January 2024

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 +1.2% in January.

Read more below

Christian Dior

We provide an update on our investment in Christian Dior.

Read more below

Portfolio activity

We exited Pershing Square Holdings and increased our position in Bollore.

Read more below

THE FUND

(Figures to 31 January 2023)

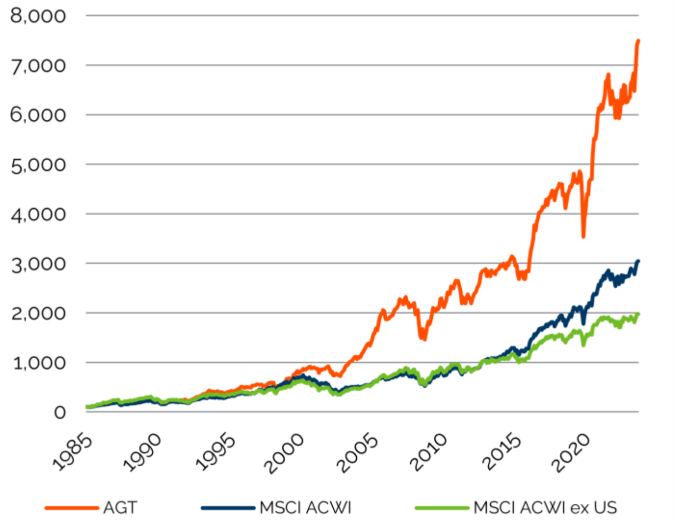
Share Price (pence)
226.5

NAV (pence)
245.8

Prem./Disc.
-7.9%

Total Return (£)	Month	CYTD	1Y	3Y	5Y	10Y
AGT NAV	1.2%	1.2%	13.5%	36.2%	75.6%	169.7%
MSCI ACWI	0.7%	0.7%	10.9%	28.8%	67.6%	189.9%
MSCI ACWI ex US	-0.9%	-0.9%	2.4%	11.5%	33.9%	94.9%

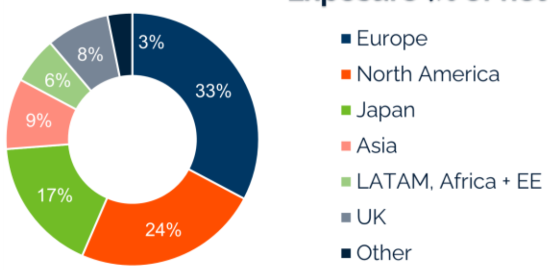
NAV Total Return since Strategy Inception (£)



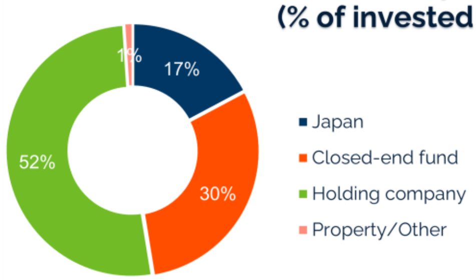
PORTFOLIO

(Holdings to 31 January 2023)

Look-Through Geographic Exposure (% of net assets)



Portfolio Exposure (% of invested assets)



Top Ten Equity Holdings

Holding	%
Oakley Capital Investments	7.0
FEMSA	6.1
Princess Private Equity	5.7
Schibsted B	5.5
Aker ASA	5.2
KKR	5.2
Apollo Global	5.1
D'Ieteren	5.1
News Corp A	5.0
Pantheon International	5.0
TOTAL	54.9

MANAGER'S COMMENT

AVI Global Trust (AGT)'s NAV increased +1.2% in January.

Godrej Industries (+57bps) was the standout contributor, with the shares up +21% over the month as the discount continues to narrow. Apollo (+38bps), Schibsted (+33bps) and FEMSA (+24bps) were also strong performers. Oakley Capital Investments detracted -54bps as the shares declined -7%, and Aker shaved off -47bps with the shares -6%.

Shares in Christian Dior, the mono-holding company through which Bernard Arnault controls LVMH, rose +4% during a month in which LVMH reported full year results.

When we last wrote about Christian Dior in January 2023 there was near universal excitement about the prospects for the luxury goods sector, and the impact of the "re-opening" of China's economy on growth. In the spring of 2023 LVMH rose to become the first $500bn market cap company in Europe. Shortly after this we sold ~1/3rd of our position (in Christian Dior) at a price of €809. As 2023 progressed, growth in China underwhelmed and concerns mounted over a slowdown in luxury spending following the elevated global demand observed during COVID. This allowed us to modestly add back to the position at an average price of €678 during the latter half of 2023. The shares currently trade at €737.

The consensus view toward luxury goods today is much more sceptical than it was a year ago. However, we believe LVMH is well positioned both in the nearer term and longer term.

We wrote last year that Louis Vuitton was underearning, with high levels of "investment" in operating expenses depressing earnings in the near-term but building brand desirability and entrenching dominance. The benefits of this were evident in the 2023 full year results, with sales growing +13% organically and operating profit increasing by +8%. Importantly, the scaled cost structure offers considerable flexibility, with sales and marketing expenditure flat year on year in the second half of the year, having grown +26% in the first half.

Smaller mono-brands that have underinvested and have less flexible cost structures will likely find the path to a post COVID normalised world more challenging, with LVMH growing at roughly twice the rate of the overall industry in Q4. It is our contention that such outperformance will likely endure, given the considerable scale advantages in an industry with relatively high fixed costs. In previous cycles LVMH has emerged stronger – the bigger get bigger – and we expect this to be the same once again, with optionality around countercyclical M&A given LVMH's pristine balance sheet.

Looking further ahead we believe LVMH offers exposure to an irreplicable collection of competitively advantaged brands operating in a sector with attractive long-term growth prospects and strong underlying economics, returns on capital and cash generation.

These advantages and attractions do not seem to excessively reflect in LVMH's valuation. The shares trade at a 17x 2024 EV/EBIT and a 2024 FCF yield of ~4.5%. In the context of other luxury goods companies this is a middle of the pack valuation for a company that has consistently performed ahead of the pack and reflects a considerable conglomerate discount (34% on our numbers).

Returning to Christian Dior, the shares currently trade an 18% discount to NAV. At some point of the family's choosing the mono-hold co structure will likely be collapsed, providing an additional kicker to returns, which have and will be principally a function of NAV growth. To date the investment in Christian Dior has generated an ROI and IRR of +110% and +27%, respectively.

Portfolio activity

During the month we fully exited our investment in Pershing Square Holdings (PSH). The position had been held since 2017 and generated an IRR of +21% vs. +9% for the MSCI ACWI ex-US. With our universe throwing up some of the most attractive opportunities we have seen in many years, we began reducing our shareholding in PSH over 2023 to fund investments where we see greater scope for attractive event-driven returns over shorter time-frames.

One such example is our position in Bollore, which shares with PSH a common exposure in Universal Music Group (directly via Bollore's 18% stake and indirectly via Vivendi's 10% stake), and which we added to using a portion of the sale proceeds from PSH.

Since we wrote the company up in the October newsletter it has been announced that Vivendi – the media conglomerate in which Bollore owns just shy of a 30% stake – will be broken up into four different businesses in an effort to reduce the sum-of-the-parts discount at which it trades.

This is interesting for several reasons. Firstly, this is the only time a Bollore company has openly and proactively tried to address the issue of a discount. Secondly, and more tangibly, this raises the prospects of further tender offers and simplifications higher up the Bollore structure.

It had previously been our expectation that some or all Bollore's (soon to be) €6bn net cash balance would be deployed into Vivendi shares. However, buybacks and tender offers seem probable in the absence of this. The 10% April 2023 tender offer at €6 per share (inclusive of the €0.25 of contingent consideration in anticipation of the closing of the sale of Bollore Logistics) only saw 34% uptake. We believe future tender offers will likely be struck at a meaningfully higher price (with the NAV up +11% in the interim) and view this as a near-term catalyst for the shares. Beyond that there is scope for further transactions in one of Europe's last byzantine corporate structures. We believe it is an interesting time to align capital with a flush Vincent Bollore and that the market is under-pricing the potential for value to be unlocked.

As well as this we have been busy elsewhere in the portfolio. In recent months we have added to existing positions in News Corp and D'Ieteren. We have slowly started to build a position in a UK conglomerate and have built a starter position in a UK-listed special situation that we came across via one our existing investments. As well as this we have established new positions in two London-listed closed-end funds.

STATISTICS

Contributors / Detractors (in GBP)

Largest Contributors	1-month contribution bps	% Weight
Godrej Industries	57	3.1
Apollo Global	38	5.1
Schibsted ASA 'B'	33	5.5
FEMSA	24	6.1
KKR	22	5.2

Largest Detractors	1-month contribution bps	% Weight
Oakley Capital Investments	-54	7.0
Aker ASA	-47	5.2
Molten Ventures	-26	1.6
Hipgnosis Songs	-20	4.7
Frasers Group	-14	1.5

Fund Facts

Net Assets	£1,103.2m
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]	3.0	15.7	39.5	77.6	191.1
Net Asset Value TR[1]	1.2	13.5	36.2	75.6	169.7
MSCI ACWI TR[1]	0.7	10.9	28.8	67.6	189.9
MSCI ACWI ex US TR[3]	-0.9	2.4	11.5	33.9	94.9
FY* Total Return (£%)	**FYTD**	**2023**	**2022**	**2021**	**2020**
Price[1]	13.5	14.7	-10.8	40.2	2.0
Net Asset Value[1]	9.6	15.3	-7.3	36.2	0.0
MSCI ACWI[1]	7.0	10.5	-4.2	22.2	5.3
MSCI ACWI ex US[3]	4.2	10.1	-9.6	18.8	-1.8

Capital Structure	
Ordinary Shares	499,194,411
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 2032	¥8,000,000,000
LIBOR + 0.75% Revolving Credit Facility	¥4,500,000,000[5]
1.440% Unsecured Note 2033	¥4,500,000,000
Gross Assets/Gearing	
Gross Assets	£1,266.7m
Debt at fair value (gross)	£163.5m
Gearing (net)[4]	8.6%

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 ¥4,500,000,000.
* 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