AVI GLOBAL SPECIAL SITUATIONS

AVI Asset Value Investors

AGSS

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

June 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.

HEADLINES

Introduction

The fund returned +0.7% in June. Entain was the top contributor as the shares rose +20%.

Read more below

Korea

We discuss the ongoing governance reform agenda in Korea and we have started to build positions in a handful of Korean companies.

Read more below

Christian Dior

LVMH will likely emerge stronger, as the leader in a structurally attractive industry - we have started adding to the position in recent weeks.

Read more below

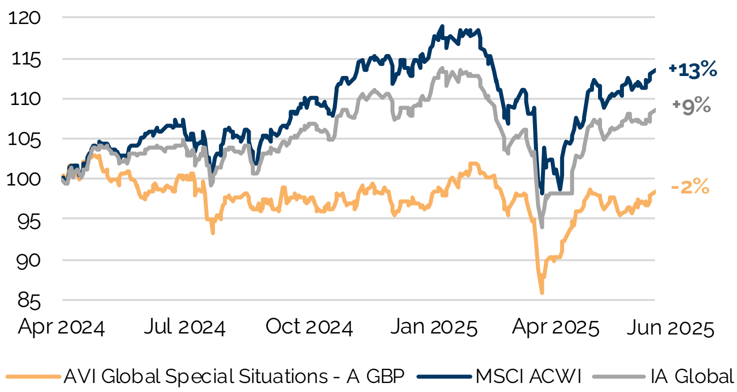
THE FUND

Fund Launch Date	A GBP NAV per share	Cash
17/04/24	£98.41	4.6%

Net Performance (GBP)

	Month	3 Month	YTD	SI[1]
A GBP Share Class	0.7%	3.8%	1.4%	-1.6%
MSCI ACWI	2.8%	5.0%	0.6%	13.5%
IA Global	2.3%	5.6%	0.6%	8.6%

NAV Total Return Since Inception (GBP)



Past performance does not predict future returns. All performance is shown in GBP, net of fees and including net dividends as at 30/06/2025. Returns may increase or decrease as a result of currency fluctuations. Source: Morningstar. Benchmark: MSCI® All Country World Net Total Return Index. The Fund is actively managed with reference to the MSCI® All Country World Net Total Return Index for performance comparison purposes. The portfolio is unconstrained by the benchmark and holdings may deviate significantly from those in the benchmark index. The fund was attributed the IA Global sector by The IA. The IA Global sector consists of The IA member UK based funds which invest at least 80% of their assets globally in equities. The use of the IA Global sector is purely indicative and should not be used as a benchmark. For further information on the The IA and its sectors, visit www.theia.org. [1]Share Class Launch Date 17th April 2024.

PORTFOLIO

Top Ten Holdings

	%[2]
D'Ieteren	7.1
Vivendi	6.9
News Corp A	6.9
Gerresheimer	5.1
Exor	5.1
Chrysalis Investments	4.6
Entain	4.1
Aker	3.7
Dai Nippon Printing	3.6
Christian Dior	3.3
TOTAL	**50.4**
No of Holdings	34

Contributors & Detractors (GBP)[3]

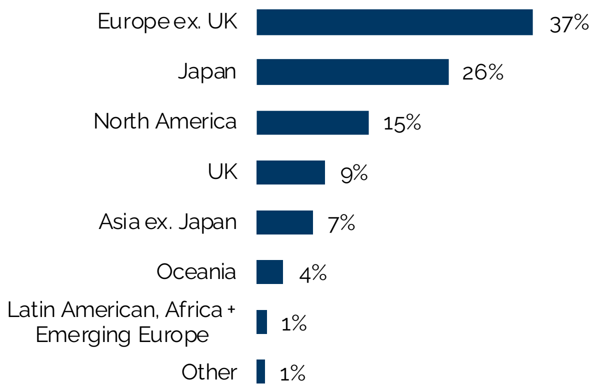
Largest Contributors	1M Contrib. bps	%[2]
Entain	78	4.1
Chrysalis Investments	44	4.6
Aker	33	3.7
News Corp A	24	6.9
D'Ieteren	24	7.1

Largest Detractors	1M Contrib. bps	%[2]
Gerresheimer	-137	5.1
Toyota Industries	-24	1.6
Frasers Group	-17	2.0
Christian Dior	-13	3.3
Kyocera Corp	-9	2.2

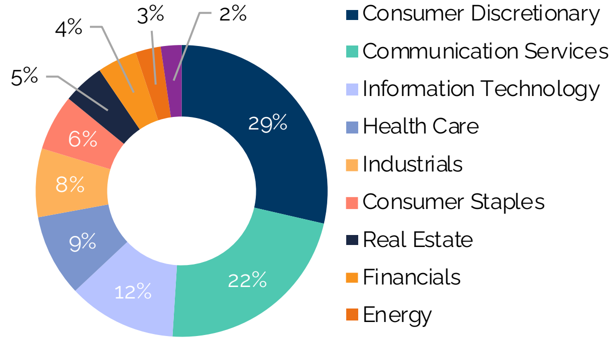
[2]Shown as % of Net Asset Value. [3]Contributors and detractors from Facstet

PORTFOLIO (continued)

Look-through Geographic Exposure²



Look-through Sector Exposure²



²All figures shown as % of Portfolio

PERFORMANCE SUMMARY

%	Share Class	NAV per share	Month	3 Month	YTD	SI[1]
GBP	A GBP	£98.41	0.7	3.8	1.4	-1.6
	MSCI ACWI	-	2.8	5.0	0.6	13.5
EUR	B EUR	€98.49	-1.0	1.5	-2.0	-1.5
	MSCI ACWI	-	1.1	2.6	-2.9	13.2
GBP	B GBP	£98.76	0.7	3.9	1.5	-1.2
	MSCI ACWI	-	2.8	5.0	0.6	13.5
USD	B USD	$108.47	2.3	10.3	11.1	8.5
	MSCI ACWI	-	4.5	11.5	10.0	24.9
GBP	B1 GBP[4]	£98.70	0.7	3.9	1.6	-1.3
	MSCI ACWI	-	2.8	5.0	0.6	13.5

Past performance does not predict future returns. All performance is shown, net of fees and including net dividends as at 30/06/2025. Source: Morningstar. Benchmark: MSCI® All Country World Net Total Return Index. The Fund is actively managed with reference to the MSCI® All Country World Net Total Return Index for performance comparison purposes as well as for the purposes of calculating the performance fee. The performance of each share class is stated in the share class relevant currency as specified in the table. The performance of the benchmark has been converted into the currency of the relevant share class for comparison purposes. Returns may increase or decrease as a result of currency fluctuations. The portfolio is unconstrained by the benchmark and holdings may deviate significantly from those in the benchmark index. ¹Share Class Launch Date 17th April 2024. ⁴Performance fee share class - 0.40% management fee + 10% outperformance of benchmark.

MANAGER'S COMMENT

Introduction:

In June, the fund returned +0.7% vs. +2.8% for the benchmark, the MSCI AC World Index (£).

For the second month in a row, Entain was the top contributor adding +78bps as the shares rose +20%. The shares have now risen >80% since the April lows and we are pleased to see the incongruous gap between the improving fundamentals and the share price (which we described in the March 2025 newsletter) start to close. We continue to see considerable upside but trimmed the position toward the end of the month to free up capital for new ideas. Chrysalis (+44bps) and Aker (+33bps) also contributed positively.

Gerresheimer issued a profit warning at the start of June and the shares subsequently declined -24% over the month making it the largest detractor (-137bps) by a wide margin. As noted previously, we published a public letter to the Supervisory Board during the month and continue to engage with the board and management privately. We added to the position over the month. The other detractors were much more modest in nature.

Korea:

Korea is a market that we have long followed given the prevalence of companies with complex holding structures– and the country's deep equity market, which is home to many companies that are global leaders in a number of industries.

MANAGER'S COMMENT (continued)

With that said, although we have episodically made investments in Korea over the last 15 years, it is generally a market we have struggled to become excited about. Corporate governance, particularly from the Chaebols, has been atrocious and this has been a stumbling block.

We are not alone in having such concerns, and in turn this has led to a yawning gap between the country's spectacular economic performance and its much more pedestrian stock market performance.

Investors have priced a material "Korea discount" with 70% of stocks in the KOSPI trading <1x book value and 40% <0.5x book value (for reference in Japan, the US and Europe only 45%, 4% and 15% trade <1x book and only 8%, 1%, 4% <0.5x). Korea is an after-thought at best for most global equity investors, accounting for less than 1% of the MSCI AC World Index. The local market and a significant portion of trading volumes are dominated by retail investors, with generally low allocations to equities by local pension funds. Such characteristics provide a fertile environment for mispricing.

As we have built our reputation as engaged activist investors in Japan over the last 8 years, many investors have asked us what "the next Japan" is in terms of corporate governance. Stuck in the thralls of the Japan governance revolution we have generally been quite dismissive of such a thing existing and certainly have been reluctant to point to Korea as being it. "Choinomics" certainly proved to be a damp squib compared with Abenomics – such that we expect many readers will have forgotten the moniker!

With that said, we have watched from afar as Korean governance reform agenda – both the good and the bad - have plodded along. In February 2024 we increased our research efforts and conducted a trip to Korea following the announcement of the Corporate Value-up Program.

As the dust settled it became clear that, whilst well intentioned, the Program was relatively ineffectual, relying too heavily in voluntary compliance, enacting a weak trade-off for investors versus the more powerful Chaebol families, and failing to properly target the underlying incentives for Chaebols and other companies.

In 2025, the pace of the governance reform agenda has been faster and *potentially* much more profound. Most notably, newly elected President Lee Jae-myung has embarked on making legislative changes to the Commercial Act, which will enhance previously lacklustre shareholder rights by expanding board members' fiduciary duties to include protecting shareholder interests, not just those of the company. Boards may now be forced to secure stronger independent oversight, delaying M&A timelines and raising the risk of litigation if deals are perceived to favour insiders. There are also a number of other strands, with proposed enhanced disclosure requirements from the Financial Services Commission (FSC) and planned reforms to the tax system.

Importantly, this push from the government and regulators is augmented by a rise in shareholder activism, with the number of companies receiving shareholder proposals up from just 10 in 2020 to over 60 in 2024. Our experience in Japan shows that the role of activists is key, and that change occurs when pressure rises from different stakeholders concurrently.

In light of this changing environment we have started to build positions in a handful of Korean companies. These currently account for 3% of NAV and we would expect this figure to trend upwards over the coming months. On a weighted average basis these companies trade a 52% discount to our estimated NAV.

Although there is a clear thematic governance overlay to this – just as there was to our initial Japanese net cash basket in 2017 – our approach is such that each investment has to stand upon its own two feet. That is to say, the Korean holdings in which we are investing exhibit "typical" AVI traits: durable growing earnings, protected by some form of moat or competitive advantage; strong balance sheets; an alignment of interest with key shareholders or families, and a focus on competent management teams. We intend to discuss the individual names in future newsletters as their weights increase and the portfolio stabilises.

Our lessons from Japan are that the road to governance reform is a long and winding one, with many wrong turns, false dawns and disappointments along the way. The prize however is great, and we believe that nimble, focused, bottom-up fundamental investors, with experience of actively engaging with companies are best positioned to capture this price.

Clearly it is far too early to say whether Korea can be "*the next Japan*" – but we are far more enthused by the opportunity set than we have been historically.

Christian Dior (3.3% weight)

Christian Dior is the French-listed mono-holding company through which the Arnault family control LVHM. The shares currently sit a little more than 50% below their 2023 which has been almost entirely driven by a decline in the NAV, with the discount largely unchanged at 18%.

Since LVMH was momentarily crowned Europe's first $500bn company in the spring of 2023, the business has faced a plethora of issues that have curtailed growth, reduced margins and lead to material cuts to earnings estimates. Consensus expectations for 2025e EBIT and EPS are -35% and -38% vs. expectations at the end of 2022. Consensus operating margin expectations for this year have contracted >800bps over this period to sub-2019 levels. Indeed, recent commentary from the company, followed by Q2 earnings previews, have led to a further leg down in earnings revisions (and the shares!) since mid-May, with mid-term growth expectations for recovery much more muted than prior crises (SARs, GFC, anti-grifting).

MANAGER'S COMMENT (continued)

Generally speaking the business has suffered a cyclical post COVID normalisation, following a period of unprecedentedly strong growth (from 2018 to 2022 the all-important Fashon & Leather Goods ("F&LG") business saw organic growth of +200%).

This normalisation has been exacerbated by the increased importance of new / occasional customers, who are more aspirational in nature compared to prior cycles, as interest rates and negative wealth effect impaired spending power. At the same time we have seen a prolonged slowdown in the Chinese economy (with the Chinese cluster accounting >30% of the industry revenues). This has also coincided with the end of a period of super-normal growth for Dior, where revenues and operating profits went from ~€2.6bn and ~€500m in 2018 to ~€8.6bn and ~€3.4bn in 2023 (we estimate that, despite only being a single digit proportion of F&LG EBIT at the start of the period it accounted for somewhere between a quarter and a third of the growth). Finally, there is a sense of design fatigue across Louis Vuitton and Dior, as well as excessive price taking without commensurate innovation.

Known for his demanding management style, Bernard Arnault has responded with numerous personnel changes. Most notably on the creative side Jonathan Anderson has replaced Kim Jones as Creative Director of Dior Men, uniting the men's and women's role for the first time since Christian Dior himself. Elsewhere LVMH's (very!) straight talking former CFO, Jean-Jacques Guiony, has been appointed CEO of Moet-Hennessy (where profits have halved), and we have seen a new CEO and deputy CEO at Louis Vuitton, as well as a new head of Louis Vuitton China.

As well as material cuts to earnings expectations, LVMH shares have suffered a significant de-rating and now trade at 14x 2025e EV/EBIT and 19x 2025e PE (6.3% FCF yield).

Having underperformed traditional luxury peers, this places the shares on the widest discount to peers in more than 15 years, with the group's conglomerate discount receiving increased attention from investors.

Indeed, our reverse sum-of-the-parts analysis suggests one is paying ~12x 2026e EV/EBIT for Louis Vuitton. This seems exceedingly good value for a business with strong pricing power (prices up 2x GDP over the last 20 years), high margins (c.40%) and irreplicable brand equity that is reinforced by a 100% owned direct retail network and advertising and promotions budget that dwarfs competition (LVMH accounts for ~2/3rds of industry A&P spend and LV is likely ~20% of industry).

The outlook remains uncertain and uninspiring, with a difficult macro environment and a lack of brand momentum. However, we believe that, as in past cycles, LVMH will likely emerge stronger, as *the* leader in a structurally attractive industry. This bodes well for future NAV growth, with room for Christian Dior's discount to narrow if and when the mono-holding structure is collapsed, acting as a further kicker. As such, we have added to the position in recent weeks.

Toyota Industries (1.6% weight)

In the April 2025 newsletter we wrote about Toyota Industries and how the proposed take-private by Akio Toyoda "*implicitly acknowledges, ratifies, and supports the mantra of both activists and Abenomics advocates….At the same time, the actions of Toyoda dissolve a symbolic bastion of resistance to the wave of corporate governance reform, opening the floodgates for that wave to spread its influence throughout the market*"

Today such proclamations read a little premature, as the speculated >40% premium turned out in reality to be a much more modest one and at a level that severely undervalues Toyota Industries. The valuation process for the offer has been something of a black-box; the Board independence and representation for minority shareholders has been called into question; and the "majority of the minority" rule has proven flawed in so far as Toyota affiliates with clear conflicts of interest are permitted to cast their votes as minorities. Suffice to say we do not believe this is a good or fair outcome for minority shareholders. Indeed, this has left large swathes of the shareholder register disgruntled at what has been a disappointing result – both in and of itself and in the wider reform agenda context.

We managed to sell approximately half our position at a price some +6% above the offer price of Yen 16,300 and have generated a ROI / IRR of +24% / +29% since (re) introducing the position to the portfolio in late 2023.

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RISK & REWARD

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.

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.

FUND DETAILS

AVI Global Special Situations Fund	
Fund Launch Date	17th April 2024
Base Currency	USD
Net Assets Value	USD42.8m / GBP31.2m
IA Sector	Global
Fund Structure	UCITS
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

*Also available on all major platforms.

Share Classes

Share Class	OCF[5] (%)	ISIN	Ticker
A (GBP)	1	IE000JIDJD84	AVIGLSA ID
B (EUR)	0.8	IE0005EAPTK6	AVIGLSB ID
B (GBP)	0.8	IE0008Q72UI9	AVIGLBG ID
B (USD)	0.8	IE000DG5O9L7	AVIGLBU ID
B1 (GBP)[4]	0.65	IE000U617EI1	AVIGLB1 ID

Benchmark: MSCI® All Country World Net Total Return Index
[4]Performance fee share class - 0.40% management fee + 10% outperformance of benchmark.
[5]Ongoing Charges Figure

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The share price can be found in *AGSS - Asset Value Investors*
Further information may be found on 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"), reference number 119270 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 Special Situations (the "Fund"). The contents of this message are not intended to constitute, and should not be construed as, investment advice. Potential investors in the Fund should seek their own independent financial advice. AVI neither provides investment advice to, nor receives and transmits orders from, investors in the Fund.

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