was £14,000,000 (30 September 2018: £nil), which is included in cash and cash equivalents in the Balance Sheet.

16. Contingencies, guarantees and financial commitments

At 30 September 2019, the Company had £nil financial commitments (2018: £nil).

At 30 September 2019, the Company had £nil contingent liability in respect of any investments carrying an obligation for future subscription or underwriting commitments (2018: £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 78. At the year end, £nil was outstanding due to Directors (2018: £nil).

The transaction pursuant to the IMA with AVI is set out in the Report of the Directors on page 39. Management fees for the year amounted to £6,291,000 (2018: £6,434,000).

As at the year end, the following amounts were outstanding in respect of management fees: £542,000 (2018: £nil).

18. Post balance sheet events

Since the year end, the Company has bought back 781,973 Ordinary Shares with a nominal value of £78,197 at a total cost of £5,820,000, which have been placed in treasury.

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

The Audit Committee met four times during the year. In May, the Committee considered its terms of reference and reviewed the Half Year Report for the period to 31 March 2019 and recommended its approval to the Board. The external Auditor's plan for their audit of the year end financial statements was also received and discussed, and reviews of the Company's internal controls and the service levels provided by the Company's Custodian and Depositary were undertaken. In September, the Committee reviewed the controls reports issued by the Company's outsourced service providers, including those issued by the Company's Administrator, Depositary, Custodian and Investment Manager. In October, the Committee reviewed the year end financial statements and discussed the findings of the external audit with KPMG. More details are provided below.

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 meet the independent Auditor of the Company to review their proposed audit programme of work and the subsequent Audit Report and to assess the effectiveness 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.
- 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.

The Audit Committee operates within defined terms of reference, which are available on the Company's website.

Composition of the Audit Committee

The Audit Committee comprises the whole Board, being independent Directors. All members of the Committee have recent and relevant financial experience and two are Chartered Accountants, and the Committee as a whole has competence relevant to the investment trust sector.

Significant Issues

In planning its own work, and reviewing the audit plan of the Auditor, the Audit Committee takes account of the most significant issues and risks, both operational and financial, likely to impact on the Company's financial statements.

The valuation of the investment portfolio is a significant risk factor. However, 91.3% of the portfolio at the year end can be verified against daily market prices and observable price movements. The remaining 8.7% uses methodologies based on observable inputs.

A further significant risk control issue 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, principally to review the work of the Depositary, but also to consider the effectiveness of the internal controls at the Custodian.

Financial statements issued by the Company need to be fair, balanced and understandable. The Audit Committee has reviewed the Annual Report as a whole and made a recommendation to the Board. 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.

The Company's Half Year Report was approved by the Audit Committee prior to publication, and was also reviewed by the Auditor.

The Audit Committee has assessed whether it is appropriate to prepare the Company's financial statements on a going concern basis, and made its recommendation to the Board. The Board's conclusions are set out in the Report of the Directors. The Audit Committee's remit includes 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.

As explained below, the Audit Committee has considered carefully the internal control systems. The Company relies heavily on third-party suppliers; the Audit Committee monitors the services and control levels of all of its suppliers on an ongoing basis. The Committee reviews control reports from each of the key service providers. For each report, the controls that the Board relies upon are reviewed to ensure that no exceptions have been reported during the period covered by the report. There were no relevant exceptions identified during the year.

The Committee reviewed special dividends received in the year to determine their allocation to the revenue or capital account in the Statement of Comprehensive Income.

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 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 as the basis for the UK's future relationship with the EU becomes clearer.

Internal Controls

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. The Board confirms that there is an ongoing process for identifying, evaluating and managing the 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 10.

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, and a report on their review of the half year financial statements. 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 2019 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 2019 is therefore his third 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 2019 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 (2018: £33,000). Of the total fees, the fees for audit services were £28,000 (2018: £25,000).

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 2019 was £7,000 in relation to the half year review (2018: £8,000, being £6,000 in relation to the half year review and £2,000 in relation to review reports and filings required in respect of the Debenture).

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

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 2019 with the provisions of the Statutory Audit Services Order 2014, issued by the Competition and Markets Authority ('CMA Order').

Calum Thomson
Audit Committee Chairman
11 November 2019

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

A resolution to approve this Remuneration Policy will be proposed at the AGM of the Company to be held on 19 December 2019. If the resolution is passed, the Remuneration Policy provisions set out below will apply until they are next put to shareholders for renewal of that approval, which must be at intervals of not more than three years, or if the Remuneration Policy is varied, in which event shareholder approval for the new Remuneration Policy will be sought. The only change that has been made to the Remuneration Policy as previously approved by shareholders is to include clarification that all Directors are subject to annual re-election by shareholders.

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. Directors are also entitled to reimbursement of reasonable fees and expenses incurred by them in the performance of their duties.

In line with the majority of investment trusts, 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 2019	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 2019.
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.

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, the 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 19 December 2019.

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. Each Director abstains from voting on their own individual remuneration.

During the year, the Board carried out a review of the level of Directors' fees in accordance with the Remuneration Policy. As part of this review, the Board considered the level of fees being paid to non-executive directors of investment trusts with assets of £500m and over as well as to the Company's peer group. The review concluded that the fees being paid to the Company's Directors were substantially below the average. As a result, with effect from 1 April 2019, fees were increased to £45,000 (previously £38,500) per annum for the Chairman and £29,000 (previously £25,300) per annum for other Directors. The additional fee payable to the Chairman of the Audit Committee was increased to £5,000 (previously £4,400) per annum. The additional fee payable to the Senior Independent Director of £2,500 per annum was unchanged. Directors' fees were previously increased on 1 April 2017. In order to ensure that the level of remuneration remains competitive and to avoid future large increases, the Board has determined that incremental increases should be made annually in future. 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 2016.

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 2016 and a non-binding Ordinary Resolution adopting the Directors' Remuneration Implementation Report for the year ended 30 September 2018 was approved by shareholders at the AGM held on 19 December 2018. The votes cast by proxy were as follows:

Remuneration Policy (AGM 2016)	
For – % of votes cast	99.50%
Against – % of votes cast	0.29%
At Chairman's discretion – % of votes cast	0.24%
Total votes cast	45,603,795
Number of votes withheld	75,111

Remuneration Implementation Report (AGM 2018)	
For – % of votes cast	99.86%
Against – % of votes cast	0.07%
At Chairman's discretion – % of votes cast	0.07%
Total votes cast	45,026,919
Number of votes withheld	32,939

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	2019	2018	2019	2018	2019	2018
Strone Macpherson[1]	**–**	8,490	**–**	–	**–**	8,490
Susan Noble[2]	**41,750**	35,606	**–**	–	**41,750**	35,606
Anja Balfour[3]	**27,150**	18,975	**1,896**	–	**29,046**	18,975
Steven Bates[4]	**6,023**	27,800	**–**	–	**6,023**	27,800
Graham Kitchen[5]	**20,825**	–	**–**	–	**20,825**	–
Nigel Rich	**29,025**	25,300	**–**	–	**29,025**	25,300
Calum Thomson	**31,850**	29,700	**585**	–	**32,435**	29,700
	156,623	145,871	**2,481**	–	**159,104**	145,871

* Reimbursement of travel expenses.
[1] Retired 20 December 2017.
[2] Appointed as Chairman on 20 December 2017.
[3] Appointed 1 January 2018.
[4] Retired 19 December 2018.
[5] Appointed 1 January 2019.

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

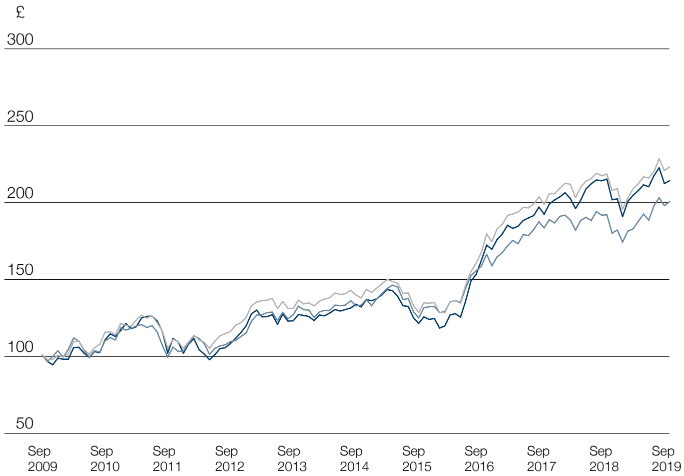
Taxable benefits – Article 117 of the Company's Articles of Association provides that Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings.

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 2019



- AVI Global Trust Share Price Total Return.
- AVI Global Trust NAV Total Return.
- MSCI All Country World ex-US Total Return.

Relative Importance of Spend on Pay

The table below shows the proportion of the Company's income spent on pay.

	2019	2018	Difference
Spend on Directors' fees*	**£156,623**	£145,871	+7.4%
Management fee and other expenses	**£7,759,519**	£8,100,776	-4.2%
Distribution to shareholders:			
(a) dividends	**£14,439,319**	£14,519,108	-0.5%
(b) share buyback	**£12,602,699**	£31,713,098	-60.2%

* 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	2019	2018
Susan Noble	**13,665**	13,630
Anja Balfour†	**7,300**	7,300
Steven Bates††	**20,000**	20,000
Graham Kitchen†††	**9,000***	–
Nigel Rich	**18,000****	18,000**
Calum Thomson	**8,898**	7,600

* 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 2019 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 2019:

(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
11 November 2019

Independent Auditor's Report

To the Members of AVI Global Trust plc

KPMG

1. Our opinion is unmodified

We have audited the financial statements of AVI Global Trust plc ("the Company") for the year ended 30 September 2019 which comprise 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 2019 and its profit for the year then ended;
- have been properly prepared in accordance International Financial Reporting Standards as adopted by the European Union;
- 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 three financial years ended 30 September 2019. 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		£10.4m (2018: £10.3m) 1% (2018: 1%) of total assets
Key audit matters		Versus 2018
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 judgment, 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 2018), in arriving at our audit opinion above, together with our key audit procedures to address this matter and our findings from those procedures in order that the Company's members as a body may better understand the process by which we arrived at our audit opinion. This matter was addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

	The risk	Our response
Carrying amount of quoted investments (£957.3m; 2018: £964.5m) *Refer to pages 73 to 75 (Report of the Audit Committee), page 56 (accounting policy) and pages 62 and 65 to 69 (financial disclosures).*	**Low risk; high value** The Company's portfolio of quoted investments makes up 91.3% (2018: 93.4%) of the Company's total assets by value and is considered to be one of the key drivers of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	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 investment holdings in the portfolio to independently received third party confirmations from investment custodians. **Our findings:** — We found the carrying amount of quoted investments to be acceptable (2018: acceptable).

3. Our application of materiality and an overview of the scope of our audit

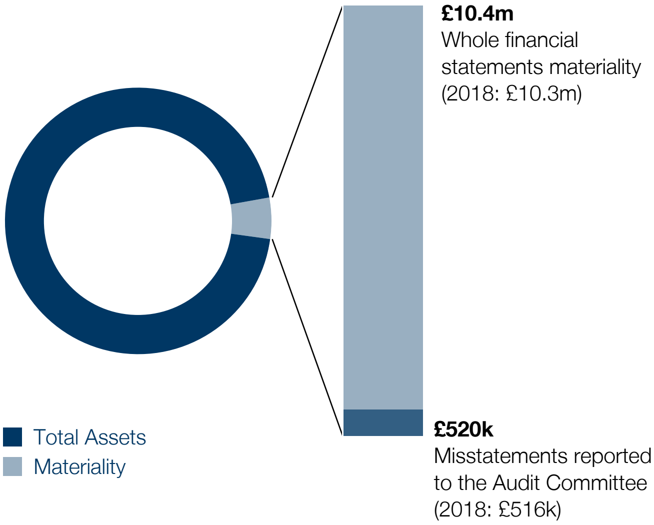
Materiality for the financial statements as a whole was set at £10.4m (2018: £10.3m), determined with reference to a benchmark of total assets, of which it represents 1% (2018: 1%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £520k (2018: £516k), 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 at the administrator, Link Asset Services in Exeter and at our offices.

Total assets
£1,048.8m (2018: £1,033.0m)

Materiality
£10.4m (2018: £10.3m)



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 their 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 their 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, including the impact of Brexit, 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 twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 48 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 Report of the Directors;
- 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 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 page 48 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks 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 longer-term 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 judgments 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 eleven 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 by the Company, 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 49, 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) 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, the manager and the administrator and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify any 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 and the terms of our engagement by the company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

11 November 2019

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 Thirtieth Annual General Meeting of AVI Global Trust plc will be held at 11 Cavendish Square, London W1G 0AN at 11.00am on Thursday, 19 December 2019 to consider the following business:

Ordinary Business
To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

1. To receive and adopt the financial statements of the Company for the financial year ended 30 September 2019 together with the Strategic Report and the Reports of the Directors and Auditor.
2. To approve a final ordinary dividend of 14.50p per Ordinary Share.
3. To elect Graham Kitchen as a Director of the Company.
4. To re-elect Anja Balfour 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 2019.
11. To receive and adopt the Directors' Remuneration Policy.
12. 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 36,447,898 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.

To consider and, if thought fit, pass the following resolutions as Special Resolutions:

13. THAT, subject to the passing of resolution 12 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 5,467,184 Ordinary Shares being approximately 5% of the equity share capital in issue as at 8 November 2019,

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.

14. 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 16,390,619;

(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.

15. THAT a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

By Order of the Board

Link Company Matters Limited
Corporate Secretary

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

11 November 2019

Notes

1. Attending the AGM in Person

If you wish to attend the AGM in person, you should sign the admission card enclosed with this document and hand it to the Company's Registrars on arrival at the AGM.

2. Appointment of Proxy

Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company.

3. Appointment of Proxy

A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. Where two or more valid appointments of proxy are received in respect of the same share in relation to the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others. If the Company is unable to determine which is last sent, the one which is last received shall be so treated. If the Company is unable to determine either which is last sent or which is last received, none of such appointments shall be treated as valid in respect of that share. The termination of the authority of a person to act as proxy must be notified to the Company in writing.

To be valid, any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by 11.00am on Tuesday, 17 December 2019.

The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 8 below) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so. If you require additional proxy forms, please contact the Registrar's helpline on 0371 384 2490 (+44 121 415 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 11.00am on Tuesday, 17 December 2019.

4. Appointment of Proxy by Joint Shareholders

In the case of joint shareholders, where more than one of the joint shareholders purports to appoint one or more proxies, only the purported appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint shareholders appear in the Company's register of members in respect of the joint shareholding, with the first named being the most senior.

5. Nominated Persons

Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies does not apply to Nominated Persons as such rights can only be exercised by registered shareholders of the Company.

6. Entitlement to Attend and Vote

To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.30pm on Tuesday, 17 December 2019 (or, in the event of any adjournment, 6.30pm on the date which is two business days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

7. Issued Share Capital and Total Voting Rights

As at 8 November 2019, the Company's issued share capital consisted of 116,003,133 Ordinary Shares, carrying one vote each, of which 6,659,438 were in treasury. Therefore, the voting rights in the Company as at 8 November 2019 equate to a total of 109,343,695 votes.

8. CREST Members

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 11.00am on Tuesday, 17 December 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

9. 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.

10. 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.

11. Questions and Answers

Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

However, where appropriate, the Chairman may offer to provide an answer to a question after the conclusion of the AGM.

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 at the registered office of the Company during usual business hours on any weekday (except weekends and public holidays) until the date of the meeting and at the place of the meeting for a period of 15 minutes prior to and during the meeting.

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 2019/2020

19 December 2019	Annual General Meeting
6 January 2020	Final dividend paid on Ordinary Shares
May 2020	Announcement of half year results
June 2020	Interim dividend paid on Ordinary Shares
November 2020	Announcement of annual results
November 2020	Posting of Annual Report
December 2020	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 2019	**838.29**	a
Dividends paid out (p)	**171.00**	b
Benefits from re-investing dividends (p)	**305.72**	c
Adjusted NAV per share (p)	**1,315.01**	**d = a + b + c**
Opening NAV per share (p) – June 1985	**29.72**	e
Annualised NAV total return (%)	**11.7%**	**((d/e) ^ (1/34.25)) - 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 747.00p (2018: 764.00p) from the NAV per share (with debt at fair value) of 838.29p (2018: 834.58p) and is usually expressed as a percentage of the NAV per share, 10.9% (2018: 8.5%). 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.

The gearing of 11.1% (2018: 9.5%) represents borrowings of £103,966,000 (2018: £89,161,000) expressed as a percentage of shareholders' funds of £938,941,000 (2018: £941,680,000).

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

	30 September 2019					30 September 2018				
	2036 GBP loan £'000	2036 EUR loan £'000	2037 EUR loan £'000	JPY revolving credit facility £'000	Total £'000	Debenture £'000	2036 GBP loan £'000	2036 EUR loan £'000	2037 EUR loan £'000	Total £'000
Value of issue	**30,000**	**22,962**	**17,526**	**27,775**	**98,263**	15,000	30,000	22,962	17,526	85,488
Unamortised issue costs	**(108)**	**(83)**	**(127)**	**–**	**(318)**	(36)	(115)	(88)	(135)	(374)
Exchange movement	**–**	**3,587**	**172**	**2,262**	**6,021**	–	–	3,759	288	4,047
Amortised book cost	**29,892**	**26,466**	**17,571**	**30,037**	**103,966**	14,964	29,885	26,633	17,679	89,161
Fair value	**35,596**	**32,756**	**21,348**	**30,037**	**119,737**	18,875	32,493	28,021	17,920	97,409
Redemption value	**45,577**	**42,959**	**28,599**	**30,037**	**147,172**	19,812	40,432	32,974	21,506	114,724

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 18 stocks in the basket. For further information, see the case study on pages 24 and 25.

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 a current market value, having deducted all liabilities and prior charges at their par value (or at their asset value). The total NAV per share is calculated by dividing shareholders' funds of £938,941,000 (2018: £941,680,000) by the number of Ordinary Shares in issue excluding Treasury Shares of 110,125,668 (2018: 111,844,491) at the year end.

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 Charges Ratio (APM)
As recommended by the AIC in its guidance, the Company's ongoing charges are its annualised expenses (excluding finance costs and certain non-recurring items) of £7,693,000 (2018: £8,100,000) (being investment management fees of £6,291,000 (2018: £6,434,000) and other expenses of £1,403,000 (2018: £1,666,000) (see note 3)) expressed as a percentage of the average month-end net assets of £903,924,000 (2018: £934,893,000) during the year as disclosed to the London Stock Exchange.

% 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 2019, this is £1,012,870 (year ended September 2018: £1,030,841).

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 0.1% (2018: 0.4%) 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 9.7% (2018: 10.1%).

	30 September 2019	30 September 2018	
Weighted average discount of buybacks	**9.7%**	10.1%	a
Percentage of shares bought back	**1.3%**	3.7%	b
NAV accretion from buyback	**0.1%**	0.4%	(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 will be equivalent to total shareholders' funds.

Total Return (APM)

Total return statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The total return measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the NAV or share price plus dividend income reinvested by the Company at the prevailing NAV or share price.

NAV Total Return (APM)

NAV total return is calculated by assuming that dividends paid out are re-invested into the NAV on the ex-dividend date. This is accounted for in the "benefits from re-investing dividends" line. The NAV used here includes debt marked to fair value and is inclusive of accumulated income.

Where an "annualised" figure is quoted, this means that the performance figure quoted is not a standard one-year figure, and therefore has been converted into an annual return figure in order to ease comparability. For example, if AGT's NAV increased by +100% over a ten-year period, this would become an annualised NAV return of 7.2%.

NAV total return over 1 year

	Page	30 September 2019	30 September 2018	
Closing NAV per share (p)	65	**838.29**	834.58	a
Dividends paid out (p)	65	**13.00**	12.00	b
Benefits from re-investing dividends (p)		**1.09**	0.68	c
Adjusted NAV per share (p)		**852.38**	847.26	d = a+b+c
Opening NAV per share (p)	65	**834.58**	769.91	e
NAV total return (%)		**2.1%**	10.0%	= (d/e)-1

NAV total return over 10 years (annualised)		a
Closing NAV per share (p) – September 2019	**838.29**	
Dividends paid out (p)	**113.15**	b
Benefits from re-investing dividends	**65.89**	c
Adjusted NAV per share	**1,017.33**	**d = a + b + c**
Opening NAV per share (p) – June 1985	**455.16**	e
Annualised NAV total return (%)	**8.4%**	**((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 2019	30 September 2018	
Closing price per share (p)		**747.00**	764.00	a
Dividends paid out (p)	61	**13.00**	12.00	b
Benefits from re-investing dividends (p)		**0.82**	0.89	c
Adjusted price per share (p)		**760.82**	776.89	d = a+b+c
Opening price per share (p)		**764.00**	693.50	e
Share price total return (%)		**-0.4%**	12.0%	= (d/e)-1

Total Return Swap

A total return swap is a financial contract between two parties, whereby each party agrees to 'swap' a series of payments. The Company has entered into total return swaps with Jefferies International ('Jefferies') that can be divided into two categories. The first gives the Company effective exposure to 2,395,870 shares in Pershing Square Holdings ('PSH') in return for the Company making a series of floating rate interest payments to Jefferies. The second gives the Company "short" exposure to a number of PSH's investee companies (Berkshire Hathaway, Chipotle Mexican Grill, Howard Hughes, Hilton Worldwide Holdings, Lowe's Companies, Restaurant Brands International and Starbucks) in return for the Company receiving a series of floating rate interest payments from Jefferies.

A "short" position or "shorting" refers to simultaneously borrowing shares in a listed company and selling them – "shorting" is carried out to either reflect a negative view on a company, with profits coming from buying the shares back at a lower price, or – as in this example – to hedge another investment. By "shorting" PSH's underlying investments, the Company's exposure on this portion of its investment in PSH is mainly limited to movements in PSH's discount to NAV and not to share price changes in these underlying investments.

Note that separately from this hedged investment, the Company owns a larger position (3,546,807 shares) in PSH on an unhedged basis.

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

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

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West Sussex BN99 6DA

Registrar's Shareholder Helpline
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Lines are open 8.30am to 5.30pm, Monday to Friday.

Registrar's Broker Helpline
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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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London EC2Y 5AJ

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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.

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