REPORT

AVI Global Special Situations Fund

This is a marketing communication. Please refer to the Prospectus and the Key Investor Information Document (KIID).

January 2025

Investment Objective:
The investment objective of the Fund is to generate long-term returns through investment in a portfolio of global companies whose share prices stand at a significant discount to estimated underlying net asset value.

Share Price
(Figures to 31 January 2025)

Fund Information

Share Classes

Share Class	ISIN	Price
A (GBP)	IE000JIDJD84	£100.08
B (EUR)	IE0005EAPTK6	€102.46
B (GBP)	IE0008Q72UI9	£100.34
B (USD)	IE000DG5O9L7	$99.92
B1 (GBP)*	IE000U617EI1	£100.22

As per regulations, until the fund has a complete 12-month history, performance cannot be shown.

Fund Attributes

- High-conviction concentrated portfolio
- Actively managed with emphasis on Sum of the Parts (SOTP) valuations and exploiting discounts
- Global portfolio diversified across a range of sectors and geographies

Fund Risk

As a focused equity portfolio of between 35 and 45 investments, the fund can involve higher risk and higher volatility. The value of an investment can fall as well as rise as a result of market and currency movement; you may not get back the amount originally invested. You should therefore regard your investment as long term. Details on the risk factors are included in the fund's prospectus, available on our website.

Fund Facts
(Figures to 31 January 2025)

Top Ten Equity Holdings

	% Weight
News Corp A	7.3
D'Ieteren	7.2
Chrysalis Investments	6.4
Exor	4.9
Christian Dior	4.5
Aker	4.4
Reckitt Benckiser	4.2
Bollore	3.7
Dai Nippon Printing	3.6
Eurazeo	3.5
TOTAL	**49.7**

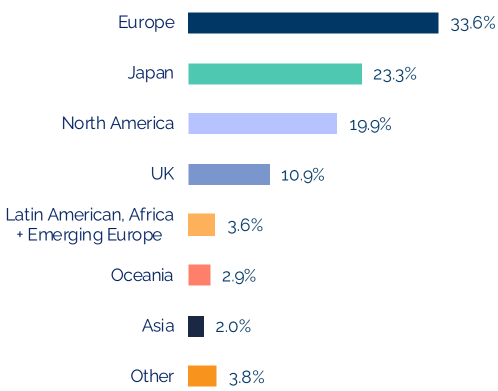
Contributors & Detractors (GBP)

Largest Contributors	Monthly Con bps	% Weight
D'Ieteren	67	7.2
Aker	49	4.4
Christian Dior	47	4.5

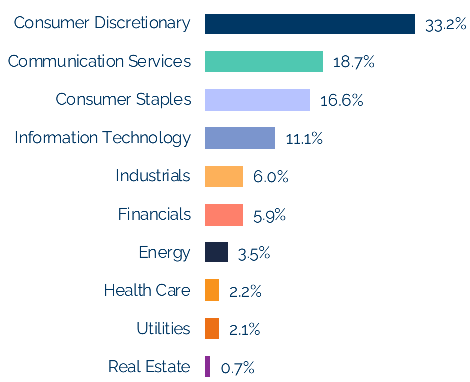
Largest Detractors	Monthly Con bps	% Weight
Chrysalis Investments	-32	6.4
Rohto Pharmaceutical	-23	3.4
Bollore	-12	3.7

Portfolio
(Holdings to 31 January 2025)

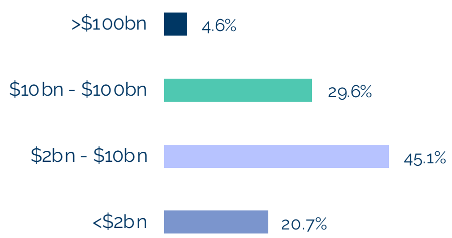
Look-through Geographic Exposure (% of Portfolio)



Look-through Sector Exposure (% of Portfolio)



Market Cap Breakdown (% of Portfolio)



MANGER'S COMMENT

Introduction:

For the first 12 months of the vehicle's life, we are limited by regulations from directly discussing performance.

For the time being, we intend to give you some insight into how we think about companies, opportunities that are arising in our universe and our more general outlook for the strategy.

Having previously written to investors on a quarterly basis, we will now be doing so monthly. As ever, please get in touch with any questions.

We remain optimistic for the outlook for the strategy. Valuations, as indicated by the 39% portfolio weighted average discount, are wide by historical standards. Within the portfolio, there are numerous corporate catalysts to unlock value, which includes our own activism. The opportunity set remains rich, leading us to build several new positions, which will be discussed in future letters.

Japan:

Like many so-called value investors, Japan has always been a market that has fascinated us.

As long-term followers of AVI will know, in 2017 we became increasingly enamoured with the opportunity set in Japan, where it was evident that the winds of change had begun to blow, and that the corporate governance reform agenda had gained critical momentum. This was not a consensus view, with Japan considered to be a perennially cheap, never changing, and largely irrelevant market for global investors.

Since this point our global portfolios have had a considerable weight invested in Japan, and we launched a dedicated Japan strategy in 2018. Over this period we have built a reputation as a constructive activist, demonstrating an ability to generate attractive returns through our heavily engaged approach.

Over the last eight years, the weight of evidence that Japan is changing has grown. We previously described 2023 as a seminal year in which global investors, spurred on by the efforts of the Tokyo Stock Exchange (TSE) and its attempts to address the issues of companies trading below book value, woke up and smelt the coffee. Japanese equities have gained global relevance once again.

As we have learnt over time, the path to progress can be frustratingly slow at times, and it is not always linear with steps back along the way. With that said, as we survey the landscape in 2025, we are as optimistic as we have been.

Private equity interest in Japan has been brewing for some time and the recent battle between KKR and Bain for Fuji Soft exemplifies the growing market for corporate control. Importantly, and in many ways connected to this, we are seeing management teams become increasingly active in their attempts to boost and unlock corporate value. As active engaged owners, these are two attractive forces to have moving in the right direction.

Over the last month we have been adding to both new and existing names, such that Japan now accounts for 25% of the portfolio. We would expect this pattern to continue and find it interesting that trends toward improved governance and increased levels of corporate activity can be found in both small and large caps. From both a valuation and catalyst perspective, we believe Japan stacks up as being highly attractive, and this is reflected in our portfolio positioning.

Net Lease Office Properties (NLOP):

We are typically not interested in owning businesses or assets in troubled or distressed sectors. As we often say, we want to own *durable businesses that are growing in value*. For long-term holdings, we want the compounding of NAV to work in our favour. This is evident in our largest look-through holdings – such as Belron, LVMH and Universal Music Group. These businesses exhibit distinct competitive advantages, with healthy organic growth prospects, margins and returns on capital.

With that said, we try and remain pragmatic in identifying situations where discounted valuations are likely to arise, and where there are specific catalysts to narrow discounts. In our experience spin-offs can often lead to mispricing and this is particularly true in the case of out of favour assets, where natural buying interest is limited. In-turn we also have experience of investing in portfolios of assets in run-off / liquidation, which acts as a pull to par as the NAV is realised.

Net Lease Office Properties ("NLOP") is a $467m US listed office REIT which ticks both these boxes and is currently a 2.1% weight in the portfolio.

NLOP was spun out of its parent company W.P. Carey, the global net lease REIT, in 2023 with the sole aim to wind down the portfolio and return cash to shareholders. At the outset, NLOP consisted of an office portfolio of 59 assets, totalling 8.7msqft of leasable space. From the perspective of W.P. Carey this hived off its office portfolio which, given widespread and well understood concerns about the asset class, had acted as a drag on valuation.

The spin dynamics and out-of-favour nature of the asset class allowed us to build a position in mid-2024 at a more than 40% discount to our estimated NAV and a 16% implied cap rate. The valuation corresponded to c.$95 per square foot, which compared favourably to the $163psf valuation at which JP Morgan provided debt financing on the portfolio.

MANGER'S COMMENT

The investment case was not predicated on some great revival of the asset class, but rather the market's pessimistic implied valuations and the prospect for the wind down to realise value.

Progress here has been promising. In January, NLOP announced the sale of five properties, generating gross proceeds of $43m, with proceeds over the last twelve months amounting to $364m as the portfolio has reduced from 59 properties at listing to 39 currently. Sales over 2024 occurred at a cap rate of 10.5%, versus the market's current implied c.15%. Importantly, the latest transaction included both a vacant property (Eagan, MN previously let to BCBSM) and a property with less than a year left on the lease (let to Cofinity), thereby negating any accusation of cherry picking.

Moreover, in conjunction with funds from rental operations, these asset sales have allowed for the full repayment of JP Morgan's senior secured mortgage and leave $61m outstanding on its mezzanine loan (in addition to $110m of recourse debt). Under the financing agreements, proceeds from asset sales had to be used to repay these secured loans. However, as we near the point where these loans are repaid, we believe capital will start to be returned to shareholders later this year, expediting returns to shareholders. On our estimates, we believe upside from here is north of 50%.

ESG

ESG Integration

ESG is integrated into each stage of our investment process. AVI has eschewed a box-ticking approach to ESG and developed a proprietary ESG monitoring system.

Engagement is central to our strategy. Our ESG monitoring system helps to highlight areas where we can actively engage with portfolio companies to build resilience to sustainability risks, promote responsible attitudes, and enhance sustainable corporate value.

For more information, **AVI's ESG Report** can be accessed on its website **here**

Article 6

This Fund has an Article 6 classification within the meaning of the Sustainable Finance Disclosure Regulation (SFDR). Engagement is central to delivering long term returns, and we integrate environmental, social and governance (ESG) factors into our risk management on an ongoing basis. As part of our engagement process, we monitor the climate-related risks of our portfolio companies within a bespoke system developed for AVI. However, the Fund does not have a sustainability objective.

IA MEMBER | CDP DISCLOSURE INSIGHT ACTION | PRI Principles for Responsible Investment | 10000 INTERNS FOUNDATION | TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Fund Details

(Figures to 31 January 2025)

AVI Global Special Situations Fund

Launch Date	17th April 2024
Net Assets	USD 36.3m / GBP 29.2m
Cash	1.2%
Fund Structure	UCITS
IA Sector	Global
Fund Domicile	Ireland
Investment Manager	Asset Value Investors
Manager	Gateway Fund Services
Administrator/ Transfer Agent	Société Générale
Dealing	Daily
Subscription Deadline	1 Business Day prior by 12PM
Dealing Information*	info@assetvalueinvestors.com
Website	AGSS Fund Page

*Also available on all major platforms.

Share Classes

Share Class	OCF** (%)	ISIN	Ticker	Price
A (GBP)	1	IE000JIDJD84	AVIGLSA ID	£100.08
B (EUR)	0.8	IE0005EAPTK6	AVIGLSB ID	€102.46
B (GBP)	0.8	IE0008Q72UI9	AVIGLBG ID	£100.34
B (USD)	0.8	IE000DG5O9L7	AVIGLBU ID	$99.92
B1 (GBP)*	0.65	IE000U617EI1	AVIGLB1 ID	£100.22

Benchmark: MSCI All County World Total Return Index.
*Performance fee share class - 0.40% management fee + 10% outperformance of benchmark.
**Ongoing Charges Figure.

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The share price can be found in *AGSS - Asset Value Investors*

Further information may be found on the following websites:
https://www.assetvalueinvestors.com/agss
www.assetvalueinvestors.com