February 2025

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 -0.3% in February.

Read more below

Gerresheimer

Gerresheimer– a relatively new position in the portfolio which we discuss below - was the top contributor over the month.

Read more below

Reckitt

We exited the position over the month following a re-rating in the discount.

Read more below

THE FUND

(Figures to 28 February 2025)

Share Price (pence)

241.0

NAV (pence)

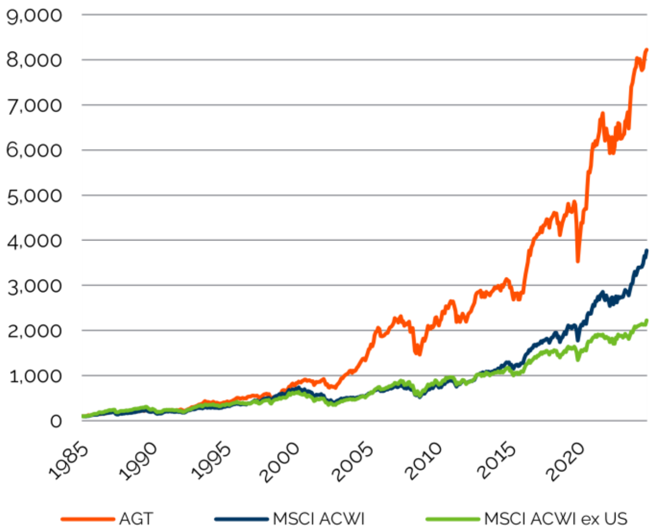
265.2

Prem./Disc.

-9.1%

Total Return (£)	Month	CYTD	1Y	3Y	5Y	10Y
AGT NAV	-0.3%	0.4%	7.4%	32.2%	87.7%	165.8%
MSCI ACWI	-1.9%	2.2%	15.6%	38.5%	85.2%	193.4%
MSCI ACWI ex US	0.1%	4.9%	10.2%	22.0%	46.0%	96.7%

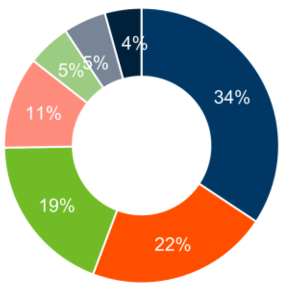
NAV Total Return since Strategy Inception (£)



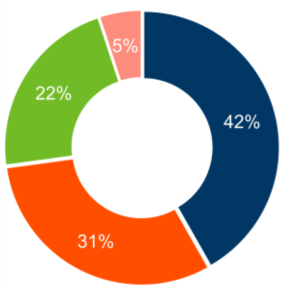
PORTFOLIO

(Holdings to 28 February 2025)

Look-Through Geographic Exposure (% of net assets)



Portfolio Exposure (% of invested assets)



Top Ten Equity Holdings

Holding	%
News Corp	7.2
Chrysalis Investments	7.0
D'Ieteren	6.7
Harbourvest Global PE	5.7
Oakley Capital Investments	5.1
Softbank Group	5.1
Partners Group PE	4.9
Vivendi	4.8
Gerresheimer	4.4
Cordiant Digital Infrastructure	4.3
TOTAL	55.2

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 91% 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's (AGT) NAV declined -0.3% in February.

Gerresheimer AG ("GXI") – a relatively new position in the portfolio which we discuss below - was the top contributor over the month (+30bps), followed by Tokyo Gas and Entain which added +23bps apiece.

Rohto Pharmaceutical was the most significant detractor (-64bps), with the shares declining -18% over the month. The company remains undervalued relative to skincare peers, trading at a forward EV/EBIT of 12x vs the 21x peer average, despite the business' superior underlying quality and growth. We continue to engage with the company, seeking to shift management's focus to the profitable skincare and eye drops businesses, whilst enhancing capital efficiency and IR communications. There was one other detractor of note, Symphony International which detracted -23bps. Symphony is undergoing managed windup. As such, our ultimate returns will depend on the prices at which it realises its investments and the timeframe over which these realisations take place, rather than its share price on the screen at any particular point in time.

Gerresheimer AG ("GXI")

In recent months we have built a position in Gerresheimer AG, a £2.3bn German conglomerate that offers exposure to a leading player in the oligopolistic pharmaceutical primary packaging market with high barriers to entry and attractive growth prospects. These merits are not currently reflected in the group's valuation, with the company trading at a steep discount to our estimated NAV. We see multiple potential paths to improve the depressed valuation and unlock value, with the company currently undertaking a strategic review of its Moulded Glass division, as well as confirmed private equity interest in the business.

The origins of the company date back to 1864, as a small glass factory in Düsseldorf. Today the business is a leading player in both Containment Solutions ("*getting drugs to the patient*"), such as vials and ampoules, and Delivery Systems ("*getting drugs into the patient*"), such as syringes and injector pens.

Drug containment and delivery is an oligopolistic industry, benefiting from significant barriers to entry. Switching costs are high (how drugs are packaged and administered is mission critical but a low proportion of total cost), whilst the strict regulatory environment and importance of trust-based relationships entrench incumbents, as does the capital required to build local manufacturing presence close to the customer.

The industry also offers attractive growth with the global injectable drug container market expected to grow +9% p.a. from 2022 to 2026, underpinned by the rise of biologics, GLP-1s (obesity drugs), and trends toward increased drug complexity and high value solutions (e.g. Ready-To-Fill vials). As such, companies operating within it are typically rewarded with attractive valuation multiples (peers WestPharma, Stevanato and Schott Pharma trade at 30x/26x/18x 2025 EV/EBIT respectively).

The recent history of the company is defined by Dietmar Siemssen, who was appointed CEO in 2018. Under his leadership, the business has been on a strategic transformation, moving up the value chain, to focus on High Value Solutions, and transitioning away from GXI's historic focus as a low-cost-high-volume supplier. This transition has involved a considerable capex build, totalling c.14-18% of sales in recent years, resulting in negative free cash flow.

Evidence would suggest that the strategy is bearing fruit. Organic growth – which had been an anaemic +1.9% p.a. from 2013-18 – has accelerated, reaching 6.8% p.a. from 2018 to 2024 and management are now guiding for long-term growth of +7-10% (inclusive of the dilutive Bormioli acquisition). The business mix is shifting to higher margin solutions and capex payback periods have been greatly reduced. Importantly, and of great strategic value, GXI have now established deeper relationships with key pharma companies' and their development pipelines – as is exemplified by their crucial role in GLP-1s.

This progress, however, is not reflected in the shares. When we initiated our position in late 2024, the shares were some -40% below their 52-week high and not all that much above the level when Dietmar was appointed CEO, back in 2018. The shares currently trade a 43% discount to our estimated NAV. With the entire business trading at 7.5x 2025 EV/EBITDA, we estimate that the Containment & Delivery business is trading at an implied single digit multiple, once one adjusts for a reasonable valuation for the under-strategic-review Moulded Glass business. Whilst some discount is warranted, this seems inordinately wide.

As we see it, there are several reasons for GXI's undervaluation. **1)** a significant conglomerate discount, where the lower-growth-higher-capital-intensity Moulded Glass business acts as a drag on valuation; **2)** a lack of credibility in communication with the market, as exemplified by the September 2024 profit warning and compounded by the current reporting structure; **3)** weak free cash flow given the multi-year capex spending cycle and scepticism about the long-term cash generation of the business;

MANAGER'S COMMENT

4) investor concerns about the development of the GLP-1 market generally and Novo Nordisk's Cagri-Sema specifically and **5)** increased leverage (3.8x) following the acquisition of Bormioli.

In our assessment these problems are, by and large, internal and fixable. Moreover, with the shares (then) trading at a >50% discount to our estimated NAV, significant bad news was embedded in the price, and the market appeared to be overlooking the potential for management to take sensible steps to unlock value. In our view, the key here is the strategic review of the Moulded Glass business, where an exit has the potential to improve the group financial profile, ameliorate (part of) the conglomerate group discount and reduce leverage.

Interestingly, we are not the only ones to notice the discounted valuation. Two activists have declared stakes in excess of 5%, and in early February it was confirmed GXI had received interest from private equity, and latterly there have been press reports of industrial buyers also looking at the business. Whilst our investment case was never predicated on a buyout, this could accelerate the re-rating process. Alternatively, if a bid fails to materialise, we see multiple other paths to a re-rating – most notably from the aforementioned strategic review.

We have been adding to the position over the month such that GXI is a 4.4% weight, and we own a 2.2% stake in the company across our funds. With attractive quality assets, a discounted valuation and catalysts on the horizon, GXI has the ingredients for a successful investment.

Reckitt

During the month we exited our position in Reckitt. It was a relatively short and successful investment, generating an ROI/IRR of +17% and +26%, which compares to an ROI of +14% and +7% for the MSCI AC World Index and FTSE 100 over that period.

As detailed in our June 2024 writeup, the investment case was predicated on the low valuation at which the company traded, extreme levels of investor pessimism and aversion, and the growing pressure we felt management were under to unlock value.

Indeed, shortly after we initiated our position, management launched a sweeping overhaul, with plans to exit the Essential Home business & Mead Johnson and to boost margins. Combined with positive news flow on the NEC litigation, this helped the shares re-rate from a c.40% discount to one in the low 20s.

From the current discount level, we view the risks as more balanced, particularly with regard to operational complexity and dyssynergies of asset sales, and a growing concern over the valuation at which Essential Home can be monetised. As such we took the opportunity to exit the position. We believe the investment demonstrates AVI's contrarian approach to investing in companies undergoing structural and strategic change to unlock discounted valuations.

STATISTICS

Contributors / Detractors (in GBP)

Largest Contributors	1-month contribution bps	% Weight
Gerresheimer	30	4.4
Tokyo Gas	23	3.0
Cordiant Digital Infrastructure	23	4.3
Entain	23	4.0
IAC	23	3.2

Largest Detractors	1-month contribution bps	% Weight
Rohto Pharmaceutical	-64	3.3
Symphony International Holdings	-23	1.9
D'Ieteren	-19	6.7
Dai Nippon Printing	-12	3.0
Christian Dior	-12	2.9

Fund Facts	
Net Assets	£1,136.2m
Investment Manager	Asset Value Investors Limited
AGT Shares owned by the Manager**	1,962,608
Company Secretary	MUFG Corporate Markets
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]	-1.6	7.1	32.8	89.5	176.3
Net Asset Value TR[1]	-0.3	7.4	32.2	87.7	165.8
MSCI ACWI TR[1]	-1.9	15.6	38.5	85.2	193.4
MSCI ACWI ex US TR[3]	0.1	10.2	22.0	46.0	96.7
FY* Total Return (£%)	**2025**	**2024**	**2023**	**2022**	**2021**
Price[1]	5.4	16.3	14.7	-10.8	40.2
Net Asset Value[1]	5.5	13.7	15.3	-7.3	36.2
MSCI ACWI[1]	8.4	19.9	10.5	-4.2	22.2
MSCI ACWI ex US[3]	3.8	14.1	10.1	-9.6	18.8

Capital Structure	
Ordinary Shares	450,034,755
Shares held in Treasury	21,873,084
4.18% Series A Senior Unsecured Note 2036	£30,000,000
3.25% Series B Senior Unsecured Note 2036	€30,000,000
2.93% Senior Unsecured Note 2037	€20,000,000
1.38% Senior Unsecured Note 2032	¥8,000,000,000
1.44% Senior Unsecured Note 2033	¥4,500,000,000
2.28% Senior Unsecured Note 2039	¥5,000,000,000
Gross Assets/Gearing	
Gross Assets	£1,299.3m
Debt at fair value (gross)	£150.4m
Gearing (net)[4]	7.8%

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 2023 the comparator benchmark was changed to the MSCI ACWI (£) Index. Prior to this, from 1st October 2013, the comparator benchmark was the MSCI ACWI ex US (£) Index.
4 Fair value of net debt divided by net assets at fair value.
* 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 @ 30th September 2024
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.