

September 2024

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 -1.0% in September.

[Read more below](#)

FY 2024

Over the course of FY 2024, AGT delivered a NAV total return of +13.7%.

[Read more below](#)

D'leteren

We have materially added to the position such that it is now an 8.2% weight.

[Read more below](#)

THE FUND

(Figures to 30 September 2024)

Share Price (pence)

231.0

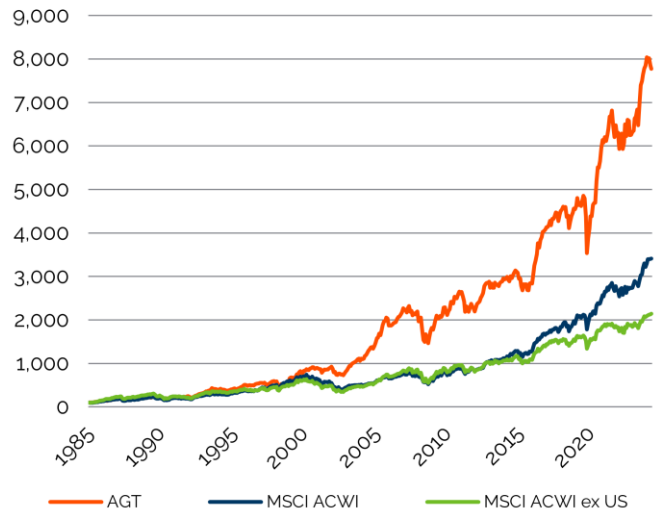
NAV (pence)

253.8

Prem./Disc.

-9.0%

NAV Total Return since Strategy Inception (£)

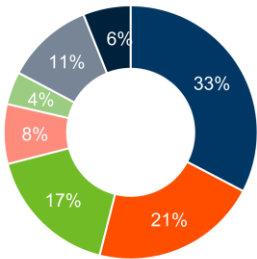


Total Return (£)	Month	CYTD	1Y	3Y	5Y	10Y
AGT NAV	-1.0%	5.0%	13.7%	21.5%	65.5%	165.3%
MSCI ACWI	0.3%	12.8%	19.9%	26.9%	63.3%	196.4%
MSCI ACWI ex US	0.6%	8.5%	14.1%	13.5%	32.4%	101.0%

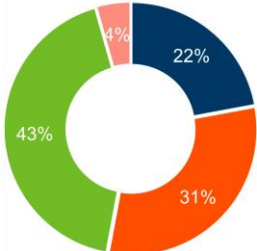
PORTFOLIO

(Holdings to 30 September 2024)

Look-Through Geographic Exposure (% of net assets)



Portfolio Exposure (% of invested assets)



Top Ten Equity Holdings

Holding	%
D'leteren	8.2
News Corp A	7.5
Oakley Capital Investments	6.7
Chrysalis Investments	5.9
Partners Group PE	5.5
Softbank Group	5.2
Bollore	5.1
Cordiant Digital Infrastructure	4.9
Rohto Pharmaceutical	4.9
FEMSA	4.2
TOTAL	58.1

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 86% 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 (AGT)'s NAV declined -1.0% in September.

D'leteren was the most significant detractor shaving -106bps from returns. We discuss this below having materially added to the position such that it is now an 8.2% weight. Other notable detractors included News Corp (-60bps), Aker (-40bps) and Partners Group Private Equity (-38bps).

Chrysalis was the largest positive contributor (+83bps). Entain (+56bps), which we discussed in last month's newsletter, saw an additional +18% increase this month, bringing its total gain from the August low to over +50%. Following closely was Cordiant Digital Infrastructure (+38bps), whose Prague assets we visited during the month.

September marks the end of our financial year. **Over the course of FY 2024, AGT delivered a NAV total return of +13.7%**, which compares to a return of +19.9% for the MSCI AC World Index, our comparator benchmark.

It has been well documented that index level returns have principally been driven by a narrow band of US technology companies. Even so, it is stark to note that the equal weighted version of the MSCI AC World index returned 10.7% over the period (£).

Our performance was driven by stock selection, with outsized contributions from larger holdings such as KKR, Hipgnosis Songs Fund and Schibsted, as we have continued to shape the portfolio around a concentrated handful of situations where activism and events provide *real* catalysts to unlock value.

With discounts at historically wide levels – as indicated by the 36% portfolio weighted average discount which is consistent with levels observed during periods of market stress – and a high number of potential catalysts and events across the portfolio, we are optimistic about delivering attractive long-term returns.

The annual report will be published in early November and the AGM will be held on the 19th December 2024. We hope to see as many of you there as possible.

If at the start of the month we had been told that **D'leteren** would report a healthy set of half year results and announce a €74 per share extraordinary dividend, our best guess would not have been for the stock to be the largest detractor – but that is exactly what happened.

In early September, D'leteren announced that there was to be a reorganisation of the controlling family's shareholding. Nayarit (the vehicle of Nicholas D'leteren) is to acquire a 16.7% stake from SPDG (the vehicle of Olivier Périer) at €223.75 per share (the then market price).

Concurrently, and to help fund this, D'leteren announced their intention to pay a special dividend of €74 per share. At current prices, this equates to a yield of 39%.

The dividend will principally be funded via a €3.8bn dividend recapitalisation at Belron (of which €1.9bn will flow to D'leteren), as well as a new €1bn debt facility at the holding company level and cash on hand.

We view this as highly positive – receiving a large portion of your market cap back at NAV is an inherently good thing and investors suggesting otherwise are missing the wood for the trees.

It is our understanding that tax-sensitive Belgian retail investors have been sellers of the shares. In turn, price has led narrative and various negative views have emerged.

Some investors have raised concerns about supposed governance failures in so far as the controlling family's interests are leading to taxable events in the form of the dividend. Not only are taxes a fact of life, but we believe such a view misguidedly focuses on the wrong thing. Indeed, we believe the family have handled the succession between generations (now into the seventh) rather well, and the payment of a dividend to all shareholders and resulting long-term stability in ownership is something to be celebrated.

Other investors have queried the increased debt at Belron, which will rise to c.5.5x EBITDA. Yes, this is high by public market standards, but the company is a prodigious cash generator and has a track record of deleveraging following previous dividends. Moreover, the dividend recapitalisation is enterprise value neutral for Belron and – in our view – most likely warrants a tighter, not wider – “fair” level of holding company discount.

D'leteren has now fallen -16% from the pre-announcement level, such the capital return now equates to 39% of D'leteren's market cap (gross of tax). On an ex-dividend basis D'leteren is trading at an implied -54% discount to NAV.

We believe this to be a highly attractive valuation and have correspondingly increased our position by +57% over the last month such that D'leteren is now an 8.2% weight. This will of course naturally reduce as the dividend is paid, with AGT expected to receive dividends, net of tax, of c. £35m. This alone equates to nearly 1.5x AGT's prior year annual dividend income.

STATISTICS

Contributors / Detractors (in GBP)

Largest Contributors	1-month contribution bps	% Weight
Chrysalis Investments	83	5.9
Entain	56	3.7
Cordiant Digital Infrastructure	38	4.9
Nihon Kohden	21	2.6
Apollo Global Mgmt.	20	3.7

Largest Detractors	1-month contribution bps	% Weight
D'leteren	-106	8.2
News Corp	-60	7.5
Aker ASA	-40	3.7
Partners Group PE	-38	5.5
FEMSA	-26	4.2

Fund Facts

Net Assets	£1,122.0m
Investment Manager	Asset Value Investors Limited
AGT Shares owned by the Manager**	2,098,157
Company Secretary	Link Company Matters Limited
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	-1.3	16.3	19.1	70.4	174.3
Net Asset Value TR ¹	-1.0	13.7	21.5	65.5	165.3
MSCI ACWI TR ¹	0.3	19.9	26.9	63.3	196.4
MSCI ACWI ex US TR ³	0.6	14.1	13.5	32.4	101.0
FY* Total Return (£%)	2024	2023	2022	2021	2020
Price ¹	16.3	14.7	-10.8	40.2	2.0
Net Asset Value ¹	13.7	15.3	-7.3	36.2	0.0
MSCI ACWI ¹	19.9	10.5	-4.2	22.2	5.3
MSCI ACWI ex US ³	14.1	10.1	-9.6	18.8	-1.8

Capital Structure

Ordinary Shares	487,662,627
Shares held in Treasury	45,600,956
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
2.88% Senior Unsecured Note 2039	¥5,000,000,000

Gross Assets/Gearing

Gross Assets	£1,275.1m
Debt at fair value (gross)	£153.1m
Gearing (net) ⁴	7.1%

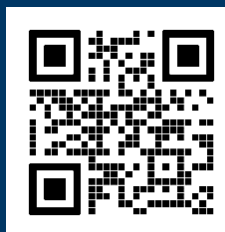
- 1 Source: Morningstar. All NAV figures are cum-fair values.
 - 2 Source: Morningstar. Share price total return is on a mid-to-mid basis, with net income re-invested.
 - 3 From 1st October 2023 the comparator benchmark was changed to the MSCI ACWI (€) Index. Prior to this, from 1st October 2013, the 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 June 2024
 All return figures in GBP.

Investment Manager – Joe Bauernfreund

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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



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.