AGT

AVI GLOBAL TRUST

Value with a difference

ANNUAL REPORT 2021

AVI

Value investing versus **growth investing** is a decades old debate, one that has quietly raged since Benjamin Graham's first 'value' stock picks in the early 20th century.

Asked in a webinar whether Asset Value Investors are value or growth investors, CEO Joe Bauernfreund responded that "we are neither".

The combination of unusual and unloved structures, and high-quality underlying assets, typifies that growth-value approach. We want to buy assets for less than they are worth, and then watch the assets grow in value.

So how do you follow this third way, treading between the two camps? Is it possible to find attractive quality companies, growing at above average rates but undervalued by the market? These companies do exist. Often hidden beneath ownership structures that obscure the value of the stock from easy evaluation. It requires time and effort to peel away the layers to see what is underneath.

Open the flap to find out about our investment process

The full insight can be found at **www.aviglobal.co.uk/insight/the-third-option-value-and-growth/**

WHO WE ARE

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.

HOW WE INVEST

We aim to achieve long-term capital growth by investing in a diversified portfolio of companies whose shares are trading at a discount to what we perceive to be their estimated net asset value.

WHO DO WE INVEST IN?

AVI Global Trust ('AGT' or "the Company") follows a unique strategy of investing in quality assets typically held through unconventional structures that tend to attract discounts; these types of companies include holding companies, closed-ended funds, and asset-backed special situations.

PORTFOLIO VALUE BY AVI CLASSIFICATION*

	2021 %	2020 %
Holding Companies	**43**	33
Asset-Backed Special Situations	**30**	30
Closed-ended funds	**27**	37

Source / Asset Value Investors

* Please refer to page 23 for more information about these classifications.

READ MORE

Read more about our investment philosophy on **page 23 of the Annual Report**

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

Read more about AVI's ESG and Responsible Investor Policy on **page 24 of the Annual Report**

HOW AVI MANAGES PORTFOLIO RISK

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

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

Read more about our investment philosophy on **page 23 of the Annual Report**

Read more about our views on value, growth and the "third way" **on pages 30 and 31 of the Annual Report**

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

AVI's risk management techniques include thorough qualitative fundamental bottom-up research to establish the company's real value. We monitor our holdings on an ongoing basis and our in-house order management system contains an automatic alert system which alerts us of any breaches of built-in risk parameters.

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

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

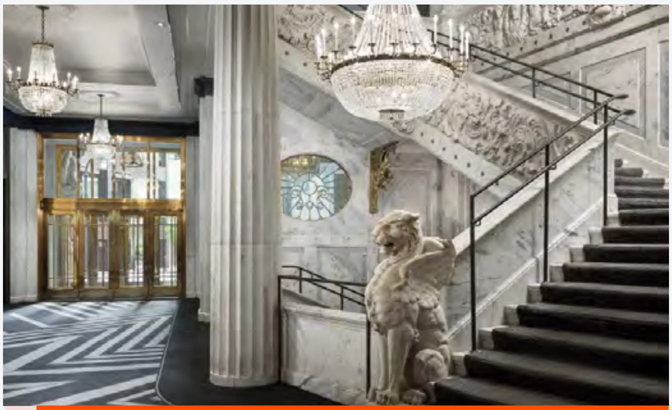
Portfolio/Market Risk
- Currency risk
- Geographical concentration risk
- Sector concentration risk
- Stock concentration risk
- Liquidity risk
- Political risk

Daily monitoring of positions

Monthly investment meetings

Reassessment of positions

Read more about our KPIs and Principal Risks on **pages 10 to 13 of the Annual Report**



Pershing Square Holdings is the portfolio's largest position

Read more about this exciting investment **on page 41 of the Annual Report**

TOTAL ASSETS†

£1.3 billion*

LAUNCH DATE

1 July 1889

ANNUALISED NAV TOTAL RETURN†

12.0%**

EXPENSE RATIO†#

0.83%***

Retail Investors Advised by IFAs

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers ('IFAs') in the UK to ordinary retail investors in accordance with the Financial Conduct Authority rules in relation to non-mainstream investment products and intends to continue to do so. The shares are excluded from the Financial Conduct Authority's restrictions which apply to non-mainstream investment products because they are shares in an authorised investment trust.

The Company is an Alternative Investment Fund ('AIF') under the European Union's Alternative Investment Fund Managers' Directive ('AIFMD'). Its Alternative Investment Fund Manager ('AIFM') is Asset Value Investors Limited. Further disclosures required under the AIFMD can be found on the Company's website: www.aviglobal.co.uk.

ISA Status

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

* As at 30 September 2021.
** Source: Morningstar, performance period 30 June 1985 to 30 September 2021, total return net of fees, GBP. The current approach to investment was adopted in 1985.
*** As at 30 September 2021, includes: management fee, marketing and administration costs.
† For definitions, see Glossary on pages 101 to 104.
\# For a detailed discussion of the Expense Ratio, please see Key Performance Indicators on page 10.

CNH's stellar performance was a strong contributor to EXOR's NAV.

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

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

@AVIGlobalTrust AVIGlobalTrust

COMPANY PURPOSE

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

BUSINESS MODEL

STRATEGY

Our strategy is to seek out-of-favour companies whose assets are misunderstood by the market or under-researched, and which trade significantly below the estimated value of the underlying assets. Often, we engage actively with management in order to provide suggestions for improvements that we believe could help narrow the discount or improve operations, thus releasing value for shareholders.

- Closed-ended funds
- Holding companies
- Asset-Backed Special Situations

- Investing in companies trading at a discount to their net asset value
- Identifying good-quality underlying assets with appreciation potential at compelling values
- Focusing on balance sheet strength
- Looking for catalysts to narrow discounts
- Focusing on bottom-up stock picking

Read more about our Responsible Business **on page 17 of the Annual Report**

INVESTMENT APPROACH

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

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

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

AVI's investment philosophy is described in more detail **on page 23 of the Annual Report**

The Company's Investment Policy is set out **on page 52 of the Annual Report**

OTHER KEY STATISTICS

NET ASSET VALUE PER SHARE*

30 September 2021	30 September 2020
1,109.77p	837.13p

NUMBER OF INVESTMENTS

30 September 2021

45

* For definitions, see Glossary on pages 101 to 104.

KEY PERFORMANCE INDICATORS ('KPIs')

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

NAV TOTAL RETURNS TO 30 SEPTEMBER 2021*

1 Year	10 Years (Annualised)
36.2%	11.3%

DISCOUNT*

30 September 2021	30 September 2020
6.7%	9.3%

EXPENSE RATIO*

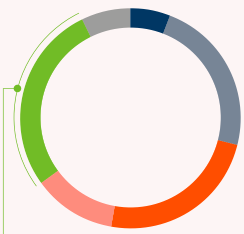
2021	2020
0.83%	0.89%

Read more about our KPIs and Principal Risks **on pages 10 to 13 of the Annual Report**

GLOBAL

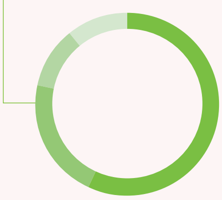
Our investments are distributed throughout the world.

LOOK-THROUGH COUNTRY EXPOSURE#



	2021* %	2020 %
United Kingdom	**6**	2
North America	**23**	19
Europe	**24**	27
Asia	**12**	22
Japan	**28**	24
Latin America, Africa & Emerging Europe	**7**	6

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



	2021 %
Japan small cap	**16**
Sony	**6**
Keisei Electric	**3**
Nintendo	**3**

TOP TEN INVESTMENTS REPRESENT

52.7%
of portfolio*

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

2021	2020
0.3%	0.5%

* For definitions, see Glossary on pages 101 to 104.

FINANCIAL HIGHLIGHTS

– Net asset value ('NAV') per share total return was 36.2%
– Final dividend of 10.5p, and total dividend maintained at 16.5p
– Share price total return of 40.3%

PERFORMANCE SUMMARY

	30 September 2021	30 September 2020
Net asset value per share (total return) for the year[1]*	**36.2%**	0.0%
Share price total return for the year*	**40.3%**	2.0%
Comparator Benchmark MSCI All Country World ex-US Index (£ adjusted total return†)	**18.8%**	-1.8%
Discount* Share Price Discount (difference between share price and net asset value)[2]	**6.7%**	9.3%
	Year to 30 September 2021	Year to 30 September 2020
Earnings and Dividends		
Investment income	**£20.40m**	£15.16m
Revenue earnings per share	**13.68p**	9.36p
Capital earnings per share	**273.10p**	(11.18)p
Total earnings per share	**286.78p**	(1.82)p
Ordinary dividends per share	**16.50p**	16.50p
Expense Ratio* Management, marketing and other expenses (as a percentage of average shareholders' funds)	**0.83%**	0.89%
2021 Year's Highs/Lows	High	Low
Net asset value per share	**1,115.86p**	**835.39p**
Net asset value per share (debt at fair value)*	**1,099.81p**	**815.30p**
Share price (mid market)	**1,020.00p**	**729.00p**

[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.

† The Company uses the net version of the MSCI All Country World ex-USA Index, which accounts for withholding taxes incurred. If the gross version of the Index had been used, the comparative figures for the years ending 30 September 2021 and 30 September 2020 would have been 19.3% and -1.4%, respectively.

Buybacks

During the year, the Company purchased 3,438,405 Ordinary Shares, all of which were placed into treasury, at a cost of £32.6m (4,573,938 ordinary shares at a cost of £31.1m in 2020).

***Alternative Performance Measures**

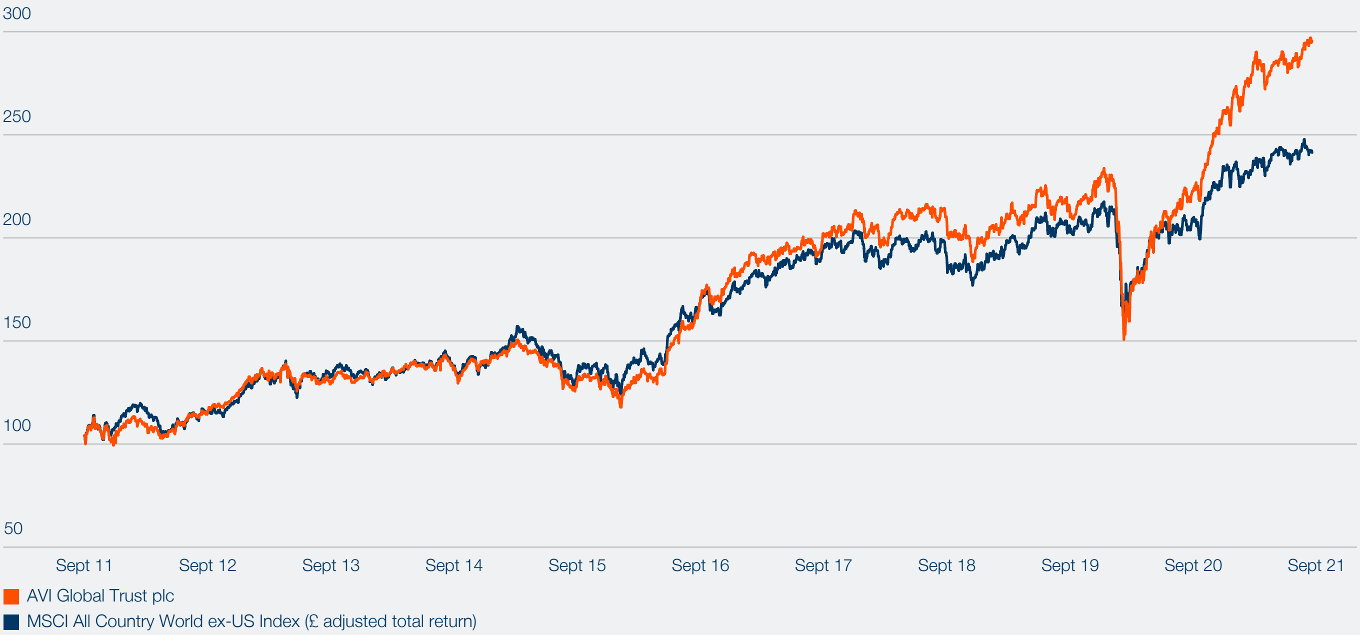
For all Alternative Performance Measures included in this Strategic Report, please see definitions in the Glossary on pages 101 to 104.

Historical record

Year ended 30 September	**2021**	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenue profit for the year £'000*	**14,289**	10,134	21,169	16,933	12,603	18,747	16,268	13,827	21,775	24,050	18,405
Revenue earnings per share (p)*	**13.68**	9.36	19.08	14.83	10.44	14.32	11.75	9.29	13.90	15.06	11.50
Ordinary dividends per share (p)	**16.50**	16.50	16.50	13.00	12.00	11.70	11.70	10.50	10.50	9.50	8.50
Special dividend per share (p)	**–**	–	–	–	–	2.80	–	–	2.50	3.50	2.00
Net assets £'000	**1,133,222**	883,605	938,941	941,680	903,229	843,973	697,542	826,984	844,455	791,225	740,385
Basic net asset value per share (p)	**1,109.77**	837.13	852.61	841.95	777.62	670.52	519.53	575.92	551.97	500.47	462.51

* The profit for the year figures for 2008 to 2014 are Group returns and earnings, those for 2015 to 2021 are the Company returns and earnings. These are comparable on a like-for-like basis.

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



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

DIVERSIFIED
A concentrated portfolio of 45 stocks, but with broad diversification of sectors and companies as a result of the holding structures which give exposure to multiple underlying companies.

ENGAGED
Seeking out good-quality companies and engaging to improve shareholder value.

ACTIVE
Finding complex, inefficient and overlooked investment opportunities.

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

> NAV total return over the year was +36.2%, driven primarily by excellent stock selection.

Susan Noble
Chairman

Overview of the Year
I am pleased to report that the NAV total return for the year to 30 September 2021 was +36.2%, driven primarily by excellent stock selection, which compares very well with the comparator benchmark return of +18.8%. Performance during the year under review was naturally linked to the extent and timing of expected economic recovery from the effects of the COVID-19 pandemic but, as described in the Investment Manager's Report, several other factors were also important drivers of investment returns. It was encouraging to note that returns were driven both by the active decision by the Investment Manager to position part of the portfolio for the post-COVID economic recovery and also by companies which are less directly economically sensitive, demonstrating the broad and balanced exposure of our investments.

Our Investment Manager's approach focuses on investments where the value of underlying assets can be clearly assessed and AVI invests in companies whose share price is trading below our view of intrinsic value and when there is a realistic prospect of releasing that value. As well as current value, the Investment Manager focuses on the growth prospects of underlying businesses. Performance this year was driven by a combination of these factors, with both the increase in values of underlying businesses and discounts to intrinsic value contributing to the strong NAV return.

Income and Dividend
Our revenue account has recovered somewhat from the effects of the pandemic and revenue earnings per share were 13.68p, compared with 9.36p for the previous accounting year. The Company paid an interim dividend of 6.0p per share on 2 July 2021. We are proposing a final dividend of 10.5p per share for approval at the AGM which will bring the total dividend for the year to 16.5p, which is unchanged from last year.

The Board recognises the importance of income to many shareholders and so has again elected to use revenue reserves, which have been built up over many years as a buffer and are a key advantage of the investment trust structure, to maintain the dividend level. As I have emphasised before, we do not constrain our Investment Manager by setting a revenue target and their mandate is to produce total returns which may be via any combination of capital growth and income. The Board's current intention remains to maintain the dividend at current levels. We have now been operating for over 18 months in an unprecedented environment and therefore our dividend policy remains under careful and regular review.

Gearing

In light of the attractive valuations identified by the Investment Manager and the value added by gearing in recent years, in August the Board agreed a modest increase in the amount of debt available by increasing the Company's revolving credit facility from JPY9.0bn to JPY12.0bn, an increase of approximately £19.5 million in sterling terms. Although the primary currency of the facility is in Japanese Yen, drawings can also be made in Sterling, US Dollars and Euros. As at 30 September 2021, the total debt available, if fully drawn, would produce gearing of 13.5% and net of cash in the portfolio actual gearing was 5.5%*. As I have said in previous statements, any increase or decrease in cash and gearing levels is driven primarily by the Investment Manager's view on investment opportunities, and having appropriate available liquidity, and not by views on the future direction of markets.

Share Price Rating and Marketing

The shares ended the financial year trading at a discount of 6.7%, which was narrower than the 9.3% at the same point last year.

Your Board continues to believe that it is in the best interests of shareholders to use share buybacks with the intention of limiting any volatility in the discount. During the accounting year under review, some 3.4 million shares were bought back. As in previous years we intervened when the Board believed that the discount was unnaturally wide and intend to continue to follow this approach, which is also an approach that our Investment Manager encourages for many of our investee companies. As well as benefitting shareholders by limiting the discount at which they could sell shares if they so wish, buying back shares at a discount also produced a small uplift in value to the benefit of continuing shareholders, by approximately 0.3%.

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

As well as addressing the supply of shares using buybacks we seek to increase demand through proactive marketing by the Investment Manager of the Company and its shares. We promote the Company to a variety of investors and potential investors, from private individuals to professional fund managers and through a variety of traditional and digital media. We aim to provide detailed and informative commentary, which can be accessed via our website www.aviglobal.co.uk.

Proposed Share Split

The price of the Company's existing ordinary shares ('Existing Ordinary Shares') has increased in recent years to the point where shares regularly trade at a price of over 1,000 pence. The Directors are proposing the sub-division of each Existing Ordinary Share into 5 new ordinary shares ('New Ordinary Shares'). The Directors believe that this Share Split may improve the liquidity in the Company's shares, which would benefit all shareholders.

The Share Split will not itself affect the overall value of any shareholder's holding in the Company, and we have made arrangements to ensure that there will be no interruption in trading the shares on the London Stock Exchange when the Share Split takes place.

The New Ordinary Shares will rank pari passu with each other and will carry the same rights and be subject to the same restrictions as the Existing Shares, including the same rights to participate in dividends paid by the Company. The Share Split requires the approval of shareholders and, accordingly, resolution 11 in the Notice of AGM seeks this approval. The Share Split is conditional on the New Ordinary Shares being admitted to the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange's main market for listed securities. If resolution 11 is passed, the Share Split will become effective on admission of the New Shares to the Official List. Further details of the Share Split are set out in the Directors' Report on page 60 and in the Notice of AGM.

Management Arrangements

For much of the year under review our Investment Manager and other key service providers continued to operate parts of their business with staff working from home, but from our perspective operations and service delivery remained efficient and effective. We are now witnessing a return to the office but with contingency plans having been thoroughly tested. Communications via various media: video conference, telephone and email, have remained effective. The Board took a close interest in assuring that all parts of the Company's infrastructure remained operational and efficient and we would again like to record our thanks to all of our suppliers and the staff working on our account for their support and commitment in such difficult times.

Directors

As announced last year, Nigel Rich will retire at this year's AGM. I would like to record the thanks of his fellow Directors and of the Investment Manager for Nigel's invaluable insights and guidance over the last nine years.

Following Nigel's retirement Calum Thomson will take over the role of Senior Independent Director.

Neil Galloway was appointed as a non-executive Director of the Company with effect from 1 September 2021. Neil is currently Executive Vice President of IWG PLC and is based in London, immediately prior to which he was an Executive Director and CFO of Dairy Farm International Holdings Limited based in Hong Kong. He brings 25 years' experience living and working internationally. Neil has spent most of his career working in Asia but also has experience in the Americas, Europe and the Middle East. Following a successful banking career, he has held senior finance and management roles, almost entirely with or for family-controlled companies, overseeing finance, treasury, risk management, legal, IT, projects and business development, with experience in significant transformation programmes in large and complex businesses. His industry experience spans banking, hospitality, retail (mass market, luxury and franchise operations), real estate and services industries.

We also announced last year that I will retire from the Board at the AGM in 2022. My fellow Directors plan to recruit a new non-executive director during the course of next year.

* Debt at par value.

Annual General Meeting

Having been obliged to hold last year's AGM behind closed doors, I am pleased to be able to invite all shareholders to attend our AGM in person at 11 Cavendish Square on Thursday 16 December 2021. While we hope that you are able to attend, the Directors are aware that government guidance or regulation to contain the spread of COVID-19 might change and if we are obliged to change the arrangements for the AGM after publishing this document, details will be published via RNS and our website. Shareholders who plan to attend the AGM are encouraged to check the website before travelling.

We do recognise that some shareholders may be unable to come to the AGM and if you have any questions about the Annual Report, the investment portfolio or any other matter relevant to the Company, please write to us either via email at agm@aviglobal.co.uk or by post to The Company Secretary, AVI Global Trust PLC, Beaufort House, 51 New North Road, Exeter, Devon, EX4 4EP.

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

Outlook

Investment performance over the year to 30 September 2021 was strong and it is natural to express some caution on the environment in which we operate, as the world seeks to deal with the continuing effects of the pandemic, resurgent inflation and supply chain issues. Nevertheless, our Investment Manager has demonstrated great skill in navigating the recent challenges and has continued to outperform since the financial year end by +3.7%*. Their disciplined focus on tangible, unrealised value alongside solid growth prospects continues to produce a portfolio of investments which the Board believes will serve shareholders well over the long term.

Susan Noble
Chairman

8 November 2021


Source / Getty Images

* As at 31 October 2021.

AVI'S APPROACH TO UNLOCKING VALUE

AVI looks to invest in overlooked and under-researched companies, with high-quality assets, trading at a discount.

A key factor they look for in an investment opportunity, therefore, is a catalyst for change. So, what are these catalysts and how does AVI identify them?

CORPORATE GOVERNANCE

Concerns over corporate governance can be a significant barrier to shareholder returns. Issues such as board composition, effectiveness and independence are critical to assuring investors that a company's fiduciary agents are able to properly execute their role. Key areas of focus for a board include overseeing and assessing the manager, evaluating capital allocation decisions and interacting with shareholders.

As part of AVI's investment process, they seek to understand our investee companies' corporate governance practices, looking at what works well and what needs improvement. Following any investment, AVI works actively – and usually behind the scenes – with boards and managers to improve weak areas of corporate governance.

CORPORATE ACTIONS

Identifying the potential for corporate actions is another catalyst which can unlock value for shareholders. Actions might include divesting a portfolio holding or subsidiary, making important capex or an acquisition, or accepting a takeover offer.

BALANCE SHEET EFFICIENCY

An efficient balance sheet is one which has the appropriate and sufficient funding needed to finance a firm's operations. An inefficient balance sheet may hold a significant amount of excess cash or other securities, beyond what is needed for operations. This destroys value as these assets often earn below the firm's cost of capital and are thus discounted by investors.

This analysis is particularly relevant for the Japanese cash-rich operating companies in which we invest. These companies typically hold high levels of excess cash on which investors place a heavily discounted value as the prospect of the cash being returned or efficiently utilised is deemed to be low. AVI engages with the management and boards of these companies to encourage them to return the cash to shareholders in the form of dividends or buybacks, or to use it for productive goals such as capex, acquisitions, or R&D.

The full insight can be found at **www.aviglobal.co.uk/insight/finding-the-catalysts-to-unlock-val/**

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Key Performance Indicators

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

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

*NAV total return**

	1 Year	10 Years (Annualised)
Company	36.2%	11.3%

The Directors regard the Company's NAV total return as being the overall measure of value delivered to shareholders over the long term. Total return reflects both the net asset value growth of the Company and also dividends paid to shareholders. The Investment Manager's investment style is such that performance is likely to deviate materially from that of any broadly based equity index. The Board considers the most useful comparator to be the MSCI All Country World ex-US Index. Over the year under review, the benchmark increased by 18.8% on a total return basis and over ten years it has increased by 9.0% on an annualised total return basis.

A full description of performance and the investment portfolio is contained in the Investment Review, commencing on page 22.

*Discount**

Year end	30 September 2021	30 September 2020
	6.7%	9.3%
High for the year	11.8%	13.3%
Low for the year	4.6%	5.6%

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

During the year under review, no new shares were issued and 3.4m shares were bought back and placed into treasury, adding an estimated 0.3% to net asset value per share to the benefit of continuing shareholders. The shares were bought back at a weighted average discount of 8.2%.

*Expense ratio**

Year ended 30 September 2021	Year ended 30 September 2020
0.83%	0.89%

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

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

For the year ended 30 September 2021, the expense ratio was 0.83%, down slightly from the previous year.

The Board notes that the UK investment management industry uses various metrics to analyse the ratios of expenses to assets. In analysing the Company's performance, the Board considers an Expense Ratio which compares the Company's own running costs with its assets. In this analysis the costs of servicing debt and certain non-recurring costs are excluded, as these are accounted for in NAV Total Return and so form part of that KPI. Further, in calculating a KPI the Board does not consider it relevant to consider the management fees of any investment company which the Company invests in, as the Company is not a fund of funds and to include management costs of some investee companies but not of others may create a perverse incentive for the Investment Manager to favour those companies which do not have explicit management fees. The Board has therefore chosen not to quote an Ongoing Charges Ratio per the AIC's guidance as part of its KPIs but has disclosed an Ongoing Charges Ratio in the Glossary on pages 101 to 104.

Principal Risks

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

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

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

* For definitions, see Glossary on pages 101 to 104.

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

The Board has assessed the risks which the Company faces under a number of headings. A summary of the key risks and mitigating actions is set out in the table on the following pages. Shareholders should be aware that no assessment of this nature can be guaranteed to predict all possible risks; the objective is to assess the risks and determine mitigating actions.

PRINCIPAL AND EMERGING RISKS	RISK TOLERANCE AND MITIGATING ACTIONS
Pandemic The continued effects of the COVID-19 pandemic were felt throughout the year. A pandemic such as this affects both (i) the management and operations of the Company and (ii) the Company's investments.	As in the previous accounting year, in seeking reassurance on the continuing operation of the Company, the Board worked closely with the Investment Manager and the various external suppliers to ensure that the portfolio could continue to be managed effectively and that the Company could continue to operate despite restrictive measures on movement imposed to contain the outbreak. AVI's bottom-up research approach and focus on companies with strong balance sheets enabled the Manager to both identify and mitigate risks that the pandemic posed to each investment. The Board received assurances that the Investment Manager continued to be able to execute purchases and sales as usual and was reassured by the Investment Manager's ability to continue to operate "business as usual". The detailed risk matrix which the Audit Committee maintains remained effective in identifying areas of the Company's operations which may be affected by measures implemented to contain the pandemic. The Audit Committee paid particular attention to key suppliers' internal controls reports. In considering the risks to investee companies, the Investment Manager's process focuses on resilience and balance sheet strength. The Board will continue to monitor the situation closely and will take action if and when necessary.
Loss of value in the portfolio The market or the Company's portfolio could suffer a prolonged downturn in performance. There will be periods when the investment strategy underperforms in comparison to its benchmark and its peer group and when it results in a decline in value. The net asset value will be affected by general market conditions which in turn can be affected by extraneous events such as the COVID-19 pandemic, US-China trade disputes, Brexit and recent concerns by market participants regarding inflation and the probability of rate hikes.	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 in the Investment Review. Conventional wisdom holds that the most effective way of reducing risk is to hold a diversified portfolio of assets. The Company typically holds 25-35 core positions. It is important to note that, in line with its investment objective, the Company's holdings are mostly in stocks which are themselves owners of multiple underlying businesses. Thus, the portfolio is more diversified on a look-through basis than if it were invested in companies with a single line of business. This diversification is evident at country, sector and currency levels. A key element of the Investment Manager's approach is to consider the way in which the portfolio is balanced and to ensure that it does not become overly dependent on one business area, country or investment theme. The Company, through the Investment Manager's compliance function and the Administrator's independent checks, has a robust system for ensuring compliance with the investment mandate.

PRINCIPAL AND EMERGING RISKS	RISK TOLERANCE AND MITIGATING ACTIONS
Gearing While potentially enhancing returns over the long term, the use of gearing makes investment returns more volatile and exacerbates the effect of any fall in portfolio value. There are covenants attached to the Loan Notes and bank debt; in extreme market conditions, these could be breached and require early repayment, which could be expensive.	The Board decided to take on borrowing because it believes that the Investment Manager will produce investment returns which are higher than the cost of debt over the medium to long term and, therefore, that shareholders will benefit from gearing. In taking on debt, we recognise that higher levels of gearing produce higher risk. While gearing should enhance investment performance over the long term, it will exacerbate any decline in asset value in the short term. It is possible (but, on the basis of past returns, it is considered unlikely) that the investment returns will not match the borrowing cost over time, and therefore the gearing will be dilutive. The Board manages this risk by setting its gearing at a prudent level. The covenants are set at levels with substantial headroom. In common with other investment trusts, we also mark the value of debt to its estimated fair value for the purposes of measuring investment performance as part of the Key Performance Indicators*, which makes the value ascribed to the debt subject to changes in interest rates and so makes our published NAV per share more volatile than would otherwise be the case. However, if we continue with the debt to maturity, it will be repaid at its par value, notwithstanding any changes in fair value over its life. The values of loans denominated in currencies other than Sterling will fluctuate with currency movements and, if the exchange rate of those currencies relative to Sterling increases, then in isolation this will have the effect of reducing NAV per share. However, we have certain assets denominated in the same overseas currencies as these tranches of debt, which would increase in value in Sterling terms if the exchange rates increase, enabling us to offset the debt position by creating a natural hedge.
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 2021, the Company had EUR50m (£43m) of borrowing and investments denominated in Euros whose value exceeded that of this borrowing. Furthermore, the Company had JPY9m (£60m) of borrowing and investments denominated in Japanese Yen whose value exceeded that of this borrowing. In addition the Company had a loan of £30m, the primary currency of the Company, and holds investments denominated in GBP of a greater value.
Liquidity of investments While the investment portfolio is made up predominantly of liquid investments, there is a possibility that individual investments may prove difficult to sell at short notice.	The Investment Manager takes account of liquidity when making investments and monitors the liquidity of holdings as part of its continuing management of the portfolio. The liquidity and concentration of AVI's holdings across all of its managed portfolios are monitored and reported at regular Board meetings. It is important to note that the potential for the return of capital from investee companies by means of special dividends and the partial or full redemption of shares is a key element of the Investment Manager's strategy, and so trading on a stock exchange is not the only source of liquidity in the portfolio.
Key staff Management of the Company's investment portfolio and other support functions rely on a small number of key staff.	The Investment Manager and key suppliers have staff retention policies and contingency plans. The Board's Management Engagement Committee reviews all of its key suppliers at least once per year.

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

PRINCIPAL AND EMERGING RISKS	RISK TOLERANCE AND MITIGATING ACTIONS
Discount rating The shares of investment trusts frequently trade at a discount to their published net asset value. The value of the Company's shares will be subject to the interaction of supply and demand, prevailing net asset values and the general perceptions of investors. The share price will accordingly be subject to unpredictable fluctuations and the Company cannot guarantee that the share price will appreciate in value. The Company may become unattractive to investors, leading to pressure on the share price and discount. This may be due to any of a variety of factors, including investment performance or regulatory change.	Any company's share price is affected by supply and demand for its shares and fluctuations in share price are a risk inherent in investing in the Company. In seeking to mitigate the discount, the Board looks at both supply and demand for the Company's shares. The Board seeks to manage the risk of any widening of the discount by regularly reviewing the level of discount at which the Company's shares trade. If necessary and appropriate, the Board may seek to limit any significant widening through measured buybacks of shares. The Investment Manager has a comprehensive marketing, investor relations and public relations programme which seeks to inform both existing and potential investors of the attractions of the Company and the investment approach. We have a marketing budget to meet third party costs in marketing our shares.
Outsourcing The Company outsources all of its key functions to third parties, in particular the Investment Manager, and any control failures or gaps in the systems and services provided by third parties could result in a financial loss or damage to the Company.	The Board insists that all of its suppliers (and, in particular, the Investment Manager, the Custodian, the Depositary, the Company Secretary, the Administrator and the Registrar) have effective control systems which are regularly reviewed. During the year under review, close attention was paid to the ability of all suppliers to maintain a good level of service while dealing with the continued disruption to working practices necessitated by the COVID-19 pandemic. The Board assesses thoroughly the risks inherent in any change of supplier, including the internal controls of any new supplier.
Climate change As evidence of the effects of climate change grows, there is increasing focus on investment companies' role in influencing investee companies' approach to climate change.	The Board maintains a strategic overview of the portfolio, including ESG criteria. Management of the portfolio, including the integration of ESG considerations into portfolio construction, is delegated to AVI, the Investment Manager. As a responsible steward of assets, AVI fully supports policies and actions implemented by its portfolio companies to support a sustainable environment. AVI engages actively with its portfolio companies, and looks to understand how each company approaches stewardship of the environment, as well as seeking to identify any unacceptable practices that are detrimental to the environment or climate.

The principal financial risks are examined in more detail in note 14 to the financial statements on pages 77 to 82.

SECTION 172

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

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

(a) the likely consequences of any decision in the long term	In managing the Company, the aim of the Board and of the Investment Manager is always to ensure the long-term sustainable success of the Company and, therefore, the likely long-term consequences of any decision are a key consideration. In managing the Company during the year under review, we acted in the way which we considered, in good faith, would be most likely to promote the Company's long-term sustainable success and to achieve its wider objectives for the benefit of our shareholders as a whole, having had regard to our wider stakeholders and the other matters set out in section 172 of the Companies Act.
(b) the interests of the company's employees	The Company does not have any employees.
(c) the need to foster the company's business relationships with suppliers, customers and others	The Board's approach is described under "Stakeholders" on the next page.
(d) the impact of the company's operations on the community and the environment	The Board takes a close interest in ESG issues and sets the overall strategy. As management of the portfolio is delegated to the Investment Manager, the practical implementation of policy rests with AVI. A description of AVI's ESG policy is set out on pages 24 to 26.
(e) the desirability of the company maintaining a reputation for high standards of business conduct	The Board's approach is described under "Culture and Values" below.
(f) the need to act fairly as between members of the company	The Board's approach is described under "Stakeholders" on the next page.

Culture and Values

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

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

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

STAKEHOLDERS

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

Its views are set out in the table below:

STAKEHOLDERS	WHY THEY ARE IMPORTANT	BOARD ENGAGEMENT
Shareholders	As the Company is an investment trust, its shareholders are, in effect, also its customers. Continued shareholder support and engagement are critical to the existence of the Company and to the delivery of the long-term strategy.	The Company has a large number of shareholders, including professional and private investors. Over the years, the Company has developed various ways of engaging with its shareholders, in order to gain an understanding of their views. These include: ✓ **Annual General Meeting** – The Company welcomes attendance from shareholders at AGMs. At the AGM, the Investment Manager always delivers a presentation and all shareholders have an opportunity to meet the Directors and ask questions; ✓ **Information from the Investment Manager** – The Investment Manager provides written reports with the annual and interim results, as well as monthly Factsheets which are available on the Company's website. Their availability is announced via the stock exchange; ✓ **Investor Relations updates** – At every Board meeting, the Directors receive updates on the share trading activity, share price performance and any shareholders' feedback, as well as any publications or comments in the press; ✓ **Working with external partners** – The Board receives regular updates from the Corporate Broker and also engages some external providers, such as communications advisers, to obtain a detailed view on specific aspects of shareholder communications; ✓ **Feedback from shareholders** – The Board values the feedback and questions that it receives from shareholders and takes note of individual shareholders' views in arriving at decisions which are taken in the best interests of the Company and of shareholders as a whole. The Chairman occasionally meets major shareholders and welcomes enquiries and feedback from all shareholders. The Chairman can also be contacted via email chair@aviglobal.co.uk or by letter to the Company's registered office. The Chairman, the Senior Independent Director or any other member of the Board can be contacted via either the Company Secretary or the Corporate Broker, both of which are independent of the Investment Manager. Recent examples of decisions resulting from feedback from shareholders were the decision to change the Company's name in May 2019 and the rebalancing of the proportion of the dividend paid as an interim dividend in the 2019/2020 accounting year. The intention of the Share Split described on page 60 is to improve the liquidity in and marketability of the shares, which would benefit all shareholders.

STAKEHOLDERS	WHY THEY ARE IMPORTANT	BOARD ENGAGEMENT
Lenders	The Company has raised capital in the form of both short-term and long-term debt from a small group of lenders. Although the Company is not dependent on debt funding to maintain its operations, continued support from lenders is important to maintain the financial stability of the Company and flexibility in the investment portfolio.	All of the Company's debt is subject to contractual terms and restrictions. We have an established procedure to report regularly to our lenders on compliance with debt terms. It is our policy that all interest and repayments of principal will continue to be made in full and on time.
SERVICE PROVIDERS		
The Investment Manager	The Investment Manager's performance is critical for the Company to deliver its investment strategy and meet its objective.	Maintaining a close and constructive working relationship with the Investment Manager is crucial as the Board and the Investment Manager aim to continue to achieve long-term returns in line with the Company's investment objective. The Board seeks to: - Encourage open discussion with the Manager; - Ensure that the interests of shareholders and of the Manager are aligned and adopts a tone of constructive challenge; - Draw on Board members' individual experience to support the Manager in the sound, long-term development of investment strategy and, where relevant, the Investment Manager's business and resources. The Board recognises that the Company is the largest client of the Investment Manager and so the long-term success of the Investment Manager is closely aligned to that of the Company. The Company Secretary attends all Board and Committee meetings. The Management Engagement Committee undertakes an annual review of the key service providers, encompassing performance, level of service and cost. Each provider is an established business and each is required to have in place suitable policies to ensure that they maintain high standards of business conduct, treat customers fairly, and employ corporate governance best practice. Our policy is that all bills and expense claims from suppliers are paid in full, on time and in full compliance with the relevant contracts.
The Administrator and Company Secretary	The Administrator and Company Secretary are key to the effective running of the Company.	
Other key service providers	The Company has a number of other key service providers, each of which provides a vital service to the Company and ultimately to its shareholders. While all service providers are important to the operations of the Company, in this context the other key service providers are the Custodian, Depositary and Registrar.	

Strategic Report / Responsible Business

Environmental, Social and Governance ('ESG') Issues

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

The Board supports AVI in its belief that good corporate governance will help to deliver sustainable long-term shareholder value. AVI is an investment management firm that invests on behalf of its clients and its primary duty is to produce returns for its clients. AVI seeks to exercise the rights and responsibilities attached to owning equity securities in line with its investment strategy. A key component of AVI's investment strategy is to understand and engage with the management of public companies. AVI's Environmental, Social and Governance Policy, which is summarised on pages 24 to 27, recognises that shareholder value can be enhanced and sustained through the good stewardship of executives and boards. It therefore follows that in pursuing shareholder value AVI will implement its investment strategy through proxy voting and active engagement with management and boards.

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

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

The Directors do not have service contracts. There are six Directors, four male and two female. Nigel Rich will retire at the conclusion of this year's AGM. Further information on the Board's Diversity policy and the policy on recruitment of new Directors is contained on page 55.

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

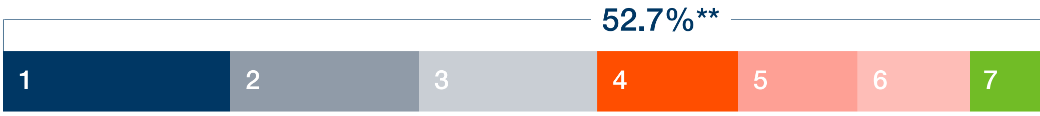
8 November 2021

The top ten equity investments make up 52.7% of the net assets*, with underlying businesses spread across a diverse range of sectors and regions.

All discounts are estimated by AVI as at 30 September 2021, based on AVI's estimate of each company's net asset value.

* For definitions, see Glossary on pages 101 to 104.

** % of net assets.

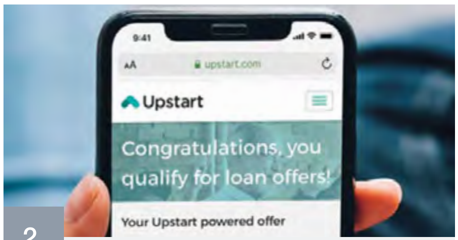


1 PERSHING SQUARE HOLDINGS

Classification	Valuation
Closed-ended Fund	£79.8m
% of net assets	**Discount**
7.0%	-29%

A Euronext- and London-listed closed-ended fund managed by a high-profile activist manager. The fund owns a concentrated portfolio of quality US companies. Pershing Square trades on a 29% discount to NAV, which we regard as unsustainably wide for a portfolio of large-cap, liquid securities, particularly given the manager's activist strategy.

Source / Domino's Pizza Inc.



2 THIRD POINT INVESTORS

Classification	Valuation
Closed-ended Fund	£74.4m
% of net assets	**Discount**
6.6%	-14%

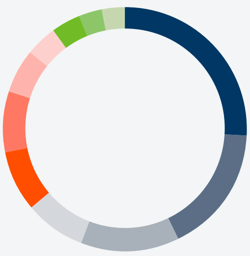
A London-listed closed-ended fund run by a high-profile activist manager. The fund invests in both long and short equity and credit, with a long equity bias. The fund trades on a discount of 14%, having come in from 23% this year. A large part of this, we believe, is due to the campaign launched by AVI and three other shareholders to address the fund's structural discount.

Source / Upstart Holdings, Inc.

DIVERSIFIED

Our portfolio contains broad diversification to sectors and companies.

LOOK-THROUGH SECTOR BREAKDOWN



- Consumer Discretionary: **26%**
- Communication Services: **17%**
- Industrials: **13%**
- Consumer Staples: **8%**
- IT: **8%**
- Real Estate: **8%**
- Financials: **6%**
- Utilities: **4%**
- Energy: **4%**
- Healthcare: **3%**
- Materials: **3%**

6 KKR & CO

Classification	Valuation
Holding Company	£57.6m
% of net assets	**Discount**
5.1%	-26%

A US-listed alternative asset manager with c. USD430bn of assets under management. KKR is one of the largest companies in an industry with appealing structural characteristics, underpinned by valuable fee-related earnings.

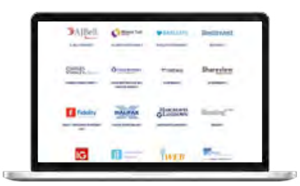
Source / Kohlberg Kravis Roberts & Co. L.P.

7 FONDUL PROPRIETATEA

Classification	Valuation
Closed-ended Fund	£51.4m
% of net assets	**Discount**
4.5%	-4%

A Bucharest- and London-listed closed-ended 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, Bucharest Airport and OMV Petrom. The fund's investment policy is to distribute all excess cash and realisation proceeds to shareholders via dividends and buybacks, and offers the potential for several corporate events to unlock further value.

Source / Hidroelectrica



View our investment platforms
www.aviglobal.co.uk

56.3%**

8 9 10

3

EXOR

Classification
Holding Company

% of net assets
6.4%

Valuation
£72.0m

Discount
-39%

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: Stellantis, Ferrari and CNH Industrial, and one unlisted: PartnerRe. The Agnelli family has a strong history of value creation and, by aligning investors' capital with theirs we believe there is a good prospect of achieving outsized returns.

Copyright / Ferrari S.p.A.

4

SONY CORP

Classification
Asset-backed Special Situation

% of net assets
5.6%

Valuation
£63.1m

Discount
-26%

A Tokyo-listed company with four "crown jewel" businesses: Gaming, Music, Pictures and Semiconductors. Despite these attractive businesses, Sony trades on a discount of 26% to our estimate of NAV. We believe this reflects the complexity of the conglomerate structure, which obscures the value on offer and creates misconceptions. There are several ways to unlock this value and tighten the discount to NAV.

Copyright / Getty Images

5

OAKLEY CAPITAL INVESTMENTS

Classification
Closed-ended Fund

% of net assets
5.1%

Valuation
£57.8m

Discount
-20%

A London-listed closed-ended fund which invests in the private funds run by Oakley Capital, a UK-based private equity firm. Oakley owns a portfolio of fast-growing businesses in the consumer, education and TMT sectors. Its process focuses on less intermediated markets and complex deals (e.g. carve-outs), which avoids the auction process, sourced by a network of entrepreneurs who believe in the Oakley philosophy. We believe the discount will narrow as Oakley continues to generate NAV outperformance, and adopts improved standards of corporate governance.

Source / IU Group

8

AKER ASA

Classification
Holding Company

% of net assets
4.3%

Valuation
£48.2m

Discount
-28%

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

Source / Aker Solutions

9

CHRISTIAN DIOR

Classification
Holding Company

% of net assets
4.2%

Valuation
£47.9m

Discount
-13%

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

Source / Getty Images

10

INVESTOR AB 'B'

Classification
Holding Company

% of net assets
3.9%

Valuation
£44.1m

Discount
-19%

Investor AB is the Swedish holding company controlled by the Wallenberg family, which pursues a strategy of very long-term oriented active ownership through board representation. We view Investor's exposure to best-in-class industrial-focused public equities as extremely appealing, with further potential upside from their portfolio of attractive unlisted businesses which are benefitting from secular growth trends.

Source / © Epiroc.

As at 30 September 2021

Company	Portfolio classification	% of investee company	IRR (%, GBP)[1]	ROI (%, GBP)[2]	Cost £'000[3]	**Valuation £'000**	% of net assets
Pershing Square Holdings	Closed-ended Fund	0.7%	22.5%	42.3%	54,601	**79,770**	7.0%
Third Point Investors	Closed-ended Fund	6.2%*	14.9%	60.5%	43,576	**74,402**	6.6%
EXOR	Holding Company	0.5%	13.3%	38.2%	52,232	**71,963**	6.4%
Sony Corp	Asset-backed Special Situation	0.1%	33.8%	75.0%	32,612	**63,098**	5.6%
Oakley Capital Investments	Closed-ended Fund	9.1%	27.0%	98.4%	28,760	**57,801**	5.1%
KKR & Co	Holding Company	0.1%	79.2%	126.4%	25,618	**57,552**	5.1%
Fondul Proprietatea	Closed-ended Fund	2.8%	19.2%	103.8%	24,249	**51,380**	4.5%
Aker ASA	Holding Company	1.1%	18.3%	117.7%	30,455	**48,244**	4.3%
Christian Dior	Holding Company	0.1%	49.6%	69.4%	28,576	**47,945**	4.2%
Investor AB 'B'	Holding Company	0.2%	14.3%	81.8%	40,154	**44,092**	3.9%
Top ten investments					**360,833**	**596,247**	**52.7%**
Godrej Industries	Holding Company	2.0%	7.6%	15.5%	33,806	**39,060**	3.4%
Pershing Square Tontine Holdings#	Holding Company	–	-33.5%	-10.4%	39,488	**38,396**	3.4%
Apollo Global Management 'A'	Holding Company	0.2%	49.8%	12.0%	32,245	**35,856**	3.2%
Keisei Electric Railway	Asset-backed Special Situation	0.8%	31.0%	8.3%	32,590	**35,250**	3.1%
Nintendo	Asset-backed Special Situation	0.1%	-27.7%	-5.0%	42,694	**34,234**	3.0%
Fomento Economico Mexicano	Holding Company	0.2%	43.2%	19.7%	28,663	**34,127**	3.0%
IAC/InterActive Corp	Holding Company	0.4%	27.4%	6.3%	33,072	**33,984**	3.0%
Hipgnosis Songs Fund	Closed-ended Fund	2.0%	9.6%	7.3%	28,427	**29,764**	2.6%
Associated British Foods	Holding Company	0.2%	-24.9%	-13.0%	32,256	**28,007**	2.5%
Symphony International Holdings	Closed-ended Fund	15.7%	6.4%	31.1%	26,636	**26,398**	2.3%
Top twenty investments					**690,710**	**931,323**	**82.2%**
Fujitec	Asset-backed Special Situation	1.7%	20.5%	50.8%	15,402	**25,151**	2.2%
Swire Pacific 'B'	Holding Company	1.0%	-6.0%	-20.6%	40,329	**22,639**	2.0%
DTS	Asset-backed Special Situation	2.6%	5.3%	6.0%	21,228	**22,079**	2.0%
Pasona Group	Asset-backed Special Situation	2.5%	25.7%	73.8%	10,646	**21,974**	1.9%
Prosus	Holding Company	0.0%	30.5%	7.7%	22,323	**20,935**	1.9%
Wacom	Asset-backed Special Situation	2.5%	-21.0%	-2.5%	20,244	**19,705**	1.7%
VNV Global	Holding Company	2.0%	82.2%	63.8%	13,248	**21,661**	1.9%
Secure Income REIT	Asset-backed Special Situation	1.4%	59.6%	37.7%	14,193	**19,090**	1.7%
Digital Garage	Asset-backed Special Situation	1.0%	26.8%	40.1%	10,901	**15,549**	1.4%
SK Kaken	Asset-backed Special Situation	1.8%	-9.5%	-22.9%	19,056	**14,135**	1.2%
Top thirty investments					**878,280**	**1,134,241**	**100.1%**

Company	Portfolio classification	% of investee company	IRR (%, GBP)[1]	ROI (%, GBP)[2]	Cost £'000[3]	**Valuation £'000**	% of net assets
NS Solutions	Asset-backed Special Situation	0.6%	16.2%	20.6%	11,103	**13,210**	1.1%
Bank of Kyoto	Asset-backed Special Situation	0.5%	-8.7%	-5.9%	12,858	**11,998**	1.1%
Konishi	Asset-backed Special Situation	2.1%	3.8%	9.2%	9,760	**10,201**	0.9%
Capital & Counties Properties	Asset-backed Special Situation	0.7%	4.0%	2.5%	9,319	**9,527**	0.9%
Toagosei	Asset-backed Special Situation	10.3%	3.5%	8.9%	9,160	**9,435**	0.8%
Daiwa Industries	Asset-backed Special Situation	2.1%	0.0%	0.1%	9,389	**9,022**	0.8%
JPEL Private Equity	Closed-ended Fund	18.4%	21.6%	86.0%	2,882	**8,426**	0.7%
Kato Sangyo	Asset-backed Special Situation	0.8%	0.6%	1.8%	7,161	**6,357**	0.6%
Teikoku Sen-I	Asset-backed Special Situation	1.7%	4.7%	11.4%	6,899	**6,345**	0.6%
Tetragon Financial	Closed-ended Fund	0.6%	1.8%	6.3%	8,148	**6,050**	0.5%
Top forty investments					**964,959**	**1,224,812**	**108.1%**
Sekisui Jushi	Asset-backed Special Situation	0.9%	2.3%	6.1%	5,583	**5,534**	0.5%
Better Capital (2009)	Closed-ended Fund	17.4%	23.3%	45.8%	1,962	**2,383**	0.2%
Hazama Ando	Asset-backed Special Situation	0.1%	-7.5%	-4.1%	785	**737**	0.1%
Ashmore Global Opportunities – GBP	Closed-ended Fund	8.5%	4.4%	9.4%	61	**698**	0.1%
Eurocastle Investment	Closed-ended Fund	3.2%	3.7%	4.6%	380	**433**	0.0%
Total equity exposure					**973,730**	**1,234,597**	**109.0%**
Pershing Square Tontine Holdings total return swap[#] – notional value included in above					(39,488)	**(38,396)**	-3.4%
Equity investments at fair value					**934,242**	**1,196,201**	**105.6%**
Current assets less current liabilities						**9,720**	**0.8%**
Non-current liabilities						**(72,699)**	**-6.4%**
Net assets						**1,133,222**	**100.0%**

1 Internal Rate of Return. Calculated from inception of AVI Global's investment. Refer to Glossary on pages 101 to 104.
2 Return on investment. Calculated from inception of AVI Global's investment. Refer to Glossary on pages 101 to 104.
3 Cost. Refer to Glossary on pages 101 to 104.
Refer to Glossary on pages 101 to 104.
* 6.2% of the voting rights.

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

36 years' experience of long-term outperformance following our distinctive investment style (annualised NAV total returns of 12.0% 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 101 to 104.

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

AVI

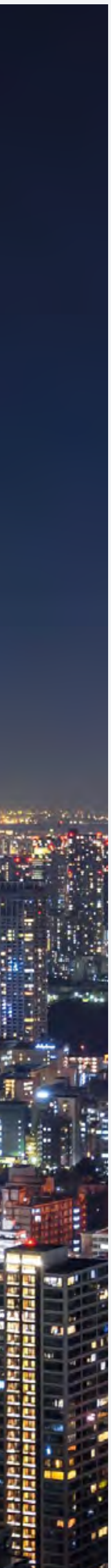
AVI Global Trust

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

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

Members of the investment team at AVI invest their own money in funds which they manage. As at 30 September 2021, AVI's investment team owned 216,372 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 typically leads us to invest in structures such as family-controlled holdings companies, closed-ended funds and, more recently, Japanese cash-rich operating companies. However, our views on the types of structures through which we invest are entirely agnostic, and portfolio weightings are determined solely by the opportunity set and our judgement of the risk-reward potential.

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

Holding Companies

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

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

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

Closed-ended Funds

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

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

Asset-Backed Special Situations

The majority of this portion of the portfolio consists of investments outside of holding companies and closed-ended funds. For several years now, these investments have largely been in Japanese cash-rich operating companies. At present, we hold positions in 15 Japanese operating companies which have, on average, 97% of their market value in cash and listed securities.

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

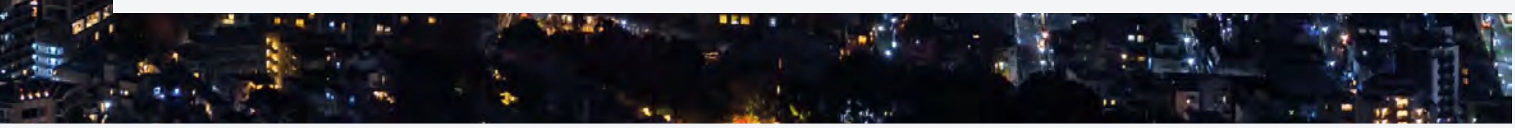
We can see evidence of this change in increasing payout ratios, buybacks, and more independent directors. We believe that our Japanese holdings stand to benefit from this powerful trend, and that the market will assign a much higher multiple to these companies if it reassesses the probability of the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

The focus is on quality, cash-generative businesses with low valuations (our current portfolio trades on just 5x EV/EBIT). These are the sorts of businesses that one should be happy to own; as such, we can afford to take a long-term view on our holdings as we engage with boards and management to create value for all stakeholders.

This financial year, we also invested a smaller tranche of the portfolio into high-quality economically sensitive property stocks which would benefit from the reopening of the global economy. These holdings are also classified within this category of Asset-Backed Special Situations. We discuss these in greater detail in AVI's performance review on page 28.

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.



Our approach to ESG should not be viewed as distinct from our investment philosophy, but rather as part of an integrated system that provides a vital perspective when analysing the long-term value creation potential of a company.

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

1 PURPOSE

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

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

2 PHILOSOPHY

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

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

Responsible investing requires rigorous analysis, judgement, and a thorough understanding of the associated risks. We track and monitor the progress of our investee companies in relation to material ESG factors and are committed to actively engaging with our portfolio companies. Through constructive dialogue with boards and management, collaborative engagement, and proxy voting, we seek to promote sustainable attitudes and help build resilience to long-term financially relevant ESG risks. Our process of engagement and escalation of issues will vary with each company. We do not believe that a one formula fits all policy is the optimal way to achieve a result. We encourage and expect investee companies to take meaningful action in remedying weaknesses in the context of long-term value creation.

3 PRINCIPLES

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

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

PRI Principles for Responsible Investment

1	We will incorporate ESG issues into investment analysis and decision-making processes.
2	We will be active owners and incorporate ESG issues into our ownership policies and practices.
3	We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4	We will promote acceptance and implementation of the Principles within the investment industry.
5	We will work together to enhance our effectiveness in implementing the Principles.
6	We will report on our activities and progress towards implementing the Principles.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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

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

4 APPROACH

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

Our approach to ESG integration reflects this. Our process does not involve the use of a filter to screen out negative-scoring ESG stocks, or a filter to only include positive-scoring ESG stocks as we believe this approach is inconsistent with our unique bottom-up investment strategy.

Rather than sitting in contradiction to our traditional analysis, AVI has created a bespoke ESG monitoring system which forms an important part of our newly developed proprietary database. This powerful tool deepens our understanding of the risks and opportunities within our universe, ensures ESG considerations are integrated into each stage of our analysis and elevates our ability to constructively engage with our investee companies.

Powered by ISS Norm-Based Research, we also closely monitor any controversies and potential violations of international norms associated with our universe.

Whilst our hope is that controversies do not occur, they can be a marker of how well a company's policies are integrated into business operations and culture. This is useful to us as investors in highlighting vulnerabilities, structural problems and indicating where improvements can be made.

By encouraging companies to strengthen their focus on ESG issues we hope to limit controversies and promote sustainable attitudes and practices.

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

We seek to identify the most relevant factors within each area of ESG and sustainability by materiality and financial risk.

Environmental
We define Environmental sustainability within the context of Environmental Impact, Tackling Climate Change and Sustainable Management.

Social
Social, we divide into Dignity and Equality, Wellbeing and Development, and Community Engagement.

Governance
Governance includes Quality of the Governing Body, Corporate Strategy, and Ethical Behaviour.

It is our view that effective ESG integration should be regarded as a constantly evolving practice. For this reason, our chosen sub-sections and their respective metrics should not be seen as exhaustive and are subject to change both as our integration of ESG deepens further and our expectation of corporate ESG performance increases over time.

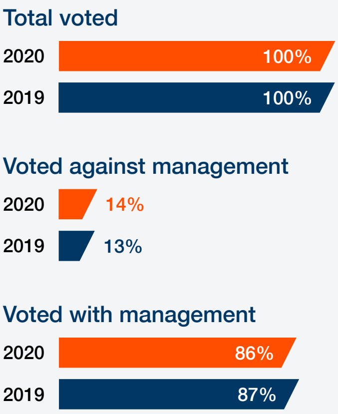
6
STEWARDSHIP

As responsible, active stewards of our clients' capital, we have a duty to vote carefully and thoughtfully on their behalf, and we take this duty seriously.

We aim to vote at every general meeting for which we are eligible.

We consider proxy voting to be an important lever in engaging with our portfolio companies and ensuring that our perspectives on environmental, social and governance issues are represented.

AGT PROXY VOTING RECORD



AKER – A SUSTAINABLE FUTURE IS ON THE HORIZON

In 2020 Aker announced the creation of Aker Horizons – a "holding company dedicated to developing and operating companies within renewable energy and low-carbon segments".

Initially Aker Horizons' portfolio consisted of stakes in two assets spun-off from Aker Solutions: Aker Off-shore Wind and Aker Carbon Capture. In 2021 these have been complemented by the acquisition of a 75% stake in Mainstream Renewable Power ("MRP"), a company active in wind and solar energy internationally, as well as the launch of newly listed Aker Clean Hydrogen, and a collection of other smaller assets.

Taken together, Aker have created a diversified collection of renewable energy and technology companies. Collectively, Aker Horizons' companies are active across the whole value chain – from energy production, to transmission, and even the capture and storage of emissions. As is indicative of how family run businesses manage risk, the diversified nature of Aker Horizons' operations means that success is not wedded to one future energy market outcome.

Aker sees this strategic development not as a step-change as some have depicted it, but rather as an extension of a trend that forms an integral part of Aker's history. This evolution should be seen within the context of Aker having continually adapted and moved with the times, from a manual workshop to shipbuilding; from offshore construction to oilfield services; and now from oil and gas to renewables. At each stage in Aker's history, the knowledge, skills and capital of the prior step inform the next.

Over the coming years...

PLANNED INVESTMENT IN "PLANET POSITIVE" INVESTMENTS

£9bn

TARGET REMOVAL OF CO_2 EMISSIONS PER YEAR BY 2025 (TONNES)

25 million

Source / Getty Images

Performance Review

> AGT's portfolio is well positioned to weather any challenges that lie ahead – and hopefully prosper.

Joe Bauernfreund
Chief Investment Officer

WEIGHTED AVERAGE DISCOUNT*

Source / Estimated by Asset Value Investors.

ANNUALISED NAV 10 YEAR TOTAL RETURN PER SHARE*

11.3%

PORTFOLIO DISCOUNT*

29.2%

For further information, please turn to **page 10 of the Annual Report**

Performance Review

It would be a cliché to say the previous year has been unprecedented – as they say, history does rhyme – however, when the first global pandemic in over 100 years brings the world to a halt, I am at a loss to think of a better word. The past 18 months or so have been completely dissonant with any period that has come before – at least in the lifetime of any investment practitioner. The scope of the uncertainty, and associated challenges, has been massive.

When I wrote to you last, the results of the Pfizer/BioNTech vaccine had just been released, sparking a so-called "value rally", as investors could finally envisage a resumption of economic activity. We had prepared AGT's portfolio for this possibility by investing in a basket of high-quality economically sensitive stocks that would, our analysis showed, benefit from such a resumption. Stocks in the basket included Secure Income REIT, Shaftesbury, Capital & Counties, Derwent London, British Land, Great Portland Estates and Associated British Foods (for Primark). Many of these stocks contributed meaningfully to returns over the period, driven by the prospect of economies returning (gradually) to normal.

Alongside this basket, returns were equally strong from companies which have lower economic sensitivity, such as KKR, Oakley Capital Investments, Christian Dior and Fondul Proprieatea. That is to say, the sources of return in AGT's portfolio this year were diversified and well-balanced.

Altogether, these strong performances resulted in a NAV total return of +36.2%, compared to a return of +18.8% from the comparator benchmark, the MSCI ACWI ex-USA Total Return Index (in GBP).

Deconstructing the returns, it is worthwhile to note that the strong NAV returns were driven by both NAV growth and, to a lesser extent, portfolio discount tightening (from 35% to 29%). The discount to NAV at which AGT's share price trades also tightened (from 9.3% to 6.7%), resulting in share price total returns of +40.3%. Our investment income was also up +35% on the prior year.

As we moved into the second and third quarters of AGT's financial year, the market became increasingly concerned with the prospect of sustained, above-average inflation, generated by both a rebound in economic activity and supply-chain difficulties. Rates initially rose, reflecting inflationary fears, but declined again when the United States Federal Reserve indicated that it stood ready to raise rates if it believed that inflation was at risk of becoming entrenched. In turn, the "value rally" began to peter out and "growth" began to outperform again. To compound matters, this coincided with a change in the regulatory environment in China, with the ruling party expressing a desire to promote "common prosperity".

* For definitions, see Glossary on pages 101 to 104.

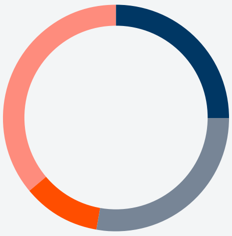
Dealing with the latter, AGT's portfolio has limited exposure to China. We sold our SoftBank position (exposed to Alibaba) by July 2021 as a result of our investment thesis having played out. The Prosus and Naspers (exposed to Tencent) positions had also been reduced over the course of the year in order to free up cash. At the time of writing, we have fully exited the Prosus/Naspers positions. While headline valuations appear attractive following a sharp sell-off in Chinese equities, a cautious stance is warranted here given the difficulty of predicting the future regulatory direction.

In Japan, where 29% of the portfolio is invested, stock markets did not participate to a great extent in the recovery rally until the summer, when the vaccine rollout began to gather steam. While speaking of Japan, it is worth mentioning that corporate activity appears to be picking up. Our investee companies are responding positively to engagement, and there is a pronounced improvement in managers' and directors' focus on corporate governance and shareholder returns. This bodes well for the Japanese stocks that AGT owns, which have a large portion of cash and securities on the balance sheet, and which have historically displayed poor governance practices and neglected shareholders. On a reporting note, we will no longer be aggregating the Japanese cash-rich operating companies into a "Japan Special Situations" basket. There has been no change to the strategy or our view on its prospects; rather, the increasing concentration in fewer positions meant that aggregating the stocks into a basket was no longer a useful way of reporting. From here, we will talk about the performance of each stock individually.

As the financial year closes, inflation remains the predominant fear playing in investors' minds. While not sanguine about inflation and its potentially destabilising effects, I am confident that many of the companies in AGT's portfolio have very strong business models, giving them significant resilience in the face of inflation. On a look-through basis, examples of companies which should prove resilient in the face of inflation might include LVMH, KKR, Aker BP, Universal Music, Apollo Global, Hidroelectrica and Ferrari.

AGT's portfolio is well positioned to weather any challenges that lie ahead – and hopefully prosper.

EQUITY PORTFOLIO VALUE BY MARKET CAPITALISATION



	2021 %	2020 %
<£1 billion	**25**	35
>£1 billion – <£5 billion	**28**	26
>£5 billion – <£10 billion	**11**	14
>£10 billion	**36**	25

GROWING OUR TEAM

Over the past year or so AVI has strengthened its research capabilities.

Since the start of this financial year, AVI has increased the size of its investment team by 50%, adding five new members, of which two are experienced Japanese Analysts. This brings together over 95 years of experience to the team. AVI has a disciplined approach to hiring, ensuring new members are a good fit for our culture, our investment process, and our in-depth research methodology. We take a collaborative approach to investing in which knowledge, expertise, and research are shared amongst team members. As such, we feel that new Analysts, bringing with them their own knowledge and expertise, broaden and deepen AVI's ability to actively engage with portfolio companies.

NUMBER OF PEOPLE JOINED THE TEAM
5

TOTAL NUMBER OF EMPLOYEES
21

The Third Option – Value and Growth

Value investing versus growth investing is a decades old debate, one that has quietly raged since Benjamin Graham's first "value" stock picks in the early 20th century.

The traditional argument squares off two strategies in each corner of the ring, to fight it out over issues such as risk, valuation, investor temperament and global market forces. But is this fight still relevant? Was it ever a true contest at all?

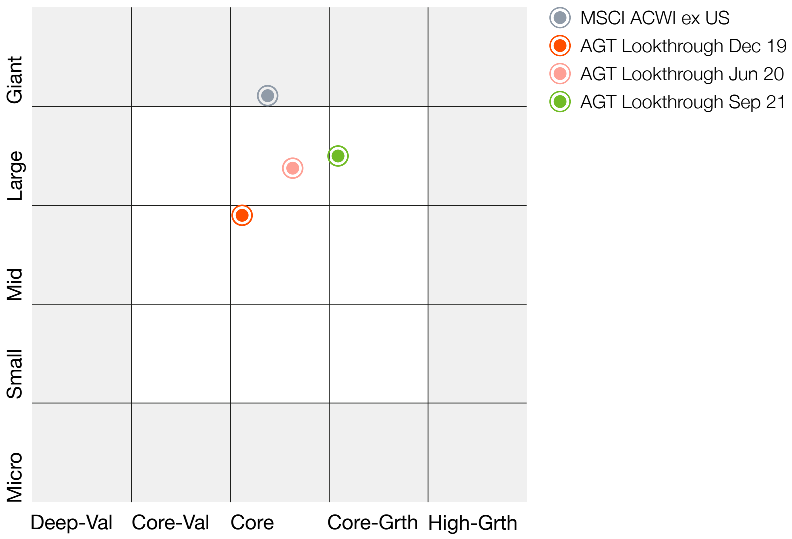
In the red corner…

Depending on who you ask, "value investing" is defined as seeking returns on relatively "low risk" investments in stocks that are undervalued. For one reason or another, the market value of the stock does not reflect its intrinsic value. Value investing is tied in many people's minds to low growth, often challenged, businesses that the myopic market has cast aside and put on sale.

> We want to buy good quality companies trading at a discount, where we will benefit not only from closing the discount gap, but from long-term growth.
>
> **Joe Bauernfreund**
> Chief Investment Officer

By comparison, "growth investing" conjures an image of savvy investors picking the next billion-dollar superstar in modern, high-tech sectors. The aim of growth investing is to pick companies that will outstrip their competition, growing at above average rates and rewarding their investors with their high performance.

LOOK-THROUGH HOLDINGS-BASED STYLE MAP



Note that the look-through portfolio analysis is based on listed underlying holdings only.

Source: Morningstar

The Morningstar Style Box classifies an investment fund or index in terms of investment style (x-axis) and the market cap of the holdings (y-axis). Such analysis for AGT is complicated by our investments in holding companies and closed-ended funds, which have underlying equity investments.

The movement of the AGT look through portfolio over time, across the size and style spectrum, emphasises both AVI's freedom to have courage in its convictions, the opportunistic nature of our investment style, and how we are not wedded to specific styles or factors in terms of underlying holdings.

Of course, as is always the case with such things, neither of these typologies quite hold. They are caricatures. This however has not stopped their proliferation across all areas of the investment world. Clients and allocators often reference such terms, whilst the press commentary is rife with the debate about "value" vs. "growth". Even this author's tongue slips from time to time and asks a fellow fund manager "are you more value or growth?"

'Goliath versus Goliath'

The conversation around growth and value investing is dominated by the narrative of competition. Performance versus valuation, risk versus safety, us against them.

A recent AIC report entitled "Has value had its day?" laments the widespread "cavalier references to the rivalry between growth and value investment styles" – but fails to address a fundamental issue. Value and growth investing are not two rival camps, spouting incompatible investment theses, divided by insurmountable ideological barriers.

"You haven't given me a third option"

Asked in a webinar whether Asset Value Investors are value or growth investors, CEO Joe Bauernfreund responded that "we are neither".

He could very easily have argued that we are both. Or that the question itself no longer makes sense.

People think of us as value investors, which to an extent is true. We are interested in buying companies trading at a discount to their realisable value. But we are not interested in buying companies that are cheap for a reason – zombie business or operationally challenged companies.

We will not invest in companies where we don't see the long-term potential for substantial growth in value. We want to buy good-quality companies trading at a discount, where we will benefit not only from closing the discount gap, but from long-term growth.

THE THIRD WAY

So how do you follow this third way, treading between the two camps? Is it possible to find attractive quality companies, growing at above average rates but undervalued by the market?

Obviously, if these companies were easy to find then they would not trade below their intrinsic value for long. Companies in high growth sectors are under constant scrutiny by analysts and such an opportunity would be snapped up immediately.

But these companies do exist. Often hidden beneath ownership structures that obscure the value of the stock from easy evaluation. It requires time and effort to peel away the layers to see what is underneath.

A simple screening process will overlook the hidden value behind these sometimes complex structures and most analysts will simply miss them entirely.

If you unearth a company that incorporates the characteristics of both "value" and "growth", it can be complicated to understand at first glance. So, let us examine this with an example.

Finding the balance
Value-growth investing is a nuanced game, relying on your ability, patience, and diligence to find that golden opportunity. A company that is undervalued by the market, but with long-term prospects that would excite any hard-core growth investor is the archetypal "value-growth" stock. Ardent value investors will claim it for their own, pointing at the fundamental undervaluation. Growth investors will retort that the value is in the long-term potential to outstrip the market. We are staking a claim to both.

The full insight can be found at **www.aviglobal.co.uk/insight/the-third-option-value-and-growth/**

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Source / Getty Images

CHRISTIAN DIOR / THE THIRD OPTION

Christian Dior ('CDI') is a French listed mono-holding company through which Bernard Arnault controls LVMH, the European luxury goods conglomerate.

Since the formation of the current group structure in 2017, CDI typically traded at or around NAV. However, during the COVID tumult CDI's discount widened out to c.25%. AGT took advantage of this and built a position at a dislocated discount.

Reframing the "value" vs. "growth" debate as an analytical style, not a statistical factor, buying a company on a discount is value investing in its purest form – you are buying something for less than it is worth. At AVI we take advantage of situations where the discount widens, and invest at points of pessimism, earning a return once the discount narrows.

However, this is only part of the equation – the other side being growth. Through CDI we have exposure to LVMH, one of Europe's highest-quality companies. LVMH owns a collection of unique brands with intangible qualities that cannot be replicated. This brand equity translates into high demand for their products, pricing power, and attractive margins and returns on capital, having compounded EPS at 13% since 2000. This is not the type of cigar-butt business you are likely to find in a so-called "value" investor's portfolio.

This combination of unusual and unloved structures, and high-quality underlying assets, typifies that growth-value approach. We want to buy assets for less than they are worth, and then watch the assets grow in value.

Portfolio Review

TOP 20 LOOK-THROUGH COMPANIES

AVI Global Trust invests in holding companies and closed-ended funds that in turn invest in listed and unlisted companies. We show below the top 20 holdings on a 'look-through basis', i.e. the underlying companies to which we have exposure. For example, AVI Global Trust owns a stake in Christian Dior, a Euronext-listed holding company, that accounts for 4.2% of AVI Global Trust's NAV. Christian Dior's only holding is LVMH, a European Luxury conglomerate, which accounts for 100% of Christian Dior's own NAV. This translates to AVI Global Trust having an effective exposure to LVMH of 4.2% 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
LVMH	Christian Dior	4.2%	Apparel, Accessories and Luxury Goods
KKR Fund Management Business	KKR	3.9%	Asset Management and Custody Banks
Oriental Land	Keisei Electric	3.5%	Leisure Facilities
Nintendo	Nintendo	2.6%	Interactive Home Entertainment
Apollo Fund Management Business	Apollo Global Management	2.5%	Asset Management and Custody Banks
Hidroelectrica	Fondul Proprietatea	2.5%	Electric Utilities
Aker BP	Aker	2.5%	Oil and Gas Exploration and Production
FEMSA Comercio	FEMSA	2.2%	Food Retail
Universal Music	Pershing Square Holdings	2.1%	Movies and Entertainment
Godrej Properties	Godrej Industries	1.8%	Real Estate Development
Ferrari	EXOR	1.8%	Automobile Manufacturers
Fujitec	Fujitec	1.7%	Industrial Machinery
Partner RE	EXOR	1.7%	Reinsurance
Stellantis	EXOR	1.7%	Automobile Manufacturers
Sony PlayStation	Sony	1.6%	Interactive Home Entertainment
Primark	Associated British Foods	1.6%	Apparel Retail
Sony Music	Sony	1.6%	Movies and Entertainment
Godrej Consumer Products	Godrej Industries	1.5%	Personal Products
Wacom	Wacom	1.5%	Technology Hardware, Storage and Peripherals
Benefit One	Pasona	1.5%	Human Resource and Employment Services

PERSHING SQUARE HOLDINGS: HOW THE LOOK-THROUGH ANALYSIS WORKS

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

Company name	Estimated % of Pershing Square Holdings' portfolio	Geography	Sector
Universal Music Group	27%	Global	Movies and Entertainment
Lowe's	16%	United States	Home Improvement Retail
Chipotle Mexican Grill	16%	United States	Restaurants
Hilton	11%	Global	Hotels, Resorts and Cruise Lines
Restaurant Brands	11%	North America	Restaurants
Howard Hughes	9%	United States	Real Estate Development
Dominos	7%	Global	Restaurants
Fannie Mae & Freddie Mac	2%	United States	Thrifts and Mortgage Finance
Pershing Square Tontine	1%	United States	Asset Management and Custody Banks

CONTRIBUTORS

THIRD POINT INVESTORS

Classification Closed-ended Fund	**Total return on position FY21 (local)**[2] 65.3%
% of net assets[1] 6.6%	**Total return on position FY21 (GBP)** 59.7%
Discount -14%	**Contribution (GBP)**[3] 314bps
% of investee company 6.2%	**ROI since date of initial purchase**[4] 60.5%

Third Point Investors (Contribution: +3.14%)[3]
Third Point Investors Limited (TPOU) was our largest contributor over the financial year, adding 314 basis points (bps) to AGT's NAV on the back of a +71% share price gain. Strong NAV performance (+54%) was compounded by a narrowing discount (from 23% to 14%), the latter due in large part we believe to the campaign launched by ourselves and three other shareholders to properly address the fund's structural discount.

Following a sustained period of mediocre performance, we have been pleased with the improved returns this year. Almost two-thirds of the NAV return for the period came from the performance of Upstart Holdings, with SentinelOne the other main contributor. Combined, we estimate that the two positions contributed over +80% of the total return. Both of these holdings began the year as private companies held within TPOU's venture capital portfolio, with Upstart the first to list in December 2020 followed by SentinelOne in June 2021. Founded by a senior ex-employee at Google, Upstart operates an AI-lending platform that partners with banks to originate loans. Since listing, its share price has increased by almost +1,500% as the company appears to have hit an inflection point in growth. SentinelOne is a cybersecurity business with a particular focus on "Endpoint" security which has become an area of focus for companies in an environment in which many employees have been working from home. SentinelOne's shares are up by +53% from the IPO price. Note that in the case of both companies, there were also material uplifts from their carrying valuations as private companies to their IPO prices. Other contributors to the return included Walt Disney, Prudential, and Danaher.

We originally invested in TPOU in mid-2017, seeing an opportunity to constructively engage with the board to address a series of issues that had contributed towards the company trading at a persistently wide discount to NAV. Over our holding period, changes have included: replacing the legacy Standard Listing (no longer available to new investment companies) with a Premium Listing; commencement of a share buyback programme; reducing the management fee from the highest rate paid by all Third Point clients to one that better reflects TPIL's importance; and the cancellation of "repurchased" Ordinary Shares that, owing to them being held by the Master Fund, had for years continued to pay management and performance fees to Third Point.

Despite these measures, TPOU shares continued to trade at a wide discount to NAV and we became increasingly convinced that the years of neglect meant the discount had become entrenched, and that a more structural solution would be required. Under pressure from ourselves and other shareholders, the board held a strategic review process that culminated in proposals which we believed fell woefully short of the minimum required to tackle TPOU's discount problem; were not reflective of shareholder feedback; and, we believe, bore the imprimatur of the investment manager. Since then, AVI and three other shareholders have sought to requisition an EGM at which shareholders would vote on a proposal that TPOU offers regular redemptions at close to NAV. At the time of writing, the TPOU board has rejected two such requisition requests. It is a basic tenet of corporate governance that boards actually call a meeting if a sufficient percentage of their shareholders request that they do so, and we are deeply concerned by the actions of the board.

1 For definitions, see Glossary on pages 101 to 104.
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 101 to 104 for further details.

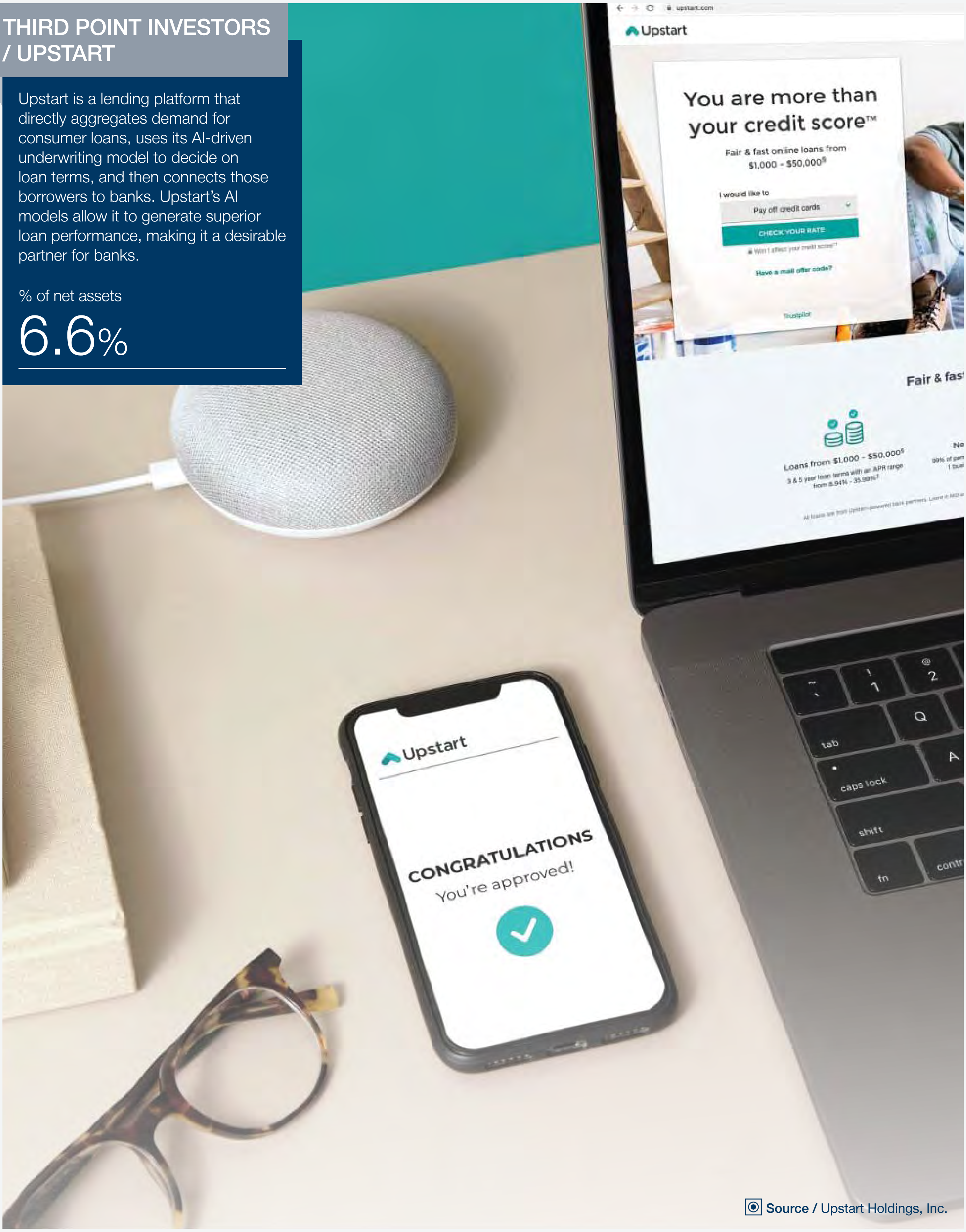
Portfolio Review continued

THIRD POINT INVESTORS / UPSTART

Upstart is a lending platform that directly aggregates demand for consumer loans, uses its AI-driven underwriting model to decide on loan terms, and then connects those borrowers to banks. Upstart's AI models allow it to generate superior loan performance, making it a desirable partner for banks.

% of net assets

6.6%



Source / Upstart Holdings, Inc.

CONTRIBUTORS

OAKLEY CAPITAL INVESTMENTS

Classification Closed-ended Fund	**Total return on position FY21 (local)**[2] 36.3%
% of net assets[1] 5.1%	**Total return on position FY21 (GBP)** 36.3%
Discount -20%	**Contribution (GBP)**[3] 293bps
% of investee company 9.1%	**ROI since date of initial purchase**[4] 98.4%

Oakley Capital Investments (+2.93%)[3]
Oakley Capital Investments turned in a very strong performance over AGT's financial year, generating a NAV total return of +27% which, together with a tightening of the discount from 29% to 20%, resulted in share price total returns of +41%.

Encouragingly, the majority of the returns came from EBITDA growth within the portfolio, with some support from multiple expansion and uplifts on disposals of assets. Sterling strength acted as a headwind over the period. Particularly strong performance was seen from IU Group (German private university), Casa (real estate classifieds), TechInsights (semiconductor IP), WishCard Technologies (gift cards) and Time Out, whose share price rose by +50% over the period.

It was a busy year for OCI, with eight investments and three disposals, as well as bolt-on deals and refinancings. New investments included Idealista (online real estate classified advertisements), 7NXT (online fitness and nutrition), WindStar Medical (consumer healthcare), Dexters (London real estate agent), ICP Education (UK nurseries network), ECOMMERCE ONE (German e-commerce solutions) and Seedtag (digital advertising). OCI also made a EUR75m commitment to the Origins fund, which will target smaller companies than the rest of the Oakley funds.

Portfolio-level EBITDA growth over the past 12 months has been an excellent +35%, with EBITDA multiples remaining reasonable (12x) and net debt to EBITDA of 3.5x. 70% of the portfolio is digital, which has helped in navigating the pandemic, and 75% of the portfolio has subscription-based or recurring revenues. These are remarkable attributes in a portfolio, and a highly attractive collection of assets to own.

We continue to believe that Oakley's strategy is a winning one, focusing on business sectors/themes it knows well with secular growth prospects, deals sourced by a network of Oakley-friendly entrepreneurs, and a willingness to engage in complex transactions. The result of this strategy, particularly the latter two aspects, is that 75% of deals are uncontested, which is unusual in the private equity world.

Despite these considerable merits, OCI continues to trade on a 20% discount – one of the widest of its peers, and all the more remarkable when we consider that OCI is one of the top-performing listed private equity funds in London. We have theorised in the past that investors are punishing OCI for past transgressions (i.e. dilutive share issuances), and suspect that this is still partly the case. However, we note that OCI has made significant strides in improving corporate governance, including enshrining in its bye-laws a commitment to avoid dilutive share issuances in the future. The board has also demonstrated a heightened awareness of the discount, buying back 13% of outstanding shares since 2019 at an average discount of -31%. We estimate that these actions resulted in (risk-free and immediate) NAV accretion of +5% for remaining shareholders.

A further concern may be that a significant portion of the portfolio is invested in two companies badly affected by the pandemic, namely Time Out (9% of NAV) and North Sails (19% of NAV). While these concerns are legitimate, we note that: (a) both businesses were performing well prior to COVID-19, suggesting that the business models are in good shape and should recover as lockdowns continue to ease; and (b) three-quarters of the North Sails exposure is to its debt, rather than equity, which is placed higher in the capital structure and therefore more protected in the event of an adverse outcome.

With OCI, we are being offered a fast-growing portfolio with attractive growth opportunities, backed by a manager with a distinct deal sourcing strategy, and a board that has acknowledged prior errors and is making significant efforts to improve governance – and all this available at a discount of 20%! We remain enthusiastic holders of OCI.

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Portfolio Review continued

CONTRIBUTORS

KKR & CO

Classification Holding Company	**Total return on position FY21 (local)**[2] 77.9%
% of net assets[1] 5.1%	**Total return on position FY21 (GBP)** 70.4%
Discount -26%	**Contribution (GBP)**[3] 280bps
% of investee company 0.1%	**ROI since date of initial purchase**[4] 126.4%

KKR (+2.80%)[3]
KKR has been an important contributor to AGT's returns since its introduction to the portfolio in the first half of 2020. Over AGT's 2021 financial year, the company's share price increased by +79%. This added 280bps to AGT's NAV over the period and brought returns over our holding period to +148% which equates to an IRR of +92% (all figures in total return in USD).

Despite these outsized returns, we believe that KKR has an extended runway ahead of mid-teens asset under management (AUM) and earnings growth and we still see considerable upside in the position. The company's Investor Day earlier this year and subsequent results confirmed that the business is firing on all cylinders with assets under management at the end of the second quarter standing +93% higher than a year prior. While this figure was boosted by the acquisition of life insurer Global Atlantic which closed in the first quarter of 2021, organic growth of +49% is indicative of KKR's advantaged position within an industry which is itself benefitting from robust secular tailwinds.

We expect annuity provider Global Atlantic, in which KKR now has a 61% stake, to accelerate KKR's growth even further over the coming years as a source of low-cost liabilities. Crucially, the acquisition means that permanent capital now accounts for almost a third of AUM, providing even greater stability and visibility to fee revenues. KKR's moves to grow its platform beyond traditional private equity have paid off, with 57% of AUM growth between 2010 and 2020 derived from businesses that did not exist ten years ago.

While private equity now accounts for 36% of total AUM (down from ~75% upon listing in 2010), even that figure understates the actual level of diversification with the private equity platform which is now spread across Asian, European, longer dated "Core" funds, as well as specialist growth equity (healthcare and technology) funds, in addition to the original US business. These fund-raising efforts and rapid deployment have led to record levels of embedded gains both in terms of unrealised carried interest and balance sheet investment gains, and should translate to elevated levels of income from these sources over the next few years.

We value KKR on a sum-of-the-parts basis, and believe that the company's most valuable "part" – fee-related earnings (i.e. from base management fees) – has been made even more valuable by changes made earlier this year to the compensation structure that will see a heavier compensation load placed on carried interest.

1 For definitions, see Glossary on pages 101 to 104.
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PERSHING SQUARE HOLDINGS / HILTON WORLDWIDE

Hilton is one of the largest hospitality companies in the world, with almost 7,000 hotels and resorts operating in 119 countries worldwide.

% of net assets

7.0%

Source / © 2021 Hilton, Candler Hotel Atlanta, Curio Collection by Hilton

Portfolio Review continued

CONTRIBUTORS

CHRISTIAN DIOR

Classification Holding Company	**Total return on position FY21 (local)**[2] 76.8%
% of net assets[1] 4.2%	**Total return on position FY21 (GBP)** 67.6%
Discount -13%	**Contribution (GBP)**[3] 221bps
% of investee company 0.1%	**ROI since date of initial purchase**[4] 69.4%

Christian Dior (+2.21%)[3]
We initiated a position in Christian Dior (CDI) – the holding company through which Bernard Arnault controls European luxury goods conglomerate LVMH – in March 2020. As a single-asset holding company, CDI had typically traded at a tight discount to NAV; however, the COVID-19 market volatility saw the discount widen to 20-25%. We took advantage of this, and we were able to build a position in one of the highest-quality companies in our universe at a dislocated discount. Both parts of the thesis have played out, with NAV growth of +57% boosted by a narrowing of the discount from 24% to 13%, resulting in an +81% return over the period.

Starting with the NAV side of the equation, shares in LVMH returned +57%. The pandemic has had harsh effects on the luxury industry. However, our thesis was that global mega-brands, such as Louis Vuitton, would outperform, benefitting from more flexible cost structures, directly owned stores, and ever-green product mixes, as well as stronger balance sheets and greater capacity to invest in digital sales channels. This seems to be the case. LVMH reported exceptional results for the first half of 2021, with sales and operating profits +11% and +44% above the 2019 level.

More recently, however, following comments made by Chinese President Xi Jinping about the need to promote "Common Prosperity", investors have started to worry about the outlook for growth in China. Whilst the phrase has appeared repeatedly in recent years, in the context of 2021 and a seemingly more invasive approach to regulation and the promotion of social goals, investors are pondering whether the ideals of the Chinese Communist Party might dampen growth for the luxury goods sector.

As a number of CEOs of luxury goods companies have pointed out, the ambition to grow the middle class and reform taxes is likely, *prima facie*, to be good for the luxury industry over the medium to long term. What is less clear however, particularly in the shorter term, is whether displays of wealth and conspicuous consumption will become less socially acceptable. This remains largely unknowable in the short term. We would refrain from making comparisons to previous anti grafting campaigns that specifically targeted the luxury goods sector. Moreover, we note that regulatory developments over the last 18 months have been "pro-luxury", most notably with regard to the development of the Island of Hainan as a duty-free shopping hotspot.

Turning to CDI's discount, AGT has benefitted from a material narrowing of the discount from 24% to 13%. During the period, the family took steps to simplify parts of the control structure which sit above CDI. It is our expectation that at some point in the future – when it suits them – the family will collapse CDI entirely. As such we expect to capture further upside in the discount. Combined with the prospect of continued NAV growth, we remain excited by prospective returns.

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EXOR

Classification Holding Company	**Total return on position FY21 (local)**[2] 39.6%
% of net assets[1] 6.4%	**Total return on position FY21 (GBP)** 34.6%
Discount -39%	**Contribution (GBP)**[3] 210bps
% of investee company 0.5%	**ROI since date of initial purchase**[4] 38.2%

EXOR (+2.10%)[3]
EXOR was a meaningful contributor to returns during the period. The shares returned +58% over the period, as strong NAV growth was complemented by a narrowing of the discount from 43% to 39%.

Our initial investment in EXOR back in 2016 was largely predicated on Fiat Chrysler's undervaluation and the scope for value creation through industry consolidation, as set out in the late Sergio Marchionne's *Confessions of a Capital Junkie* presentation. During the period a key part of this played out, with the creation of Stellantis through the merger of FCA and Peugeot. We view the merger as a great example of how family-controlled holding companies can create value through the active ownership and management of their holdings. Indeed, during the period, the value of EXOR's stake in what was FCA and became Stellantis returned +83% (including special dividends and distributions) – making it the largest contributor to EXOR's NAV growth. We continue to see considerable upside at Stellantis. CEO Carlos Tavares is targeting EUR5bn of synergies and aims to achieve a 10% operating margin by 2026 – which would likely make Stellantis the most profitable traditional auto maker in the world. We view the discount at which Stellantis trades versus Ford and GM to be unjust and see next year's capital markets day as a possible catalyst for a re-rating.

The other great driver of NAV growth was CNH Industrial, whose shares rallied by +123% over the period, benefitting from a resumption in economic activity and demand for capital goods. In this context CNH reported exceptionally good results, well ahead of expectations and with full year guidance having now been raised twice this year. Results were led by the all-important Agricultural division, which achieved a record 15% operating margin in Q2 and is benefitting from the US agricultural replacement cycle, which finally seems to be turning the corner. The proposed splitting of the company in two should unlock value currently trapped in its conglomerate structure.

AGT benefitted from a narrowing of EXOR's discount from 43% to 39% over the last year. However, when compared to its own history (five-year average: 32%) and other European holding companies, this seems very wide. We would expect this to narrow over time, particularly as John Elkann continues to tilt EXOR's portfolio toward higher quality, less cyclically exposed companies. As and when this happens it should provide a powerful extra fillip on top of NAV returns. We added to the position by more than 50% over the year, to make it your company's third largest position.

Portfolio Review continued

CONTRIBUTORS

SONY CORP

Classification Asset-backed Special Situation	**Total return on position FY21 (local)**[2] 47.9%
% of net assets[1] 5.6%	**Total return on position FY21 (GBP)** 35.5%
Discount -26%	**Contribution (GBP)**[3] 209bps
% of investee company 0.1%	**ROI since date of initial purchase**[4] 75.0%

Sony Group (+2.09%)[3]

Sony was the fourth largest contributor to returns over the period, adding 209bps to performance with a share price return of +56%. Sony, despite its perception as a shrinking electronics conglomerate, owns a collection of world-class businesses, with the four crown jewels of Gaming, Music, Semiconductors and Pictures accounting for 75% of Sony's NAV.

Over the past year, Sony has proven the quality of its businesses. For the fiscal year ended March 2021, all of Sony's business lines, except the Semiconductor business, grew profits by double digits with overall adjusted profits growth of +15%. This marks the highest profit in Sony's history, although hopefully not for long – analyst consensus is for Sony to grow profits by an annualised +15% over the next five years.

Aside from earnings growth, there have been several developments which we believe have added substantially to Sony's corporate value. Most notable is the multitude of acquisitions focused on bolstering Sony's entertainment content, including investments in Epic Games (most famed for Fortnite), Crunchyroll (one of the world's largest anime platforms) and, most recently, Bluepoint Games (the team behind the remaster of Unchartered and God of War). Then there was November's hugely successful launch of the PlayStation 5 – with demand far outstripping supply and on track to be Sony's best-selling console (despite claims that console gaming was dead). Lastly, although not exhaustively, the value of Sony's pictures division was highlighted when Amazon purchased MGM for USD8.5bn, a deal that implies a value for Sony's pictures segment of USD26bn – 20% of Sony's market cap and almost 3x higher than our carrying value.

Sony faced heavy public criticism for its holding structure in mid-2019, with calls to spin out its semiconductor business and sell its majority stake in Sony Financial. While we sympathise with the logic, and indeed supported the break-up when we initially made the investment, Sony has since made a convincing case for keeping the holding structure. Being able to allocate capital between businesses, and allowing management teams to make long-term decisions, is certainly a benefit of the structure. This, of course, depends on the quality of the holding company management, and in Sony's case we think that the team is of a high calibre. This extends not just to capital allocation and decision making but, in Sony's unique case, to its content value, where Sony can monetise intellectual property (IP) through gaming, film, and music. By that logic, we think that Sony's current 26% discount is remarkable.

We initiated our Sony position in June 2019 and have earned a +39% IRR and an +89% total return, versus the equivalent returns for the MSCI AC World ex US Index of +11% and +22%. Despite the strong performance and considering the quality of Sony's business, its growth prospects and valuation – we remain extremely excited about the return potential, and view it as a core, long-term holding.

1 For definitions, see Glossary on pages 101 to 104.
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CONTRIBUTORS

PERSHING SQUARE HOLDINGS

Classification
Closed-ended Fund

% of net assets[1]
7.0%

Discount
-29%

% of investee company
0.0%

Total return on position FY21 (local)[2]
20.3%

Total return on position FY21 (GBP)
17.1%

Contribution (GBP)[3]
208bps

ROI since date of initial purchase[4]
42.3%

Pershing Square Holdings (+2.08%)[3]

For a second consecutive financial year, Pershing Square Holdings (PSH) was among our top contributors. While PSH's relative outperformance was not as spectacular as that achieved a year ago on the back of its inspired hedge against the impacts of COVID-19 on financial markets, a +30% NAV return for the year to 30 September 2021 represents a very good outcome in absolute terms despite only matching that of the S&P 500 index. A modest reduction in PSH's discount provided a tailwind to returns with the share price up by +33%.

A majority of PSH's holdings by number were relative outperformers including Hilton Worldwide Holdings, Agilent Technologies, Howard Hughes Corp, Chipotle Mexican Grill, Domino's Pizza, and Starbucks. These were partially offset by the weak share price performance of Pershing Square Tontine Holdings (Pershing Square's SPAC) and the positions in the common and preferred shares of Fannie Mae and Freddie Mac which declined materially following an adverse Supreme Court ruling that ruled as legitimate the 2012 "net sweep" decision that saw the companies' profits diverted to the US Treasury.

We have been impressed by the quality of management across PSH's investee companies with Hilton and Chipotle great examples of management "leaning in" to the impact of COVID-19. In the case of Hilton, a significant part of the 25-30% cost cuts undertaken in FY20 is expected to be retained, leading to – in the words of CEO Chris Nassetta – a *"meaningfully higher margin business"* that should be able to match or exceed 2019 EBITDA levels by 2022 even if Revenue per Available Room remains ~15% lower than pre-COVID levels. At Chipotle, a focus on digital operations has positioned it as a clear "COVID winner" with the most recent quarterly earnings continuing the run of impressive same-store sales and showing a large portion (80%) of digital sales being retained even as in-restaurant sales recover (back to 70% of pre-COVID levels). This has given management the confidence to raise the targets for average restaurant sales volumes and to re-state the long-term target of 6,000 North American restaurants (more than double the current number).

PSH's portfolio turnover was relatively limited over the year, with Starbucks switched out for Domino's Pizza and Agilent sold to fund the purchase of Universal Music Group (UMG). At just over 30% of PSH's NAV, some investors may baulk at the outsized concentration in UMG. However, we know UMG well from previous research on its then-majority owner Vivendi. The music industry has been transformed over the last ten years by the advent of streaming both in terms of growth and improved quality of earnings, and we had already established positions in Hipgnosis Songs Fund and Round Hill Music Royalty Fund (the latter later being sold to fund an increased holding in the former) to reflect this bullish outlook. Our direct position in Hipgnosis Songs Fund complements the indirect exposure to UMG well with the former offering somewhat of a hedge against the risk of regulatory pressure forcing a more equitable split of streaming royalties between songwriters/recording artists/labels (although, to be clear, this is not our base case). PSH's investment in UMG is off to a good start following its listing with the shares up by +24% on the cost basis (which includes legal costs).

The question of whether the inflation that we are seeing is "transitory" or not, and the associated potential for higher interest rates if it proves not to be, is probably the critical one facing equity investors today. Against this backdrop, we are comfortable with PSH as our largest holding given: (i) their high-quality investee companies and associated pricing power; and (ii) the interest rate "swaptions" held by PSH which provide an asymmetric pay-off in the event of rising rates.

While PSH's discount narrowed in to the low -20%s at the start of 2021 following its inclusion in the FTSE 100 index, it is back at 29% at the time of writing. This seems very much anomalous to us even though the company's high costs shown in its Key Investor Information Document (albeit a function of its outsized return in 2020 which triggered a large performance fee) are unhelpful in attracting demand from the wealth management investor community.

Portfolio Review continued

CONTRIBUTORS

FONDUL PROPRIETATEA

Classification
Closed-ended Fund

% of net assets[1]
4.5%

Discount
-4%

% of investee company
2.3%

Total return on position FY21 (local)[2]
n/a

Total return on position FY21 (GBP)
38.9%

Contribution (GBP)[3]
201bps

ROI since date of initial purchase[4]
103.8%

Fondul Proprietatea (+2.01%)[3]
Fondul Proprietatea (FP) is a Bucharest- and London-listed closed-ended fund originally set up to provide restitution to Romanian citizens whose property was seized by the Romanian Communist government. Today, FP provides exposure to some of Romania's most attractive utility and infrastructure assets, and has a policy of distributing all excess cash and realisation proceeds to shareholders via dividends and buybacks.

FP has been part of AGT's portfolio since 2015 and continues to be a steady source of returns, this year contributing 201bps to AGT's NAV on the back of a share price total return of +51% which benefitted from the compounding effect of an increasing NAV (up +28%) and a tightening discount (from 18% to 4%).

While the 37% increase in value of FP's stake in listed OMV Petrom (13% of NAV at the start of the period) was helpful, it was yet again Hidroelectrica – part of FP's unlisted portfolio – that generated the bulk of NAV returns. This came despite a lack of progress in Hidroelectrica's IPO. In one of its final actions before being voted out, the previous government had banned the privatisation of state-owned enterprises. A bill repealing this ban failed to work its way through parliament before leadership elections within the ruling PNL party and disagreements between the coalition parties brought essentially all parliamentary business to a halt. We draw comfort from there being a business-friendly majority in parliament and our base case at the time of writing is for the coalition to be re-established, most likely with a new Prime Minister in power.

We also note that FP's investment manager, Franklin Templeton, has indicated that a continued lack of progress on the legislative front will see it look to independently IPO its 20% stake in Hidroelectrica. Whatever the precise route by which Hidroelectrica becomes a listed company, we see a significant amount of upside from its current carrying value given its low-cost production, low CAPEX requirements and associated high levels of free cash flow, and its status as what would be the only pure-play listed hydroelectric company globally.

1 For definitions, see Glossary on pages 101 to 104.
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 101 to 104 for further details.

Source / CNH Industrial

EXOR / CNH INDUSTRIAL

CNH Industrial is a capital goods manufacturer, producing vehicles for agriculture, construction and transportation. Key brands include Case, Steyr and Iveco. The company has proposed splitting itself into two separate divisions – On-Road and Off-Road – in order to unlock value.

% of net assets

6.4%

* For definitions, see Glossary on pages 101 to 104.

Portfolio Review continued

CONTRIBUTORS

AKER ASA

Classification Holding Company	**Total return on position FY21 (local)**[2] 50.1%
% of net assets[1] 4.3%	**Total return on position FY21 (GBP)** 52.8%
Discount -28%	**Contribution (GBP)**[3] 191bps
% of investee company 1.1%	**ROI since date of initial purchase**[4] 117.7%

Aker (+1.91%)[3]
Aker was a significant contributor to your Company's returns this year, with returns driven by exceptional NAV growth of +124%. The shares failed to keep pace with the NAV (returning +80%) and as such the discount widened from 9% to 28%. We took advantage of this and added to the position by approximately one-third over the period.

NAV growth was led by Aker BP whose shares rallied by +105%, adding more than 50% to Aker's NAV. As we noted in the Half Year Report which was issued in May, the re-opening of physical economies and improved prospects for global growth had spurred the oil price from USD42 to USD63 from September to March. These trends have continued with Brent crude prices pushing through USD80 in September for the first time in three years.

In the words of one strategist, oil has moved from a cyclical to a structural bull market, with an expected continued imbalance between supply and demand and an estimated USD600 billion capex shortfall through to 2030. Aker has a history of zigging while others zag (Aker BP was, after all, created in a low-price environment), and as such we find it interesting that whilst most oil companies report limited or negative growth outlooks, Aker BP targets a 70% increase in oil and gas production in 2028 versus 2020. We believe that efficient low cost producers have a role to play in meeting the (underestimated) medium term demand for oil, and have the opportunity to create significant value as capital flees the sector. This bodes well for future NAV growth for Aker.

The other major driver of NAV growth was Aker Horizons – the holding company established in 2020 as a platform for Aker to invest in renewable energy and green technology. Over the last year Aker Horizons has: (1) conducted a private placement and listed on the Euronext Growth exchange; (2) acquired a 75% stake in Mainstream Renewable Power, a renewable energy company in the wind and solar energy markets, and (3) launched and listed Aker Clean Hydrogen, a company focused on industrial clean hydrogen. In our view, the creation of Aker Horizons is indicative of how family-controlled companies think in generations not quarters, securing future growth avenues. It is also a prime example of the active approach that the best families take to creating value.

Since AVI first invested in Aker in 2008 we have earned an IRR of +19% (in NOK). The prospect of continuing to align capital with the family at a 28% discount to NAV is an appealing one.

JARDINE STRATEGIC

Classification Holding Company	**Total return on position FY21 (local)**[2] 66.0%
% of net assets[1] n/a	**Total return on position FY21 (GBP)** 53.6%
Discount n/a	**Contribution (GBP)**[3] 168bps
% of investee company n/a	**ROI since date of initial purchase**[4] -1.6%

Jardine Strategic (+1.68%)[3]
In previous monthly updates and in the Half Year Report, we commented on the situation with Jardine Strategic (JS). The takeover offer from Jardine Matheson, for the 15% of Jardine Strategic that it did not already own, was a foregone conclusion and the takeover completed on the 15th of April 2021. This takeover offer led to Jardine Strategic contributing 168bps to NAV for the year, boosting performance from strong NAV growth at the beginning of the calendar year.

The offer at USD33 was at a 20% premium to the undisturbed share price prior to the offer, but at a 30% discount to our NAV estimate. Due to the corporate structure, minority shareholders were not able to stop the deal from completing when voted upon, although 53% of minority holders voted against the deal. However, the Bermuda Courts, where JS was incorporated, allow shareholders to appeal for a fair value appraisal. We have gone down this route as we believe that a fairer offer price would have been closer to Jardine Strategic's NAV, particularly as the listed nature of its investments means that there was very little ambiguity over the value of the company. Progress at this time is slow as the Bermuda Courts work through a COVID induced backlog. However, at the time of writing a court hearing is scheduled to discuss procedural matters and discovery to be provided to the experts to make their valuation.

1 For definitions, see Glossary on pages 101 to 104.
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 101 to 104 for further details.

DETRACTORS

NINTENDO

Classification Asset-backed Special Situation	**Total return on position FY21 (local)**[2] -14.8%
% of net assets[1] 3.0%	**Total return on position FY21 (GBP)** -16.8%
Discount -52%	**Contribution (GBP)**[3] -81bps
% of investee company 0.1%	**ROI since date of initial purchase**[4] -5.0%

Nintendo (-0.81%)[3]

Nintendo was the single-largest detractor from returns for the period, detracting 81bps from performance with a total return of -16% since initial investment. AGT initiated its position in Nintendo in February 2021. The investment thesis was predicated on the high quality of its unique intellectual property (e.g. Super Mario, Pokémon), as well as the digital transformation of its business reminiscent of Sony during the PlayStation 4 cycle.

The video game business has historically been characterised by earnings cyclicality, with revenues and profits driven by the periodic release of new consoles. In 2020, Nintendo's management took large strides in shifting its videogame business towards an attractive, digitally focused model by introducing both subscription revenues and downloadable content onto the Switch platform. The pandemic served as a catalyst to move consumers online, making the digital subsegment the fastest growing part of Nintendo, now accounting for 47% of software sales and helping drive operating margins to 37%. Moreover, Nintendo had opted to further monetise its world-class IP by expanding into new areas – opening its first-ever theme park and releasing trailers for a new Super Mario movie, which is slated for 2022.

Despite the ongoing transformation and deep moat given by IP, the share price has fallen by -15% since the start of 2021. We believe that fears have been stoked by the most recent quarterly earnings release, which provoked concern of a cyclical peak in earnings, and the announcement of the Nintendo Switch OLED – whereas the market had been expecting a new, more powerful "Switch 2" to be announced.

Turning to the first, the most-recent quarterly earnings release revealed that net sales were down by -10% year-on-year, while operating profits and margins declined, and digital sales fell as a proportion of overall revenue. At first glance, these figures are discouraging, suggesting that Nintendo may still be exposed to cyclical swings in earnings. However, it is important to remember that the quarter one year ago was a tough one comparatively, as during the COVID-induced lockdowns many subscribers increased their levels of gaming (and, necessarily, digital downloads) in the absence of regular socialising. Furthermore, due to the pandemic, the Switch has suffered from delays to the production of major new titles which were tipped for release this year. If we take 2019 as a baseline, we see much more encouraging figures: sales of the Switch have doubled, revenue is up by +87%, and digital sales have grown by +148%.

Turning to the second, Nintendo announced that it would be releasing a Nintendo Switch OLED on 8 October 2021 – a moderately upgraded version of the Switch with backwards compatibility. The new console sold out within minutes on pre-orders. Nonetheless, some market participants had been calling for a "Switch 2" style console with a much more powerful chip, instead of the more minor upgrade that Nintendo has opted for with the Switch OLED. We had maintained that this would be a mistake, as such a console would not have been backwards compatible with existing Switch games, effectively making it much harder for Nintendo to build a sustainable ecosystem around the Switch. While we recognise why hardcore gamers could be disappointed with this console, we think that the announcement of this upgrade reaffirms our initial investment thesis: Nintendo is moving away from the cyclical business model dependent on successful new console releases, focusing instead on building an environment in which digital and recurring revenues – stickier and higher-margin – play a larger role.

Overall, while the market performance to date has been disappointing, we see no contradictory evidence that would lower the conviction in our thesis. At the current share price, Nintendo trades at 8x forward operating profits and 16x forward earnings, a valuation which we believe does not adequately reflect the quality of Nintendo's business. Nor does it reflect the significance of the shift from a hardware-driven business model to one focused on digital, recurring revenues and increased IP monetisation.

Portfolio Review continued

DETRACTORS

PERSHING SQUARE TONTINE HOLDINGS

Classification Holding Company	**Total return on position FY21 (local)**[2] -10.1%
% of net assets[1] 3.4%	**Total return on position FY21 (GBP)** -10.1%
Discount -2%	**Contribution (GBP)**[3] -70bps
% of investee company n/a	**ROI since date of initial purchase**[4] -10.4%

Pershing Square Tontine Holdings (-0.70%)[3]
Pershing Square Tontine Holdings (PSTH; Pershing Square's US-listed SPAC), was the second-largest detractor over the period with its -12% share price decline deducting 70bps from AGT's NAV. We invested in PSTH in June 2021 following its announcement of a deal to acquire a 10% stake in Universal Music Group (UMG), a then-unlisted company that we knew well from previous research on its then-majority owner Vivendi. The decline in PSTH's share price that accompanied the announcement of the deal was, we believe, driven by retail investors who had hoped for a more "exciting" target. We were happy to take advantage of this sell-off to acquire an indirect position in a high-quality business with attractive secular growth prospects at what we believed to be a compelling valuation.

However, subsequent to our purchase of PSTH, it was announced that the UMG transaction had been blocked by US regulators who had objected to the deal structure. As a result, the UMG purchase agreement was re-assigned from PSTH to London-listed Pershing Square Holdings (PSH). This meant that we still gained exposure to UMG via our long-standing position in PSH, albeit in a less concentrated fashion than would have been achieved had the original deal terms stood. UMG's share price performance since listing has confirmed our view that Pershing Square's acquisition price was highly advantaged, with the shares up by +24% on a cost basis (which includes legal costs). Nevertheless, PSTH's shares understandably declined on the news of the broken deal.

Although PSTH trading below its cash balance offers an attractive risk-adjusted return given the free optionality, we are not short of other alternative homes (both in new and existing investments) for the capital that offer higher prospective absolute returns. Initially, we replaced our direct exposure to PSTH with a total return swap with a well-known investment bank at a modest cost of financing to free up capital (only 30% margin was required). We then took the decision subsequent to the financial year-end to exit the position entirely to fully release the capital.

1 For definitions, see Glossary on pages 101 to 104.
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 101 to 104 for further details.

DETRACTORS

ASSOCIATED BRITISH FOODS

Classification Holding Company	**Total return on position FY21 (local)**[2] -13.0%
% of net assets[1] 2.5%	**Total return on position FY21 (GBP)** -13.0%
Discount -43%	**Contribution (GBP)**[3] -47bps
% of investee company 0.2%	**ROI since date of initial purchase**[4] -13.0%

Associated British Foods (-0.47%)[3]
Associated British Foods (ABF) is a UK conglomerate involved in retailing, grocery, agriculture, sugar and ingredients. It owns some of the best-recognised brands in UK food and retail, including Primark, Twinings, Ovaltine, Jordans, Dorset, Ryvita, Patak's, Blue Dragon, Silver Spoon, and Billington's. Primark is the single-biggest division, accounting for almost half of sales in 2019 (i.e. prior to the pandemic). ABF is controlled by the Weston family whose charitable trust, Wittington Investments, owns 55% of the shares.

We initiated a position in ABF in November 2020, believing that the share price at the time inadequately reflected Primark's potential for a recovery following lockdowns. Since that date, we have earned a total return of -13% on our position, reflecting the market's growing pessimism over ABF's/Primark's future. We believe that this pessimism is misplaced.

It is impossible to talk about ABF without talking about Primark, being the largest single division. Its competitive position is built on three core offerings: fashionable clothes, at affordable prices, in great locations. In 2019 (the last year before the pandemic), revenues were GBP8bn, and had grown at mid-double-digits over a long period of time. Primark's low-cost, high-volume approach drove significant scale, allowing it to re-invest cost savings in lower costs for consumers – creating a significant competitive edge and customer loyalty in the process, allowing it to consistently earn attractive margins and high returns on capital.

We believe that ABF's low rating currently reflects investors' concerns over Primark. We address these issues below and present what we hope are convincing counterarguments.

1. Online: Primark has a low online presence, effectively operating just a "magazine-style" website and social media accounts. This leaves it vulnerable to competitors that sell online at a time when retail is increasingly going digital. In our view, this is a legitimate concern, but overblown. Firstly, Primark sales recovered strongly after lockdowns were eased, with third-quarter like-for-like sales growing by +3% compared to 2019. Furthermore, Primark is maintaining market share in retail in the UK (including online), suggesting that it is able to compete effectively with its online peers. It is worth noting that Primark has recently revamped its website to offer more granular views of its range, as well as details of whether particular stores stock particular items. In our view, this may be a prelude to Primark initiating a click-and-collect offering (although management have been reticent to say too much on this topic). The introduction of a click-and-collect offering would go a long way to easing investors' minds about the future of the business.
2. ESG: Consumers are becoming increasingly environmentally conscious which, given Primark's fast fashion offering, may be a concern for future growth. We recently listened in to Primark's own dedicated "ESG Day", in which ABF and Primark management outlined the steps that they were taking to, within the next decade, make the business more sustainable, including better durability and recyclability, sustainable agricultural practices, and insisting on living wages for suppliers' workers. In our view, ABF's management is inherently conservative, and would only outline goals that it believes have a high probability of being achieved. Integrating ESG into Primark potentially adds a fourth leg to the core offering – great clothes, great prices, great locations and, now, ethically sustainable.
3. Growth/expansion: Aside from the pandemic, Primark has had some issues getting the format of its stores right when expanding into markets such as the US and Germany. In our view, these issues have been settled, and Primark's growth trajectory in the US and Europe looks very promising and has years of runway ahead of it. The total store network numbers some 400 locations, compared to larger peers whose stores in Europe and the US number in the thousands.

We estimate that, using reasonably conservative inputs, the market is implicitly valuing ABF on 5-6x operating profits, which we believe is a remarkable price for a business with a significant competitive advantage and a large runway of growth ahead of it.

Outside of Primark, ABF has many other attractive characteristics. The other four divisions are of good-to-excellent quality, providing growing cash flows without requiring additional capital and earning attractive returns on capital. The presence of the Weston family is also beneficial, providing a long-term vision for the group. We have been encouraged in our dialogue with members of management to hear them repeatedly emphasise the importance of thinking long-term, and undertaking business in a sustainable, ethical manner.

Overall, we are excited to gain exposure to a world-class stable of businesses, led by a strong founding family, at a discount of over 40%.

Portfolio Review continued

ASSOCIATED BRITISH FOODS / PRIMARK

Primark is a fast-fashion retailer, selling fashionable clothes at great prices to consumers. The company has just under 400 stores, and plans to expand in continental Europe and the United States.

% of net assets

2.5%

Source / Primark/Cloud9

Outlook

Joe Bauernfreund
CEO

Tom Treanor
Head of Research

Outlook

The intertwined themes of inflation, interest rates and growth continue to dominate investor thinking and drive markets. The optimism that characterised the start of the year has subsided; hopes of reflation have slid to fears of potential stagflation. Concerns about China's regulatory environment and possible contagion from the Evergrande property crisis lurk in the background as potential risks. Yet, markets continue to grind higher, as the successful global vaccine roll-out and accommodative monetary policy conditions continue.

In an environment such as this we believe it makes sense to increase the level of portfolio concentration to reflect our most attractive and highest conviction ideas. We remain confident in the outlook for a portfolio of attractive quality assets trading at lowly valuations, as indicated by the 29% portfolio weighted average discount.

Joe Bauernfreund
Chief Executive Officer
Asset Value Investors Limited

8 November 2021

KEY FACTS

Total assets*
£1.3bn**

Launch date
1 July 1889

Average annualised NAV total return*
+12.0%**

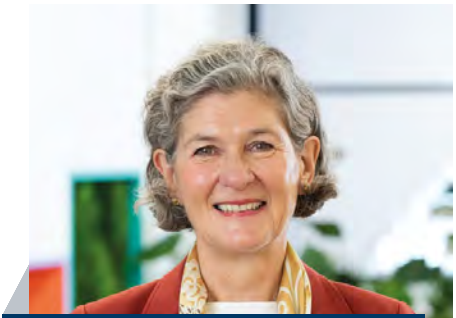
* Refer to Glossary on pages 101 to 104.
** As at 30 September 2021.
*** From 30 June 1985 to 30 September 2021.

A Diverse Board

Committee membership key

Chairman
Member

A Audit Committee
M Management Engagement Committee
N Nomination Committee
D Disclosure Committee



Susan Noble
Independent
Non-Executive Chairman

A M N D

Date of Appointment:
March 2012

Appointed Chairman:
December 2017

External Appointments:
Chairman of Newton Investment Management Limited.

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

Last re-elected to the Board:
2020

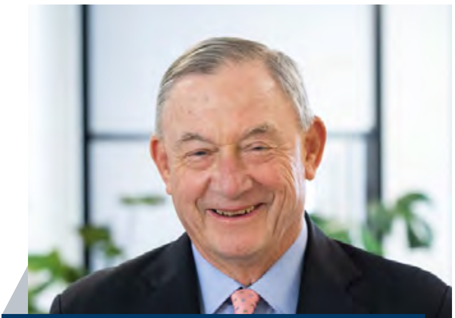
Annual Remuneration:
£45,000

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 Foxtons Group plc.

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

Last re-elected to the Board:
2020**

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.

** Nigel Rich will retire from the Board at the AGM in December 2021.

Calum Thomson FCA
Independent Non-Executive Director

A M N D

Date of Appointment:
April 2017

Appointed Audit Committee Chairman:
June 2017

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

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

Last re-elected to the Board:
2020

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

Attendance at meetings

Name	Board	Audit	Management Engagement	Nomination	Disclosure
Susan Noble	7 (7)	4 (4)	2 (2)	3 (3)	–
Anja Balfour	7 (7)	4 (4)	2 (2)	3 (3)	–
Neil Galloway	1 (1)	1 (1)	0 (0)	0 (0)	–
Graham Kitchen	7 (7)	4 (4)	2 (2)	3 (3)	–
Nigel Rich	7 (7)	4 (4)	2 (2)	3 (3)	–
Calum Thomson	7 (7)	4 (4)	2 (2)	3 (3)	–

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

Anja Balfour

Independent Non-Executive Director

A M N D

Date of Appointment:
January 2018

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

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

Last re-elected to the Board:
2020

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

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

Last re-elected to the Board:
2020

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:
10,900* Ordinary Shares

* 3,450 held by Jane Kitchen.

Neil Galloway

Independent Non-Executive Director

A M N D

Date of Appointment:
September 2021

External Appointments:
Executive Vice President of IWG PLC.

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

Last re-elected to the Board:
N/A

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:
None

The Directors present their report and the audited financial statements for the year ended 30 September 2021.

Status

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

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

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

Review of the Year

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

Investment Objective, Policy and Restrictions

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

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

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

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

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

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

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

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

Distribution Policy

Dividend Policy

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

Frequency of Dividend Payment

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

Buybacks

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

Gearing Levels

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

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

The Company's debt as a percentage of total equity as at 30 September 2021 was 11.7%. Long-term debt comprised three tranches of Loan Notes, of £30m, €30m and €20m, and shorter-term debt, a JPY12.0bn unsecured multi-currency revolving credit facility.

Results and Dividends

The Company profit for the year was £299,563,000, which included a profit of £14,289,000 attributable to revenue (2020: loss of £1,970,000 which included a profit of £10,134,000 attributable to revenue). The profit for the year attributable to revenue has been applied as follows:

	£'000
Current year revenue available for dividends	14,289
Interim dividend of 6.0p per Ordinary Share paid on 2 July 2021	6,267
Recommended final dividend payable on 4 January 2022 to shareholders on the register as at 3 December 2021 (ex dividend 2 December 2021):	
– Final dividend of 10.5p per Ordinary Share	10,685*
	16,952

* Based on shares in circulation on 8 November 2021.

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

Ordinary Shares
At 30 September 2021, there were 116,003,133 (2020: 116,003,133) Ordinary Shares of 10p each in issue, of which 13,889,808 (2020: 10,451,403) were held in treasury and therefore the total voting rights attaching to Ordinary Shares in issue were 102,113,325.

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.

Proposed Share Split
At this year's AGM Shareholders will vote on a proposal to sub-divide each existing ordinary share into five new ordinary shares. Please refer to the description of Resolution 11 on page 60 for further information.

Loan Notes
At 30 September 2021, there were in issue fixed rate 20 year unsecured private placement notes (the 'Loan Notes'). The Loan Notes were issued in the following tranches:

- on 15 January 2016: £30m 4.184% Series A Sterling Unsecured Loan Notes 2036
- on 15 January 2016: €30m 3.249% Series B Euro Unsecured Loan Notes 2036
- on 1 November 2017: €20m 2.93% Euro Senior Unsecured Loan Notes 2037

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

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

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

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

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

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

The estimated fair values of the Loan Notes as at 30 September 2021 were Series A: £36.5m and Series B: £31.8m and Euro Senior: £20.7m, being £6.6m, £6.1m and £3.6m respectively above the amortised values excluding interest.

Had the Company been liquidated on 30 September 2021, the redemption premium would have amounted to £16.5m over and above the fair values.

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

Debt Covenants
Under the terms of the Loan Notes, covenants require that the net assets of the Company shall not be less than £300,000,000 and total indebtedness shall not exceed 40% of net assets. The Company also has a short-term JPY12bn multi-currency revolving credit facility, the terms of which include covenants requiring that the net assets shall not be less than £300m and the adjusted net asset coverage to borrowings shall not be less than 4:1.

Directors and Board Structure
The Directors of the Company are listed on pages 50 and 51. All served throughout the period under review with the exception of Neil Galloway, who was appointed as a non-executive Director on 1 September 2021.

Nigel Rich will retire as a Director at the conclusion of the forthcoming AGM. In accordance with the AIC's Code of Corporate Governance, Mr Galloway will stand for election at the AGM. The remaining Directors will retire at the forthcoming AGM and offer themselves for re-election. The Board carries out an annual review of the performance of each Director, of the Board as a whole and of each of the Board Committees. In reviewing the contribution of each Director, the Board considered the experience of each Director, as set out under the individual Directors' biographies on pages 50 and 51 and the ways in which they contributed to the Board during the year. Having considered the findings of the annual review, the Board considers that all Directors contribute effectively, possess the necessary skills and experience and continue to demonstrate commitment to their roles as non-executive Directors of the Company. It was therefore agreed that, with the exception of Nigel Rich, all Directors should stand for re-election, and the re-election of each of the Directors is recommended by the Board.

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

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

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

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

The beneficial interests of the current Directors and their connected persons in the securities of the Company as at 30 September 2021 are set out in the Directors' Report on Remuneration Implementation on page 91.

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

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

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

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

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

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

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

The Chairman was independent on appointment and remains independent as set out in the AIC Code.

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

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

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

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

Audit Committee
The Audit Committee met four times in the year under review and comprises the whole Board, being independent Directors. All members of the Committee have recent and relevant financial experience and the Committee as a whole has competence relevant to the sector in which the Company operates. The Audit Committee has set out a formal Report on pages 85 to 87 of the Annual Report.

The Board notes that the AIC Code permits the Chairman of the Board to be a member of the Audit Committee of an investment trust. In light of the fact that the Board consists of only six members and recognising the Chairman's long experience in investment management, the Audit Committee resolved to continue the Chairman's appointment to the Committee.

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

The Committee also reviews the services and performance of the Company's other third-party service providers. The Committee has a procedure for formal annual reviews of all service providers and also occasionally carries out further, ad hoc reviews as it deems to be necessary. During the year under review, the Management Engagement Committee paid particular attention to the potential effects of the COVID-19 pandemic on the ability of the Investment Manager and key service providers to maintain a satisfactory level of service.

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

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

During the year under review the Nomination Committee managed a search and selection process and Sapphire Partners were 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 Nomination Committee. Following this process, Neil Galloway was appointed as a non-executive Director. The Board confirms that Neil's external appointment, as mentioned on page 51, was taken into account when considering his ability to devote sufficient time to the Company's affairs. There is no connection between the Directors or the Company and Sapphire Partners. Nigel Rich did not participate in the process which resulted in the appointment of Neil Galloway and Susan Noble will not participate in the process to identify her successor as a non-executive Director and Chairman.

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

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

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

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

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

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

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

Link Company Matters Limited was appointed as corporate Company Secretary on 1 April 2014. The current annual fee is £72,225, which is subject to an annual RPI increase. The Agreement may be terminated by either party on six months' written notice.

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

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

Corporate Governance

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

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

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

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

Throughout the year ended 30 September 2021, the Company has complied with the provisions of the AIC Code and the relevant provisions of the UK Code, except as set out in this paragraph. As the entire Board is non-executive and consists of only six members, the Board does not have a separate Remuneration Committee. The UK Code includes provisions relating to the role of the Chief Executive, executive Directors' remuneration and the need for an internal audit function. For the reasons set out in the AIC Code, and as explained in the UK Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive Directors, employees or internal operations and as such the Directors do not determine the need for an internal audit function to be practicable or necessary. The Company has therefore nothing to report in respect of these provisions.

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

How opportunities and risks to the future success of the business have been considered and addressed	An overview of the Company's performance is set out in the Chairman's Statement, and a more detailed review is set out in the Investment Manager's Review. A detailed review of risk management is set out on pages 11 to 13.
The sustainability of the company's business model	The sustainability of the business model is set out in the Viability Statement on pages 61 to 62.
How its governance contributes to the delivery of its strategy	The approach to governance is set out in this section of the Annual Report, in particular the section 172 statement on pages 14 to 16 and the description of the Board structure on page 54.

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

AIC Code Principle	Compliance Statement
A A successful company is led by an effective board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	In managing the Company, the aim of the Board and of the Investment Manager is always to ensure the long-term sustainable success of the Company and, therefore, the likely long-term consequences of any decision are a key consideration. Both the Board and AVI recognise that social, human rights, community, governance and environmental issues have an effect on its investee companies. The Board supports AVI in its belief that good corporate governance will help to deliver sustainable long-term shareholder value. AVI is an investment management firm that invests on behalf of its clients and its primary duty is to produce returns for its clients. AVI seeks to exercise the rights and responsibilities attached to owning equity securities in line with its investment strategy. A key component of AVI's investment strategy is to understand and engage with the management of public companies. More information on the Company's long-term performance record can be found on page 10 and more details of AVI's ESG Policy are on pages 24 to 26 of this Report.
B The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.	The purpose of the Company is to achieve capital growth through a focused portfolio of mainly listed investments, particularly in companies whose shares stand at a discount to estimated underlying net asset value. In 2020/2021, the Board formally defined its culture and values, and behaviours and attributes that promote it. More information on our culture and how it is aligned with the Company's purpose and strategy can be found under Culture and Values on page 14 of this Report.

AIC Code Principle	Compliance Statement
C The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	The Directors regularly consider the Company's financial position in the context of its business model, the balance sheet, cash flow projections, availability of funding and the Company's contractual commitments. The Company's objective is to achieve capital growth through a focused portfolio of mainly listed investments, particularly in companies whose shares stand at a discount to estimated underlying net asset value, therefore one of the measures which the Board considers is NAV total returns, details of which can be found on page 10. As explained earlier, the Company is subject to various risks in pursuing its objectives and in order to effectively assess and manage risk, appropriate controls and policies are in place and are regularly reviewed and assessed by the Audit Committee. These are detailed in the Strategic Report on pages 11 to 13, in the Audit Committee Report on pages 85 to 87 and in note 14 to the financial statements.
D In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	On pages 15 and 16 we describe our key stakeholders, the reason they are important and how we seek to gain an understanding of their interests and also how the Board engages with them.
F The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.	The role and responsibilities of the Chairman are described on page 54. The Company recognises that the Chairman leads the Board and is responsible for its overall effectiveness in directing the affairs of the Company. The annual evaluation of the Board's effectiveness always considers the performance of the Chairman, and whether she has performed her role effectively. The Directors, led by the SID, have concluded that the Chairman has fulfilled her role and performed well to support effective functioning of the Board. Further information on our culture can be found on page 14.
G The board should consist of an appropriate combination of directors (and, in particular, independent non-executive directors) such that no one individual or small group of individuals dominates the board's decision making.	During the year under review, the Board consisted only of non-executive Directors and all of the Directors are deemed to be independent of the Investment Manager. In the Board's opinion, each Director continues to provide constructive challenge and robust scrutiny of matters that come before the Board. The Board also considers the composition of the Board as well as the longer-term succession plans. As a Board, we aim to be as well-equipped as a Board of any large investment trust to effectively give direction to, and exercise scrutiny of, the Company's activities.
H Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third party service providers to account.	The Board considers the required time commitment annually and, during the year under review, the Board concluded that all Directors continued to devote sufficient time to the business of the Company. Through their contributions in meetings as well as outside of the usual meeting cycle, the Directors share their experience and guidance with, as well as constructively challenge, the Manager. The Board, supported by the Management Engagement Committee, regularly assesses the performance of all third party service providers. More details on the work of the Management Engagement Committee can be found on page 55.

AIC Code Principle	Compliance Statement
I The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	The Board's responsibilities are set out in the schedule of Matters Reserved for the full Board and certain responsibilities are delegated to its Committees, so that it can operate effectively and efficiently. Supported by its Committees, the Board has overall responsibility for purpose, strategy, business model, performance, asset allocation, capital structure, approval of key contracts, the framework for risk management and internal controls and governance matters, as well as engagement with shareholders and other key stakeholders. A number of Board policies are reviewed on a regular basis. Directors are also provided with any relevant information and have access to the Company Secretary and independent advisers, if required.
J Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates. The Board has adopted a Diversity Policy, which acknowledges the benefits of greater diversity, and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. The Company's policy on the tenure of Directors also helps guide long-term succession plans, and recognises the need and value of progressive refreshing of the Board. Both policies are described in more detail on pages 54 and 55.
K The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.	The Nomination Committee, which comprises the whole Board, is responsible for identifying and recommending to the Board the appointment of new Directors. The Nomination Committee maintains a matrix which summarises the key skills and experience of each Director and the matrix is reviewed at least once per year. This skills matrix is a key element of the process of ensuring that the Board has an appropriate mix of skills and experience and will be used when considering longer-term succession plans.
L Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	An annual evaluation of the performance of the Board, its Committees and individual Directors takes place every year, and an independent review is undertaken every three years. During the year under review, the Board has carried out an internal performance evaluation by way of questionnaires specifically designed to assess the strengths and independence of the Board and the Chairman and the performance of its Committees.
M The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.	The Audit Committee supports the Board in fulfilling its oversight responsibilities by reviewing the performance of the external Auditor, audit quality, as well as the Auditor's objectivity and independence. The Committee also reviews the integrity and content of the financial statements, including the ongoing viability of the Company. More details can be found in the Committee's report on pages 85 to 87.
N The board should present a fair, balanced and understandable assessment of the company's position and prospects.	The Audit Committee supports the Board in assessing that the Company Annual Report presents a fair, balanced and understandable assessment of the Company's position and prospects. Please refer to the Report of the Audit Committee on pages 85 to 87 for further information.

AIC Code Principle	**Compliance Statement**
O The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.	The work of the Audit Committee, that supports the Board through its independent oversight of the financial reporting process, including the financial statements, the system of internal control and management of risk, the appointment and ongoing review of the quality of the work and independence of the Company's external Auditor, as well as the procedures for monitoring compliance, is described in pages 85 to 87.
P Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.	The Directors are all non-executive and independent of the Investment Manager. They receive fees and no component of any Director's remuneration is subject to performance factors. Whilst there is no requirement under the Company's Articles of Association or letters of appointment for Directors to hold shares in the Company, the majority of the Directors do have shares in the Company and the details of their shareholdings are set out on page 91.
Q A formal and transparent procedure for developing a policy for remuneration should be established. No director should be involved in deciding their own remuneration outcome.	As the Company has no employees and the Board is comprised wholly of non-executive Directors, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole, at its discretion within an aggregate ceiling as set out in the Company's Articles of Association. Each Director abstains from voting on their own individual remuneration. The details of the Remuneration Policy and Directors' fees can be found on pages 88 to 91. The terms and conditions of the Directors' appointments are set out in Letters of Appointment, which are available for inspection on request at the registered office of the Company.
R Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	The process of reviewing the Directors' fees is described on page 89, although because there are no performance related elements of the remuneration, there is very little scope for the exercise of discretion or judgement.

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

Interests in Share Capital
Information on the structure, rights and restrictions relating to share capital is given on page 53.

At 30 September 2021 and 8 November 2021, the following holdings representing more than 3% of the Company's voting rights had been reported to the Company:

	Number held at 30 September 2021	Percentage held at 30 September 2021	Percentage held at 4 November 2021
Interactive Investor	6,205,593	6.08%	6.10%
Hargreaves Lansdown Asset Management Limited	5,832,334	5.71%	5.73%
1607 Capital Partners, LLC	5,442,504	5.33%	5.35%
Halifax Share Dealing Limited	5,427,484	5.32%	5.33%
Lazard Asset Management LLC	5,232,276	5.12%	5.14%
Charles Stanley & Co Limited	4,966,694	4.86%	4.88%
Smith & Williamson Investment Management Limited	3,781,990	3.70%	3.72%

No other changes have been notified.

Financial Risk Management
The principal risks and uncertainties facing the Company are set out on pages 11 to 13. 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 17. The Company has no greenhouse gas emissions to report from the operations of the Company, nor does it have responsibility for any other emissions producing sources reportable under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

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

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

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

Auditor
KPMG LLP have indicated their willingness to continue in office and Resolutions will be proposed at the forthcoming AGM to re-appoint them as Auditor and to authorise the Directors to determine their remuneration. Further information about the Company's external Auditor, including tenure, can be found in the Audit Committee's Report on pages 85 to 87.

Annual General Meeting
The Notice of the AGM to be held on 16 December 2021 (the 'Notice') is set out on pages 96 to 99. Further information on the resolutions comprising special business being put to shareholders at the forthcoming AGM is set out below:

Resolution 11 – Sub division of shares
Over the financial year ended 30 September 2021, the price of the Company's existing ordinary shares of 10p each has risen to the point where the closing mid-market price on 4 November 2021 (being the latest practicable date prior to publication of this document) was 1,094 pence. The high share price might be a barrier to investment for certain investors including regular savers who may wish to invest smaller amounts and buy smaller quantities of shares. Accordingly, in order to make the Company's shares more accessible to a range of investors with a view to improving the marketability of the Company's shares, the Directors believe that it is appropriate to propose the sub-division of each of the existing ordinary shares of 10p each into 5 new shares of 2p each (the 'new ordinary shares') pursuant to Resolution 11 at the Annual General Meeting (the 'Sub-division'). Following the Sub-division, each shareholder will hold five new ordinary shares for each existing ordinary share they held immediately prior to the Sub-division. The Sub-division will increase the number of ordinary shares that the Company has in issue and there will be a corresponding reduction in the net asset value and market price of each new ordinary share, reflecting the fact that there will be five times as many new ordinary shares in issue than existing ordinary shares. The Sub-division will not affect the overall value of a shareholder's holding in the Company.

The Sub-division requires shareholder approval and, accordingly, Resolution 11 seeks such approval. The Sub-division is conditional on the new ordinary shares being admitted to the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange's market for listed securities. The new ordinary shares will rank pari passu with each other and will carry the same rights and be subject to the same restrictions as the existing ordinary shares including with respect to dividends.

The Company's issued share capital as at 8 November 2021 was £11,600,313 divided into 116,003,133 existing ordinary shares of 10p each. Following the Sub-division becoming effective, the total nominal value of the share capital will remain at £11,600,313 on the assumption that there are no buy backs or issues of the Company's shares between the date of this document and the date on which the subdivision takes effect, but will be divided into 580,015,665 new ordinary shares of 2p each. A holding of new ordinary shares following the Sub-division will represent the same proportion of the issued share capital of the Company as the corresponding holding of existing ordinary shares in issue immediately prior to the subdivision. The new ordinary shares may be held in certificated or uncertificated form. Following the Sub-division becoming effective, share certificates in respect of the existing ordinary shares will cease to be valid and will be cancelled.

New certificates in respect of the new ordinary shares will be issued to those shareholders who hold their existing shares in certificated form, and are expected to be dispatched by 31 January 2022. No temporary documents of title will be issued. Transfers of new ordinary shares between the date of admission of the new ordinary shares and the dispatch of new certificates will be certified against the Company's register of members held by the Company's registrar. It is expected that the ISIN of the existing ordinary shares will be disabled in CREST at the close of business on 14 January 2022 and that the new ordinary shares will be credited to CREST accounts on 17 January 2022.

Applications will be made for admission of the new ordinary shares to the Official List and to trading on the London Stock Exchange's main market for listed securities. If the applications are accepted, it is proposed that the last day of dealings in the existing ordinary shares will be 14 January 2022 (with the record date for the Sub-division being 6:00pm on that day) and the effective date for dealings to commence in new ordinary shares will be on 17 January 2022.

The Sub-division should be treated as a reorganisation of the share capital of the Company for the purposes of UK Capital Gains Tax and UK Corporation Tax on chargeable gains in accordance with Part IV, Chapter II, Taxation of Chargeable Gains Act 1992. Accordingly, shareholders who are within the charge to UK tax in respect of their shares should not be treated as disposing of their existing ordinary shares and the new ordinary shares received from the Sub-division should be treated as the same asset as the shareholder's holding of existing ordinary shares and should also be treated as having been acquired at the same time, and for the same consideration, as that holding of existing ordinary shares for UK tax purposes. On a subsequent disposal of the whole or part of the new ordinary shares, such a shareholder may, depending upon their own personal circumstances, be subject to UK tax on the amount of any chargeable gain realised. Shareholders who are subject to tax in any jurisdiction outside of the UK are advised to seek their own tax advice on how the Sub-division should be treated for local tax purposes.

If Resolution 11 is passed, the Sub-division will become effective on admission of the new ordinary shares to the Official List, which is expected to be at 8.00 a.m. on 17 January 2022 or such later date as the Directors of the Company may in their absolute discretion determine.

Resolution 12 – Authority to allot shares
The Directors seek to renew the general and unconditional authority to allot Ordinary Shares up to an aggregate nominal value of £3,392,092, representing approximately one-third of the issued Ordinary Share capital (excluding shares held in treasury). The Directors will only exercise this authority if they consider it to be in the best interests of the Company and would only issue shares at a price at or above the prevailing NAV per share at the time of issue. This authority would expire 15 months after the date of the passing of the resolution or, if earlier, at the next AGM of the Company.

No shares were issued in the year.

As at 8 November 2021,14,240,359 shares were held in treasury, representing 12.276% 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 aggregate nominal value of £508,813, representing up to approximately 5% of the Ordinary Shares (excluding shares held in treasury) in issue as at 8 November 2021, and to transfer or sell Ordinary Shares held in treasury.

The Directors will only exercise this authority if they consider it to be advantageous to the Company and its shareholders. Shares will not be issued or sold from treasury other than at or above the prevailing net asset value.

No shares were issued in the year to 30 September 2021.

Resolution 14 – Share buyback facility
At the AGM held on 17 December 2020, 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 2021, 3,385,608 shares have been bought back under this authority, and as at the year end, authority to buy back a further 12,376,134 Ordinary Shares remained. At the forthcoming AGM, the Directors will seek to renew the authority for up to 14.99% of Ordinary Shares in issue (excluding shares held in treasury), representing Ordinary Shares up to a nominal value of £1,525,423, to be bought back. Purchases would be made in accordance with the relevant provisions of the Companies Act and Listing Rules. The authority will expire 15 months after the date of the passing of the resolution or, if earlier, at the next AGM of the Company.

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

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

Resolution 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.

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

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

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

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

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

The Directors have completed stress tests assessing the impact of changes in market value and income with associated cash flows. In making this assessment, they have considered plausible downside scenarios. These tests were driven by the possible effects of continuation of the COVID-19 pandemic but, as an arithmetic exercise, apply equally to any other set of circumstances in which asset value and income are significantly impaired. The conclusion was that in a plausible downside scenario the Company could continue to meet its liabilities. Whilst the economic future is uncertain, and the Directors believe that it is possible the Company could experience reductions in income and/or market value, the opinion of the Directors is that this should not be to a level which would threaten the Company's ability to continue as a going concern.

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

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

- In the year under review, expenses (including finance costs and taxation) were adequately covered by investment income.
- The Company has a liquid investment portfolio.
- The Company has long-term debt of £30m and €30m which both fall due for repayment in 2036 and €20m which falls due for repayment in 2037. This debt was covered over 17 times as at the end of September 2021 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 JPY 9,000m via an unsecured revolving credit facility.

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

In arriving at its conclusion, the Board has taken account of the potential effects of the COVID-19 pandemic on the value of the Company's assets, income from those assets and the ability of the Company's key suppliers to maintain effective and efficient operations. As set out in the Going Concern statement on the previous page, in assessing the potential effects of the COVID-19 pandemic the Directors have completed stress tests which included plausible downside scenarios.

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

Taking the above into account, and the potential impact of the principal and emerging risks as set out on pages 11 to 13, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of five years from the date of approval of this Annual Report.

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

By Order of the Board

Link Company Matters Limited
Corporate Secretary

8 November 2021

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements
The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

Responsibility Statement of the Directors in Respect of the Annual Financial Report
We confirm that to the best of our knowledge:

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

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

Susan Noble
Chairman

8 November 2021

Financial Statements / Statement of Comprehensive Income

For the year ended 30 September 2021

	Notes	2021 Revenue return £'000	2021 Capital return £'000	2021 Total £'000	2020 Revenue return £'000	2020 Capital return £'000	2020 Total £'000
Income							
Investment income	2	**20,376**	**27**	**20,403**	15,157	–	15,157
Gains/(losses) on financial assets and financial liabilities held at fair value	8	**–**	**289,398**	**289,398**	–	(3,073)	(3,073)
Exchange losses on currency balances		**–**	**705**	**705**	–	(1,594)	(1,594)
		20,376	**290,130**	**310,506**	15,157	(4,667)	10,490
Expenses							
Investment management fee	3	**(2,138)**	**(4,988)**	**(7,126)**	(1,789)	(4,173)	(5,962)
Other expenses (including irrecoverable VAT)	3	**(1,735)**	**–**	**(1,735)**	(1,630)	–	(1,630)
Profit/(loss) before finance costs and taxation		**16,503**	**285,142**	**301,645**	11,738	(8,840)	2,898
Finance costs	4	**(955)**	**(2,248)**	**(3,203)**	(913)	(2,150)	(3,063)
Exchange gains/(losses) on loan revaluation	4	**–**	**2,385**	**2,385**	–	(1,114)	(1,114)
Profit/(loss) before taxation		**15,548**	**285,279**	**300,827**	10,825	(12,104)	(1,279)
Taxation	5	**(1,259)**	**(5)**	**(1,264)**	(691)	–	(691)
Profit/(loss) for the year		**14,289**	**285,274**	**299,563**	10,134	(12,104)	(1,970)
Earnings per Ordinary Share	7	**13.68p**	**273.10p**	**286.78p**	9.36p	(11.18p)	(1.82p)

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

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

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

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

Financial Statements / Statement of Changes in Equity

For the year ended 30 September 2021

	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 2021							
Balance as at 30 September 2020	**11,600**	**7,335**	**28,078**	**764,245**	**41,406**	**30,941**	**883,605**
Ordinary Shares bought back and held in treasury	**–**	**–**	**–**	**(32,638)**	**–**	**–**	**(32,638)**
Total comprehensive income for the year	**–**	**–**	**–**	**285,274**	**–**	**14,289**	**299,563**
Ordinary dividends paid (see note 6)	**–**	**–**	**–**	**–**	**–**	**(17,308)**	**(17,308)**
Balance as at 30 September 2021	**11,600**	**7,335**	**28,078**	**1,016,881**	**41,406**	**27,922**	**1,133,222**
For the year ended 30 September 2020							
Balance as at 30 September 2019	11,600	7,335	28,078	807,421	41,406	43,101	938,941
Ordinary Shares bought back and held in treasury	–	–	–	(31,072)	–	–	(31,072)
Total comprehensive income for the year	–	–	–	(12,104)	–	10,134	(1,970)
Ordinary dividends paid (see note 6)	–	–	–	–	–	(22,294)	(22,294)
Balance as at 30 September 2020	11,600	7,335	28,078	764,245	41,406	30,941	883,605

* Within the balance of the capital reserve, £757,120,000 relates to realised gains (2020: £675,997,000) which under the Articles of Association is distributable by way of dividend. The remaining £259,761,000 relates to unrealised gains and losses on financial instruments (2020: £88,247,000) and is non-distributable.

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

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

Financial Statements / Balance Sheet
As at 30 September 2021

	Notes	2021 £'000	2020 £'000
Non-current assets			
Investments held at fair value through profit or loss	8	**1,196,201**	959,709
		1,196,201	959,709
Current assets			
Other receivables	9	**4,572**	8,775
Cash and cash equivalents		**68,418**	31,596
		72,990	40,371
Total assets		**1,269,191**	1,000,080
Current liabilities			
Total return swap liabilities	8, 10	**(1,091)**	–
Revolving credit facility	10	**(59,821)**	(39,314)
Other payables	10	**(2,358)**	(2,097)
		(63,270)	(41,411)
Total assets less current liabilities		**1,205,921**	958,669
Non-current liabilities			
4.184% Series A Sterling Unsecured Loan 2036	11	**(29,906)**	(29,899)
3.249% Series B Euro Unsecured Loan 2036	11	**(25,715)**	(27,140)
2.93% Euro Unsecured Loan 2037	11	**(17,078)**	(18,025)
		(72,699)	(75,064)
Net assets		**1,133,222**	883,605
Equity attributable to equity shareholders			
Ordinary share capital	12	**11,600**	11,600
Capital redemption reserve		**7,335**	7,335
Share premium		**28,078**	28,078
Capital reserve		**1,016,881**	764,245
Merger reserve		**41,406**	41,406
Revenue reserve		**27,922**	30,941
Total equity		**1,133,222**	883,605
Net asset value per Ordinary Share – basic and diluted	13	**1,109.77p**	837.13p
Number of shares in issue excluding Treasury	12	**102,113,325**	105,551,730

These financial statements were approved and authorised for issue by the Board of AVI Global Trust plc on 8 November 2021 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 2021

	2021 £'000	2020 £'000
Reconciliation of profit/(loss) before taxation to net cash inflow from operating activities		
Profit/(loss) before taxation	**300,827**	(1,279)
(Gains)/losses on investments held at fair value through profit or loss	**(289,398)**	3,073
(Increase)/decrease in other receivables	**(2,438)**	1,441
Decrease in other payables	**(438)**	(158)
Taxation paid	**(1,138)**	(685)
Exchange (gains)/losses on Loan Notes and revolving credit facility	**(5,304)**	391
Amortisation of loan issue expenses	**20**	20
Net cash inflow from operating activities	**2,131**	2,803
Investing activities		
Purchases of investments	**(655,244)**	(424,934)
Sales of investments	**716,184**	431,936
Cash inflow from investing activities	**60,940**	7,002
Financing activities		
Dividends paid	**(17,308)**	(22,294)
Payments for Ordinary Shares bought back and held in treasury	**(32,371)**	(30,633)
Net drawdown of revolving credit facility	**23,426**	10,000
Cash outflow from financing activities	**(26,253)**	(42,927)
Increase/(decrease) in cash and cash equivalents	**36,818**	(33,122)
Reconciliation of net cash flow movements in funds:		
Cash and cash equivalents at beginning of year	**31,596**	64,725
Exchange rate movements	**4**	(7)
Increase/(decrease) in cash and cash equivalents	**36,818**	(33,122)
Increase/(decrease) in net cash	**36,822**	(33,129)
Cash and cash equivalents at end of year	**68,418**	31,596

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

1. General information and accounting policies

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

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

Basis of preparation

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

Going concern

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

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

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

The Directors noted that the Company, with the current cash balance and holding a portfolio of liquid listed investments, is able to meet the obligations of the Company as they fall due. The current cash balance plus available additional borrowing, through the revolving credit facility, enables the Company to meet any funding requirements and finance future additional investments. The Company is a closed-ended fund, where assets are not required to be liquidated to meet day-to-day redemptions. The Company is in a net current asset position as at 30 September 2021.

The Directors have completed stress tests assessing the impact of changes in market value and income with associated cash flows. In making this assessment, they have considered plausible downside scenarios. These tests were driven by the possible effects of continuation of the COVID-19 pandemic but, as an arithmetic exercise, apply equally to any other set of circumstances in which asset value and income are significantly impaired. The conclusion was that in a plausible downside scenario the Company could continue to meet its liabilities. Whilst the economic future is uncertain, and the Directors believe that it is possible the Company could experience further reductions in income and/or market value, the opinion of the Directors is that this should not be to a level which would threaten the Company's ability to continue as a going concern.

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

Segmental reporting

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

Accounting developments

In the year under review, the Company has applied amendments to IFRS issued by the IASB. These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments, changes in disclosure and presentation requirements. The adoption of the changes to accounting standards has had no material impact on these or prior years' financial statements.

There are amendments to IAS/IFRS that will apply from 1 October 2021 as follows:

- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39 and IFRS 7);
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies; Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative – Definition of Material); and
- Revisions to the Conceptual Framework for Financial Reporting.

The adoption of the changes to accounting standards has had no material impact on these, or prior years', financial statements.

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

1. General information and accounting policies continued

Investments

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

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

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

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

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

Foreign currency

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

Cash and cash equivalents

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

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

Other receivables and payables

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

Revolving credit facility

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

Income

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- gains and losses on the disposal of investments;
- amortisation of issue expenses of Loan Notes;
- costs of share buybacks;
- 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

	2021 £'000	2020 £'000
Income from investments		
UK dividends	**255**	–
UK REIT dividends	**390**	–
Overseas dividends	**20,045**	14,598
Total return swap dividends*	**–**	369
	20,690	14,967
Other income		
Deposit interest	**12**	264
Total return swap interest*	**(200)**	(481)
Underwriting commission	**1**	426
Interest on French withholding tax received	**–**	1
Exchange losses on receipt of income**	**(127)**	(20)
	20,376	15,157
	20,376	15,157
Capital dividend***	**27**	–
	20,403	15,157

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

3. Investment management fee and other expenses

	2021 Revenue return £'000	2021 Capital return £'000	2021 Total £'000	2020 Revenue return £'000	2020 Capital return £'000	2020 Total £'000
Management fee	**2,138**	**4,988**	**7,126**	1,789	4,173	5,962
Other expenses:						
Directors' emoluments – fees	**171**	**–**	**171**	169	–	169
Auditor's remuneration – audit	**40**	**–**	**40**	35	–	35
Marketing	**411**	**–**	**411**	459	–	459
Printing and postage costs	**49**	**–**	**49**	65	–	65
Registrar fees	**91**	**–**	**91**	80	–	80
Custodian fees	**272**	**–**	**272**	185	–	185
Depositary fees	**140**	**–**	**140**	120	–	120
Advisory and professional fees	**343**	**–**	**343**	249	–	249
Costs associated with dividend receipts	**5**	**–**	**5**	60	–	60
Irrecoverable VAT	**76**	**–**	**76**	85	–	85
Regulatory fees	**76**	**–**	**76**	72	–	72
Directors' insurances & other expenses	**61**	**–**	**61**	51	–	51
	1,735	**–**	**1,735**	1,630	–	1,630

For the year ended 30 September 2021, the fee calculated in accordance with the IMA amounted to 0.7% of net assets for assets up to £1bn and 0.6% of net assets over £1bn (2020: 0.7% of 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

	2021 Revenue return £'000	2021 Capital return £'000	2021 Total £'000	2020 Revenue return £'000	2020 Capital return £'000	2020 Total £'000
Loan, debenture and revolving credit facility interest						
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	**252**	**588**	**840**	259	604	863
2.93% Euro Senior Unsecured Loan Notes 2037	**152**	**355**	**507**	154	359	513
JPY Revolving credit facility	**139**	**325**	**464**	93	217	310
	919	**2,147**	**3,066**	882	2,059	2,941
Amortisation						
4.184% Series A Sterling Unsecured Loan Notes 2036	**–**	**7**	**7**	–	7	7
3.249% Series B Euro Unsecured Loan Notes 2036	**–**	**5**	**5**	–	5	5
2.93% Euro Senior Unsecured Loan Notes 2037	**–**	**7**	**7**	–	7	7
JPY Revolving credit facility	**31**	**71**	**102**	31	72	103
	31	**90**	**121**	31	91	122
Bank interest						
Bank debit interest	**5**	**11**	**16**	–	–	–
Total	**955**	**2,248**	**3,203**	913	2,150	3,063
Exchange gains/(losses) on Loan Notes*	**–**	**2,385**	**2,385**	–	(1,114)	(1,114)

* Revaluation of Euro Loan Notes.

5. Taxation

	Year ended 30 September 2021			Year ended 30 September 2020		
	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*	**1,259**	**5**	**1,264**	691	–	691
Tax cost for the year	**1,259**	**5**	**1,264**	691	–	691

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

5. Taxation continued

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 2021			Year ended 30 September 2020		
	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	**15,548**	**285,279**	**300,827**	10,825	(12,104)	(1,279)
Theoretical tax at UK corporation tax rate of 19%	**2,954**	**54,202**	**57,156**	2,057	(2,300)	(243)
Effects of the non-taxable items:						
– UK dividend income	**(48)**	**–**	**(48)**	–	–	–
– Tax – exempt overseas investment income	**(3,785)**	**(5)**	**(3,790)**	(2,770)	–	(2,770)
– (Losses)/gains on investments, exchange gains on capital items and movement on fair value or derivative financial instruments	**–**	**(55,572)**	**(55,572)**	–	1,098	1,098
– Excess management expenses carried forward	**615**	**1,375**	**1,990**	540	1,202	1,742
– Corporate interest restriction	**264**	**–**	**264**	173	–	173
– Overseas tax not recoverable	**1,259**	**5**	**1,264**	691	–	691
Tax credit for the year	**1,259**	**5**	**1,264**	691	–	691

At 30 September 2021, the Company had unrelieved management expenses of £98,322,000 (30 September 2020: £87,852,000) that are available to offset future taxable revenue. On 3 March 2021, the UK Government announced its intention to increase the rate of UK corporation tax from 19% to 25% from 1 April 2023 and this was subsequently substantively enacted on 24 May 2021. The potential deferred tax asset has been calculated using a corporation tax rate of 25% (2020: 19%). A deferred tax asset of £24,580,500 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

	2021 £'000	2020 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 September 2020 of 10.50p (2019: 14.50p) per Ordinary Share	**11,041**	15,855
Interim dividend for the year ended 30 September 2021 of 6.00p (2020: 6.00p) per Ordinary Share	**6,267**	6,439
	17,308	22,294

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.

	2021 £'000	2020 £'000
Interim dividend for the year ended 30 September 2021 of 6.00p (2020: 6.00p) per Ordinary Share	**6,267**	6,439
Proposed final dividend for the year ended 30 September 2021 of 10.50p (2020: 10.50p) per Ordinary Share	**10,685***	11,041
	16,952	17,480

* Based on shares in circulation on 8 November 2021.

7. Earnings per Ordinary Share

The earnings per Ordinary Share is based on Company net profit after tax of £299,563,000 (2020: net loss of £1,970,000) and on 104,458,669 (2020: 108,222,102) Ordinary Shares, being the weighted average number of Ordinary Shares in issue (excluding shares in treasury) during the year.

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

	30 September 2021			30 September 2020		
Basic and diluted	**Revenue**	**Capital**	**Total**	Revenue	Capital	Total
Net profit/(loss) (£'000)	**14,289**	**285,274**	**299,563**	10,134	(12,104)	(1,970)
Weighted average number of Ordinary Shares			**104,458,669**			108,222,102
Earnings per Ordinary Share	**13.68p**	**273.10p**	**286.78p**	9.36p	(11.18)p	(1.82)p

There are no dilutive instruments issued by the Company (2020: none).

8. Investments held at fair value through profit or loss

	30 September 2021 £'000	30 September 2020 £'000
Financial assets held at fair value		
Opening book cost	**865,047**	852,421
Opening investment holding gains	**94,662**	121,208
Opening fair value	**959,709**	973,629
Movement in the year:		
Purchases at cost:		
Equities	**655,676**	424,886
Sales/Close – proceeds:		
Equities and total return swaps	**(709,673)**	(435,733)
– realised gains on equity sales and close of total return swaps	**123,192**	23,473
Increase/(decrease) in investment holding gains	**166,206**	(26,546)
Closing fair value	**1,195,110**	959,709
Closing book cost	**934,242**	865,047
Closing investment holding gains	**260,868**	94,662
Closing fair value	**1,195,110**	959,709
Financial assets held at fair value		
Equities	**1,196,201**	959,709
Total return swaps	**(1,091)**	–
	1,195,110	959,709

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Transaction costs		
Cost on acquisition	**433**	251
Cost on disposals	**480**	243
	913	494
Analysis of capital gains		
Gains on sales/ close out of financial assets based on historical cost	**123,192**	23,473
Movement in investment holding gains for the year	**166,206**	(26,546)
Net gains on investments	**289,398**	(3,073)

The Company received £709,673,000 (2020: £435,733,000) from investments sold in the year. The book cost of these investments when they were purchased was £586,481,000 (2020: £412,260,000). These investments have been revalued over time and until they were sold any unrealised gains or losses were included in the fair value of the investments.

9. Other receivables

	2021 £'000	2020 £'000
Sales for future settlement	**–**	6,515
Tax recoverable	**524**	650
Prepayments and accrued income	**4,008**	1,585
VAT recoverable	**40**	25
	4,572	8,775

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

No other receivables are past due or impaired.

10. Current liabilities

	2021 £'000	2020 £'000
Total return swap	**1,091**	–
Revolving credit facility	**59,821**	39,314
Other payables		
Purchases for future settlement	**432**	–
Amounts owed for share buybacks	**710**	443
Management fees	**–**	488
Interest payable	**856**	797
Other payables	**360**	369
Total other payables	**2,358**	2,097
Total current liabilities	**63,270**	41,411

Revolving credit facility

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

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

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

The interest chargeable will be the appropriate RFR plus the additional margin:

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

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

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

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

11. Non-current liabilities

	2021 £'000	2020 £'000
4.184% Series A Sterling Unsecured Loan Notes 2036	**29,906**	29,899
3.249% Series B Euro Unsecured Loan Notes 2036	**25,715**	27,140
2.93% Euro Senior Unsecured Loan Notes 2037	**17,078**	18,025
Total	**72,699**	75,064

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

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

The Company issued two Loan Notes on 15 January 2016:

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

The Company issued further Loan Notes on 1 November 2017:

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

Under the terms of the Loan Notes, the covenant requires that the net assets of the Company shall not be less than £300,000,000 and total indebtedness shall not exceed 40% of net assets.

Further information on the Loan Notes is set out on page 53.

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	**10,451,403**	
Buyback of Ordinary Shares into treasury	**3,438,405**	
Balance at end of year	**13,889,808**	
Total Ordinary Share capital excluding treasury shares	**102,113,325**	

During the year, 3,438,405 (2020: 4,573,938) Ordinary Shares with a nominal value of £344,000 (2020: £457,000) and representing 2.96% of the issued share capital, were bought back and placed in treasury for an aggregate consideration of £32,638,000 (2020: £31,072,000). No Ordinary Shares were bought back for cancellation (2020: nil). No Ordinary Shares were cancelled from treasury during the year (2020: nil).

The allotted, called up and fully paid shares at 30 September 2021 consisted of 116,003,133 Ordinary Shares.

13. Net asset value

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

	30 September 2021		30 September 2020	
	NAV per Ordinary Share Pence	**Net asset value attributable £'000**	NAV per Ordinary Share Pence	Net asset value attributable £'000
Basic and diluted	**1,109.77**	**1,133,222**	837.13	883,605

Net asset value per Ordinary Share is based on net assets and on 102,113,325 Ordinary Shares (2020: 105,551,730), being the number of Ordinary Shares in issue excluding Treasury Shares at the year end.

14. Financial instruments and capital disclosures

Investment objective and policy

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

The Company's investment objective and policy are detailed on page 52.

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. The Company has experienced volatility in the fair value of investments during recent years due to COVID-19 and Brexit. The Company has used 20% to demonstrate the impact of a significant reduction/increase in the fair value of the investments and the impact upon the Company that might arise from future significant events. If the fair value of the Company's investments at the year end increased or decreased by 20%, then it would have had an impact on the Company's capital return and equity of £239,022,000 (2020: £191,941,000).

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 £48,114,000 (2020: £40,307,000).

14. Financial instruments and capital disclosures continued

Foreign currency continued

The currency exposure is as follows:

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

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

	GBP £'000	EUR £'000	USD £'000	SEK £'000	JPY £'000	NOK £'000	CHF £'000	HKD £'000	INR £'000	Other £'000	Total £'000
At 30 September 2020											
Other receivables	102	168	147	–	7,439	197	285	437	–	–	8,775
Cash and cash equivalents	31,596	–	–	–	–	–	–	–	–	–	31,596
Other payables	(1,534)	(406)	–	–	(157)	–	–	–	–	–	(2,097)
4.184% Series A Sterling Unsecured Loan Notes 2036	(29,899)	–	–	–	–	–	–	–	–	–	(29,899)
3.249% Series B Euro Unsecured Loan Notes 2036	–	(27,140)	–	–	–	–	–	–	–	–	(27,140)
2.93% Euro Senior Unsecured Loan Notes 2037	–	(18,025)	–	–	–	–	–	–	–	–	(18,025)
Revolving credit facility	(10,000)	–	–	–	(29,314)	–	–	–	–	–	(39,314)
Currency exposure on net monetary items	(9,735)	(45,403)	147	–	(22,032)	197	285	437	–	–	(76,104)
Investments held at fair value through profit or loss – equities	87,196	108,687	301,093	95,681	285,793	20,287	–	20,035	25,350	15,587	959,709
Total net currency exposure	77,461	63,284	301,240	95,681	263,761	20,484	285	20,472	25,350	15,587	883,605

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 2021 £'000	At 30 September 2020 £'000
Exposure to floating interest rates:		
Cash and cash equivalents	**68,418**	31,596
JPY revolving credit facility	**(59,821)**	(39,314)

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 £86,000 (2020: decrease by £77,000). 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 £86,000 (2020: revenue reduction/cost increase of £77,000).

	30 September 2021		30 September 2020	
	Book cost £'000	**Fair value £'000**	Book cost £'000	Fair value £'000
4.184% Series A Sterling Unsecured Loan Notes 2036	**29,906**	**36,519**	29,899	38,677
3.249% Series B Euro Unsecured Loan Notes 2036	**25,715**	**31,779**	27,140	34,826
2.93% Euro Senior Unsecured Loan Notes 2037	**17,078**	**20,700**	18,025	22,779
Total	**72,699**	**88,998**	75,064	96,282

The impact of holding the Loan Notes at fair value would be to reduce the Company's net assets by £16,299,000 (2020: £21,218,000).

The fair value of the Company's Loan Notes at the year end was £88,998,000 (2020: £96,282,000). 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 -£9.8m (2020: £11.2m), all other factors being equal. A 1% decrease would increase the fair values by £11.3m (2020: £13.0m).

14. Financial instruments and capital disclosures continued

Liquidity risk

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

Liquidity risk is mitigated by the fact that the Company has £68,418,000 (2020: £31,596,000) cash at bank, the assets are readily realisable and further short-term flexibility is available through the use of bank borrowings. The Company is a closed-ended fund, assets do not need to be liquidated to meet redemptions, and sufficient liquidity is maintained to meet obligations as they fall due.

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

	In 1 year or less £'000	In more than 1 year but not more than 2 years £'000	In more than 2 years but not more than 3 years £'000	In more than 3 years but not more than 10 years £'000	In more than 10 years £'000	Total £'000
At 30 September 2021						
4.184% Series A Sterling Unsecured Loan Notes 2036	**(1,255)**	**(1,255)**	**(1,255)**	**(8,786)**	**(17,355)**	**(29,906)**
3.249% Series B Euro Unsecured Loan Notes 2036	**(838)**	**(838)**	**(838)**	**(5,865)**	**(17,336)**	**(25,715)**
2.93% Euro Senior Unsecured Loan Notes 2037	**(504)**	**(504)**	**(504)**	**(3,526)**	**(12,040)**	**(17,078)**
Total return swap liabilities	**(1,091)**	**–**	**–**	**–**	**–**	**(1,091)**
Revolving credit facility	**(59,821)**	**–**	**–**	**–**	**–**	**(59,821)**
Other payables	**(2,358)**	**–**	**–**	**–**	**–**	**(2,358)**
	(65,867)	**(2,597)**	**(2,597)**	**(18,177)**	**(46,731)**	**(135,969)**

	In 1 year or less £'000	In more than 1 year but not more than 2 years £'000	In more than 2 years but not more than 3 years £'000	In more than 3 years but not more than 10 years £'000	In more than 10 years £'000	Total £'000
At 30 September 2020						
4.184% Series A Sterling Unsecured Loan Notes 2036	(1,255)	(1,255)	(1,255)	(8,786)	(17,348)	(29,899)
3.249% Series B Euro Unsecured Loan Notes 2036	(884)	(884)	(884)	(6,190)	(18,298)	(27,140)
2.93% Euro Senior Unsecured Loan Notes 2037	(532)	(532)	(532)	(3,721)	(12,708)	(18,025)
Revolving credit facility	(39,314)	–	–	–	–	(39,314)
Other payables	(2,097)	–	–	–	–	(2,097)
	(44,082)	(2,671)	(2,671)	(18,697)	(48,354)	(116,475)

Credit risk

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

The total credit exposure represents the carrying value of fixed-income investments, cash and receivable balances and totals £72,990,000 (2020: £40,371,000).

Fair values of financial assets and financial liabilities

Valuation of financial instruments

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

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

* Moody's credit ratings.

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

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

Financial assets at fair value through profit or loss at 30 September 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	951,491	5,602	2,616	959,709
	951,491	5,602	2,616	959,709

The valuation of Level 2 equity investment is determined using the average of independent broker traded prices available in the market. The valuation techniques used by the Company are explained in the accounting policies note on pages 67 to 69.

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

Fair value of Level 3 investments

	30 September 2021 £'000	30 September 2020 £'000
Opening fair value of investments	**2,616**	–
Transfer from Level 1 to Level 3 in the year	**394**	2,616
Sales – proceeds	**(616)**	–
Realised loss on equity sales	**(24)**	–
Movement in investment holding gains	**711**	–
Closing fair value of investments	**3,081**	2,616

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

Financial liabilities

Valuation of Loan Notes

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

	At 30 September 2021		At 30 September 2020	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
4.184% Series A Sterling Unsecured Loan Notes 2036	**(29,906)**	**(36,519)**	(29,899)	(38,677)
3.249% Series B Euro Unsecured Loan Notes 2036	**(25,715)**	**(31,779)**	(27,140)	(34,826)
2.93% Euro Senior Unsecured Loan Notes 2037	**(17,078)**	**(20,700)**	(18,025)	(22,779)
Total	**(72,699)**	**(88,998)**	(75,064)	(96,282)

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

14. Financial instruments and capital disclosures continued

Financial liabilities continued

Valuation of Loan Notes continued

The financial liabilities in the table below are shown at their fair value, being the amount at which the liability may be transferred in an orderly transaction between market participants. The costs of early redemption of the Loan Notes are set out in the Glossary on page 102.

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

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

Capital management policies and procedures

The structure of the Company's capital is described on page 53 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 64.

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern;
- to achieve capital growth through a focused portfolio of investments, particularly in companies whose share prices stand at a discount to estimated underlying net asset value, through an appropriate balance of equity capital and debt; and
- to maximise the return to shareholders while maintaining a capital base to allow the Company to operate effectively and meet obligations as they fall due.

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

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

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

The Company is subject to externally imposed capital requirements:

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

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

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

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

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

15. Derivatives

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

	At 30 September 2021 £'000	At 30 September 2020 £'000
Total return swaps		
Current assets	**–**	–
Current liabilities	**(1,091)**	–
Net value of derivatives	**(1,091)**	–

The gross positive exposure on total return swaps as at 30 September 2021 was £38,396,000 (30 September 2020: £nil) and the total negative exposure of total return swaps was £39,487,000 (30 September 2020: £nil). The liabilities are secured against assets held with Jefferies Hoare Govett (the 'prime broker'). The collateral held as at 30 September 2021 was £13,349,000 (30 September 2020: £nil), which is included in cash and cash equivalents in the Balance Sheet.

16. Contingencies, guarantees and financial commitments

At 30 September 2021, the Company had £nil financial commitments (2020: £nil).

At 30 September 2021, the Company had £nil contingent liability in respect of any investments carrying an obligation for future subscription or underwriting commitments (2020: £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 90. At the year end, £nil was outstanding due to Directors (2020: £nil).

The transaction pursuant to the IMA with AVI is set out in the Report of the Directors on page 55. Management fees for the year amounted to £7,126,000 (2020: £5,962,000).

As at the year end, the following amounts were outstanding in respect of management fees: £nil (2020: £488,000).

18. Post balance sheet events

Since the year end, the Company has bought back 350,551 Ordinary Shares with a nominal value of £35,055 at a total cost of £3,554,000, 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.

Leverage:
For the purposes of the AIFMD, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and is calculated under the Gross and Commitment Methods. In accordance with AIFMD. Under the Gross Method, exposure represents the sum of the Company's positions without taking account of any netting or hedging arrangements. Under the Commitment Method, exposure is calculated after certain hedging and netting positions are offset against each other.

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD as at 30 September 2021. This gives the following figures:

Leverage Exposure	Gross Method	Commitment Method
Maximum Limit	150%	130%
Actual Level	110%	110%

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

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

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

Activities During the Year:

- Review of the Half Year Report for the period to 31 March 2021, recommending its approval to the Board;
- Consideration of the external Auditor's plan for the audit of the year end financial statements;
- Review of the Company's internal controls and risk management system, including an annual assessment of emerging and principal risks facing the Company;
- Review of the service levels provided by the Company's Custodian and Depositary;
- Review of the controls reports issued by the Company's outsourced service providers, including those issued by the Company's Administrator, Depositary, Custodian and Investment Manager;
- Review of the year end financial statements, including a review to ensure that the financial statements issued by the Company are considered fair, balanced and understandable, and discussion of the findings of the external audit with KPMG. Several sections of the Annual Accounts are not subject to formal statutory audit, including the Strategic Report and Investment Manager's Review; the checking process for the financial information in these sections was considered by the Audit Committee, and by the Auditor.
- Assessment and recommendation to the Board on whether it was appropriate to prepare the Company's financial statements on a going concern basis. This review included challenging the assumptions on viability of the Company and reviewing stress tests focused on its ability to continue to meet its viability. The Board's conclusions are set out in the Report of the Directors on page 61.
- Consideration of a statement by the Directors on the long-term viability of the Company. That statement can be found on pages 61 and 62.
- Recommendation of a final dividend for the year ended 30 September 2021 and an interim dividend for the period to 31 March 2021;
- Review of special dividends received in the year to determine their allocation to the revenue or capital account in the Statement of Comprehensive Income;
- Review of the Investment Manager's Business Continuity Plan;
- Review of the Committee's terms of reference;

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

The key area of focus for the Committee was the valuation of the investment portfolio: 99.1% of the portfolio at the year end can be verified against daily market prices and observable price movements. The remaining 0.9% uses methodologies based on observable inputs.

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

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

Significant Areas of Focus continued

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

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

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

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

Internal Controls

The Board confirms that there is an ongoing process for identifying, evaluating and managing the emerging and principal risks faced by the Company in line with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published in September 2014 and the FRC's Guidance on Audit Committees published in April 2016. This process has been in place for the year under review and up to the date of approval of this report, and accords with the guidance. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed. The risks of any failure of such controls are identified in a Risk Matrix and a schedule of Key Risks, which are regularly reviewed by the Board and which identify the likelihood and severity of the impact of such risks and the controls in place to minimise the probability of such risks occurring. Where reliance is made on third parties to manage identified risks, those risks are matched to appropriate controls reported in the relevant third-party service provider's annual report on controls. The principal risks identified by the Board are set out in the Strategic Report on pages 11 to 13.

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 and a report on the annual audit. The Audit Committee has an opportunity to question and challenge the Auditor in respect of each of these reports. In addition, the Audit Committee Chairman discusses the audit plan and results of the audit with the external Auditor prior to the relevant Audit Committee meeting. After each audit, the Audit Committee reviews the audit process and considers its effectiveness. The review of the 2021 audit concluded that the audit process had worked well, and that the key matters had been adequately addressed. At least once a year, the Audit Committee has an opportunity to discuss any aspect of the Auditor's work with the Auditor in the absence of the Investment Manager and administrators.

The Audit Committee requested that the Auditor review outstanding withholding tax reclaims to ensure that these were correctly recorded and the valuations of unlisted assets to ensure that these were reasonable and supported by suitable evidence. On both of these matters the Auditor confirmed that the information provided was satisfactory.

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 2021 is therefore his fifth and final year as Audit Partner. The Chairman of the Audit Committee will ensure that Philip Merchant's proposed successor has the required experience and skill set to fulfil the role of Audit Partner to the Company. 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 2021 Audit Quality Report on the quality of audits performed by KPMG and questioned the audit team on any particular areas of the findings that caused them to change their audit approach and was relevant to the audit of the Trust. The Committee has satisfied itself that none of the shortcomings identified are directly relevant to the audit of the Company.

Fees Payable to the Auditor
Total fees payable to the Auditor were £40,000 (2020: £35,000). Of the total fees, the fees for audit services were £40,000 (2020: £35,000). 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 2021 was £nil (2020: £nil). The Audit Committee is satisfied that KPMG remains independent.

Re-appointment of the Auditor
Taking into account the performance and effectiveness of the Auditor and the confirmation of their independence, the Committee recommends that KPMG LLP be re-appointed as Auditor to the Company. The audit partner from KPMG, having been in place for five years, will retire by rotation and a new audit partner from KPMG will be appointed for the year ended 30 September 2022.

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

CMA Order
AVI Global Trust has complied throughout the year ended 30 September 2021 with the provisions of the Statutory Audit Services Order 2014, issued by the Competition and Markets Authority ('CMA Order').

Calum Thomson
Audit Committee Chairman

8 November 2021

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

This Remuneration Policy was approved by shareholders at the AGM of the Company held in 2019. The policy will apply until it is next put to shareholders for renewal of that approval at the Company's AGM in 2022. Any variation of that policy prior to the 2022 AGM would have to be submitted for shareholder approval.

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

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

Total remuneration paid to Directors is subject to an annual aggregate limit of £300,000, as set out in the Company's Articles of Association and amended at an AGM in December 2020.

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 2021	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 2021.
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 £300,000.

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

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

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

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

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

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

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

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

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

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 16 December 2021.

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

During the year, the Board carried out a review of the level of Directors' fees in accordance with the Remuneration Policy. In the light of the uncertainties surrounding the COVID-19 pandemic, it was decided not to increase Directors' fees during the year. However, following the end of the period, the Board carried out a further review of the Directors' fees and considered the level of fees being paid to non-executive directors of investment trusts with assets of around £1bn as well as to the Company's peer group. This review concluded that the fees being paid to the Company's Directors were below the average. As a result, with effect from 1 April 2022, fees will be increased to £50,000 (previously £45,000) per annum for the Chairman and £32,000 (previously £29,000) per annum for other Directors. The additional fees payable to the Chairman of the Audit Committee and to the Senior Independent Director will remain unchanged, at £5,000 and £2,500 per annum respectively. Directors' fees were last increased on 1 April 2019.

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

There will be no significant change in the way that the 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 19 December 2019 and a non-binding Ordinary Resolution adopting the Directors' Report on Remuneration Implementation for the year ended 30 September 2020 was approved by shareholders at the AGM held on 17 December 2020. The votes cast by proxy were as follows:

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

Report on Remuneration Implementation (AGM 2020)	
For – % of votes cast	99.63%
Against – % of votes cast	0.29%
At Chairman's discretion – % of votes cast	0.08%
Total votes cast	36,987,210
Number of votes withheld	89,395

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

Single Total Figure Table (audited information)

Name of Director	Fees paid (£) 2021	Fees paid (£) 2020	Taxable benefits (£)* 2021	Taxable benefits (£)* 2020	Total (£) 2021	Total (£) 2020	Percentage change[2] %
Susan Noble	**45,000**	45,000	**–**	–	**45,000**	45,000	3.9
Anja Balfour	**29,000**	29,000	**404**	1,810	**29,404**	30,810	3.4
Neil Galloway[1]	**2,417**	–	**–**	–	**2,417**	–	–
Graham Kitchen	**29,000**	29,000	**–**	–	**29,000**	29,000	3.4
Nigel Rich	**31,500**	31,500	**–**	16	**31,500**	31,516	4.3
Calum Thomson	**34,000**	34,000	**386**	612	**34,386**	34,612	3.4
	170,917	168,500	**790**	2,438	**171,707**	170,938	

* Reimbursement of travel expenses.
[1] Appointed 1 September 2021.
[2] The average percentage change over the previous two financial years. Fees for Directors who were appointed or resigned during the year were calculated on a pro-rata basis, in order to provide a meaningful figure.

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

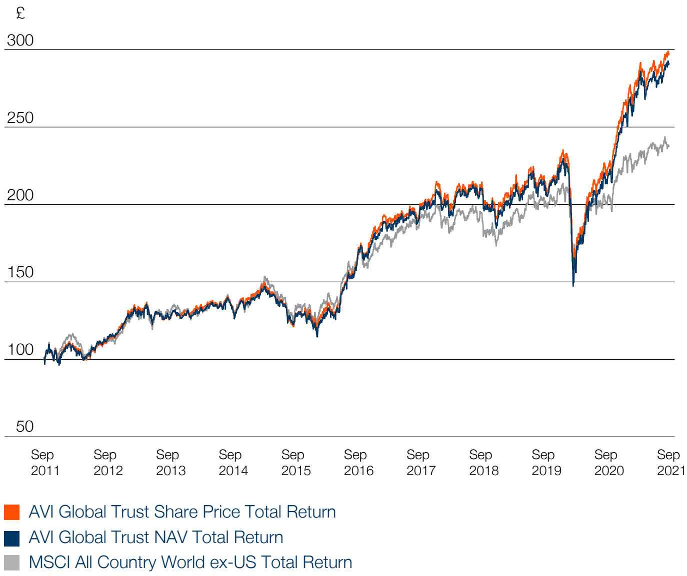
Taxable benefits – Article 117 of the Company's Articles of Association provides that Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings.

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 2021



Relative Importance of Spend on Pay

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

	2021	2020	Difference
Spend on Directors' fees*	£171,000	£168,500	1.5%
Management fee and other expenses	8,861,082	£7,592,205	16.71%
Distribution to shareholders:			
(a) dividends	£17,308,028	£22,293,412	(22.4)%
(b) share buyback	£32,638,401	£31,072,050	5.0%

* 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 2021 (or date of retirement if earlier or date of appointment, if later) are shown in the table below:

	Ordinary Shares	
Director	2021	2020
Susan Noble	13,665	13,665
Anja Balfour	7,300	7,300
Neil Galloway†	–	–
Graham Kitchen††	10,900*	9,000*
Nigel Rich	18,000**	18,000**
Calum Thomson	8,898	8,898

* Includes 3,450 held by Jane Kitchen as at 30 September 2021 (as at 30 September 2020: 2,500).
** Includes 3,000 held by Cynthia Rich.
† Appointed 1 September 2021.
†† Appointed 1 January 2019.

There have been no changes to Directors' interests between 30 September 2021 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 2021:

(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

8 November 2021

Financial Statements / 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 2021 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Balance Sheet, Statement of Cash Flows and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of its return for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the Directors on 20 December 2016. The period of total uninterrupted engagement is for the five financial years ended 30 September 2021. 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		£12.6m (2020: £10.0m) 1% (2020: 1%) of total assets
Key audit matters		Versus 2020
Recurring risk	Carrying amount of quoted investments	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2020) in arriving at our audit opinion above, together with our key audit procedures to address the 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 (£1,193m; 2020: £957.1m) *Refer to page 85 (Audit Committee Report), page 68 (accounting policy) and note 8 on page 74 (financial disclosures).*	**Low risk, high value:** The Company's portfolio of quoted investments makes up 94.0% (2020: 95.7%) of the Company's total assets (by value) and is 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 one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning.	We performed the detailed tests below rather than seeking to rely on controls, because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described below. Our procedures included: — **Test of detail:** Agreeing the valuation of 100% of quoted investments in the portfolio to externally quoted prices; and — **Enquiry of custodians:** Agreeing 100% of quoted investment holdings in the portfolio to independently received third party confirmations from investment custodians. **Our findings:** We found no differences (2020: no differences) from the third party holdings confirmations nor from the externally quoted prices of a size to require reporting to the Audit Committee.

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

Materiality for the financial statements as a whole was set at £12.6m (2020: £10.0m), determined with reference to a benchmark of total assets, of which it represents 1% (2020: 1%).

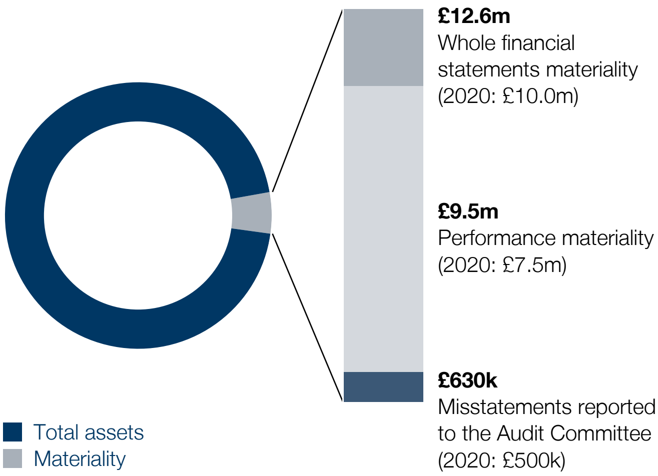
In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to £9.5m (2020: £7.5m). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £630k (2020: £500k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

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

Total assets
£1,269.2m (2020: £1,000.1m)

Materiality
£12.6m (2020: £10.0m)



4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources and its ability to operate over this period were:

- the impact of a significant reduction in the valuation of investments and the implications for the Company's debt covenants;
- the liquidity of the investment portfolio and its ability to meet the liabilities of the Company as and when they fall due; and
- the operational resilience of key service organisations.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Company's liquid investment position (a reverse stress test).

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and related sensitivities.

Our conclusions based on this work:

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period;
- We have nothing material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- The related statement under the Listing Rules set out on page 61 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of Directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- assessing the segregation of duties in place between the Directors, the Administrator and the Company's Investment Manager; and
- reading Board and Audit Committee minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular to the risk that management may be in a position to make inappropriate accounting entries. We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about whether there was inappropriate or unusual activity relating to the processing of journal entries and other adjustments.

We substantively tested all material post-closing entries and, based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is non-judgemental and straightforward, with limited opportunity for manipulation. We did not identify any additional fraud risks.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors, the Investment Manager and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and its qualification as an Investment Trust under UK taxation legislation, any breach of which could lead to the Company losing various deductions and exemptions from UK corporation tax, 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: money laundering, data protection, bribery and corruption legislation and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement on page 62 that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal and Emerging Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on page 62 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures
We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page 62, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at:

www.frc.org.uk/auditorsresponsibilities.

9. 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

8 November 2021

This Document is Important and Requires your Immediate Attention
If you are in any doubt about the action to take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended) without delay. If you have sold or transferred all of your Ordinary Shares in the capital of AVI Global Trust plc (the 'Company') and, as a result, no longer hold any Ordinary Shares in the Company, please send this document and the accompanying Form of Proxy as soon as possible to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Notice is hereby given that the One Hundred and Thirty Second Annual General Meeting of AVI Global Trust plc will be held at 11 Cavendish Square, London W1G 0AN at 11.00am on Thursday, 16 December 2021 to consider the following business.

The resolutions numbered 1 to 12 are proposed as ordinary resolutions, which must each receive more than 50% of the votes cast in order to be passed. Resolutions numbered 13 to 15 are proposed as special resolutions, which must each receive at least 75% of the votes cast in order to be passed.

1. To receive and adopt the financial statements of the Company for the financial year ended 30 September 2021 together with the Strategic Report and the Reports of the Directors and Auditor.
2. To approve a final ordinary dividend of 10.50p per Ordinary Share.
3. To re-elect Anja Balfour as a Director of the Company.
4. To elect Neil Galloway as a Director of the Company.
5. To re-elect Graham Kitchen as a Director of the Company.
6. To re-elect Susan Noble 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' Report on Remuneration Implementation for the year ended 30 September 2021.
11. THAT each of the issued Ordinary Shares of 10p each in the capital of the Company be and hereby is sub-divided into five ordinary shares of 2p each (the "New Ordinary Shares"), the New Ordinary Shares having the rights and being subject to the restrictions and obligations set out in the Articles of Association of the Company, such Sub-division to be conditional on, and to take effect on, admission of the New Ordinary Shares to the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange plc's Main Market for listed securities by 8.00AM on 17 January 2022 (or such other time and/or date as the Directors of the Company may in their absolute discretion determine).
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 in the capital of the Company ('Ordinary Shares') and to grant rights to subscribe for or to convert any security into Ordinary Shares in the Company up to a maximum nominal value of £3,392,092 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.
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 in the capital of the Company ('Ordinary Shares') and the sale of Ordinary Shares held by the Company in treasury) wholly for cash pursuant to any existing authority given in accordance with Section 551 of the Act, as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
    (a) in connection with an offer of such securities by way of rights to holders of Ordinary Shares on the register of members of the Company on a fixed record date in proportion (as nearly as may be practicable) to their respective holdings of Ordinary Shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements or any legal or practical problems arising under the laws of, or the requirements of, any territory or any regulatory or governmental body or authority or stock exchange; and
    (b) otherwise than pursuant to sub-paragraph (a) above, equating to a maximum nominal value of £508,813 being approximately 5% of the equity share capital in issue as at 8 November 2021, 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 in the capital of the Company ('Ordinary Shares') either for cancellation or to hold as Treasury Shares (within the meaning of Section 724 of the Act) provided that:
    (a) the maximum aggregate nominal value of Ordinary Shares hereby authorised to be purchased is £1,525,423;
    (b) the Directors be authorised to determine at their discretion that any Ordinary Shares purchased be cancelled or held by the Company as Treasury Shares;
    (c) the minimum price which may be paid for a share shall be the nominal value of that share (exclusive of associated expenses);
    (d) the maximum price which may be paid for an Ordinary Share shall be the higher of: (i) 5% above the average of the middle market quotations of the Ordinary Shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date on which the relevant share is contracted to be purchased (exclusive of associated expenses); and (ii) the higher of the price of the last independent trade and the highest current independent bid for an Ordinary Share of the Company on the London Stock Exchange; and
    (e) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on the date which is 15 months after the date of the passing of this resolution or, if earlier, the date of the next Annual General Meeting of the Company save that the Company may prior to such expiry enter into a contract or arrangement to purchase Ordinary Shares under this authority which will or may be completed or executed wholly or partly after the expiry of this authority and may make a purchase of Ordinary Shares pursuant to any such contract or arrangement as if the authority hereby conferred had not expired.
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

8 November 2021

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. The Directors are aware that government guidance or regulation to contain the spread of COVID-19 might change and if we are obliged to change the arrangements for the AGM after publishing this document, details will be published via RNS and our website. Shareholders who plan to attend the AGM are encouraged to check the website before travelling.

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, 14 December 2021. Alternatively, you may send any document or information relating to proxies to the electronic address indicated on the form of proxy.

The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 8 below) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.

If you require additional proxy forms, please contact the Registrar's helpline on 0371 384 2490 (+44 371 384 2490 from outside the UK). Lines are open 8.30am to 5.30pm Monday to Friday (excluding public holidays in England and Wales).

Alternatively, you may, if you wish, register the appointment of a proxy electronically by logging on to www.sharevote.co.uk. To use this service you will need your Voting ID, Task ID and Shareholder Reference Number printed on the accompanying Form of Proxy. Full details of the procedure are given on the website.

To be valid, the appointment of a proxy electronically must be made by 11.00am on Tuesday, 14 December 2021.

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, 14 December 2021 (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 2021, the Company's issued share capital consisted of 116,003,133 Ordinary Shares, carrying one vote each, of which 14,240,359 were in treasury. Therefore, the voting rights in the Company as at 8 November 2021 equate to a total of 101,762,774 votes. Treasury shares represented 12.28% of the issued share capital as at 8 November 2021.

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, 14 December 2021. 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.

If you are unable to attend the AGM in person and have any questions about the Annual Report, the investment portfolio or any other matter relevant to the Company, please write to us either via email at agm@aviglobal.co.uk or by post to AVI Global Trust PLC, Beaufort House, 51 New North Road, Exeter, Devon, EX4 4EP.

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 Equiniti's website www.shareview.com. The Company operates the BACS system for the payment of dividends. Where dividends are paid directly into shareholders' bank accounts, dividend tax vouchers are sent to shareholders' registered addresses.

Share Prices
The Company's Ordinary Shares are listed on the London Stock Exchange under 'Investment Trusts'. Prices are 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 2021/2022

16 December 2021	Annual General Meeting
4 January 2022	Final dividend paid on Ordinary Shares
17 January 2022	Subdivision of shares to take effect
May 2022	Announcement of half year results
June 2022	Interim dividend paid on Ordinary Shares
November 2022	Announcement of annual results
November 2022	Posting of Annual Report
December 2022	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 2021	**1,093.81**	a
Dividends paid out (p)	**194.48**	b
Benefits from re-investing dividends (p)	**534.87**	c
Adjusted NAV per share (p)	**1,823.16**	**d = a + b + c**
Opening NAV per share (p) – June 1985	**29.72**	e
Annualised NAV total return (%)	**12.0%**	**((d/e) ^ (1/36.25)) - 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	INR
Pounds Sterling	Euro	US Dollar	Swedish Krona	Japanese Yen	Norwegian Krone	Swiss Franc	Hong Kong Dollar	Brazilian Real	Romanian Lei	Indian Rupee

Discount/Premium (APM)
If the share price is lower than the NAV per share, it is said to be trading at a discount. The size of the Company's discount is calculated by subtracting the share price of 1,020.00p (2020: 741.00p) from the NAV per share (with debt at fair value) of 1,093.81p (2020: 817.03p) and is usually expressed as a percentage of the NAV per share, 6.7% (2020: 9.3%). If the share price is higher than the NAV per share, this situation is called a premium.

Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA')
A proxy for the cash flow generated by a business – it is most commonly used for businesses that do not (yet) generate operating or shareholder profits.

Gearing (APM)
Gearing refers to the ratio of the Company's debt to its equity capital. The Company may borrow money to invest in additional investments for its portfolio. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

Using debt at par value, the gross gearing of 11.7% (2020: 12.9%) represents borrowings of £132,520,000 (2020: £114,378,000) expressed as a percentage of shareholders' funds of £1,133,222,000 (2020: £883,605,000). Using debt at fair value, gross gearing is 13.3% (2020: 15.7%).

Net gearing, which accounts for cash balances and uses debt at par value, is 5.5% (2020: 8.6%). Using debt at fair value, net gearing is 7.0% (2020: 11.3%).

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

	30 September 2021					30 September 2020				
	2036 GBP loan £'000	**2036 EUR loan £'000**	**2037 EUR loan £'000**	**JPY revolving credit facility £'000**	**Total £'000**	2036 GBP loan £'000	2036 EUR loan £'000	2037 EUR loan £'000	JPY revolving credit facility £'000	Total £'000
Value of issue	**30,000**	**22,962**	**17,526**	**61,201**	**131,689**	30,000	22,962	17,526	37,775	108,263
Unamortised issue costs	**(94)**	**(71)**	**(113)**	**–**	**(278)**	(101)	(77)	(119)	–	(297)
Exchange movement	**–**	**2,824**	**(335)**	**(1,380)**	**1,109**	–	4,255	618	1,539	6,412
Amortised book cost	**29,906**	**25,715**	**17,078**	**59,821**	**132,520**	29,899	27,140	18,025	39,314	114,378
Fair value	**36,519**	**31,779**	**20,700**	**59,821**	**148,819**	38,677	34,826	22,779	39,314	135,596
Redemption costs	**5,167**	**6,547**	**4,804**	**–**	**16,518**	7,336	8,124	5,911	–	21,371
Redemption value	**41,686**	**38,326**	**25,504**	**59,821**	**165,337**	46,013	42,950	28,690	39,314	156,967

The fair values of the Loan Notes are calculated using net present values of future cash flows and the yields, taking account of exchange rates. The redemption value includes the penalty payable on early redemption.

Internal Rate of Return ('IRR')
The IRR is the annualised rate of return earned by an investment, adjusted for dividends, purchases and sales, since the holding was first purchased.

Net Asset Value ('NAV')
The NAV is shareholders' funds expressed as an amount per individual share. Shareholders' funds are the total value of all the Company's assets, at current market value, having deducted all liabilities including debt at amortised cost revalued for exchange rate movements. The total NAV per share is calculated by dividing shareholders' funds of £1,133,222,000 (2020: £883,605,000) by the number of Ordinary Shares in issue excluding Treasury Shares of 102,113,325 (2020: 105,551,730) at the year end.

Net Asset Value (debt at fair value) (APM)
The adjusted NAV per share (debt at fair value) incorporates the debt at fair value instead of at amortised cost, reducing the NAV by £16,298,000 (2020: £21,218,000). This is calculated by the original NAV of £1,133,222,000 (2020: £883,605,000) less the debt at amortised cost £72,699,000 (2020: £75,064,000), adding back the debt at fair value £88,998,000 (2020: £96,282,000). The adjusted NAV (debt at fair value) is £1,116,924,000 (2020: £862,387,000) divided by the number of Ordinary Shares in issue excluding Treasury Shares of 102,113,325 (2020: 105,551,730) at the year end provides the adjusted NAV per share (debt at fair value).

Ongoing Charges Ratio / Expense Ratio (APM)
As recommended by the AIC in its current guidance, the Company's Ongoing Charges Ratio is the sum of: (a) its Expense Ratio; and (b) the Ongoing Charges Ratios incurred at the underlying funds in which the Company has investments, weighted for the value of the investment in each underlying fund as a percentage of the Company's NAV. For a detailed discussion of the Expense Ratio, please see the discussion of Key Performance Indicators on page 10 of the Annual Report.

The Company's Expense Ratio is its annualised expenses (excluding finance costs and certain non-recurring items) of £8,820,000 (2020: £7,592,000) (being investment management fees of £7,126,000 (2020: £5,962,000) and other expenses of £1,735,000 (2020: 1,630.000) less non-recurring expenses of £41,000 (2020: nil)) expressed as a percentage of the average month-end net assets of £1,058,575,000 (2020: £853,625,000) during the year as disclosed to the London Stock Exchange.

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

		2021	2020
Expense Ratio (a Key Performance Indicator)	a	**0.83%**	0.89%
Underlying Charges Ratio	b	**1.27%**	1.42%
Ongoing Charges Ratio	= a + b	**2.10%**	2.31%

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

Return on Investment ('ROI')
The ROI is the total profits earned to date on an investment divided by the total cost of the investment.

Shares Bought Back 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 0.3% (2020: 0.5%) 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 8.2% (2020: 10.5%).

	30 September 2021	30 September 2020	
Weighted average discount of buybacks	**8.2%**	10.5%	a
Percentage of shares bought back	**3.3%**	4.2%	b
NAV accretion from buyback	**0.3%**	0.5%	(a * b) / (1 – b)

Total Assets
Total assets include investments, cash, current assets and all other assets. An asset is an economic resource, being anything tangible or intangible that can be owned or controlled to produce positive economic value. The total assets less all liabilities is equivalent to total shareholders' funds.

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

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

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

NAV total return over 1 year

	Page	**30 September 2021**	30 September 2020	
Closing NAV per share (p)		**1,093.81**	817.03	a
Dividends paid out (p)	73	**16.50**	20.50	b
Benefits from re-investing dividends (p)		**2.49**	0.80	c
Adjusted NAV per share (p)		**1,112.80**	838.33	d = a+b+c
Opening NAV per share (p)		**817.03**	838.29	e
NAV total return (%)		**36.2%**	0.0%	= (d/e)-1

NAV total return over 10 years (annualised)

Closing NAV per share (p) – September 2021	**1,093.81**	817.03	a
Dividends paid out (p)	**135.20**	126.40	b
Benefits from re-investing dividends (p)	**114.62**	57.73	c
Adjusted NAV per share (p)	**1,343.63**		**d = a + b + c**
Opening NAV per share (p) – 30 September 2011	**460.35**		e
Annualised NAV total return (%)	**11.3%**		**((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 2021**	30 September 2020	
Closing price per share (p)		**1,020.00**	741.00	a
Dividends paid out (p)	73	**16.50**	20.50	b
Benefits from re-investing dividends (p)		**2.64**	0.55	c
Adjusted price per share (p)		**1,039.14**	762.05	d = a+b+c
Opening price per share (p)		**741.00**	747.00	e
Share price total return (%)		**40.2%**	2.0%	= (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. AGT has entered into a swap on Pershing Square Tontine Holdings 'PSTH' with a well-known investment bank. Effectively, AGT gets paid the total return on PSTH, and in return agrees to pay a series of floating-rate interest payments to the investment bank. The gross equity exposure is disclosed in the investment portfolio. The swap requires 30% margin on the position.

Weight
Weight is defined as being each position's value as a percentage of net assets.

Weighted-average Discount (APM)
The weighted-average discount is calculated as being the sum of the products of each holding's weight in AGT's portfolio times its discount. AVI calculates an estimated sum-of-the-parts NAV per share for each holding in AGT's portfolio. This NAV is compared with the share price of the holding in order to calculate a discount.

Shareholder Information / Company Information

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

Secretary
Link Company Matters Limited
Beaufort House
51 New North Road
Exeter
Devon EX4 4EP
Tel: 01392 477500

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

Registered in England & Wales
No. 28203

Investment Manager and AIFM
Asset Value Investors Limited
2 Cavendish Square
London W1G 0PU

Registrar and Transfer Office
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Registrar's Shareholder Helpline
Tel. 0371 384 2490
Lines are open 8.30am to 5.30pm, Monday to Friday.

Registrar's Broker Helpline
Tel. 0906 559 6025
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Corporate Broker
Jefferies Hoare Govett
100 Bishopsgate
London EC2N 4JL

Auditor
KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

Depositary
J.P. Morgan Europe Limited
25 Bank Street
London E14 5JP

Banker and Custodian
JPMorgan Chase Bank NA
125 London Wall
London EC2Y 5AJ

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HOW TO INVEST

AVI Global Trust is a closed-ended 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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