

October 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 declined by -5.3% in October.

[Read more below](#)

Hipgnosis Songs Funds

During the month we declared a 5.0% stake in Hipgnosis Songs Fund.

[Read more below](#)

Bollre SE

We discuss a new position in French holding company Bollre SE.

[Read more below](#)

THE FUND

(Figures to 31 October 2023)

Share Price (pence)

190.0

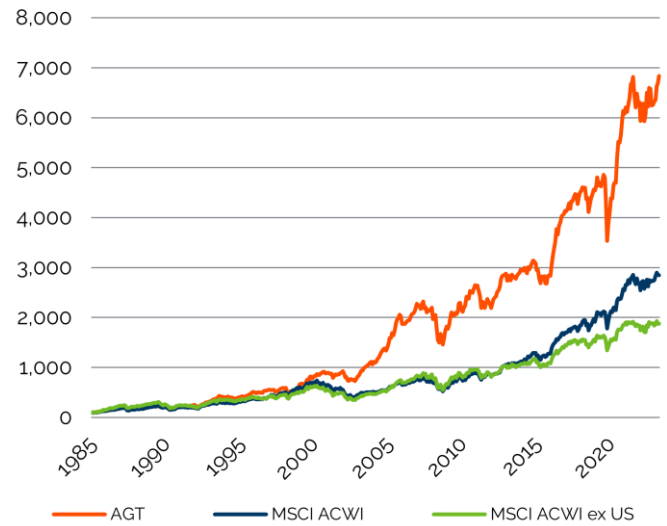
NAV (pence)

214.8

Prem./Disc.

-11.5%

NAV Total Return since Strategy Inception (£)

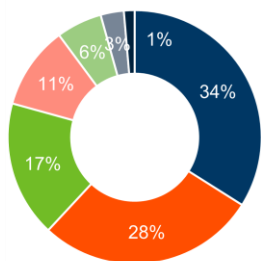


Total Return (£)	Month	CYTD	1Y	3Y	5Y	10Y
AGT NAV	-5.3%	4.0%	6.6%	37.9%	48.2%	126.7%
MSCI ACWI	-2.4%	5.8%	4.8%	29.4%	51.0%	155.8%
MSCI ACWI ex US	-3.6%	0.1%	6.3%	16.6%	24.8%	70.2%

PORTFOLIO

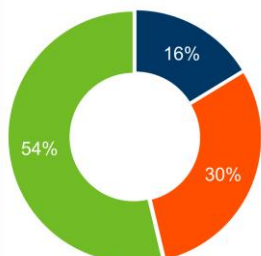
(Holdings to 31 October 2023)

Look-Through Geographic Exposure (% of net assets)



- Europe
- North America
- Japan
- Asia
- LATAM, Africa + EE
- UK
- Oceania

Portfolio Exposure (% of portfolio)



- Japan
- Closed-end fund
- Holding company

Top Ten Equity Holdings

Holding	%
Schibsted B	8.1
Oakley Capital Investments	7.4
Aker ASA	6.2
FEMSA	6.1
Princess Private Equity	6.1
Pantheon International	5.3
KKR	5.1
Brookfield Corporation	5.1
Hipgnosis Songs Fund	4.9
Apollo Global	4.7
TOTAL	59.0

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 53% 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 declined -5.3% in October.

Performance was weak across the board, with eight holdings detracting between -44bps (Hipgnosis Songs Fund) and -95bps (Schibsted). Godrej Industries and FEMSA were rare bright spots (+38bps and +20bps).

We contend that it is a challenging and uncertain environment for equities. It is, however, an environment we relish. Discounts, as evidenced by the 37% portfolio weighted average discount, have widened considerably to levels comparable to those observed in the global financial crisis and the Eurozone crisis. We believe that stock picking, active engagement, and a focus on investments with explicit catalysts stand us in good stead to drive healthy absolute and relative returns. So, whilst the near-term is uncertain, we are increasingly enthused about long-term prospective returns.

Hipgnosis Songs Funds

During the month we declared a 5.0% stake in Hipgnosis Songs Funds ("SONG") ahead of the company's AGM and EGM that were held on the 26th October. We also published a public letter (which can be found [here](#)) urging fellow shareholders to vote against the proposed asset sale to a related party of the Manager and against the continuation resolution. Both the resolutions were opposed by shareholders (by 84% and 83% of shareholders, respectively).

We continue to engage with all stakeholders and believe a reconstituted board can drive significant upside.

Bollore

Over the last few months, we have started to build a new position in Bollore SE ("Bollore"), the French holding company controlled by the mercurial Vincent Bollore. It is currently a 2.0% weight.

Bollore trades at a 45% discount to our estimated NAV, which is principally comprised of listed stakes in Universal Music Group (28% of NAV) and Vivendi (10%), cash (23% pro-forma of the sale of Bollore Logistics) and self-ownership loops (32%) given the companies' notoriously complex *Bretton Pulley* ownership structure.

We have invested in both Bollore SE and Vivendi at various points over the last 15-plus years (and indeed, UMG more recently). However, we contend that we are now at a particularly interesting juncture. Having extracted the crown jewel asset (UMG) from Vivendi and monetised both Bollore Africa Logistics and Bollore Logistics for >€10bn, we are entering a period of value harvesting.

Pro-forma for the completion of the sale of Bollore Logistics, Bollore is sitting on €6bn of net cash. It is our expectation that over time, Bollore will look to own more of Vivendi, the French media conglomerate. This had been something of a crowded hedge fund trade, however – as he is prone to – Mr Bollore upset the apple cart earlier this year, partially reducing his stake in Vivendi to stay below the 30% threshold that would require a mandatory offer and allocating capital toward buying back Bollore shares.

This has sent Vivendi shares nearly 20% below their April peak, with the company now trading at a 43% discount to NAV. Indeed, at current prices the market is ascribing Vivendi's unlisted stub assets, the largest of which are Canal + and Havas, a value of just €3.3bn (net of debt & other liabilities). This equates to a little over 4x 2024e operating profits.

We expect Bollore to exploit Vivendi's lowly valuation – much to the benefit of Bollore's NAV. Importantly, is often his *modus operandi*, this can be done with relatively minimal capital outlay. There are many different forms this can take, but the most obvious one to us is a monetisation of Vivendi's €4.2bn stake in UMG, which accounts for 48% of Vivendi's market cap (gross of any taxes). The proceeds of this *could* be used to launch a tender offer, thereby significantly reducing the remaining free float for which Bollore would be mandated to make an offer. Vivendi's NAV excluding UMG stands at ~€11bn, and there are scenarios where Bollore can own 100% of this for an incremental capital outlay <€3.5bn (assuming a 25% premium).

When investing in Vivendi historically we always viewed these assets as the ugly duckling alongside the swan that was UMG. That said, the earnings power has proved relatively stable, and the businesses have ridden secular and cyclical challenges better than we would have expected. In particular, Canal+ is in much better shape than it was 5-6 years. The French pay TV business has entrenched its position as an aggregator and is growing its subscriber base once again with a sticky offering of sports and films; and outside of France, particularly in Africa but also in other parts of Europe and Asia, the business has built a subscriber base that looks increasingly strategically valuable.

Of course, as this year evidences, Mr. Bollore is famously difficult to predict and he has a history of dumbfounding investors and taking the opposite path to the one assumed. We are under no illusions that we are any different and are very open to the fact the above might well not occur. However, we believe that being invested higher up the holding company structure at the Bollore – not Vivendi – level gives us the alignment of interest and patience required when events invariably take longer to come to fruition than initially anticipated.

Moreover, the significant net cash position at the Bollore level raises the prospect of capital returns and structural simplifications. In 2023 we have already seen a tender offer and some tinkering transactions at other parts of the structure. Exactly what the endgame is remains to be seen but further tender offers and eventual share-based transactions between the different holding levels seem quite plausible. Given the wide levels of discount involved, such moves would be highly accretive.

Vincent Bollore has shown himself to be an astute capital allocator compounding shareholder returns at +12.5% p.a. since the turn of the millennium, outstripping the MSCI Europe (+3.6%) and the MSCI AC World (+4.9%). The prospect of aligning capital with such an operator, at a time where there are numerous corporate catalysts, makes for an attractive investment.

STATISTICS

Contributors / Detractors (in GBP)

Largest Contributors	1-month contribution bps	% Weight
Godrej Industries	38	3.7
FEMSA	20	6.1
Shiga Bank	14	1.3
News Corp	11	4.4
Fuji Soft	9	0.0

Largest Detractors	1-month contribution bps	% Weight
Schibsted 'B'	-95	8.1
Apollo Global Mgmt.	-71	4.7
KKR	-53	5.1
Princess Private Equity	-53	6.1
IAC	-50	3.0

Fund Facts

Net Assets	£982.7m
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	-5.8	5.6	30.9	44.5	123.2
Net Asset Value TR ¹	-5.3	6.6	37.9	48.2	126.7
MSCI ACWI TR ¹	-2.4	4.8	29.4	51.0	155.8
MSCI ACWI ex USTR ³	-3.6	6.3	16.6	24.8	70.2
FY* Total Return (£%)	FYTD	2023	2022	2021	2020
Price ¹	-5.8	14.8	-10.1	35.8	1.2
Net Asset Value ¹	-5.3	15.3	-7.3	36.2	0.0
MSCI ACWI ¹	-2.4	10.5	-4.2	22.2	5.3
MSCI ACWI ex US ³	-3.6	10.1	-9.6	18.8	-1.8

Capital Structure

Ordinary Shares	503,078,876
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	£1,130.2m
Debt at fair value (gross)	£147.5m
Gearing (net) ⁴	4.2%

- 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 RCF 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

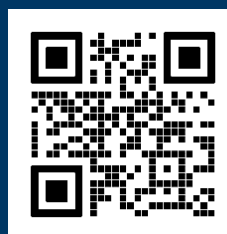
AVI Ltd. +44 20 7659 4800 info@assetvalueinvestors.com

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

All figures are as at the period under review unless otherwise stated. All sources Asset Value Investors Ltd ("AVI") unless otherwise stated. AVI is authorised and regulated by the Financial Conduct Authority of the United Kingdom (the "FCA") and is a registered investment adviser with the Securities and Exchange Commission of the United States. While AVI is registered with the SEC as an investment adviser, it does not comply with the Advisers Act with regard to its non-U.S. clients. This document does not constitute an offer to buy or sell shares in AVI Global Trust plc (the "Trust"). The contents of this message are not intended to constitute, and should not be construed as, investment advice. Potential investors in the Trust should seek their own independent financial advice. AVI neither provides investment advice to, nor receives and transmits orders from, investors in the Fund.