

September
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 +2.4% in September and +15.3% for FY23.

[Read more below](#)

Schibsted B

We provide an update on our investment in Schibsted.

[Read more below](#)

Symphony International

Symphony International announced an "orderly realisation" of its portfolio.

[Read more below](#)

THE FUND

(Figures to 30 September 2023)

Share Price (pence)

202.0

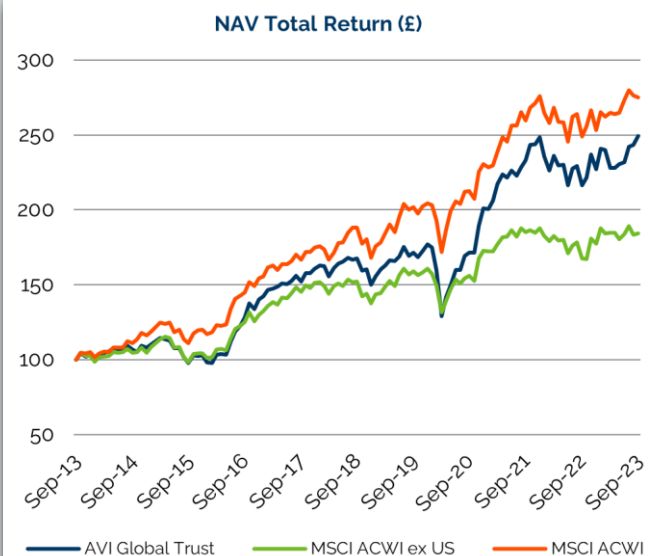
NAV (pence)

226.8

Prem./Disc.

-10.9%

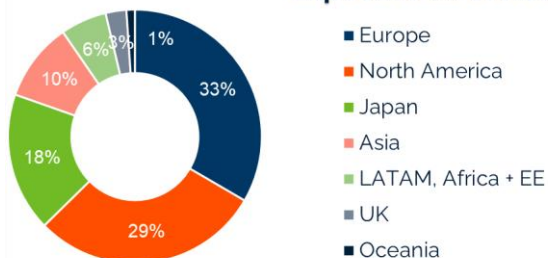
Total Return (£)	Month	CYTD	1Y	3Y	5Y	10Y
AGT NAV	2.4%	9.8%	15.3%	45.6%	48.7%	149.3%
MSCI ACWI ex US	0.5%	3.8%	10.1%	18.2%	21.3%	84.4%
MSCI ACWI	-0.5%	8.5%	10.5%	29.4%	46.1%	174.9%



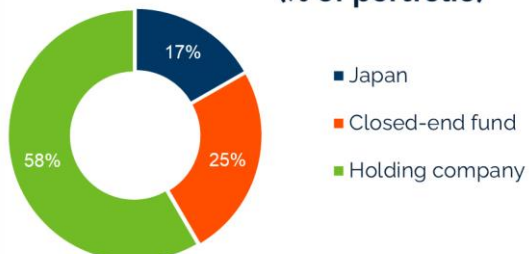
PORTFOLIO

(Holdings to 30 September 2023)

Look-Through Geographic Exposure (% of net assets)



Portfolio Exposure (% of portfolio)



Top Ten Equity Holdings

Holding	%
Schibsted B	8.5
Oakley Capital Investments	7.7
KKR	6.8
Aker ASA	6.3
FEMSA	6.3
Princess Private Equity	6.2
Apollo Global	5.8
Pantheon International	5.2
Brookfield Corporation	5.1
D'Ieteren	4.0
TOTAL	61.9

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 +2.4% in September.

Schibsted (+7%), Symphony International (+21%) and Apollo (+3%) were the most significant contributors, with an additional tailwind from Sterling weakness. Our hedged trade at Brookfield Corp was the most significant detractor (-33bps) as the discount widened. Christian Dior and FEMSA also detracted.

September marks the end of AGT's financial year. For FY23 AGT achieved a NAV total return of +15.3%. This compares to a +10.1% return for the MSCI AC World ex-US index and a +10.5% return for the broader MSCI AC World Index (all figures in GBP).

Performance has been driven by stock selection – something we believe is coming back to the fore. Our high conviction larger weight holdings, such as Apollo, KKR, FEMSA and Schibsted, have on average performed better.

The latter two are good examples of the types of idiosyncratic “events” to which we are attracted – where management teams and boards are undertaking strategic and structural changes to unlock value. As well as this we are particularly excited about opportunities where we can unlock value as engaged shareholders, both in the London listed closed-end fund market where discounts have widened considerably, and in Japan, where we continue to find attractive opportunities.

We maintain that the outlook for equities *en-masse* is arguably a challenging one. This is throwing up a rich and varied opportunity set within the areas of the equity market that we focus on. We are optimistic about our ability to exploit these opportunities and drive attractive long-term returns.

The annual report is due to be published in early November, and the AGM will be held on the 20th of December.

Schibsted B

Shares in Schibsted rose +7% over the month as a key part of our investment thesis started to play out. We will provide an update here notwithstanding the numerous unknowns at the time of writing.

As a reminder, we initiated a position in the summer of 2022. We wrote up the investment in the [September 2022 newsletter](#), highlighting the extreme undervaluation of Schibsted, with its then 33% listed stake in Adevinta swamping its enterprise value.

Overall, we argued that Schibsted exhibited a number of attributes we look for – high quality assets, a discounted valuation and catalysts to unlock value. More specially, Schibsted offers **1)** exposure to high quality online classified ads businesses which have dominant market positions protected by a powerful network effect, high levels of pricing power and strong margin expansion potential which should compound in value; **2)** an inefficient and unsuitable group structure leading the company to trade at a wide discount to NAV and the stub at an inordinately low (then) c.6x EV/EBITDA; and **3)** potential catalysts to unlock value, with either an in-specie distribution or sale of Adevinta suitable outcomes to both re-rate the stub and help realise Adevinta's fair value.

During the month it was confirmed that Blackrock and Permira made a non-binding proposal to take Adevinta private. This will see Schibsted crystallise a large portion of its value, whilst also retaining a stake in the private company. Of course, the devil will be in the detail, with the pertinent questions being around price and the size of the stake that Schibsted will maintain, but we believe this to be a successful outcome.

The deal will allow Schibsted to garner a control premium (albeit an unknown one at this stage) and removes some of the friction of an in-specie distribution. Most importantly, it will simplify the group structure and shine a light on the undervaluation of the stub assets.

On the other hand, this raises the risk of capital (mis)allocation – something we will continue to discuss with Schibsted management. We are also frank about the low value the market will likely ascribe to Schibsted's remaining unlisted stake in Adevinta. However, we very much concede that the return on this position has the potential to be highly attractive, with significant low hanging fruit from non-core asset sales (OLX Brazil plus Italy and maybe Spain); improving monetisation rates at Mobile and Leboncoin which currently under-earn relative to global peers and the economic utility they provide; and improving margins with tighter cost control (particularly at HQ which runs to the tune of ~€250m p.a.). Over time this value creation will shine through in Schibsted's NAV growth, with a future crystallisation of value likely allowing for capital returns.

Schibsted remains cheaply valued at a 34% discount to NAV and with the stub trading at 6.7x NTM EBITDA. Further news on Adevinta will be the key catalyst to drive both NAV and discounts. We remain excited about prospective returns.

Symphony International

Shares in Symphony International rose +21% in September as the company announced an “orderly realisation” of its portfolio.

Long-term readers of our newsletters will know that, as the largest independent shareholder, we have worked to improve corporate governance at the company and unlock value trapped in the persistently wide discount at which the company has traded. This culminated in a 2021 public campaign to [Save Symphony](#).

We view this as a pleasing outcome and will be following the realisation process closely to ensure shareholder value is optimised.

STATISTICS

Contributors / Detractors (in GBP)

Largest Contributors	1-month contribution bps	% Weight
Schibsted B	84	8.5
Symphony International	63	3.1
Apollo Global	37	5.8
Godrej Industries	29	3.3
D'leteren	28	4.0

Largest Detractors	1-month contribution bps	% Weight
Brookfield Corporation	-34	5.1
Christian Dior	-27	2.0
IAC	-19	3.3
Digital Garage	-12	1.6
Molten Ventures	-12	1.7

Fund Facts

Net Assets	£1,048m
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	2.1	14.8	40.1	45.3	146.4
Net Asset Value TR ¹	2.4	15.3	45.6	48.7	149.3
MSCI ACWI ex US TR ³	0.5	10.1	18.2	21.3	84.4
MSCI ACWI TR ¹	-0.5	10.5	29.4	46.1	174.9
FY* Total Return (£%)	2023	2022	2021	2020	2019
Price ¹	14.8	-10.1	35.8	1.2	2.5
Net Asset Value ¹	15.3	-7.3	36.2	0.0	2.1
MSCI ACWI ex US ³	10.1	-9.6	18.8	-1.8	4.5
MSCI ACWI ¹	10.5	-4.2	22.2	5.3	7.3

Capital Structure

Ordinary Shares	507,774,638
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
1.380% Senior Unsecured Note 2023	¥8,000,000,000
LIBOR + 0.75% Revolving Credit Facility	¥8,000,000,000 ⁵
1.440% Unsecured Note 2033	¥4,500,000,000

Gross Assets/Gearing

Gross Assets	£1,172.6m
Debt at fair value (gross)	£124.5m
Gearing (net) ⁴	7.4%

- 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.

Investment Manager – Joe Bauernfreund

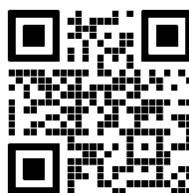
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The share price can be found in The Financial Times.
ISIN: GB00BLH3CY60 Trading as: AGT:LN

Information may be found on the following websites:

www.aviglobal.co.uk

www.assetvalueinvestors.com



IMPORTANT INFORMATION

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