July 2023

Investment Objective: 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.

HEADLINES

Introduction

AVI Global Trust (AGT)'s NAV increased by +4.4% in July.

Read more below

IAC

We provide an update on North American holding company IAC.

Read more below

Japanese Banks

Our basket of four Japanese regional banks contributed +62bps to AGT's NAV in July

Read more below

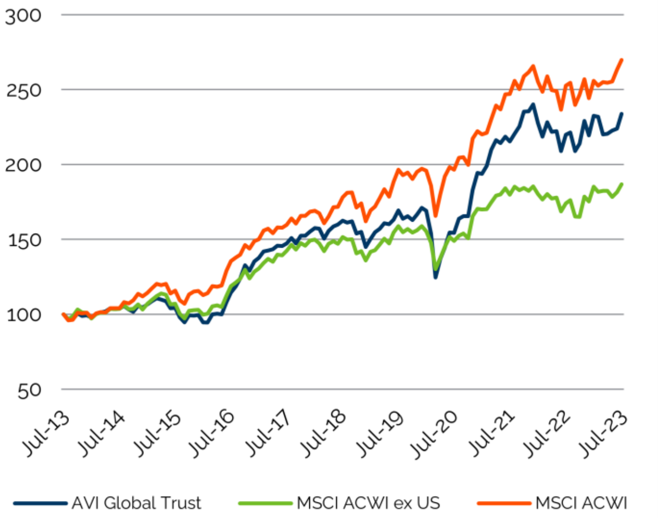
THE FUND

(Figures to 31 July 2023)

Share Price (pence)	NAV (pence)	Prem./Disc.
194.0	220.1	-11.9%

Total Return (£)	Month	CYTD	1Y	3Y	5Y	10Y
AGT NAV	4.4%	6.5%	6.3%	51.4%	44.0%	133.8%
MSCI ACWI ex US	2.8%	6.5%	7.3%	25.3%	23.2%	86.8%
MSCI ACWI	2.4%	10.4%	6.8%	37.3%	51.5%	169.8%

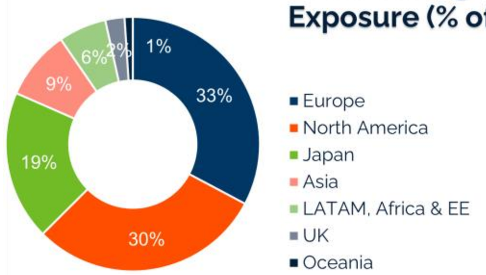
NAV Total Return (£)



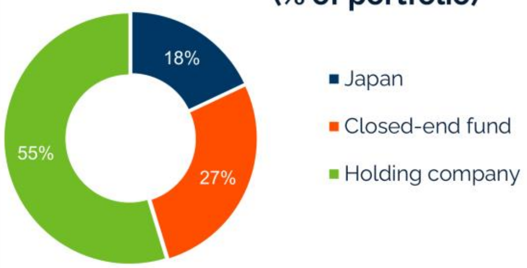
PORTFOLIO

(Holdings to 31 July 2023)

Look-Through Geographic Exposure (% of net assets)



Portfolio Exposure (% of portfolio)



Top Ten Equity Holdings

Holding	%
Oakley Capital Investments	7.7
Schibsted ASA 'B'	7.7
KKR	6.3
FEMSA	6.3
Aker ASA	6.2
Brookfield Corporation	5.4
Pershing Square Holdings	5.3
Apollo Global	5.1
Princess Private Equity	4.8
Pantheon International	4.4
TOTAL	59.2

N.B. Brookfield Corporation is held via a long total return swap. A hedge is held against the position via a short total return swap on three of the listed underlyings (BAM, BIP, BEP), accounting for 57% of NAV. The weights shown reflect the notional exposure calculated from the shares underlying the swaps.

MANAGER'S COMMENT

AVI Global Trust (AGT)'s NAV increased by +4.4% in July.

Schibsted (+12%) and Aker (+6%) were the two largest positive contributors (with a further fillip from a +5% appreciation of NOK against Sterling), followed by our Japanese Banks basket and IAC (+9%) – both of which we discuss below. Godrej Industries was the only notable detractor (-8%).

In last year's annual report we detailed how 2022 was something of an *annus horribilis* for IAC. The company suffered a dual shock of significant NAV weakness and discount widening as it was caught in the perfect storm of a rising cost of capital and deteriorating fundamentals. This made it your company's largest detractor in FY22.

In 2023 the shares have started to make a recovery, rising +57%, with a +25% increase in our estimated NAV boosted by a narrowing of the discount from 45% to 31%. Having added to the position by about a third in early January, averaging down our cost base, IAC has been one our best performers this year. NAV growth has been almost exclusively driven by MGM (37% of NAV) and Angi (18% of NAV), shares in which have returned +51%, and +65%, respectively.

In IAC CEO Joey Levin's quarterly letter at the start of the year, he talked of a "*back to basics*" strategy. This has clearly been evidenced at Angi, the homeservices marketplace. Since becoming CEO of Angi a little under a year ago Joey has steadied the ship. Measures to reduce the cost structure have been implemented, with a -14% year-on-year reduction in sales team headcount and -50% reduction in capex in Q1. He has started to simplify the product offering and ambition, reducing losses from Services (from -$19m to -$2m as they exit un-economic offerings). Arguably this is the "easy" bit and the next stage of showing the business can successfully drive top-line growth is the hard bit – with the jury very much still out as to whether this is possible. That said, the "easy" bit is not to be sniffed at - after all the company churned through three CEOs in five years who couldn't do it! With earnings starting to ramp up, we believe this creates a base from which value can be grown and extracted. At the current $2.3bn enterprise value – which equates to 1.3x trailing sales and ~10x 2025 EBITDA -we believe the business could be of interest to financial buyers given the attractive cash generative nature of the core Ads & Leads business and room for cost cutting from non-core areas. This would be an attractive outcome for IAC shareholders, giving the company significant capital to allocate. Alternatively, although sceptical, we remain open minded to Joey Levin continuing to drive fundamental improvements, re-igniting growth and margins – something to which the market doesn't appear to be assigning a high probability.

Turning to Dotdash Meredith (11% of NAV) – the digital media company that was established in 2021 when IAC's Dotdash acquired the storied media brands of the Meredith Corporation – there are also signs of improvement. Whilst 2022 had always been billed as a transition year, a deterioration in ad markets, compounded by a much slower and more complex than anticipated integration, meant the first twelve months of ownership were ones to forget. In 2023 the integration issues are now behind them, with the focus now solely on navigating a challenging macro environment. In aggregate, management describe the ad market as being in a state of "*stable weakness*", albeit with significant variation by category. We remain somewhat cautious on the heavy lifting that the second half of the year will have to do for Dotdash Meredith to reach management guidance of $250-300m adjusted EBITDA but, given the high incremental margins the business earns, are excited about the prospects for meaningful recovery in earnings and growth over the medium term – validating the acquisition.

Despite the strong share price performance, the stub remains lowly valued, at an implied $1.5bn (inclusive of Dotdash Meredith level debt). At this price you are paying 5.6x this years depressed EBITDA for Dotdash Meredith and receiving every else for free.

History shows that IAC shares perform well when the market wakes up and starts valuing the "for free" part. In this vein we are particularly excited about Turo (9% of NAV), a car sharing marketplace where guests can rent cars from a community of hosts akin to Airbnb. The business has many of the hallmark's IAC look for: **1)** large addressable market with long-growth runway; **2)** network effect protected competitive position; **3)** capital light business model with attractive unit economics. Earlier this year IAC increased its stake in the company from 26% to 31% at an implied $2.3bn valuation (whilst they also own a warrant which could see their stake increase to a further 10%). Recently there have been rumours that the company - which filed an S1 in early 2022 – might be looking to IPO, with the rally in equity markets having created a more hospitable environment. We believe this is exactly the kind of event that can help drive IAC shares higher and combined with the prospects for improved fundamental performance and earnings growth at Dotdash Meredith and Angi, makes us optimistic about prospective returns. Indeed, management seem to share our optimism and have become more aggressive at deploying the company's balance sheet, buying back 3.7% of the outstanding shares between February and early May (at an annualised rate of c.18%).

Earlier this year we built a small basket of four Japanese regional banks (£37m at cost). Such companies have been textbook value traps over the last decade-plus: optically incredibly cheap – but for a reason. Cash and securities that dwarf their market caps, but with management teams unwilling to improve capital efficiency; and margins constrained in the zero-interest rate world of Yield Curve Control.

On both fronts we felt the prospects for change were underpriced by the market – with increasing activist pressure (as evidenced by recent proposals at the Bank of Kyoto AGM) and a seemingly inevitable requirement for changes to Japanese monetary policy in-light of evidence of sustained inflation.

At the end of July, the Bank of Japan (BOJ) did indeed adjust its policy stance, widening the rate at which it will purchase government bonds to 1.0% from 0.5% previously. Whilst the Bank were keen to stress the extent to which this *isn't* an abandonment of YCC – in bank speak they are technically moving from a "rigid" 0.5% limit to a "reference" limit – it is a sign of the changing inflationary and monetary policy environment in Japan.

Over the month shares in the four banks we hold rose between +13% and +24%, adding +62bps to AGT's NAV. In total since inception the basket has generated a ROI of +25% (IRR: +58%). Although the depreciation of the Japanese Yen has resulted in a significantly more modest +9% ROI in Sterling terms, we see scope for this Yen headwind to reverse. Indeed, there is an element of synthetic leverage to our position in the banks in so far as higher yields *should* beget higher bank share prices and a stronger Yen.

We believe our basket of banks – which collectively have net cash and securities totalling 133% of their market caps – are fundamentally cheap with catalysts for both improved shareholder returns and fundamental performance. To put that in our vernacular: we see room for both NAV growth and discount narrowing.

STATISTICS

Contributors / Detractors (in GBP)

Largest Contributors	1-month contribution bps	% Weight
Schibsted ASA 'B'	116	7.7
Aker ASA	63	6.2
IAC	34	3.7
KKR	30	6.3
Pershing Square Holdings	28	5.3

Largest Detractors	1-month contribution bps	% Weight
Godrej Industries	-28	2.7
SK Square/Short SK Hynix	-9	2.0
D'Ieteren	-9	4.0
Nihon Kohden	-7	3.7
Christian Dior	-6	4.2

Fund Facts

Net Assets	£1,015.5m
Investment Manager	Asset Value Investors Limited
AGT Shares owned by the Manager**	2,078,576
Shareholder Services	Link Asset Services
Management Fee**	0.7% up to £1bn of assets, 0.6% > £1bn
Website	www.aviglobal.co.uk
Ticker Code	AGT.LN
ISIN	GB00BLH3CY60

Total Return (£%)	1m	1y	3y	5y	10y
Share Price TR[2]	4.3	4.7	45.4	41.5	132.7
Net Asset Value TR[1]	4.4	6.5	51.4	44.0	133.8
MSCI ACWI ex US TR[3]	2.8	7.3	25.3	23.2	86.8
MSCI ACWI TR[1]	2.4	6.8	37.3	51.5	169.8
FY* Total Return (£%)	**FYTD**	**2022**	**2021**	**2020**	**2019**
Price[1]	12.2	-10.1	35.8	1.2	2.5
Net Asset Value[1]	11.9	-7.3	36.2	0.0	2.1
MSCI ACWI ex US[3]	13.0	-9.6	18.8	-1.8	4.5
MSCI ACWI[1]	12.5	-4.2	22.2	5.3	7.3

Capital Structure	
Ordinary Shares	517,560,261
Shares held in Treasury	45,600,956
4.184% Series A Sterling Unsecured Note 2036	£30,000,000
3.249% Series B Euro Unsecured Note 2036	€30,000,000
2.930% Unsecured Note 2037	€20,000,000
1.38% Senior Unsecured Note 2023	¥8,000,000,000
LIBOR + 0.75% Revolving Credit Facility	¥8,000,000,000[5]

Gross Assets/Gearing	
Gross Assets	£1,156.3m
Debt at fair value (gross)	£127.0m
Gearing (net)[4]	4.3%

1 Source: Morningstar. All NAV figures are cum-fair values.
2 Source: Morningstar. Share price total return is on a mid-to-mid basis, with net income re-invested.
3 From 1st October 2013 the lead benchmark was changed to the MSCI ACWI ex US (£) Index.
4 Fair value of net debt divided by net assets at fair value.
5 Amount of RCF drawn down. Capacity of ¥8,000,000,000.
* AVI Global Trust financial year commences on the 1st October. All figures published before the fiscal results announcement are AVI estimates and subject to change.
** Shares owned by AVI Ltd & AVI Employees

All return figures in GBP.

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The share price can be found in The Financial Times.
ISIN: GB00BLH3CY60 Trading as: AGT:LN

Information may be found on the following websites:
www.aviglobal.co.uk
www.assetvalueinvestors.com