AGT

AVI GLOBAL TRUST

Navigating towards compelling investment opportunities

HALF YEAR REPORT 2021

AVI

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

TOTAL ASSETS†
£1.2 billion*

ANNUALISED NAV TOTAL RETURN†
12.0%**

ONGOING EXPENSES RATIO†
0.84%

* As at 31 March 2021.
** Source: Morningstar, performance period 30 June 1985 to 31 March 2021, total return net of fees, GBP. The current approach to investment was adopted in 1985.
† For definitions, see Glossary on pages 22 and 23.

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RETAIL INVESTORS ADVISED BY IFAs

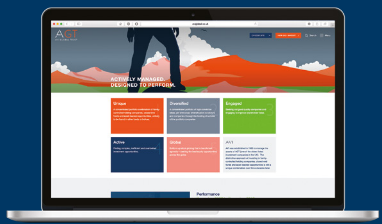
The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers ('IFAs') in the UK to ordinary retail investors in accordance with the Financial Conduct Authority rules in relation to non-mainstream investment products and intends to continue to do so.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

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

ISA STATUS

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

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



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FINANCIAL HIGHLIGHTS

– Net asset value ('NAV') total return per share increased by 26.8%
– Share price total return 29.1%
– Benchmark index increased on a total return basis by 13.5%
– Interim dividend maintained at 6p

PERFORMANCE SUMMARY

Net asset value per share (total return) for six months to 31 March 2021[1]*		**26.8%**
Share price total return for six months to 31 March 2021*		**29.1%**
	31 March 2021	31 March 2020
Discount*		
(difference between share price and net asset value)[2]	**7.7%**	10.5%
	Six months to 31 March 2021	Six months to 31 March 2020
Earnings and Dividends		
Investment income	**£6.17m**	£5.86m
Revenue earnings per share	**3.31p**	3.01p
Capital earnings per share	**207.21p**	-206.99p
Total earnings per share	**210.52p**	-203.98p
Ordinary dividends per share	**6.00p**	6.00p
Ongoing Expenses Ratio (annualised)*		
Management, marketing and other expenses		
(as a percentage of average shareholders' funds)	**0.84%**	0.94%
	High	Low
Period Highs/Lows		
Net asset value per share	**1,047.19p**	**835.39p**
Net asset value per share (debt at fair value)	**1,032.36p**	**815.30p**
Share price (mid market)	**956.00p**	**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 with the debt marked to fair value.

Buybacks
During the period, the Company purchased 989,927 Ordinary Shares, all of which have been placed into treasury.

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

Chairman's Statement

Overview of the half Year

In the Annual Report for the year to 30 September 2020 we reported that the NAV total return was virtually flat but marginally better than the MSCI AC World ex-USA Total Return Index in sterling (the 'Comparator Benchmark'), which recorded a loss. I am pleased to report that in the six months under review, AGT's NAV increased by 26.8%. This result made AGT one of the top performers in its peer group of global investment trusts[1].

Some of the strongest contributions over the period came from companies – such as Aker, Jardine Strategic and EXOR – that had been hardest hit by the COVID-19 pandemic, and subsequently rallied in November 2020, following the announcement of the Pfizer/BioNTech vaccine trial results. The manager increased exposure to these companies, and initiated positions in others, during 2020 when their valuations appeared particularly compelling. These companies, and other contributors to performance, are discussed in detail in the Investment Manager's Review.

Income and Dividend

As we reported in the Annual Report, AGT's revenue account has been particularly hard hit by the effects of the COVID-19 pandemic. Our net revenue for the six months under review was 3.31 pence per share. Shareholders should note that the majority of our revenues are typically earned in the second half of each accounting year.

The Board has decided to maintain the interim dividend at 6 pence per share, the same level as last year. As we stated in the last annual report our current intention is to use revenue reserves, and if necessary capital reserves, to maintain the annual dividend at current levels. The Company is operating in an unprecedented environment and therefore our dividend policy remains under careful and regular review.

Gearing

Your Company has access to debt and credit facilities in a variety of currencies, which are used selectively to enhance returns for shareholders. At 31 March total available debt[2] and credit facilities were £132 million. Of this, c. £115 million was drawn. Net gearing was 6.9% of net assets (September 2020: 8.6%).

The decrease in net gearing from 8.6% to 6.9% over the period is explained primarily by the strong increase in net assets. Any increase or decrease in cash and gearing levels is driven primarily by the Investment Manager's view on investment opportunities, and not by views on the future direction of markets.

Discount, Share Buybacks and Share Issuance

On 31 March 2021 the discount was 7.7%, compared with 9.3% at 30 September 2020. Shares are bought back with the intention of limiting the volatility in the discount and when the Directors believe that it is in the best interests of shareholders. During the half year under review, just under 1 million shares were bought back. While the primary objective of buying back shares is to limit volatility in the discount, the share buybacks marginally increased the NAV per share for existing shareholders, by an estimated 1.0[3] pence per share.

At last year's AGM, shareholders again approved the authority to reissue shares from treasury and to issue new shares. These powers would only be used if shares could be issued at, or above, the prevailing NAV per share. No shares were issued during the period.

We also continue to seek to stimulate demand for the shares by marketing and promoting the company to a wide range of investors, both investment professionals and individuals managing their own affairs and via a range of channels.

Management Arrangements

As I reported in the last Annual Report, our Investment Managers continue to be able to operate despite the restrictions related to the COVID-19 pandemic and, as noted above, investment performance has been very strong. The Board regularly monitors the performance of all of our suppliers and in February 2021 the Management Engagement Committee received a report on the ability of our key suppliers to maintain business as usual. I would again like to record the Board's thanks to all of our service suppliers for maintaining business as usual in these difficult times.

1 Peer group comprises the sixteen investment trusts in the AIC's Global-Equity category. Data source: Morningstar.
2 Debt levels and gearing are calculated with debt at its par value.
3 The beneficial effect of share buybacks is calculated as the aggregate difference of the cost of buying back shares and the NAV per share on the day of each buyback.

Directors
As we set out in last year's annual report, Nigel Rich will retire from the Board at this year's AGM and I will retire from the Board in 2022. We plan to appoint a new director in the next few months and the Nomination Committee has recently appointed a recruitment consultant to assist in the search for a suitable candidate.

Annual General Meeting
Last year's AGM was held as a closed meeting, in compliance with regulations designed to control the spread of the COVID-19 virus. Each of the resolutions at the AGM was passed with a large majority in favour and the Board would like to thank shareholders for their continuing support.

The UK government has announced a phased lifting of lockdown restrictions and we plan to welcome shareholders to a conventional AGM in December of this year.

Outlook
Some countries, including the UK, are gradually emerging from restrictions imposed to contain the spread of the COVID-19 virus but there is still cause for concern, with infection rates and levels of restrictions still high in some parts of the world. While the implementation of mass vaccination programmes gives cause for hope, there is still a considerable distance to travel before the world returns to normal. We note, for example, that in Japan, which accounts for 26% of AGT's NAV in total, the vaccine rollout is progressing slowly, suggesting that it may take some time before economic activity can return to normal. Economies will then be faced with the consequences of the unprecedented level of government stimulus funded by debt and which ultimately must be paid for by tax payers.

In the last Annual Report we described the inherent value in AGT's portfolio of investments and that value has certainly contributed to performance over the last six months. As set out in the Investment Manager's Review there are still many opportunities available and our Investment Manager has been nimble in taking advantage of these. While the economic picture is complex and challenging, our investment managers performed well in the six months under review and we believe that a focus on the type of investment opportunities which fit our investment mandate will continue to bring rewards over time.

Susan Noble
Chairman

25 May 2021

Investment Manager's Report

Performance Summary

Over the six-month period ended 31 March 2021, your Company generated a positive net asset value ('NAV') total return of 26.8%, which compares to a positive total return of 13.5% from the Comparator Benchmark.

The announcement in November of the Pfizer/BioNTech vaccine trial results sparked a broadening in the global recovery of equity markets, with the net result being that global stock markets on average delivered double-digit positive returns for 2020. We commented in last year's Interim Report that during the March 2020 market sell-off, AGT had been hit by a double whammy of NAV declines and portfolio discount widening, and that we believed this situation would reverse when investors saw the potential for an earnings recovery. This view has been borne out in recent months, with the portfolio discount tightening to 28% by the end of the interim period, having been as wide as 45% during the March 2020 sell-off. This discount tightening, alongside a recovery in NAVs, provided a significant boost to your Company's returns.

Perhaps what is most interesting about the market recovery is what is going on beneath the surface: market leadership has moved away from high-quality companies with clear secular growth prospects, and towards more cyclical and economically sensitive stocks which will benefit from a resumption of economic activity.

Since the second half of 2020, we have been adding to AGT's exposure to these cyclical and economically sensitive stocks when their valuations appear compelling. These include companies such as Associated British Foods (the UK conglomerate that owns Primark), those operating in the London office and retail property and leisure markets (Capital & Counties, Secure Income REIT, Shaftesbury), Jardine Cycle & Carriage, and Berkshire Hathaway. These new positions build on the reflation beneficiaries which we already had in the portfolio such as Aker, Exor and many of the small-cap names which we hold in Japan, which provided a balance to the portfolio for much of 2020 when the portfolio had been tilted towards higher-growth names.

Contributors and Detractors

	Contribution*
Contributors	
SoftBank Group	1.92%
EXOR	1.81%
Jardine Strategic Holdings	1.74%
VNV Global	1.71%
Pershing Square Holdings	1.64%
Aker	1.60%
Detractors	
Japan Special Situations basket	-0.47%
Nintendo	-0.38%

The Japan Special Situations basket (15% of NAV) continues to offer exceptional value, with many of the companies in it likely to benefit from an economic recovery as lockdowns around the world ease. A recent research paper from US investment house, GMO, highlighted that Japanese small-cap value stocks – the type of stock to which the basket is predominantly exposed – currently trade at a 45% discount to the wider Japanese market, compared to the long-term average (since 1983) of 25%. It is encouraging to see large, well-respected institutions pick up on, and highlight, this attractive pocket of value. As we discuss in more detail below, the latest quarterly reports for the stocks in our basket have been strong, providing evidence of a V-shaped recovery in earnings following the pandemic. Despite this encouraging trend, the basket continues to trade on a derisory earnings multiple of just over 4x EV/EBIT, with 90% of the average market cap covered by net cash and listed securities.

The macroeconomic backdrop around the world remains uncertain. While the easing of lockdowns is undoubtedly a benefit, it brings with it the possibility of an increase in inflation and corresponding economic and financial instability. Nonetheless, we remain highly confident about the portfolio and believe that the current market environment is providing plentiful investment opportunities.

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

* Contribution is the percentage amount that a position has added to the Company's net asset value.

CONTRIBUTORS/DETRACTORS

SoftBank Group

(NAV: -1% / Price: +45% / Discount: -36% / Contribution*: 1.92%)
A Tokyo-listed holding company run by the well-known entrepreneur, Masayoshi Son. Key assets include SoftBank Corp (a telecoms business), Alibaba, T-Mobile US and Arm Holdings.

SoftBank Group was the largest contributor to returns over the period, adding 192bps to performance.

We initiated a position in SoftBank in February 2020 and added to the position at discounts in excess of 75% during the following month's market rout. The founder and CEO of SoftBank, Masayoshi Son, had made several public comments regarding what he deemed to be an unjustifiably wide discount. Following the sell-off and the unveiling of a large stake taken by a high-profile deep-pocketed activist investor, Mr Son set out to tackle the discount, undertaking a series of transformative actions, including: (1) realising JPY5.5 trillion through asset sales; (2) conducting JPY2.2 trillion worth of NAV-accretive buybacks, with plans for another JPY0.5 trillion, amounting to 19% of shares in total; (3) reducing gearing; (4) improving corporate governance through the appointment of two new independent directors; and (5) enhancing transparency over the Vision Funds, the *c*. USD110 billion technology-focused venture capital funds which it runs.

These actions were complemented by successful IPOs from the Vision Fund over the past months (notably Doordash and Korean e-commerce play Coupang) which were taken positively by the market and helped to shift the narrative around the fund and management's investing prowess.

The combination of the aforementioned actions and improved performance of the Vision Fund has driven the market to change its perspective of the group, with SoftBank now trading on a relatively narrow discount of 36% to our estimated NAV. Reflecting the tighter discount and associated reduced upside, and notwithstanding a plentiful pipeline of prospective IPOs from the Vision Fund, we reduced our investment in Softbank by over two-thirds. To date, the investment has generated an IRR of +74% and a multiple on cost of 1.65x (in JPY terms).

EXOR

(NAV: +36% / Price: +55% / Discount: -36% / Contribution*: 1.81%)
An Italian-listed holding company run by the Agnelli family. It owns four principal assets: Stellantis, Ferrari, CNH Industrial, and Partner Re.

EXOR was a significant contributor to returns during the period, benefiting from strong NAV growth and a narrowing of the discount.

We added to the holding during the period, on the premise that: (1) the creation of Stellantis, via the merger of Fiat Chrysler and Peugeot, would create value and drive NAV growth; (2) Fiat Chrysler and CNH Industrial would likely benefit from a cyclical recovery; and (3) the discount was out of kilter, both relative to history and what we deemed to be fair. All three parts of this thesis contributed to returns but, in each case, we still think that there is more to come.

Stellantis returned +70% during the period, adding c. EUR3 billion to EXOR's NAV and making it responsible for close to half of the overall NAV growth. Fiat Chrysler's undervaluation and the scope for value creation through industry consolidation were key attractions that initially led us to invest in EXOR. The prospects for the company appear attractive, with the highly impressive CEO Carlos Tavares targeting synergies of EUR5 billion in the coming years. As well as the merger itself, notwithstanding more recent chip shortages, the global economic recovery bodes well for the auto industry. In particular, the US market appears in rude health, with high consumer demand and low levels of dealer inventory creating the prospect of profitable growth.

CNH Industrial, the agricultural and construction vehicles business, also contributed to NAV growth, returning +98% over the period. The prospect of higher GDP growth, particularly in the US, bodes well for demand for tractors, construction vehicles, and light-engine vehicles. The latest quarterly results were significantly better than had been expected, both in terms of profit and debt reduction. Moreover, the plans to split CNH Industrial into two separate businesses, previously delayed by COVID-19, now appear to be back on track. We expect either a sale of the Iveco truck business or a splitting of the business by early 2022. This should help shine a light on the high-quality agriculture business.

Turning to the discount, AGT benefited from a narrowing of EXOR's discount over the period. At 36%, this remains elevated relative to history (five-year average: 30%), and seems egregious versus other European holding company discounts, given the asset quality and proven track record of value creation. We note EXOR's recent investment in luxury goods company Christian Louboutin and believe this to be indicative of the type of higher quality asset that the group will move towards over the next decade. As investors appreciate this, and as the misconception dissipates that EXOR is a sleepy, cyclical European industrial holding company, we expect the discount to narrow.

* Contribution is the percentage amount that a position has added to the Company's net asset value.

CONTRIBUTORS/DETRACTORS CONTINUED

Jardine Strategic

(NAV: +22% / Price: +67% / Discount: -30% / Contribution*: 1.74%)
Singapore-listed holding company run by the Keswick family, with exposure to various sectors, including property, food retail and automobiles.

Jardine Strategic contributed 174bps to performance over the six months to the end of March as the share price increased +67% (in USD). Drivers for this performance were two-fold, with both an improving NAV and a narrowing discount as a result of its take-over by Jardine Matheson.

Over the period, the NAV grew by +22%, with contributions across Jardine Strategic's portfolio. The announcement of successful vaccine trials led to a rally in companies associated with a reopening of economies. Jardine Strategic's holdings were no different. Dairy Farm, whose hypermarket business benefited from stay-at-home orders, will also benefit as life returns to normal with its large portfolio of convenience and health & beauty stores reopening. Jardine Cycle & Carriage saw improved performance as coal and palm oil prices increased, which largely drives the economy and spending power of Indonesia, where its largest holding Astra International operates. Hongkong Land was up by over +30% as it announced strategic partners in its Westbund development in Shanghai which helped reduce debt on the balance sheet, while also seeing an improved performance in the retail assets. The one blot on the copybook was the performance of Mandarin Oriental which was down by -1% over the period with international and business travel, on which it depends, not expected to return this year.

While the performance of Jardine Strategic's portfolio was strong, the real news came in March when Jardine Matheson announced an offer to acquire the 15% of Jardine Strategic that it did not already own, leading to significant discount narrowing. The price offered was USD33 per share, a 20% premium to the undisturbed price prior to the announcement, although a 30% discount to NAV at the time.

The transaction effectively eliminated the circular shareholding structure – wherein Jardine Matheson owned 85% of Jardine Strategic, and Jardine Strategic owned 59% of Jardine Matheson – and resulted in a cleaned-up, simplified entity. We applaud the action, particularly as it should remove the two layers of discounts that exist at both the Matheson and Strategic level. However, we believe that a fairer offer price would have been closer to Jardine Strategic's NAV, particularly as the listed nature of the investments means that there is very little ambiguity over the value of the company.

Nonetheless, given that Jardine Matheson owned 85% of JS, the deal completed, albeit with 53% of minorities voting against the amalgamation. Minority investors can apply to the Bermuda courts (Jardine Strategic's country of domicile) for fair value appraisal, which holds out the possibility of a re-appraised offer closer to NAV. We, along with other minority shareholders, have appealed to the Bermuda courts for a fair value appraisal. Jardine Strategic shareholders have already approved the offer, meaning that in the event of the appraisal being unsuccessful, AGT will still receive the offer price of USD33/share for its holding. We will keep shareholders abreast of developments as they evolve.

Pershing Square Holdings

(NAV: +24% / Price: +31% / Discount: -26% / Contribution*: 1.64%)
A Euronext- and London-listed closed-end fund managed by a high-profile activist manager. The fund owns a concentrated portfolio of quality US companies.

In 2020, Pershing Square Holdings ('PSH') had its best single year since inception of the Pershing Square strategy in 2004, delivering NAV returns of +70% for shareholders versus +18% for the S&P 500. Performance in 2020 was driven by a large hedging gain, and the benefits of re-investing those hedging gains into portfolio companies at depressed prices in March and April 2020.

The hedging gain relates to credit default swaps that Pershing bought in early 2020 to protect against the fallout from efforts to 'flatten' the COVID-19 infection curve. In total, it spent USD27 million in premiums buying the swaps, which within a month netted gains of USD2.6 billion across Pershing's funds. This trade alone contributed 37% to PSH's returns in 2020. Furthermore, PSH used the proceeds of the hedging gain to invest in portfolio companies at depressed prices in March and April 2020, generating a return of +77% return on the capital invested. As the manager details in its Annual Report, a buy-and-hold strategy of its portfolio going into 2020 would have realised a return of +15% in 2020, highlighting the value added by the hedging trade and the benefit of having liquid capital to invest during market turmoil. Following the end of 2020, PSH announced that it has entered into hedging transactions to protect against the impact of rising interest rates. By the end of February 2021, this had already added +4% to NAV.

Looking forward to the remainder of 2021, we remain optimistic about PSH's high-quality portfolio, with recent earnings reports confirming that its companies are recovering from the pandemic, and continue to have long runways of growth ahead of them.

Pershing Square Tontine Holdings ('PSTH'), Pershing's listed SPAC vehicle, continues the hunt for an attractive private business to take public. We view PSH's option to invest its share of an additional USD2 billion investment, on top of its near USD1 billion commitment, as a source of potentially valuable upside. The manager has also indicated that it is likely to launch a second SPAC on the back of any successful deal completed by PSTH.

At the time of writing, PSH continues to trade on a stubbornly wide discount of 26% despite numerous positive factors in its favour, including: (1) a fast-growing portfolio of high-quality businesses; (2) the manager's hedging actions both during the crisis and in 2021, which contributed to returns and helped to counter the criticism that investors are paying hedge fund-like fees for a long-only portfolio; and (3) recent inclusion in the FTSE 100 Index. We continue to view PSH as an attractive investment opportunity, with the potential for both strong NAV performance and a narrowing of the discount to boost returns.

* Contribution is the percentage amount that a position has added to the Company's net asset value.

CONTRIBUTORS/DETRACTORS CONTINUED

VNV Global

(NAV: -16% / Price: +52% / Discount: -18% / Contribution*: 1.71%)
A Stockholm-listed company which focuses on investing in early-stage digitally enabled companies.

In June of last year, AGT initiated a position in VNV Global, a Swedish-listed investment company focused on investing in disruptive digital businesses, typically ones that create large networks of users, thus raising barriers to entry. We view VNV's portfolio as highly exciting. The majority of the portfolio is invested in four assets: Babylon (51% of NAV using AVI's estimate of fair value), BlaBlaCar (11%), Voi (8%) and Gett (7%).

Starting with the largest asset, Babylon is a data-driven digital healthcare provider with operations in the UK (GP @ Hand), the US, Asia, and Rwanda. Babylon has been a beneficiary of the COVID-19 pandemic, as strained healthcare systems have sought to reduce the number of in-patient visits, boosting demand for digital healthcare alternatives. Babylon's stated mission is to focus on reducing cost and strain on healthcare systems by emphasising holistic healthcare, rather than waiting for patients to become sick before initiating treatment. The use of data will be key here, and we believe that Babylon has a competitive advantage over peers in this area. As VNV's CEO, Per Brilioth, is fond of saying: "the one with the most data wins".

Management has estimated that monthly run-rate revenues could reach USD85 million by end-2021 (i.e., annual run-rate of USD1 billion, although crucially this depends on contracts currently in the pipeline being signed). The growth runway before Babylon is potentially enormous. There is a large opportunity in the US – a market measured in the trillions of dollars – which, following years of high spending yet poor patient outcomes, is moving toward risk-sharing or "value-based care" contracts. Recent reports that Babylon is seeking a US listing in the near-term would provide confirmation that the current valuation at which it is held in VNV's NAV is conservative. We note that listed peers trade on an average EV/Sales multiple of 9x.

The other major assets, although not as large weights in the NAV, also offer reason to be excited. BlaBlaCar is a French transportation company which began life as an online, long-distance carpooling network, has more recently expanded into bus marketplaces, and is looking to develop other modalities such as train marketplaces and short-distance carpools for commuters as well as offering add-ons such as insurance and car financing. The ultimate vision is to become a one-stop shop for passengers booking journeys, allowing them to arrange all of their ground transport needs in a single click. While COVID-19 has been a difficult period for the company, we believe that it should recover quickly as lockdowns lift. In our view, BlaBlaCar is a unique asset with a significant runway of growth ahead of it.

Voi, the Swedish e-mobility company, is likely to be more familiar to readers as it has been trialling the rollout of scooters with councils in the UK. European countries tend to approach the regulation of companies like Voi by operating a licence scheme, which in effect restricts the number of entrants into the market and encourages more rational competitive practices than might otherwise prevail. To date, Voi has expanded into multiple European countries, and its current UK rollout has been highly successful, so far being appointed as the exclusive licensee in 12 cities, including in the regions of Cambridgeshire, Northamptonshire and the West Midlands – in effect, making it the only provider of e-scooters to 10 million people. Going forward, town councils may be keen to encourage solo methods of transport to ease pressure on public transport, while also reducing social contact in the post-pandemic phase. E-Scooters are perfectly poised to capitalise on this trend, and offer the additional benefit of being greener than other transport alternatives, adding to their attractiveness for city managers.

Finally, Gett is an Israeli ride-hailing company which derives a significant portion of revenues from corporate clients, who are less price sensitive. Gett also provides corporates with significant benefits, such as billing software and analytics, which allows companies to streamline and potentially reduce their ground transportation costs, making Gett more difficult to dislodge.

VNV Global offers difficult-to-replicate exposure to digital companies with high growth potential and powerful network effects. The upcoming listing of Babylon would provide validation for our thesis that its valuation in the official NAV is too low, acting as a catalyst for a narrowing of the current 18% discount at which we estimate VNV trades.

CONTRIBUTORS/DETRACTORS CONTINUED

Aker

(NAV: +91% / Price: +67% / Discount: -21% / Contribution**: 1.60%)
Oslo-listed family-backed holding company with investments primarily in the energy sector.

Aker was the sixth-largest contributor to your company's performance during the period. This was driven by NAV growth of +91%, which was partially diluted by a widening of the discount from 9% to 21%, resulting in a share price total return of +67%.

There were two key prongs to the NAV growth: Aker BP and Aker Horizons. Starting with the former, Aker BP benefited from improved prospects for global growth and, in turn, oil demand. The price of Brent crude oil increased +48% over the period, with the reopening of physical economies and large fiscal stimulus boons for demand. The OPEC+ group of oil-producing nations appears to be proceeding with caution, which is further supportive of prices. There is some debate between Wall Street strategists on one hand and the International Energy Agency on the other as to whether we are entering a new "super-cycle" which will lead prices back above $100 per barrel. We do not take a view on this, but rather believe that Aker BP's management team, who have worked hard in recent years to reduce costs and improve efficiency, will continue to create value, either at the Aker BP level or by returning capital to Aker ASA in the form of dividends, which can be reinvested in new opportunities with higher long-term growth rates.

Talking of higher long-term growth rates, Aker Horizons – the holding company established in August 2020 as a platform for Aker to invest in renewable energy and green technology – has had a transformational six months. During the period, Aker Horizons: (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 within the wind and solar energy markets, for EUR675m; and (3) launched and listed Aker Clean Hydrogen, a company focussed on industrial clean hydrogen. This high level of corporate activity has built a new leg to Aker's NAV, and is indicative of how family-controlled companies think in generations, securing the next growth avenue. This has been well received by the market, with Aker Horizons contributing an estimated +32% to Aker's NAV during the period.

The excess of NAV growth over the share price has seen Aker's discount widen to 21%. Such lags or mismatches are not uncommon over short time periods. In general we view the evolution and diversification of Aker's NAV away from Aker BP to a wider group of higher growth and less cyclical companies as being supportive of a tighter discount. We continue to view the prospect of aligning capital with such active value-creating operators as an attractive one.

Nintendo

(NAV: +1%* / Price: -5%* / Discount: -44% / Contribution**: -0.38%)
Tokyo-listed company which produces gaming consoles and games. It has created some of the world's most valuable gaming franchises, including Pokémon, Mario, and Legend of Zelda.

During the period AGT initiated a position in Nintendo, the listed Japanese video-game company. The investment thesis for Nintendo is predicated both on its high-quality and unique IP (e.g. Super Mario, Pokémon), net cash and investments covering a quarter of its market cap, as well as a digital transformation of its business that is reminiscent of Sony during the PlayStation 4 cycle. The insights garnered from our deep-dive research into Sony's gaming division allowed us to spot similarities between it and Nintendo's business, highlighting how research for one company can be leveraged for another.

Nintendo is a classic AGT investment, with quality assets that are misunderstood and overlooked by the market. As a reminder, the video game business has historically been characterised by earnings cyclicality, with revenues and profits driven by the periodic release of new consoles. Sony transformed its own gaming business by introducing a subscription service to play online, in-game transactions, cloud-based gaming, and an online digital store, reducing reliance on hardware sales, and introducing higher margin, recurring (sticky) revenue streams which are prized by the market for being stable and highly visible.

Nintendo management took large strides in 2020 to shift its own video game business towards a 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 Nintendo's fastest growing part of the business, now accounting for 42% of software sales and helping to drive operating margins to 37% (from 26%). The introduction of in-game transactions, subscription services, and different price-point consoles suggests that Nintendo is starting to build an ecosystem where consumers will store their Switch game data on the cloud and, in turn, upgrade their console every few years.

Alongside this digital transformation, Nintendo has recently started to further monetise its IP by expanding into new areas, already evidenced by the opening of its first-ever theme park in Tokyo this month and the release of a new Super Mario movie, slated for 2022.

Despite the deep moat given by IP, Nintendo trades at c. 10x operating profits, which we believe reflects fears that management will remain continually exposed to the traditional hardware cycle. In our view the release of the Switch Lite in 2019, and the upcoming release of the Switch Pro, highlights Nintendo's desire to extend the Switch lifecycle, offering consumers a better experience on refreshed versions of the platform.

We are excited about the strengths of Nintendo as a business and believe that it has the opportunity for both significant earnings growth and valuation upside as the market comes to appreciate the new and improved business model.

* NAV and share price returns calculated from date of initiation of position.
** Contribution is the percentage amount that a position has added to the Company's net asset value.

CONTRIBUTORS/DETRACTORS CONTINUED

Japan Special Situations

(NAV: +7% / Price: +9% / Discount: -40% / Contribution*: -0.47%)

A basket of Japanese companies with cash and/or listed securities covering a large proportion of the market value.

The Japan Special Situations basket was a modest detractor from returns, driven almost entirely by a weak JPY which dampened returns by -11% while the underlying basket appreciated by +9%. Although the companies' share prices increased in JPY terms, they lagged the recovery in the earnings, and the EV/EBIT of the basket, on a constant weight basis, fell from 5.0x at the start of the period, to 4.4x at the end.

For the quarter ending 31st December 2020 (the latest reporting period) the companies in the basket reported an average year-on-year increase in profits of +13%, solidifying the recovery in earnings after a difficult COVID-disrupted trading period. Fujitec, an elevator and escalator company and the largest position in the basket, saw its profits increase by 40% and reported its strongest ever gross profit margins – an area that we covered in a public presentation that we released in May. Despite what we think could be the start of a structural transformation of profitability, Fujitec's share price increased by only a modest +5%, a clear example of fundamentals and share price divergence.

The largest contributors to the Basket were the Bank of Kyoto and Digital Garage, whose share prices appreciated by +38% and +24%, adding 17bps and 15bps respectively. The Bank of Kyoto is a new position in the basket, initiated due to its remarkably low valuation; its investment in Nintendo which, before tax, accounts for 59% of its market cap; and rhetoric from the Financial Services Agency and the Government about the need for regional banks to restructure and improve profitability. Over the period it benefitted from the market's enthusiasm for the restructuring theme and expectations for higher rates.

Digital Garage's share price recovered somewhat, after lagging its close peer GMO Payment Gateway, which we attribute to a confusing group strategy and poor shareholder communication. Despite the share price recovery, over a year Digital Garage's share price is only up +31%, vs GMO Payment Gateway's +95% return. There remains considerable upside and we have been engaging with management on how to rectify the situation.

Teikoku Sen-I ('Teikoku') and Kanaden were the largest detractors in the Basket, reducing returns for your Company over the period by 25bps each, as their shares prices fell by -19% and -16% respectively. Teikoku manufactures disaster prevention equipment, from anti-flooding pumps to large industrial fire fighting vehicles. It is suffering from a negative sales mix effect, with sales of high-margin special purpose vehicles used at nuclear reactor sites declining, which is forecast to lead to a -14% fall in profits next year, despite overall sales growing +2%. We trimmed the position in Teikoku over the period, although we still believe that the company will be a beneficiary of the long-term structural tailwind of increased disaster prevention spending in Japan. Kanaden's business, exposed to machinery, suffered from reduced capital expenditure during the COVID downturn. Kanaden was one of the early investments in the Basket, and while our engagement with management had some success, it had run its course and we felt that resources were better spent elsewhere. We exited the position in December, with management agreeing to buy our shares back, a helpful exit considering the low liquidity.

We are preparing to submit shareholder proposals to four companies in the basket which account for 4% of AGT's NAV, targeting a variety of corporate governance and balance sheet efficiency issues. Each company has reacted positively so far, and we hope that changes will be implemented so that we can withdraw the proposals. We believe that our heightened engagement is coming at an opportune time with regulatory pressure continuing to ratchet up via amendments to the Corporate Governance Code and greater shareholder engagement activity generally.

The Japan Special Situations basket continues to be an extraordinarily attractive opportunity in our view, as reflected by the 15% weight in NAV. With the majority of the companies posting robust earnings growth, low valuation multiples, and a tailwind from regulatory pressures to improve governance, it is fair to say that the probability of attractive returns from here is as good as it has been at any point since inception of the basket over three years ago.

Outlook

The economic environment remains deeply uncertain. Last year, the impact of lockdowns on economies and corporate profits gave cause for concern; this year, the impact of re-opening after lockdowns gives other reasons to fret. The recent rise in bond yields highlights investors' concern that the economic recovery from the pandemic could be substantial, bringing with it the attendant risk of inflation returning to haunt economies, in particular in the US as ongoing federal stimulus programmes raise the possibility of overheating. This poses problems for the more speculative or excessively valued portions of the market. Nonetheless, while sections of the market are worried about the possibility of inflationary pressures, there is also a credible counterargument to be made: many economies are operating below potential because of the pandemic, meaning that a rebound in economic activity is unlikely to produce inflation given significant excess capacity, or slack, in the system.

It is important to remind readers that we are fundamental, bottom-up investors. While we do keep an eye on the macroeconomic backdrop, we do not necessarily take definitive views on future developments. Our ultimate focus is the identification of good-quality companies with solid balance sheets, trading at attractive valuations, with an identifiable catalyst for a re-rating. In that regard, we are confident about the quality of your Company's portfolio. The prospects for NAV growth are promising, with the potential for additional returns through the tightening of the portfolio discount which, at 28%, does not reflect the portfolio's capacity for superior performance. Looking around the world, there are still plenty of overlooked and mispriced investment opportunities for us to exploit.

Joe Bauernfreund
Asset Value Investors Limited

25 May 2021

* Contribution is the percentage amount that a position has added to the Company's net asset value.

Investment Portfolio

At 31 March 2021

Company	Portfolio classification	% of investee company	IRR (%, GBP)[1]	ROI (%, GBP)[2]	Cost £'000[3]	**Valuation £'000**	% of total assets less current liabilities
Oakley Capital Investments	Closed-end Fund	13.7%	23.9%	70.3%	43,956	**73,204**	6.3%
Pershing Square Holdings	Closed-end Fund	0.7%	23.5%	47.3%	40,057	**67,031**	5.8%
Sony Corp	Japan	0.1%	37.5%	63.5%	32,612	**57,958**	5.0%
Fondul Proprietatea	Closed-end Fund	3.2%	21.5%	100.2%	28,299	**55,164**	4.8%
EXOR	Holding Company	0.4%	13.9%	44.0%	37,065	**54,594**	4.7%
Third Point Investors	Closed-end Fund	5.4%	9.4%	33.1%	38,330	**52,599**	4.5%
KKR and Co	Holding Company	0.2%	87.0%	78.1%	26,723	**47,106**	4.1%
Naspers	Holding Company	0.1%	39.4%	18.5%	38,069	**45,044**	3.9%
Christian Dior	Holding Company	0.1%	49.5%	38.6%	28,576	**39,370**	3.4%
Godrej Industries	Holding Company	2.0%	5.3%	8.0%	34,289	**36,210**	3.1%
Top ten investments					**347,976**	**528,280**	**45.6%**
Aker ASA	Holding Company	0.8%	18.3%	136.4%	18,433	**34,042**	2.9%
Nintendo	Japan	0.1%	n/a	n/a	37,053	**33,194**	2.9%
Kinnevik 'B'	Holding Company	0.4%	60.2%	63.4%	23,998	**33,026**	2.9%
Investor AB 'B'	Holding Company	0.1%	14.2%	90.8%	26,011	**27,525**	2.4%
SoftBank Group	Japan	0.0%	68.2%	59.3%	16,366	**27,241**	2.3%
Swire Pacific 'B'	Holding Company	1.0%	-4.0%	-13.2%	40,329	**26,762**	2.3%
doValue	Closed-end Fund	3.5%	8.1%	9.5%	27,550	**25,149**	2.2%
VNV Global	Holding Company	2.0%	138.2%	70.2%	13,248	**23,234**	2.0%
Symphony International Holdings	Closed-end Fund	15.7%	5.2%	22.6%	26,636	**22,874**	2.0%
Fujitec*	Japan	1.7%	19.3%	39.8%	15,402	**22,382**	1.9%
Top twenty investments					**593,002**	**803,709**	**69.4%**
Hipgnosis Songs Fund	Closed-end Fund	1.6%	21.9%	10.2%	20,260	**22,147**	1.9%
Fomento Economico Mexicano	Holding Company	0.2%	n/a	n/a	20,669	**21,984**	1.9%
Associated British Foods	Holding Company	0.1%	33.8%	7.1%	20,360	**21,801**	1.9%
DTS*	Japan	2.6%	2.3%	1.4%	21,228	**21,378**	1.9%
Jardine Strategic	Holding Company	0.1%	-3.7%	-8.0%	23,787	**21,274**	1.8%
Tetragon Financial	Closed-end Fund	1.9%	1.8%	6.0%	24,138	**18,669**	1.6%
Berkshire Hathaway	Holding Company	0.0%	n/a	n/a	15,889	**16,099**	1.4%
Shaftesbury REIT	Property	0.6%	108.4%	31.4%	10,699	**14,062**	1.2%
SK Kaken*	Japan	1.8%	-13.2%	-25.8%	19,056	**13,874**	1.2%
IAC/InterActive Corp	Holding Company	0.1%	211.5%	45.3%	9,168	**13,326**	1.2%
Top thirty investments					**778,256**	**988,323**	**85.4%**

Investment Portfolio continued

At 31 March 2021

Company	Portfolio classification	% of investee company	IRR (%, GBP)[1]	ROI (%, GBP)[2]	Cost £'000[3]	**Valuation £'000**	% of total assets less current liabilities
Pasona Group*	Japan	2.5%	11.9%	24.7%	10,646	**12,763**	1.1%
JPEL Private Equity	Closed-end Fund	18.4%	19.6%	69.9%	6,638	**12,530**	1.1%
Secure Income REIT	Property	1.0%	114.2%	27.5%	9,488	**11,964**	1.0%
Digital Garage*	Japan	0.9%	24.7%	29.7%	9,263	**11,930**	1.0%
Jardine Cycle & Carriage	Holding Company	0.2%	n/a	n/a	11,091	**10,995**	0.9%
Daiwa Industries*	Japan	2.8%	-3.5%	-10.0%	12,394	**10,376**	0.9%
Mitsubishi Estate	Japan	0.1%	-14.0%	-5.1%	10,622	**10,105**	0.9%
Bank of Kyoto*	Japan	0.3%	60.8%	17.7%	8,594	**10,098**	0.9%
Konishi*	Japan	2.1%	3.7%	6.9%	9,760	**10,088**	0.9%
NS Solutions*	Japan	0.5%	11.3%	10.6%	9,097	**9,946**	0.8%
Top forty investments					**875,849**	**1,099,118**	**94.9%**
Capital & Counties Properties	Property	0.7%	n/a	n/a	9,319	**9,791**	0.9%
Toagosei*	Japan	0.8%	2.8%	5.8%	9,160	**9,252**	0.8%
GP Investments	Closed-end Fund	16.5%	-13.6%	-50.3%	16,162	**7,998**	0.7%
Teikoku Sen-I*	Japan	1.7%	7.3%	16.2%	6,899	**6,931**	0.6%
Kato Sangyo*	Japan	0.8%	1.5%	4.2%	7,161	**6,754**	0.6%
Hazama Ando*	Japan	0.6%	n/a	n/a	6,846	**6,708**	0.6%
Sekisui Jushi*	Japan	1.0%	0.7%	1.6%	6,631	**6,368**	0.6%
Round Hill Music Royalty Fund	Closed-end Fund	2.0%	-2.9%	-1.1%	4,925	**4,852**	0.4%
Better Capital (2009)	Closed-end Fund	2.1%	23.6%	46.6%	1,962	**2,616**	0.2%
Eurocastle Investment	Closed-end Fund	3.2%	8.1%	9.5%	380	**339**	0.0%
Ashmore Global Opportunities - GBP	Closed-end Fund	8.5%	2.5%	4.8%	61	**58**	0.0%
Total investments					**945,355**	**1,160,785**	**100.3%**
Other net assets and liabilities						**(3,047)**	**-0.3%**
Total assets less current liabilities						**1,157,738**	**100.0%**

* Constituent of Japanese Special Situations basket.
1 Internal Rate of Return. Calculated from inception of AVI Global's investment. Refer to Glossary on pages 22 and 23.
2 Return on Investment. Calculated from inception of AVI Global's investment. Refer to Glossary on pages 22 and 23.
3 Refer to Glossary on pages 22 and 23.

Statement of Comprehensive Income
For the six months ended 31 March 2021 (unaudited)

	Notes	For the six months to 31 March 2021			For the six months to 31 March 2020			For the year to 30 September 2020		
		Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Income										
Investment income		**6,168**	**27**	**6,195**	5,861	–	5,861	15,157	–	15,157
Gains/(losses) on financial assets and financial liabilities held at fair value		**–**	**216,478**	**216,478**	–	(221,778)	(221,778)	–	(3,073)	(3,073)
Exchange (losses)/gains on currency balances		**–**	**(101)**	**(101)**	–	900	900	–	(1,594)	(1,594)
		6,168	**216,404**	**222,572**	5,861	(220,878)	(215,017)	15,157	(4,667)	10,490
Expenses										
Investment management fee		**(997)**	**(2,327)**	**(3,324)**	(988)	(2,305)	(3,293)	(1,789)	(4,173)	(5,962)
Other expenses (including irrecoverable VAT)		**(884)**	**–**	**(884)**	(822)	–	(822)	(1,630)	–	(1,630)
Profit/(loss) before finance costs and taxation		**4,287**	**214,077**	**218,364**	4,051	(223,183)	(219,132)	11,738	(8,840)	2,898
Finance costs		**(455)**	**(1,072)**	**(1,527)**	(443)	(1,044)	(1,487)	(913)	(2,150)	(3,063)
Exchange gains/(losses) on loan revaluation		**–**	**4,704**	**4,704**	–	(2,069)	(2,069)	–	(1,114)	(1,114)
Profit/(loss) before taxation		**3,832**	**217,709**	**221,541**	3,608	(226,296)	(222,688)	10,825	(12,104)	(1,279)
Taxation		**(350)**	**–**	**(350)**	(320)	–	(320)	(691)	–	(691)
Profit/(loss) for the year		**3,482**	**217,709**	**221,191**	3,288	(226,296)	(223,008)	10,134	(12,104)	(1,970)
Earnings per Ordinary Share		**3.31p**	**207.21p**	**210.52p**	3.01p	(206.99p)	(203.98p)	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 and capital columns are presented in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies ('AIC SORP').

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

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

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

Statement of Changes in Equity
For the six months ended 31 March 2021 (unaudited)

	Ordinary share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve £'000	Merger reserve £'000	Revenue reserve £'000	Total £'000
For the six months to 31 March 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	**–**	**–**	**–**	**(8,332)**	**–**	**–**	**(8,332)**
Total comprehensive income for the year	**–**	**–**	**–**	**217,709**	**–**	**3,482**	**221,191**
Ordinary dividends paid	**–**	**–**	**–**	**–**	**–**	**(11,040)**	**(11,040)**
Balance as at 31 March 2021	**11,600**	**7,335**	**28,078**	**973,622**	**41,406**	**23,383**	**1,085,424**
For the six months to 31 March 2020							
Balance as at 30 September 2019	11,600	7,335	28,078	807,421	41,406	43,101	938,941
Ordinary Shares bought back and held in treasury	–	–	–	(10,730)	–	–	(10,730)
Total comprehensive income for the period	–	–	–	(226,296)	–	3,288	(223,008)
Ordinary dividends paid	–	–	–	–	–	(15,854)	(15,854)
Balance as at 31 March 2020	11,600	7,335	28,078	570,395	41,406	30,535	689,349
For the 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	–	–	–	–	–	(22,294)	(22,294)
Balance as at 30 September 2020	11,600	7,335	28,078	764,245	41,406	30,941	883,605

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

Balance Sheet

As at 31 March 2021 (unaudited)

	Notes	At 31 March 2021 £'000	At 31 March 2020 £'000	At 30 September 2020 £'000
Non-current assets				
Investments held at fair value through profit or loss		**1,160,785**	745,951	959,709
		1,160,785	745,951	959,709
Current assets				
Total Return Swap assets		**–**	1,355	–
Sales for future settlement		**–**	3,710	–
Other receivables		**3,245**	3,268	8,775
Cash and cash equivalents		**37,746**	42,672	31,596
		40,991	51,005	40,371
Total assets		**1,201,776**	796,956	1,000,080
Current liabilities				
Revolving credit facility		**(42,629)**	(29,872)	(39,314)
Other payables		**(1,409)**	(3,823)	(2,097)
		(44,038)	(33,695)	(41,411)
Total assets less current liabilities		**1,157,738**	763,261	958,669
Non-current liabilities				
4.184% Series A Sterling Unsecured Loan 2036		**(29,902)**	(29,896)	(29,899)
3.249% Series B Euro Unsecured Loan 2036		**(25,487)**	(26,452)	(27,140)
2.93% Euro Unsecured Loan 2037		**(16,925)**	(17,564)	(18,025)
		(72,314)	(73,912)	(75,064)
Net assets		**1,085,424**	689,349	883,605
Equity attributable to equity Shareholders				
Ordinary share capital		**11,600**	11,600	11,600
Capital redemption reserve		**7,335**	7,335	7,335
Share premium		**28,078**	28,078	28,078
Capital reserve		**973,622**	570,395	764,245
Merger reserve		**41,406**	41,406	41,406
Revenue reserve		**23,383**	30,535	30,941
Total equity		**1,085,424**	689,349	883,605
Net asset value per Ordinary Share – basic		**1,038.07p**	635.20p	837.13p
Number of shares in issue excluding Treasury	5	**104,561,803**	108,524,456	105,551,730

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

Registered in England & Wales No. 28203

Statement of Cash Flows

For the six months ended 31 March 2021 (unaudited)

	Six months to 31 March 2021 £'000	Six months to 31 March 2020 £'000	Year to 30 September 2020 £'000
Reconciliation of profit/(loss) before taxation to net cash inflow from operating activities			
Profit/(loss) before taxation	**221,541**	(222,688)	(1,279)
(Gains)/losses on investments held at fair value through profit or loss	**(216,478)**	221,778	3,073
(Increase)/decrease in other receivables	**(1,175)**	351	1,441
Decrease in other payables	**(627)**	(575)	(158)
Taxation paid	**(159)**	(279)	(685)
Exchange (losses)/gains on Loan Notes and revolving credit facility	**(6,243)**	(192)	391
Amortisation of debenture and loan issue expenses	**9**	10	20
Net cash (outflow)/inflow from operating activities	**(3,132)**	(1,595)	2,803
Investing activities			
Purchases of investments	**(331,962)**	(192,390)	(424,934)
Sales of investments	**354,255**	198,213	431,936
Cash inflow from investing activities	**22,293**	5,823	7,002
Financing activities			
Dividends paid	**(11,040)**	(15,854)	(22,294)
Payments for Ordinary Shares bought back and held in treasury	**(8,775)**	(10,421)	(30,633)
Net drawdown/(repayment) of revolving credit facility	**6,798**	–	10,000
Cash outflow from financing activities	**(13,017)**	(26,275)	(42,927)
Increase/(decrease) in cash and cash equivalents	**6,144**	(22,047)	(33,122)
Reconciliation of net cash flow movements in funds:			
Cash and cash equivalents at beginning of year	**31,596**	64,725	64,725
Exchange rate movements	**6**	(6)	(7)
Increase/(decrease) in cash and cash equivalents	**6,144**	(22,047)	(33,122)
Increase/(decrease) in net cash	**6,150**	(22,053)	(33,129)
Cash and cash equivalents at end of year	**37,746**	42,672	31,596

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

Notes to the Financial Statements

For the six months ended 31 March 2021 (unaudited)

1. Significant accounting policies

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

In the current period, the Company has applied amendments to IFRS. These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments, changes in disclosure and presentation requirements including updates related to COVID-19. The adoption of these has not had any material impact on these financial statements and the accounting policies used by the Company followed in these half-year financial statements are consistent with the most recent Annual Report for the year ended 30 September 2020.

Going concern

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

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

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

The Directors noted that the Company, with the current cash balance and holding a portfolio of liquid listed investments, is able to meet the obligations of the Company as they fall due. The current cash balance plus available additional borrowing, through the revolving credit facility, enables the Company to meet any funding requirements and finance future additional investments. The Company is a closed-end fund, where assets are not required to be liquidated to meet day to day redemptions. The Company is in a net current liability position as at 31 March 2021, however this is not determined to be a going concern risk due to the significant portfolio of level 1 investments which could be sold to settle liabilities.

The Directors, 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.

Comparative information

The financial information contained in this Half Year Report does not constitute statutory accounts as defined in the Companies Act 2006. The financial information for the half-year period ended 31 March 2021 has not been audited or reviewed by the Company's Auditor.

The comparative figures for the financial year ended 30 September 2020 are not the Company's statutory accounts for that financial year. The statutory accounts for the year to 30 September 2020 were reported on by the Company's Auditor and delivered to the Registrar of Companies. The report of the Auditor was (i) unqualified, (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Notes to the Financial Statements continued
For the six months ended 31 March 2021 (unaudited)

2. Income

	6 months to 31 March 2021 £'000	6 months to 31 March 2020 £'000	Year to 30 September 2020 £'000
Income from investments			
Listed investments	**6,359**	5,773	14,598
Total Return Swap dividends*	**–**	129	369
	6,359	5,902	14,967
Other income			
Deposit interest	**–**	246	264
Total return swap interest*	**(65)**	(256)	(481)
Underwriting commission	**–**	–	426
Interest on French withholding tax received	**–**	–	1
Exchange losses on receipt of income**	**(126)**	(31)	(20)
	(191)	(41)	190
Total income	**6,168**	5,861	15,157

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

3. Earnings per Ordinary Share

	6 months to 31 March 2021		
	Revenue	Capital	Total
Net profit (£'000)	**3,482**	**217,709**	**221,191**
Weighted average number of Ordinary Shares			**105,068,233**
Earnings per Ordinary Share	**3.31p**	**207.21p**	**210.52p**

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

	Year to 30 September 2020		
	Revenue	Capital	Total
Net profit/(loss) (£'000)	10,134	(12,104)	(1,970)
Weighted average number of Ordinary Shares			108,222,102
Earnings per Ordinary Share	9.36p	(11.18p)	(1.82p)

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

4. Net asset value per Ordinary Share
The net asset value per Ordinary Share is based on net assets of £1,085,424,000 (31 March 2020: £689,349,000; 30 September 2020: £883,605,000) and on 104,561,803 (31 March 2020: 108,524,456; 30 September 2020: 105,551,730) Ordinary Shares, being the number of Ordinary Shares in issue excluding shares held in treasury at the relevant period ends.

5. Share capital
During the period to 31 March 2021, 989,927 (six months to 31 March 2020: 1,601,212; year to 30 September 2020: 4,573,938) Ordinary Shares were bought back and placed in treasury for an aggregate consideration of £8,332,000 (six months to 31 March 2020: £10,729,000; year to 30 September 2020: £31,072,000).

No Ordinary Shares held in treasury were cancelled in the period (six months to 31 March 2020: nil; year ended 30 September 2020: nil).

6. Dividends
During the period, the Company paid a final dividend of 10.5p per Ordinary Share for the year ended 30 September 2020 on 3 January 2021 to Ordinary shareholders on the register at 4 December 2020 (ex-dividend 3 December 2020).

An interim dividend of 6p per Ordinary Share for the period ended 31 March 2021 has been declared and will be paid on 2 July 2021 to Ordinary shareholders on the register at the close of business on 11 June 2021 (ex-dividend 10 June 2021).

7. Values of financial assets and financial liabilities
Valuation of financial instruments

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

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

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant assets as follows:

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

Financial assets

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

Financial assets at fair value through profit or loss at 31 March 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	**1,158,111**	**–**	**2,674**	**1,160,785**
	1,158,111	**–**	**2,674**	**1,160,785**

Financial assets at fair value through profit or loss at 31 March 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	740,215	5,736	–	745,951
Total Return Swap assets	–	1,355	–	1,355
	740,215	7,091	–	747,306

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

Fair value of Level 3 investments

The following table summarises the Company's Level 3 investments that were accounted for at fair value:

	31 March 2021 £'000	31 March 2020 £'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	**(615)**	–	–
Realised loss on equity sales	**(24)**	–	–
Movement in investment holding gains	**303**	–	–
Closing fair value of investments	**2,674**	–	2,616

7. Values of financial assets and financial liabilities continued

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 31 March 2021		At 31 March 2020		At 30 September 2020	
	Amortised cost £'000	Fair value £'000	Amortised cost £'000	Fair value £'000	Amortised cost £'000	Fair value £'000
4.184% Series A Sterling Unsecured Loan Notes 2036	**(29,902)**	**(35,755)**	(29,896)	(36,693)	(29,899)	(38,677)
3.249% Series B Euro Unsecured Loan Notes 2036	**(25,487)**	**(31,059)**	(26,452)	(32,632)	(27,140)	(34,826)
2.93% Euro Senior Unsecured Loan Notes 2037	**(16,925)**	**(20,168)**	(17,564)	(21,223)	(18,025)	(22,779)
Total	**(72,314)**	**(86,982)**	(73,912)	(90,548)	(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 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 pages 22 and 23.

Financial liabilities at 31 March 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Loan Notes	**–**	**(86,982)**	**–**	**(86,982)**
	–	**(86,982)**	**–**	**(86,982)**

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

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)

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

	At 31 March 2021 £'000	At 31 March 2020 £'000	At 30 September 2020 £'000
Total Return Swaps			
Current assets	–	1,355	–
Net value of derivatives	–	1,355	–

The gross positive exposure of Total Return Swaps as at 31 March 2021 was £nil (31 March 2020: £17,350,000; 30 September 2020: £nil) and the total negative exposure of Total Return Swaps was £nil (31 March 2020: £nil; 30 September 2020: £nil). The liabilities are secured against assets held with Jefferies Hoare Govett (the "prime broker"). The collateral held as at 31 March 2021 was £nil (31 March 2020: £5,036,000; 30 September 2020: £nil) which is included in cash and cash equivalents in the Balance Sheet.

9. Related parties and transactions with the Investment Manager
The Company paid management fees to Asset Value Investors Limited during the period amounting to £3,324,000 (six months to 31 March 2020: £3,293,000; year ended 30 September 2020: £5,962,000). At the half-year end, the following amounts were outstanding in respect of management fees: £nil (31 March 2020: £nil; 30 September 2020: £488,000).

Fees paid to Company's Directors for the six months ended 31 March 2021 amounted to £84,000 (six months to 31 March 2020: £84,000; year ended 30 September 2020: £168,500).

10. Post Balance Sheet events
Since the period end the Company has not bought back any shares.

On 12 April 2021, the Company drew down an additional JPY2.5bn of the JPY9.0bn facility which is now fully utilised. The markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic. However, since the half year end the NAV per share has increased by 1.5% to 24 May 2021 and contingency plans at the Investment Manager and key service suppliers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

Principal Risks and Uncertainties

Whilst the principal risks facing the Company are substantially unchanged since the date of the Annual Report 2020 and continue to be as set out on pages 8 to 11 of that report the ongoing COVID-19 pandemic has impacted the business in a number of areas as detailed in the Chairman's Statement and Investment Manager's Report.

Risks faced by the Company include, but are not limited to, investment risk, portfolio diversification, gearing, discount, market risk, market price volatility, currency, liquidity risk, interest rate and credit and counterparty risk. Details of the Company's management of these risks and exposure to them are set out in the Annual Report 2020.

Directors' Responsibility Statement

The Directors confirm that to the best of their knowledge:

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

    a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
    b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

This Half Year Report was approved by the Board of Directors on 25 May 2021 and the above responsibility statement was signed on its behalf by Susan Noble, Chairman.

Susan Noble
Chairman
25 May 2021

Glossary

Alternative Performance Measure ('APM')
An APM is a numerical measure of the Company's current, historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial framework.

Comparator Benchmark
The Company's Comparator Benchmark is the MSCI All Country World ex-US Total Return Index, expressed in Sterling terms. The benchmark is an index which measures the performance of global equity markets, both developed and emerging. The weighting of index constituents is based on their market capitalisation. Dividends paid by index constituents are assumed to be reinvested in the relevant securities at the prevailing market price. The Investment Manager's investment decisions are not influenced by whether a particular company's shares are, or are not, included in the benchmark. The benchmark is used only as a yard stick to compare investment performance.

Cost
The book cost of each investment is the total acquisition value, including transaction costs, less the value of any disposals or capitalised distributions allocated on a weighted average cost basis.

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

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

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

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

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

The gearing of 10.6% represents borrowings of £114,943,000 expressed as a percentage of shareholders' funds of £1,085,424,000. Net gearing of 6.9% represents borrowings of £114,943,000, less net current assets of £39,582,000, expressed as a percentage of shareholders' funds of £1,085,424,000.

As at 31 March 2021, the values of Loan Notes were:

	2036 GBP loan £'000	2036 EUR loan £'000	2037 EUR loan £'000	JPY revolving credit facility* £'000	Total £'000
Value of issue	30,000	22,962	17,526	44,573	115,061
Unamortised issue costs	(98)	(74)	(116)	–	(288)
Exchange movement	–	2,599	(485)	(1,944)	170
Amortised book cost	29,902	25,487	16,925	42,629	114,943
Fair value	35,755	31,059	20,168	42,629	129,611
Redemption value	42,807	38,757	25,773	42,629	149,966

* The revolving credit facility increased to JPY6.5 billion (previously JPY4.0 billion) on 26 February 2021 equivalent to £42.6 million at current exchange rates. On 12 April 2021 (and after the end of the period under review) a further JPY2.5 billion was drawn down.

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

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

In some instances, we display "n/a" instead of IRR figures in the Investment Portfolio table. In most instances, this is done if the holding period is less than three months, as annualising returns over short-term periods can produce misleading numbers.

Net Asset Value ('NAV') per share
The NAV per share is shareholders' funds expressed as an amount per individual share. Shareholders' funds are the total of all of the Company's assets, at their current market value, having deducted all liabilities and prior charges at par value, or at their fair value as appropriate. The NAV per share of 1,038.07p is calculated by dividing the NAV £1,085,424,000 by the number of Ordinary Shares in issue, excluding Treasury shares, of 104,561,803.

The NAV with debt at fair value is calculated in the same manner but with debt at fair value £86,982,000, rather than the par value of £72,314,000. The NAV with debt at fair value is therefore 1,024.04p.

(£'000)	Shareholders' funds	Debt at par value*	Debt at fair value*	Shares outstanding	NAV with debt at par value	NAV with debt at fair value
31-Mar-21	1,085,424	72,314	86,982	104,561,803	1,038.07	1,024.04
31-Mar-20	689,349	73,912	90,548	108,524,456	635.20	619.87
30-Sep-20	883,605	75,064	96,282	105,551,730	837.13	817.03

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

Ongoing Expenses Ratio (APM)/Ongoing Charges Ratio

As recommended by the AIC in its current guidance, the Company's Ongoing Charges Ratio is the sum of: (a) its Ongoing Expenses Ratio; and (b) the Ongoing Charges Ratios incurred at the underlying funds in which the Company has investments, weighted for the value of the investment in each underlying fund as a percentage of the Company's NAV. The Company's ongoing expenses ratio is its annualised expenses of £8,416,000 (excluding finance costs and certain non-recurring items) expressed as a percentage of the average monthly net assets of £1,000,977,000 of the Company during the period.

A reconciliation of the Ongoing Charges to the Ongoing Expenses Ratio as at 31 March 2021 is provided below:

Ongoing Expenses Ratio (a Key Performance Indicator)	a	0.84%
Underlying Charges Ratio	b	1.30%
Ongoing Charges Ratio	= a + b	2.14%

Return on Investment ('ROI')

The ROI is the total profits earned to date on an investment divided by the total cost of the investment.

Shares bought back and held in treasury

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

Total Return – NAV and Share Price Returns

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

Weight

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

Shareholder Information

Dividends
Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandate forms may be obtained from Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA on request or downloaded from Equiniti's website www.shareview.co.uk. The Company operates the BACS system for the payment of dividends. Where dividends are paid directly into shareholders' bank accounts, dividend tax vouchers are sent to shareholders' registered addresses.

Share Prices
The Company's Ordinary Shares are listed on the London Stock Exchange under 'Investment Trusts'. Prices are published daily in The Financial Times, The Times, The Daily Telegraph, The Scotsman and The Evening Standard.

Change of Address
Communications with shareholders are mailed to the last address held on the share register. Any change or amendment should be notified to Equiniti Limited at the address given above, under the signature of the registered holder.

Daily Net Asset Value
The net asset value of the Company's shares can be obtained by contacting Customer Services on 020 7659 4800 or via the website: www.aviglobal.co.uk.

Company Information

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

Secretary
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25 Bury Street
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Registrar and Transfer Office
Equiniti Limited
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Spencer Road
Lancing
West Sussex BN99 6DA

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

Registrar's Broker Helpline
Tel. 0906 559 6025
Calls to this number cost £1 per minute from a BT landline, other providers' costs may vary. Lines are open 8.30am to 5.30pm, Monday to Friday.

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London EC2N 4JL

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319 St Vincent Street
Glasgow
G2 5AS

Depositary
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25 Bank Street
London E14 5JP

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

London Stock Exchange
LISTED
PREMIUM

HOW TO INVEST

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

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

Design and Production
www.carrkamasa.co.uk
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AGT

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