June 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 increased +1.6% in June.

Read more below

Korea

We discuss the ongoing governance reform in Korea.

Read more below

Christian Dior

We started adding to the position in recent weeks.

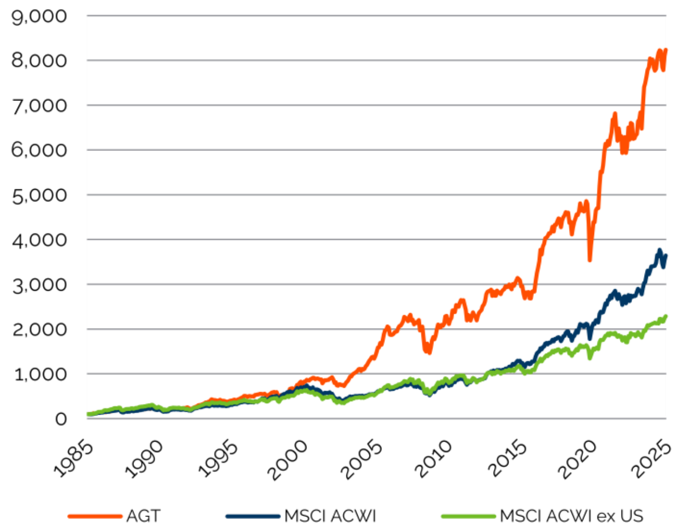
Read more below

THE FUND

Share Price (pence)	NAV (pence)	Prem./Disc.
238.0	264.8	-10.1%

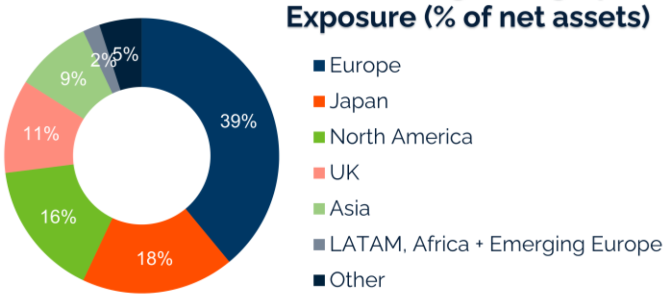
Total Return (£)	1M	CYTD	1Y	3Y	5Y	10Y
AGT NAV	1.6%	0.8%	3.7%	38.8%	87.7%	179.2%
MSCI ACWI	2.8%	0.6%	7.2%	43.2%	71.0%	197.5%
MSCI ACWI ex US	1.7%	7.7%	8.6%	31.3%	46.1%	107.9%

NAV Total Return since Strategy Inception (£)

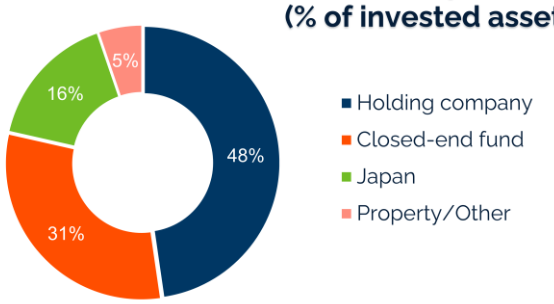


PORTFOLIO

Look-Through Geographic Exposure (% of net assets)



Portfolio Exposure (% of invested assets)



Top Ten Equity Holdings

Holding	%
Chrysalis Investments	7.8
D'Ieteren	7.3
News Corp - USD 'A'	7.0
Vivendi	6.6
Gerresheimer	5.3
Oakley Capital Investments	5.1
Harbourvest Global PE	5.1
Partners Group PE	4.8
Cordiant Digital Infrastructure	4.7
Aker	4.5
TOTAL	58.2

MANAGER'S COMMENT

AVI Global Trust's (AGT) NAV increased +1.6% in June.

For the second month in a row, Entain was the top contributor adding +82bps 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 start to close (having written about it in the March 2025 newsletter). We continue to see considerable upside but trimmed the position toward the end of the month to free up capital for new ideas. Chrysalis (+67bps) and Aker (+37bps) 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.

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 at a 51% 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 weight increases 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:

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).

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 normalization 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:

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.

STATISTICS

Contributors / Detractors (in GBP)[5]

Largest Contributors	1-month contribution bps	% Weight
Entain	82	4.3
Chrysalis Investments	67	7.8
Aker	37	4.5
Cordiant Digital Infrastructure	28	4.7
Oakley Capital Investments	25	5.1

Largest Detractors	1-month contribution bps	% Weight
Gerresheimer AG	-137	5.3
Toyota Industries	-25	1.8
Frasers Group	-13	1.7
Symphony	-13	1.9
Kyocera Corp	-11	2.6

Fund Facts

Net Assets	£1,108.8m
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[2]	2.1	2.8	39.8	90.5	191.4
Net Asset Value[1]	1.6	3.7	38.8	87.7	179.2
MSCI ACWI[1]	2.8	7.2	43.2	71.0	197.5
MSCI ACWI ex US[3]	1.7	8.6	31.3	46.1	107.9
FY* Total Return (£%)	**2025**	**2024**	**2023**	**2022**	**2021**
Price[1]	5.4	16.3	14.7	-10.8	40.2
Net Asset Value[1]	6.0	13.7	15.3	-7.3	36.2
MSCI ACWI[1]	6.7	19.9	10.5	-4.2	22.2
MSCI ACWI ex US[3]	6.6	14.1	10.1	-9.6	18.8

Capital Structure	
Ordinary Shares	445,689,755
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	£1,269.6m
Debt at fair value (gross)	£17830m
Gearing (net)[4]	9.8%

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.
5 Source: Factset
* 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
All data is as of 30 June 2025 unless otherwise stated

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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