

August 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 declined -2.1% in August.

[Read more below](#)

Japan

We saw considerable volatility in Japan.

[Read more below](#)

Entain

We provide an update on our investment in Entain which reported results during the month.

[Read more below](#)

THE FUND

(Figures to 31 August 2024)

Share Price (pence)

234.0

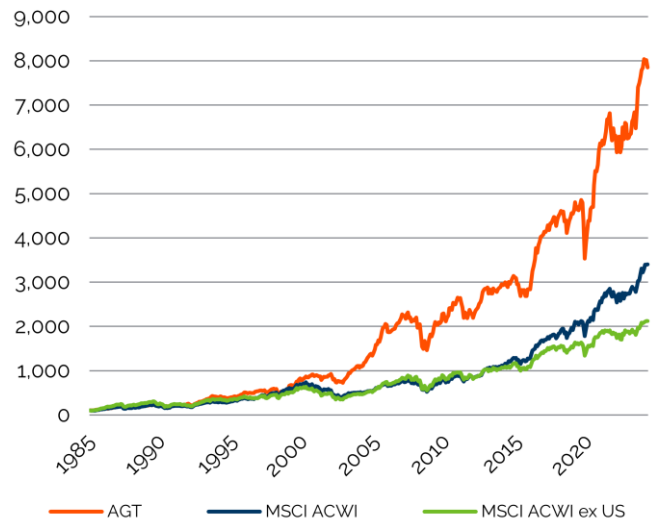
NAV (pence)

256.5

Prem./Disc.

-8.8%

NAV Total Return since Strategy Inception (£)

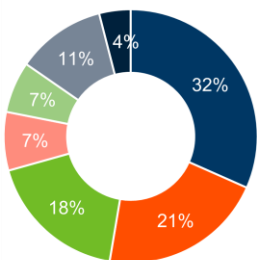


Total Return (£)	Month	CYTD	1Y	3Y	5Y	10Y
AGT NAV	-2.1%	6.1%	17.6%	25.5%	69.0%	162.4%
MSCI ACWI	0.2%	12.5%	19.0%	23.9%	64.3%	193.1%
MSCI ACWI ex US	0.5%	7.9%	14.0%	11.5%	33.4%	94.7%

PORTFOLIO

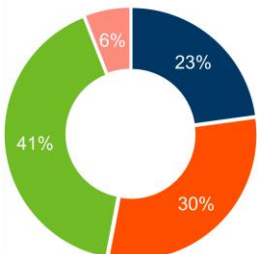
(Holdings to 31 August 2024)

Look-Through Geographic Exposure (% of net assets)



- Europe
- North America
- Japan
- Asia
- LATAM, Africa + Emerging Europe
- UK
- Other

Portfolio Exposure (% of invested assets)



- Japan
- Closed-end fund
- Holding company
- Property/Other

Top Ten Equity Holdings

Holding	%
News Corp A	8.0
Oakley Capital Investments	6.7
Dieteren	6.0
Partners Group PE	5.8
Softbank Group	5.1
Bollore	5.1
Chrysalis Investments	4.5
Cordiant Digital Infrastructure	4.5
FEMSA	4.4
Rohto Pharmaceutical	4.2
TOTAL	54.6

N.B. Softbank Group is held via a long total return swap. Hedges are held against the position via short total return swaps on five of its listed underlying holdings: Arm Holdings, Coupang, Deutsche Telekom, Softbank Corp & T-Mobile (accounting for 86% of NAV). The weight shown above for Softbank Group reflects the gross notional exposure to that single entity calculated from the shares underlying the long swap.

MANAGER'S COMMENT

AVI Global Trust (AGT)'s NAV declined -2.1% in August.

Entain (+39bps), Reckitt (+23ps) and Dai Nippon Printing (+18bps) were the most significant contributors.

We endured weakness in Japan. In total our Japanese small cap holdings detracted -113bps and we focus on this below. FEMSA suffered the newsletter curse and shaved off -42bps, whilst Symphony cost us -29bps.

Japan

On the 31st of July the BOJ raised interested rates and attempted (!) to pave the way for further hikes to come and leading to an associated strengthening of the Yen. This resulted in considerable volatility in global equity markets generally, and Japanese equity markets specifically, where the magnitude of decline was only comparable to days in 1987. It is hard to overstate the extent of this, with the VIX index, or so-called "fear gauge", seeing its largest ever one day spike, with the unwind in the carry trade at least partly responsible for this.

Over the course of the month our Japanese names (excluding Softbank) cost us -113bps in performance. This was comprised of an estimated -89bps allocation effect (our "overweight" Japan vs. the index) and a -24bps selection effect (our companies fell by more than the Japanese companies in the index).

Such moves are devoid of fundamentals and likely fuelled by algorithmic trading. We took advantage of this volatility, adding approximately 300bps (£33m) to several Japanese names at prices few would have thought possible just a matter of days before.

Interestingly, trading data suggests that Japanese domestic investors were also buyers in the days that followed, which is an important and overlooked development for the long-term health of the Japanese equity market.

Fundamentally very little has changed, and we believe the thesis of governance reform, corporate activity and activism remains a highly valid one that is still in a relatively early innings.

Indeed, it is worth noting that in late August the convenience store operator Seven & i Holdings received an unsolicited takeover bid from Canadian firm Alimentation Couche-Tard. Although it remains to be seen if a deal will be completed (we remain sceptical!), we believe this is interesting for two reasons: it marks a watershed moment for foreign M&A in Japan; and it highlights that recent volatility does little to deter corporate activity for highly sought after Japanese assets.

Over the last 18 months there has been increased evidence and growing acceptance of what we have been saying since 2017 – Japan is changing. The events of the last month do little to dampen our enthusiasm and we remain excited about the opportunity and the high prospective returns that can be unlocked through thoughtful, long-term orientated engagement.

Entain

Entain was the most significant positive contributor over the month, with the shares having risen +25% since the company reported interim results on the 8th of August.

Results were encouraging, with a top-line "beat" and an increase in full year guidance. Most importantly, the Online Operations positively surprised with +1.0% constant currency organic growth, which compared favourably to the -2.6% consensus had pencilled in. Results were flattered by one off sporting events in terms of the Euros and Copa America, but even accounting for these, result would have been ahead of consensus. It appears that the business has started to turn the corner, with improving KPI's across many geographies, and most notably Brazil.

In the UK & Ireland performance remains subdued, but management are encouraged by +12% growth in online activities and a stabilisation of spend per head, as the business benefits from a redesign of the Ladbrokes front-end UI and steps taken to simplify player journeys. With easing comps and a levelling of the regulatory playing field, a return to growth in the second half of the year looks in sight.

At the results presentation management talked about the inherent lag between "good inputs" and "good outputs". Markets generally find this lag difficult to price and in the case of companies like Entain – where investor confidence and trust has been broken – are even less willing to look forward. The onus is on management to deliver the outputs. As and when this occurs the revaluation, can be quite sharp – to which Entain's recent share price chart attests.

We are, however, not out of the woods just yet. Whilst there are encouraging signs from Entain's wholly owned operations performance of the 50:50 BetMGM JV remains a work in progress. Growth rates have disappointed, market share has been lost, and profitability targets have been pushed back.

Notwithstanding this, we remain sanguine and believe patience is needed, as similarly to Entain's other operations, there are lags between inputs and outputs. Most pertinently, we believe the 2023 acquisition of Angstrom Sports significantly improves BetMGM's in-play bet offering and will make the company more competitive. Moreover, the launch of a Nevada single wallet feature, creates further differentiation from DraftKings and FanDuel, which should help support a recovery in market share. We believe the upcoming NFL season will serve as a test case for this, and are encouraged by the enthusiasm of Entain, MGM and IAC management.

Returning to Entain, the shares remain lowly valued, trading at an -38% discount to our estimated NAV. This can be cut a number of ways: deducting our estimated value of the 50% stake in BetMGM implies the wholly owned stub is trading at an implied 6.3x NTM EBITDA vs. average peer multiples of 9.6x and recent M&A transactions above 10x; alternatively, this can be interpreted as assigning a negative value for BetMGM. We do not consider either such implications to be remotely fair!

With a new highly incentivised CEO in-place, a new Chair who has shown herself to be a highly capable operator as interim CEO, and improving fundamental momentum, we believe the ground is set for strong performance. Since initiation in Dec-2023, Entain has been a bruising investment for us - and one where we have had to average down time and again. However, as we look ahead, we are optimistic about prospective returns.

STATISTICS

Contributors / Detractors (in GBP)

Largest Contributors	1-month contribution bps	% Weight
Entain	39	3.1
Reckitt Benckiser	23	4.0
Dai Nippon Printing	18	2.7
D'leteren	17	6.0
Bollore	16	5.1

Largest Detractors	1-month contribution bps	% Weight
FEMSA	-42	4.4
Kyoto Financial Group	-40	1.7
Nihon Kohden	-30	2.4
Symphony International Holdings	-29	1.7
Apollo Global Mgmt.	-27	3.4

Fund Facts

Net Assets	£1,125.5m
Investment Manager	Asset Value Investors Limited
AGT Shares owned by the Manager**	2,090,449
Company Secretary	Link Company Matters Limited
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	-3.5	20.7	26.4	74.3	183.1
Net Asset Value TR ¹	-2.1	17.6	25.5	69.0	162.4
MSCI ACWI TR ¹	0.2	19.0	23.9	64.3	193.1
MSCI ACWI ex US TR ³	0.5	14.0	11.5	33.4	94.7
FY* Total Return (£%)	FYTD	2023	2022	2021	2020
Price ¹	17.9	14.7	-10.8	40.2	2.0
Net Asset Value ¹	14.9	15.3	-7.3	36.2	0.0
MSCI ACWI ¹	19.6	10.5	-4.2	22.2	5.3
MSCI ACWI ex US ³	13.4	10.1	-9.6	18.8	-1.8

Capital Structure

Ordinary Shares	490,687,627
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	¥3,500,000,000 ⁵
1.440% Unsecured Note 2033	¥4,500,000,000

Gross Assets/Gearing

Gross Assets	£1,281.0m
Debt at fair value (gross)	£144.2m
Gearing (net) ⁴	7.3%

- 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 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 @ 31st March 2024

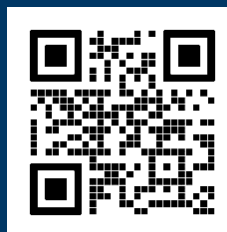
All return figures in GBP.

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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



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.