

June 2025

Investment Objective: To outperform SONIA* plus 2% over the longer term, principally through exploiting the pricing of closed-end funds.

HEADLINES

Introduction

June was another good month for AWO with its NAV up +5.2%, building on last month's +5.6% return.

[Read more below](#)

SDCL Efficiency Income

The largest contributor was SDCL Energy Efficiency Income (SEIT), an investment company focussed on energy efficiency and decentralised energy generation projects.

[Read more below](#)

Gresham House Energy Storage

The shares were up another +18% in June in anticipation of near-term announcements.

[Read more below](#)

THE FUND

Fund Launch Date

30/04/03

B GBP NAV per share

£6.501

Cash

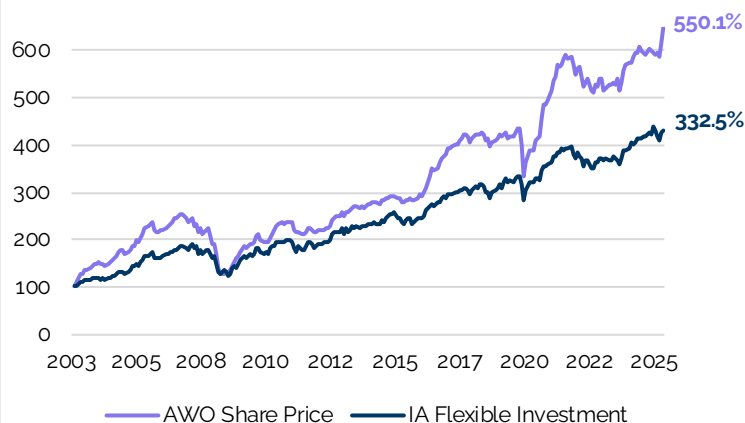
1.4%

Net Performance (GBP)

	Month	1Y	5Y	10Y
B GBP Share Class	5.2%	9.3%	67.0%	125.1%
IA Flexible Investment	1.7%	5.0%	35.0%	75.5%

Past performance does not predict future returns. The value of your investments and the income received from them can fall as well as rise. You may not get back the amount you invested. 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: IA Flexible Investment

Performance Since Fund Launch (GBP)



Past performance does not predict future returns. Source: Morningstar as of 30/06/2025

PORTFOLIO

Top Ten Holdings

Holding	% ¹
Abrdn European Logistics	8.9
PRS REIT	7.1
Chrysalis Investments	6.5
VH Global Energy Infrastructure	5.7
GCP Infrastructure	5.0
SDCL Efficiency Income	4.8
Gresham House Energy Storage	4.3
Life Science REIT	4.1
GCP Asset Backed Income Fund	4.1
Aquila European Renewables	3.6
Total	54.1
No. of Holdings	36

Contributors/Detractors (GBP)²

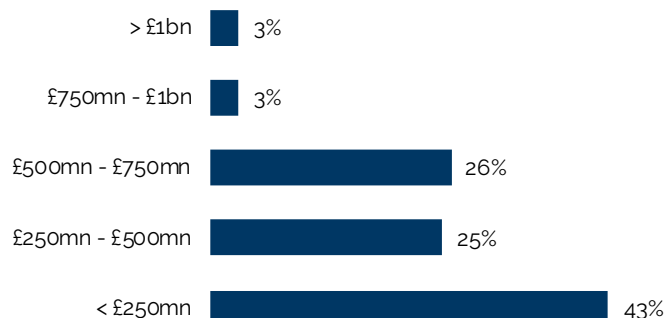
Largest Contributors	1M Contrib. bps	% ¹
SDCL Efficiency Income	107	4.8
Gresham House Energy Storage	63	4.3
Chrysalis Investments	55	6.5
VH Global Energy Infrastructure	54	5.7
Tetragon Financial	51	Exited
Largest Detractors	1M Contrib. bps	% ¹
PRS REIT	-52	7.1
US Solar Fund	-17	3.1
Harbourvest Global PE	-6	2.1
GCP Asset Backed Income Fund	-6	4.1
Tufton Assets	-5	2.8

¹Shown as % of Net Asset Value

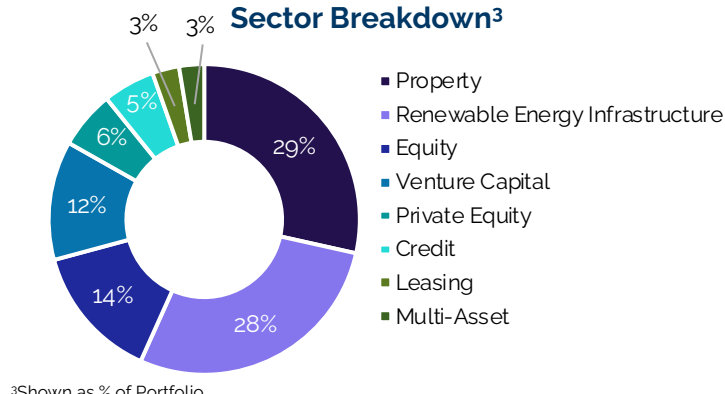
²Contributors and detractors from Facstet

PORTFOLIO (continued)

Market Cap Breakdown³



Sector Breakdown³



MANAGER'S COMMENT

AWO NAV up +5.2%

June was another good month for AWO with its NAV up +5.2%, building on last month's +5.6% return.

This compared favourably to broad equity indices (MSCI ACWI up +2.8%; MSCI ACWI Small Cap up +3.2%) despite the strategy having no exposure to any of the MAG7 companies that dragged these indices up (MAG7 index up +4.2%).

Idiosyncratic corporate events (and the prospect of them) were, again, the key driver of returns.

SDCL Efficiency Income

The largest contributor was SDCL Energy Efficiency Income (SEIT), an investment company focussed on energy efficiency and decentralised energy generation projects. We wrote on SEIT in [last month's newsletter](#).

While SEIT typically appears alongside renewable energy funds in broker lists and AIC publications, its assets have different characteristics from those of this peer group. In contrast to peers, SEIT has very limited exposure to power price risk, and the platform nature of its investments allows for active management and investment to drive higher returns. Being in a true peer group of one has its disadvantages, however, and the added complexity of its portfolio has meant that its shares have traded at a wider discount than renewable energy focussed investment companies.

In response, SEIT has adopted the same playbook as other funds in the broader alternative asset sector: sell assets (and in doing so prove out carrying values), pay down short-term debt, and buy back shares. Notwithstanding the sale of a solar portfolio last year above carrying value, this has proved harder to achieve in practice against a backdrop of deferred central bank interest rate cuts and macroeconomic and geopolitical instability. Reported strong interest in SEIT's largest asset, Onyx, fell away in the wake of the risk aversion triggered by "Liberation Day", and the revised plan for this asset is to now bring on board equity co-investors instead.

SEIT's share price had already begun recovering by the time its results were released in late-June, but comments from the Chair that *"the status quo is clearly unsustainable and so the Board is considering all strategic options to deliver value for all shareholders*

in an effective and efficient manner" gave an additional boost to the share price which ended June up +28% over the month, leaving the shares trading on a 39% discount to estimated NAV.

Gresham House Energy Storage

We briefly ran through our investment case for Gresham House Energy Storage (GRID) in our [Apr-25 newsletter](#). The shares were up another +18% in June in anticipation of near-term announcements due on (i) a third-party co-investment at carrying value in one of their assets; (ii) long-term contracts for energy supply; and (iii) a refinancing and re-introduction of a dividend. The first of these duly came in late-June, and the second just after month-end. Despite the strong run and the need for more clarity on the details of the long-term contracts and around capital allocation plans, we continue to see scope for further upside given its pipeline of high-returning augmentation projects (to increase battery duration) and from the potential for corporate activity.

Tetragon Financial

In Nov-24, we initiated a position in Tetragon Financial (TFG). TFG is a multi-asset focused investment company with a diversified portfolio of CLO equity, hedge funds, private equity and real estate investments in addition to (mostly controlling) stakes in several asset management businesses. While TFG trades at an astonishingly large discount to NAV (>60% at the time of purchase) despite a strong NAV performance record, we had long ago concluded it had all the hallmarks of a value trap likely to languish at a wide discount due to the high and misaligned fee structure and the lack of any voting rights for non-management shareholders.

However, media reports around the potential for a sale of their investment in Equitix, an alternative asset management firm with \$14bn of AUM focussed on the infrastructure sector, piqued our interest. Our view was that any transaction was likely to see Equitix valued at a premium to its reported carrying value, and that the size of the inflow from a sale (noting Equitix accounted for 31% of TFG's NAV) would be such that we would likely see a large buyback or tender offer with the proceeds.



MANAGER'S COMMENT (continued)

The risks to the investment case were that either no transaction occurred at all, or that only a minority stake would be sold with proceeds insufficient to fund a return of capital. Mitigating these risks were that we were acquiring the shares at a deep discount to NAV and at a level that we felt failed to account for the potential upside.

In mid-June, TFG announced the sale of a 14.6% stake in Equitix to Hunter Point Capital (who were also acquiring a 1.5% stake from Equitix's management). The transaction occurred at a +37% uplift to carrying value, more than validating a very large portion of TFG's NAV. We took the view, however, that the lack of a full exit meant there is unlikely to be a material return of capital in the near

term and that there is a risk the shares drift back in that vacuum. The shares were up +18% over the month and we sold our entire position for a +12% ROI and a +49% IRR (in local currency, reduced to +9% and +34% respectively in GBP).

PRS REIT

PRS REIT gave back some of its gains on the last day of the month as only one bidder emerged from its comprehensive sales process. We will report more on this holding in next month's newsletter. There were no other detractors of any note.



STATISTICS

Performance Summary (GBP)

Total Returns (%)	1M	1Y	3Y	5Y	10Y
B GBP Share Class	5.2	9.3	24.6	67.0	125.1
IA Flexible Investment	1.7	5.0	21.4	35.0	75.5

CY Net Returns (%)	CYTD	2024	2023	2022	2021
B GBP Share Class	8.2	7.6	6.3	-10.5	20.8
IA Flexible Investment	2.2	9.2	7.3	-9.1	11.4

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Fund Details

Fund Facts	
Launch Date	30-Apr-03
Base Currency	GBP
Net Assets	£38,698,745
Fund Structure	OEIC
Fund Domicile	United Kingdom
Investment Manager	Asset Value Investors Limited
Shareholder Services	Waystone Management (UK) Ltd
Fund Structure	UK OEIC
Annual Management Fee	0.75%
OCF ⁴	0.86%
Ticker Code	CFACCAA.LN
ISIN	GB0031831133

⁴Ongoing Charges Figure

Investment Managers – Tom Treanor & Charlotte Cuthbertson

AVI Ltd. +44 20 7659 4800

The share price can be found on Bloomberg.com.
ISIN: GB0031831133 Trading as: CFACCB:LN

Information may be found on the following website:
www.assetvalueinvestors.com/awo
www.assetvalueinvestors.com



IMPORTANT INFORMATION

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