AGT

AVI GLOBAL TRUST

Offering a unique perspective

Annual Report 2023

AVI

Welcome to our 2023 Annual Report

AVI Global Trust plc (AGT or the Company) was established in 1889. The Company's investment objective is to achieve capital growth through a focused portfolio of investments, particularly in companies whose shares stand at a discount to estimated underlying net asset value.

NET ASSETS†
£1.0 billion*

LAUNCH DATE
1 July 1889

ANNUALISED NAV TOTAL RETURN SINCE 1985†
11.5%**

EXPENSE RATIO†#
0.86%***

Retail Investors Advised by IFAs

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers (IFAs) in the UK to ordinary retail investors in accordance with the Financial Conduct Authority rules in relation to non-mainstream investment products and intends to continue to do so. The shares are excluded from the Financial Conduct Authority's restrictions which apply to non-mainstream investment products because they are shares in an authorised investment trust.
The Company is an Alternative Investment Fund (AIF) under the European Union's Alternative Investment Fund Managers' Directive (AIFMD). Its Alternative Investment Fund Manager (AIFM) is Asset Value Investors Limited. Further disclosures required under the AIFMD can be found on the Company's website: www.aviglobal.co.uk.

* As at 30 September 2023.
** Source: Morningstar, performance period 30 June 1985 to 30 September 2023, total return net of fees, GBP. The current approach to investment was adopted in 1985.
*** As at 30 September 2023, includes: management fee, marketing and administration costs.
† For all Alternative Performance Measures included in this Strategic Report, please see definitions in the Glossary on pages 103 to 106.
\# For a detailed discussion of the Expense Ratio, please see Key Performance Indicators on page 12.

ISA Status

The Company's shares are eligible for Stocks & Shares ISAs.

Awards

Shareholder Communication Awards 2023
Winner
Best Report and Accounts (Generalist)

Investment Trust Awards 2023
Winner
Global Equities

Investment Company of the Year Awards 2023
Winner
Global

SEEKING OPPORTUNITIES GLOBALLY

08.
Overview of the year

Graham Kitchen, AGT's new Chairman, provides an overview for the year.

Read more **on Page 8.**

37.
Generating significant value

Portfolio companies such as Apollo Global generated significant value in FY23.

Read more **on Page 37.**

50.
Catalysts to unlock & grow value

Corporate activity at FEMSA helped to unlock value.

Read more **on Page 50.**

UNIQUE INVESTMENTS

33.
Finding undiscovered value among high-quality assets

Through our research we discovered D'Ieteren's crown jewel, a 50% unlisted stake in Belron.

Read more **on Page 33.**

INVESTING RESPONSIBLY

26.
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AVI takes a responsible approach and promotes sustainable attitudes.

Read more **on Page 26.**

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We maintain a corporate website containing a wide range of information of interest to investors and stakeholders: **www.aviglobal.co.uk**

@AVIGlobalTrust AVIGlobalTrust
AVIGlobalTrust AVI-Global-Trust

Strategic Report / Company Overview

Seeking opportunities globally

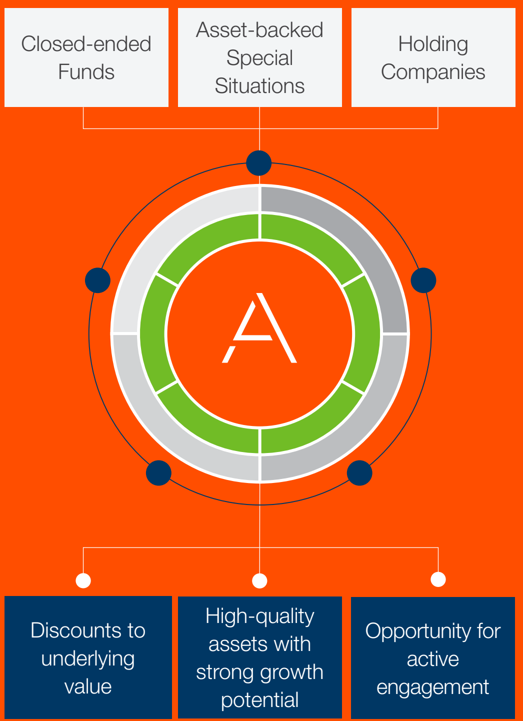
OUR PURPOSE

The Company is an investment trust. Its investment objective is to achieve capital growth through a focused portfolio of mainly listed investments, particularly in companies whose shares stand at a discount to estimated underlying net asset value.

OUR BUSINESS MODEL

Strategy

The Company's strategy is to seek out-of-favour companies whose assets are misunderstood by the market or under-researched, and which trade significantly below the estimated value of the underlying assets. A core part of this strategy is active engagement with management, in order to provide suggestions that could help narrow the discount and improve operations, thus unlocking value for shareholders.



Investment approach

The Company's assets are managed by Asset Value Investors Limited (AVI, or the Investment Manager). AVI aims to deliver superior returns and specialises in finding companies that, for a number of reasons, may be selling on anomalous valuations.

The Investment Manager has the flexibility to invest around the world and is not constrained by any fixed geographic or sector weightings. There is no income target and no more than 10% of the Company's investments may be in unlisted securities. Over the past five years, there has been an average of 45 stocks held in the AGT portfolio.

Read more about the Portfolio **on pages 22 and 23 of the Annual Report**

OUR INVESTMENTS

Our underlying investments provide global exposure:

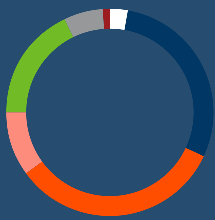
KEY PERFORMANCE INDICATORS (KPIs)

The Company uses KPIs as an effective measurement of the development, performance or position of the Company's business, in order to set and measure performance reliably. These are net asset value total return, discount to net asset value and the expense ratio.

Read more about our KPIs and Principal Risks on **page 12 to 15 of the Annual Report**

@AVIglobaltrust / What is AVI Global Trust?

Global Exposure



	2023# %	2022# %
United Kingdom	**3**	2
North America	**29**	28
Europe	**33**	35
Asia	**10**	10
Japan	**18**	20
Latin America, Africa & Emerging Europe	**6**	5
Oceania	**1**	–

Based on location of companies' underlying assets, rather than country of listing.

NAV TOTAL RETURNS TO 30 SEPTEMBER 2023*

+15.3%

3 Years	+45.6%
10 Years	+149.3%

DISCOUNT*

10.9%

2023 discount high	12.9%
2023 discount low	7.0%

EXPENSE RATIO*

0.86%

2023	0.86%
2022	0.88%

OTHER KEY STATISTICS

NET ASSET VALUE PER SHARE*

226.77p** (2022: 199.76p**)

NUMBER OF INVESTMENTS

44 (2022: 46)

TOP TEN INVESTMENTS†

60.7% (2022: 54.6%)

ESTIMATED PERCENTAGE ADDED TO NET ASSET VALUE PER SHARE FROM BUYBACKS*

0.6% (2022: 0.4%)

* For definitions, see Glossary on pages 103 to 106.

** Net asset value per share with debt at fair value.

† Of net assets.

Strategic Report / Company Performance

Financial Highlights

PERFORMANCE SUMMARY

- Net asset value (NAV) per share total return was +15.3%
- Final ordinary dividend of 2.3p, and total dividend increased to 3.7p, which includes a special dividend of 0.2p
- Share price total return of +14.8%

	30 September 2023	30 September 2022
Net asset value per share (total return) for the year[1]*	**+15.3%**	-7.3%
Share price total return for the year*	**+14.8%**	-10.8%
Comparator Benchmarks		
MSCI All Country World Index (£ adjusted total return†)	**+10.5%**	-4.2%
MSCI All Country World ex-US Index (£ adjusted total return†)	**+10.1%**	-9.6%
Discount*		
Share Price Discount (difference between share price and net asset value)[2]*	**10.9%**	10.4%
Share price discount:		
High	**12.9%**	14.1%
Low	**7.0%**	4.8%
	Year to 30 September 2023	Year to 30 September 2022
Earnings and Dividends		
Investment income	**£24.45m**	£23.10m
Revenue earnings per share*	**4.19p**	3.24p
Capital earnings per share*	**23.83p**	(25.30)p
Total earnings per share	**28.02p**	(22.06)p
Ordinary dividends per share	**3.50p**	3.30p
Special dividends per share	**0.20p**	–
Expense Ratio*		
Management, marketing and other expenses (as a percentage of average shareholders' funds)	**0.86%**	0.88%
2023 Year's Highs/Lows	**High**	Low
Net asset value per share*	**225.53p**	**195.03p**
Net asset value per share (debt at fair value)*	**227.99p**	**197.80p**
Share price* (mid market)	**205.50p**	**174.60p**

Buybacks

During the year, the Company purchased and cancelled 29,277,886 Ordinary Shares (2022: 19,115,057 purchased).

1 As per guidelines issued by the AIC, performance is calculated using net asset values per share inclusive of accrued income and debt marked to fair value.

2 As per guidelines issued by the AIC, the discount is calculated using the net asset value per share inclusive of accrued income and debt marked to fair value.

† The Company uses the net version of the two indices, which accounts for withholding taxes incurred. If the gross version of the Index had been used, the comparative figures for the years ending 30 September 2023 and 30 September 2022 would have been 11.0% and 10.7%, respectively.

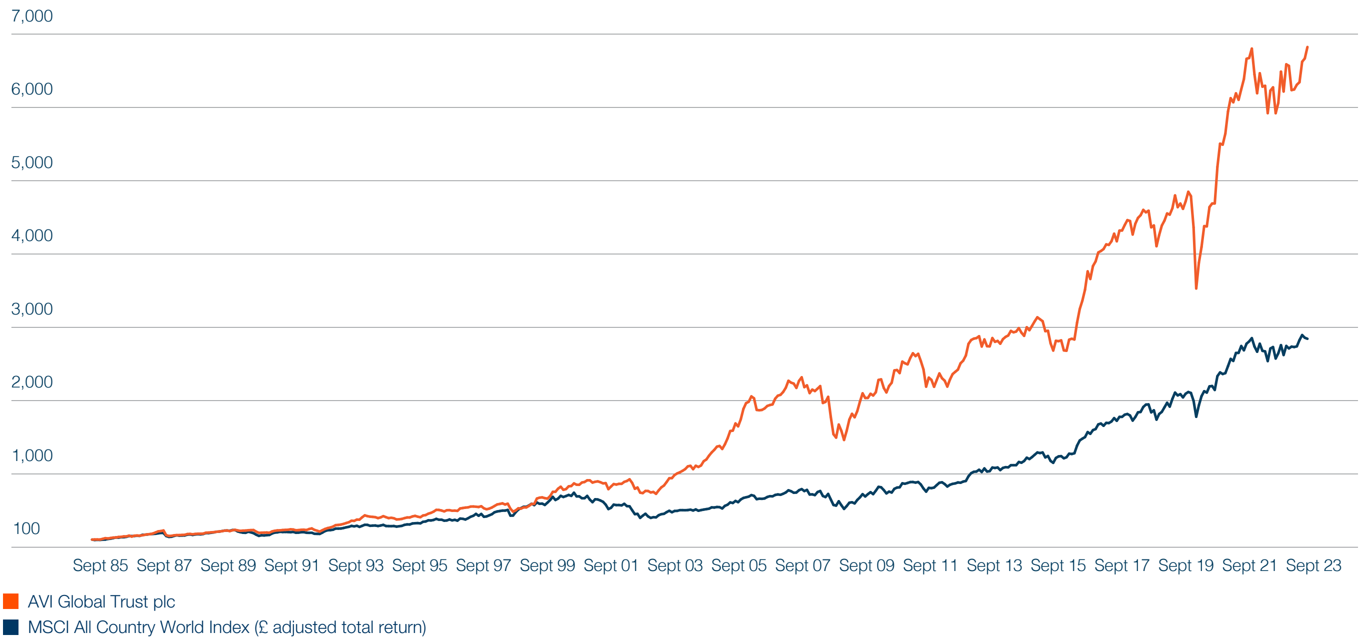
* **Alternative Performance Measures**
For all Alternative Performance Measures included in this Strategic Report, please see definitions in the Glossary on pages 103 to 106.

Historical record

Year ended 30 September	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenue profit for the year £'000*	**20,041**	16,302	14,289	10,134	21,169	16,933	12,603	18,747	16,268	13,827
Revenue earnings per share (p)†	**4.19**	3.24	2.74	1.87	3.82	2.97	2.09	2.86	2.35	1.86
Ordinary dividends per share (p)†	**[3.50]**	3.30	3.30	3.30	3.30	2.60	2.40	2.34	2.34	2.10
Special dividend per share (p)†	**[0.20]**	–	–	–	–	–	–	0.56	–	–
Net assets £'000	**1,031,018**	969,508	1,133,222	883,605	938,941	941,680	903,229	843,973	697,542	826,984
Basic net asset value per share (p)†	**223.08**	197.27	221.95	167.43	170.52	168.39	155.52	134.10	103.91	115.18

* The profits for 2011 to 2014 are Group returns and earnings, those for 2015 to 2023 are the Company returns and earnings. These are comparable on a like-for-like basis.
† The figures for 2011 to 2021 have been restated for the share split, which took effect on 17 January 2022, when each existing 10p share was replaced by five new 2p shares, to be comparable on a like-for-like basis.

The Company's net asset value compared to the MSCI All Country World (£ adjusted total return)*



* The current approach to investment was adopted in 1985.

Strategic Report / The Investment Manager at a Glance

INVESTMENT PHILOSOPHY

The investment philosophy employed by Asset Value Investors, the manager of AVI Global Trust, strives to identify durable businesses that are growing in value, trading at discounted valuations, with catalysts to unlock and grow value.

1. Investing in companies trading at a discount to their net asset value

2. Identifying good-quality underlying assets with appreciation potential at compelling values

3. Focusing on bottom-up stock picking

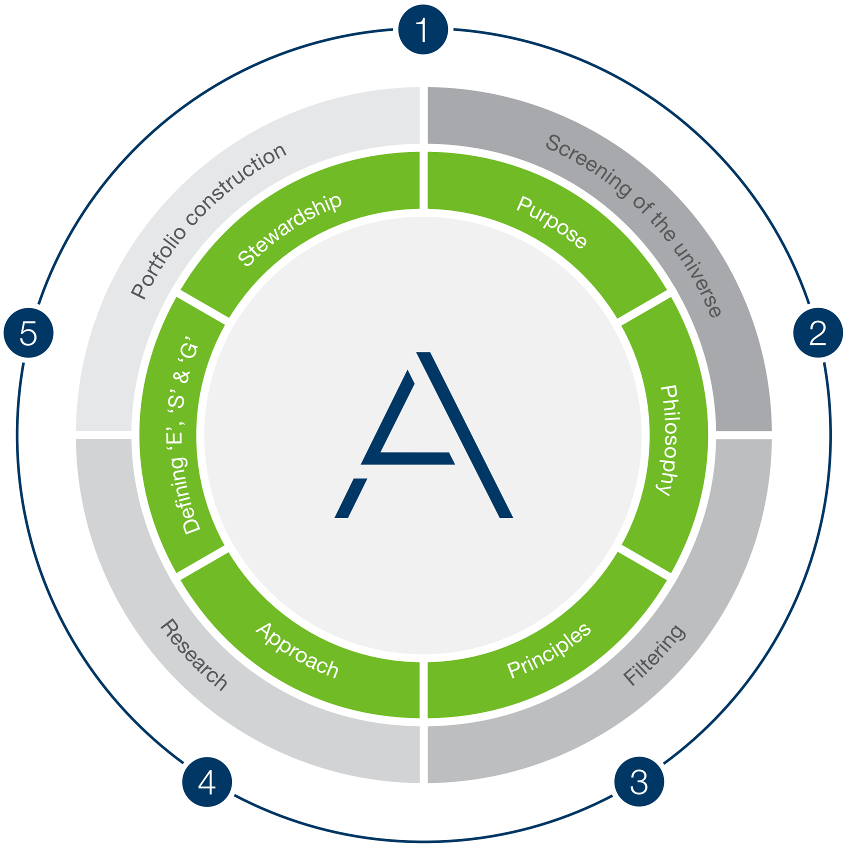
4. Looking for catalysts to narrow discounts

5. Focusing on balance sheet strength

Read more about our investment philosophy on **page 25 of the Annual Report**

HOW WE INVEST

AVI aims to achieve long-term capital growth by investing in a diversified portfolio of companies whose shares are trading at a discount to their estimated net asset value.



What does AVI invest in?

AVI follows a unique strategy of investing in quality assets typically held through structures that tend to attract discounts; these types of companies are:

- Holding Companies
- Closed-ended Funds
- Asset-backed Special Situations

Portfolio breakdown by AVI classification*

	2023 %	2022 %
Holding Companies	**58**	47
Closed-ended Funds	**25**	32
Asset-backed Special Situations	**17**	21

Source / AVI as at 30 September 2023

* Please refer to page 25 for more information about these classifications.

HOW WE MANAGE PORTFOLIO RISK

AVI's value investment process strives to identify and mitigate downside risks in all market environments.

AVI's risk management approach uses a variety of qualitative and quantitative processes. This includes bottom-up research to establish a company's fundamental value. The portfolio holdings are monitored on an ongoing basis, and AVI's in-house order management system contains an automatic alert system which alerts the Investment Manager to any breaches of built-in risk parameters.

The investment management team holds regular meetings discussing the portfolio, with a view to reassess, sell or buy securities, and to discuss current cash position, as well as sector and geographic weighting.

Stock-specific Risk
- Business risk
- Balance sheet risk
- Shareholder analysis
- Regular meetings with management

Portfolio/Market Risk
- Currency risk
- Geographical concentration risk
- Sector concentration risk
- Stock concentration risk
- Liquidity risk
- Political risk

Daily monitoring of positions

Monthly investment meetings

Reassessment of positions

AVI'S SUSTAINABLE APPROACH

AVI believes that the integration of ESG and sustainability considerations into our investment strategy is not only integral to comprehensively understanding each investment's ability to create long-term value but is aligned with our values as responsible investors.

Aligned with the PRI

AVI is aligned with the UN-supported Principles for Responsible Investment (PRI)'s belief that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term responsible investment, and benefit the environment and society as a whole. AVI became a signatory to the PRI on 9 April 2021.

Active Ownership

AVI's ESG monitoring system helps to identify weaknesses in a company and empowers us to engage effectively where appropriate. Through constructive engagement, we encourage and expect investee companies to take meaningful action in remedying weaknesses in the context of long-term value creation.

Website / Aker ASA: planning now for a greener, cleaner energy future

OUR CORE VALUES

Unique

A unique portfolio investing in holding companies, closed-ended funds and asset-backed special situations unlikely to be found in other funds.

Diversified

A select portfolio of 44 stocks, but with broad diversification of sectors and companies as a result of the holding structures which give exposure to multiple underlying companies.

Engaged

Seeking out good quality, misunderstood companies and engaging to improve shareholder value.

Active

Finding complex, inefficient and overlooked investment opportunities.

Global

Bottom-up stock picking, seeking the best investment opportunities across the globe.

Please visit our website for more information on our values and mission: **www.aviglobal.co.uk**

Strategic Report / Chairman's Statement

It is pleasing to report a NAV total return of 15.3%, which was both a strong absolute return and notably higher than our benchmark index... We look forward to the future with optimism and continue to believe that, over the long term, AVI will deliver attractive returns to AGT's shareholders.

Graham Kitchen
Chairman

Overview of the year

Having emerged from restrictions intended to minimise the effects of the Covid-19 pandemic in 2022, the world entered a period of heightened geopolitical tensions. The two combined led to higher levels of inflation and, as a result, interest rates not seen for over a decade, albeit arguably more "normal". Central bankers continue to try to walk a fine line in attempts to control inflation while not raising interest rates to a level which stifles economic growth. As our Investment Manager mentions in their report, the developed world in particular has been forced to move on from a period when the cost of capital was kept artificially low.

I said at the half-year stage that our Investment Manager was seeing a range of investment opportunities and over the year many of those opportunities bore fruit. Against a difficult economic and political background, it is pleasing to report a NAV total return[1] of 15.3%, which was both a strong absolute return and notably higher than our benchmark index.

Comparator benchmark index

There is no benchmark index which closely matches our Investment Manager's approach and investment philosophy. Nevertheless, we are aware that some (but by no means all) shareholders measure returns compared with an index. For the past several years our benchmark has been the MSCI AC World ex-US Index, reflecting the fact that when we adopted that benchmark AGT had no direct exposure to the USA and relatively little indirect exposure. Over the last few years our exposure to the USA, especially considering our underlying exposure, has increased. How we measure AVI's performance has been a regular subject of discussion by the Board and we have now concluded that the MSCI AC World Index (that is, the version of the index including the USA) is the most appropriate comparator benchmark.

In making this change, it is important for shareholders to recognise that we are still unlikely, nor is the investment manager targeting, to have similar weightings in the Company's portfolio to those in the index and that this change of benchmark will not affect in any way the approach to investing or the investments in the portfolio. I set out below our performance versus the new and previous comparator benchmarks. We will continue to report performance against both for historic reference. Having taken the considered decision to make this benchmark change, we expect this to remain our benchmark going forward.

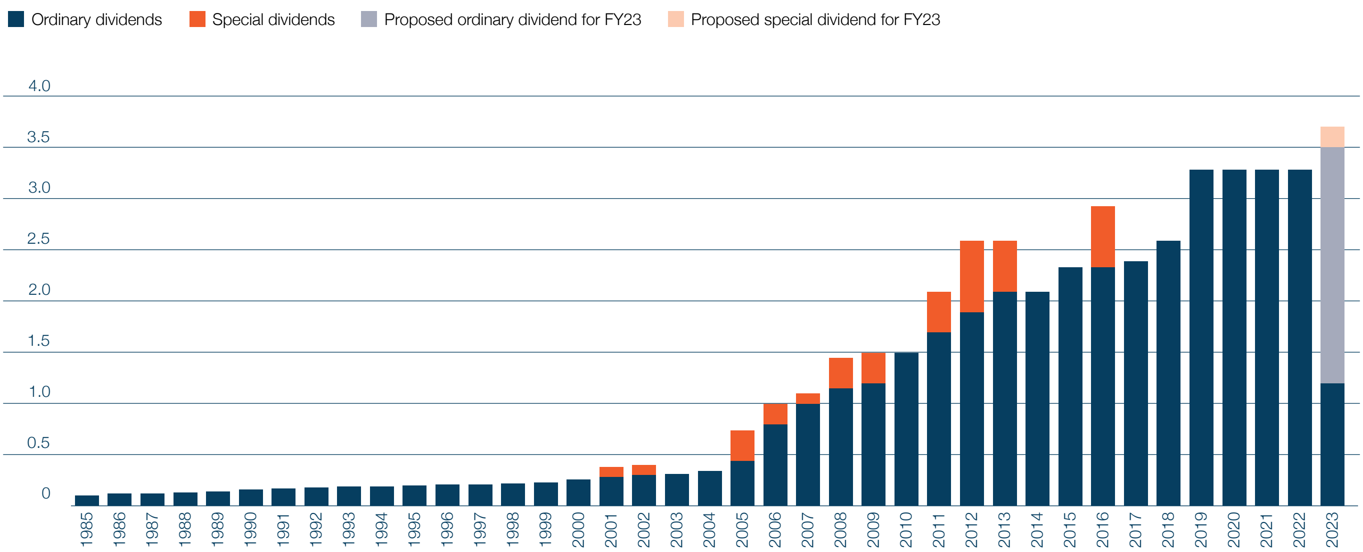
Total return (£)	1 year	5 years
AVI Global Trust NAV	+15.3%	+48.7%
MSCI AC World Index	+10.5%	+41.1%
MSCI AC World ex-US Index	+10.1%	+21.3%

Revenue and dividend

Revenue earnings for the year under review were 4.19 pence per share. At the half year stage we paid an interim dividend of 1.2 pence per share, which was the same as last year. The proposed final dividend is 2.3 pence per share. This year's income includes elements of revenue that the Directors consider to be one off and we have therefore decided to pay a special dividend of 0.2 pence per share. The one off increase in revenue includes refunds of previously charged taxes and interest on cash. The total ordinary dividend for the year will therefore be 3.5 pence per share, an increase of 6% compared with the previous year's total of 3.3 pence and the total including the special dividend will be 3.7 pence. The Board recognises that a dividend which is steady and able to rise over time is attractive to many shareholders but, as we have consistently said, the portfolio is managed primarily for capital growth.

1 See Glossary.

Dividend track-record (£)*



* Restated for Share Split.

Strategic Report / Chairman's Statement continued

GENERATING SIGNIFICANT SHAREHOLDER VALUE

Through equity market cycles, AGT has encountered many challenges and risen above them each time, generating significant shareholder value along the way.

Why should I include AVI Global Trust into my portfolio?

Unconstrained
AGT's index agnostic approach allows for investments to be made in areas of the market that are often overlooked by other funds, typically due to their unconventional structures, size, or liquidity. These areas can include listed family holding companies and listed private equity, which over time have been shown to deliver excess returns.

Unique & Diversified
AVI's unique approach of investing in holding companies, closed-ended funds and asset-backed special situations differentiates us from other funds, with portfolio holdings unlikely to be found elsewhere. Through these unconventional structures, AGT gains exposure to multiple underlying companies, providing both sector and geographic diversification benefits.

Track Record of Outperformance
Through an unconstrained and unique investment philosophy, AGT has been able to outperform its comparator benchmark over the long run. Since 1985, AGT's average annual performance has been +11.5% vs +9.1% for the comparator benchmark*.

Dividend Payments
Over the past ten years, the ordinary dividends paid by AGT to shareholders have grown by +74%. The level of income may vary and AGT has occasionally paid special dividends, as it is proposing this year.

* Official comparator benchmark is the MSCI ACWI (£).

Read more about our history on our website: www.assetvalueinvestors.com/agt/about-the-trust/history/

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Gearing

On 25 July 2023, we completed an agreement to issue Japanese Yen (JPY) 4.5bn fixed rate unsecured debt, for a term of ten years. The annual interest rate on the debt is 1.44%. The debt is denominated in JPY and was equivalent to approximately £25m when issued. In recent years the Company has issued several tranches of debt at attractive interest rates and our Investment Manager uses gearing flexibly to take advantage of investment opportunities. As well as providing funding at an attractive rate of interest, borrowing in Japanese Yen provides a natural hedge against exposure to the currency, as the borrowing offsets some of the exposure to JPY in the portfolio.

As at 30 September 2023 net gearing, with debt at fair value, was 7.4%.

Share price rating and marketing

AGT has a substantial marketing budget and the Board works closely with AVI as it seeks to generate demand for the shares. Each month AVI produces an informative fact sheet which is available on our website and I encourage you to register on the site to receive these when they are published. AVI is also active in the media – both traditional and increasingly social media – as we seek to promote our investment proposition to a growing investor base. We were pleased that our team's efforts were rewarded with the accolade of "Best Report and Accounts" in its category in the AIC's annual shareholder communications awards in September 2023.

Our shares traded at a persistent discount which, at the end of September 2023, stood at 10.9%. We continue to use share buybacks when the discount is unnaturally wide and when the Board believes that buying back shares is in the best interests of shareholders. This is also an approach that our Investment Manager encourages for many of our investee companies. At times when the market was volatile this has meant buying back shares on most days and, during the 12 months under review, 29 million shares were bought back, representing 6% of the shares in issue as at the start of the period. As well as benefiting shareholders by limiting the discount at which they could sell shares if they so wish, buying back shares at a discount also produced an uplift in value to the benefit of continuing shareholders, by approximately 0.6%.

Despite the impact of our share buybacks and the excellent investment performance by your Company we are caught by the unintended consequences on the investment trust industry of recent regulatory pronouncements relating to Consumer Duty. You will no doubt have read in the press that a number of online investment platforms are assessing the cost of investing in companies such as ours by seeking to include the underlying charges of any funds held in our portfolio of investments in their assessment of the costs of investing in your Company. This in our view is a misleading approach as we believe that the costs included within our underlying investments are already factored into the assessment of the fair value of those investments. The performance of the underlying assets is then fairly reflected in the performance of your Company which is shown net of costs within the control of your Board (i.e., the expense ratio which we set out under Key Performance Indicators on page 12). Your Board and AVI are actively involved in discussions with the Treasury, the regulators and the AIC to ensure that investment trusts are considered on an equal basis to other forms of investments and so that investors are able to make a fair and balanced decision in deciding on which type of investment to make. It would also seem completely illogical that the interpretation of the new Consumer Duty regulations and the assessment of value should lead to a restriction in investors ability to invest in some investment trusts.

The Board

My predecessor Susan Noble retired at the Annual General Meeting in December 2022 and this is my first annual report as Chairman. The Company thrived under Susan's leadership and the Board would like to record our thanks to her. We have enjoyed working with her and wish her well in her future endeavours.

Following Susan's retirement, June Jessop was appointed as a non-executive Director with effect from 1 January 2023. June was previously Senior Business Manager at Stewart Investors and a member of the EMEA Management Committee of First Sentier Investors (of which Stewart Investors is a sub-brand). June has spent her entire career in financial services, gaining broad experience in portfolio management, client relationship, business development and, latterly, general management roles. She has been an investment manager for institutions, charities and private clients, including managing assets of an investment trust and investing in closed-end funds on behalf of clients. My colleagues and I are delighted to welcome June to the Board. She brings a wealth of experience in both managing assets and in the management of investment businesses. Her skills complement those of the other Board members and we look forward to working with her.

Annual General Meeting

I am pleased to be able to invite all shareholders to attend our AGM at 11 Cavendish Square on Wednesday 20 December 2023. We do recognise that some shareholders may be unable to attend the AGM, and if you have any questions about the Annual Report, the investment portfolio or any other matter relevant to the Company, please write to us either via email at **agm@aviglobal.co.uk** or by post to The Company Secretary, AVI Global Trust PLC, 6th Floor, 65 Gresham Street, London, EC2V 7NQ.

If you are unable to attend the AGM, I urge you to submit your proxy votes in good time for the meeting, following the instructions enclosed with the proxy form. If you vote against any of the resolutions, we would be interested to hear from you so that we can understand the reasons behind any objections.

Outlook

The geopolitical and economic environment are undoubtedly challenging and the world is likely to be unstable for some time. This provides excellent investment opportunities and in their report AVI speak of valuations last seen at the time of the global financial crisis. While progress is unlikely to be straightforward, given the resources at our Investment Manager's disposal and the opportunities that they perceive, we look forward to the future with optimism and continue to believe that, over the long term, AVI will deliver attractive returns to AGT's shareholders.

Graham Kitchen
Chairman

9 November 2023

Strategic Report / KPIs and Principal Risks

KEY PERFORMANCE INDICATORS

The Company's Board of Directors meets regularly and at each meeting reviews performance against a number of key measures.

In selecting these measures, the Directors considered the key objectives and expectations of typical investors in an investment trust such as the Company.

NAV total return*

The Directors regard the Company's NAV total return as being the overall measure of value delivered to shareholders over the long term. Total return reflects both the net asset value growth of the Company and also dividends paid to shareholders. The Investment Manager's investment style is such that performance may deviate materially from that of any broadly-based equity index. The Board considers the most useful comparator to be the MSCI All Country World Index. Over the year under review, the benchmark increased by +10.5% on a total return basis and over ten years it has increased by +10.6% on an annualised total return basis.

A full description of performance and the investment portfolio is contained in the Investment Review, commencing on page 24.

Discount*

The Board believes that an important driver of an investment trust's discount or premium over the long term is investment performance. However, there can be volatility in the discount or premium. Therefore, the Board seeks shareholder approval each year to buy back and issue shares, with a view to limiting the volatility of the share price discount or premium.

During the year under review, no shares were issued and 29.3m shares were bought back, adding an estimated 0.6% to net asset value per share to the benefit of continuing shareholders. The shares were bought back at a weighted average discount of 10.3%.

Expense ratio*

The Board continues to be conscious of expenses and aims to maintain a sensible balance between good service and costs.

In reviewing charges, the Board's Management Engagement Committee reviews in detail each year the costs incurred and ongoing commercial arrangements with each of the Company's key suppliers. The majority of the expense ratio is the cost of the fees paid to the Investment Manager. This fee is reviewed annually.

For the year ended 30 September 2023, the expense ratio was 0.86%, down slightly from the previous year. These running costs in monetary terms amounted to £8.7m in 2023 (£9.6m 2022).

The Board notes that the UK investment management industry uses various metrics to analyse the ratios of expenses to assets. In analysing the Company's performance, the Board considers an Expense Ratio which compares the Company's own running costs with its assets. In this analysis the costs of servicing debt and certain non-recurring costs are excluded. These are accounted for in NAV total return and so form part of that KPI. Further, in calculating a KPI the Board does not consider it relevant to consider the management fees of any investment company which the Company invests in, as the Company is not a fund of funds and to include management costs of some investee companies but not of others may create a perverse incentive for the Investment Manager to favour those companies which do not have explicit management fees. The Board has therefore chosen not to quote an Ongoing Charges Ratio per the AIC's guidance as part of its KPIs but has disclosed an Ongoing Charges Ratio – Glossary on pages 103 to 106.

* For definitions, see Glossary on pages 103 to 106.

PRINCIPAL AND EMERGING RISKS

When considering the total return of the investments, the Board must also take account of the risk which has been taken in order to achieve that return.

There are many ways of measuring investment risk, and the Board takes the view that understanding and managing risk is much more important than setting any numerical target.

In running an investment trust we face different types of risk and some are more acceptable than others. The Board believes that shareholders should understand that, by investing in a portfolio of equity investments invested internationally and with some gearing, they accept that there may be some loss in value, particularly in the short term. That loss in value may come from market movements and/or from movements in the value of the particular investments in our portfolio. We aim to keep the risk of loss under this particular heading within sensible limits, as described below. On the contrary, we have no tolerance for the risk of loss due to, for example, theft or fraud.

The Board looks at risk from many different angles, an overview of which is set out on the following pages. The Directors carry out regular reviews of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The Board confirms that a robust assessment of these risks has been carried out during the year under review. The approach to monitoring and controlling risk is not rigid. The Board aims to think not only about the risks that it is aware of and has documented, but also of emerging and evolving risks.

Key Performance Indicators

NAV TOTAL RETURN*

+15.3%

1 year	+15.3%
10 Years (Annualised)	+9.6%

DISCOUNT, YEAR-END*

10.9%

2023	10.9%
2022	10.4%

EXPENSE RATIO* (YEAR ENDED 30 SEPTEMBER)

0.86%

2023	0.86%
2022	0.88%

The Board believes that managing risk is the task of everyone involved in the management of the Company: the Board, the Investment Manager, the Administrators and other service providers all have a role in thinking about risk, challenging perceptions and being alert to emerging risks. The objective of these assessments is not to be prescriptive, but to understand levels of risk and how they have changed over time. The purpose of this focus is to ensure that the returns earned are commensurate with the risks assumed.

The Board has assessed the risks which the Company faces under a number of headings. Pressure on the discount, a previously identified principal risk, increased during the year. This was partly due to heightened geopolitical and macroeconomic risk. In addition, the effects of interpretations of the new UK Consumer Duty regulations, as discussed in the Chairman's Statement, emerged as a further source of pressure on the discount. Shortly after the financial year-end, the attack by Hamas on Israel presented a further source of geopolitical risk, increasing our assessed level of risk under this heading. A summary of the key risks and mitigating actions is set out in the table on the following pages. Shareholders should be aware that no assessment of this nature can be guaranteed to predict all possible risks; the objective is to assess the risks and determine mitigating actions.

Principal and Emerging Risks	Risk Tolerance and Mitigating Actions	Movement
Loss of value – portfolio performance The market or the Company's portfolio could suffer a prolonged downturn in performance. There will be periods when the investment strategy underperforms in comparison to its benchmark and its peer group, and when it results in a decline in value.	The Board accepts that there is a risk of loss of value by investing in listed equities, particularly in the short term. The Board monitors performance at each Board meeting, and reviews the investment process thoroughly at least annually. The Investment Manager has a clear investment strategy, as set out in the Investment Review. Conventional wisdom holds that the most effective way of reducing risk is to hold a diversified portfolio of assets. The Company typically holds 25-35 core positions. It is important to note that, in line with its investment objective, the Company's holdings are mostly in stocks which are themselves owners of multiple underlying businesses. Thus, the portfolio is more diversified on a look-through basis than if it were invested in companies with a single line of business. This diversification is evident at country, sector and currency levels. A key element of the Investment Manager's approach is to consider the way in which the portfolio is balanced and to ensure that it does not become overly dependent on one business area, country or investment theme. The Company, through the Investment Manager's compliance function and the Administrator's independent checks, has a robust system for ensuring compliance with the investment mandate.	
Geopolitical and macroeconomic The net asset value will be affected by general market conditions which in turn can be affected by extraneous events such as the Russian invasion of Ukraine in 2022, macroeconomic uncertainty, US-China trade disputes, and the continued impact of Brexit. In particular, the Russian invasion of Ukraine has heightened the previously identified risk of higher levels of inflation and interest rate hikes, with its impact particularly felt across Western Europe and the US. Shortly after the financial year-end the attack by Hamas on Israel further heightened the level of geopolitical risk, which could in turn affect inflation and global trade. The Directors' assessment under this heading was already classified as high following the Russian invasion of Ukraine but the level of risk has further increased.	The Russian invasion of Ukraine has had a global impact, catalysing both increased levels of inflation and heightened turbulence in asset values. The conflict between Israel and Hamas along with increased tension between nations in various places has made the world a more unsettled place. Developed economies now face the risk of entrenched inflation, or a potential recession due to high interest rates intended to combat it. Further geopolitical tension is likely to affect global trade. The knock-on impact of all of these factors is likely to create environments which have not been experienced in developed economies for many years. Given that markets do not operate in a vacuum, this would in turn affect asset valuations. The Investment Manager carries out thorough, regular and detailed analyses of investee companies, and takes full account of the likely effects of the macroeconomic environment and the ongoing conflict in Ukraine when reviewing the investment portfolio and potential investments. The Company has no investments in Russia, Ukraine, Palestine or Israel. While the valuation of the portfolio is likely to be affected by general market movements, the underlying assets are well diversified by geography and type of company.	

Strategic Report / KPIs and Principal Risks continued

Principal and Emerging Risks	Risk Tolerance and Mitigating Actions	Movement
Gearing While potentially enhancing returns over the long term, the use of gearing makes investment returns more volatile and exacerbates the effect of any fall in portfolio value. There are covenants attached to the Loan Notes and bank debt; in extreme market conditions, these could be breached and require early repayment, which could be expensive.	The Board decided to take on borrowing because it believes that the Investment Manager will produce investment returns which are higher than the cost of debt over the medium to long term and, therefore, that shareholders will benefit from gearing. In taking on debt, we recognise that higher levels of gearing produce higher risk. While gearing should enhance investment performance over the long term, it will exacerbate any decline in asset value in the short term. It is possible (but, on the basis of past returns, it is considered unlikely) that the investment returns will not match the borrowing cost over time, and therefore the gearing will be dilutive. The Board manages this risk by setting the Company's gearing at a prudent level, and the covenants are set at levels with substantial headroom. In common with other investment trusts, we also mark the value of debt to its estimated fair value for the purposes of measuring investment performance as part of the Key Performance Indicators*, which makes the value ascribed to the debt subject to changes in interest rates and so makes our published NAV per share more volatile than would otherwise be the case. However, if we continue with the debt to maturity, it will be repaid at its par value, notwithstanding any changes in fair value over its life. The values of loans denominated in currencies other than Sterling will fluctuate with currency movements and, if the exchange rate of those currencies relative to Sterling increases, then in isolation this will have the effect of reducing NAV per share. However, we have certain assets denominated in the same overseas currencies as these tranches of debt, which would increase in value in Sterling terms if the exchange rates increase, enabling us to offset the debt position by creating a natural hedge.	◀▶
Foreign exchange The portfolio has investments in a number of countries, and there is a risk that the value of local currencies may decline in value relative to Sterling.	Foreign exchange risk is an integral part of a portfolio which is invested across a range of currencies. This risk is managed by the Investment Manager mainly by way of portfolio diversification, but the Investment Manager may, with Board approval, hedge currency risk. The Company did not engage in any currency hedging during the year under review and has not done so in recent years. However, as described above, borrowing in foreign currencies provides a natural hedge against currency risk in situations where the Company holds investments denominated in the borrowed currency. As at 30 September 2023, the Company had €50m (£43m) of borrowing and investments denominated in Euros whose value exceeded that of this borrowing. Furthermore, the Company had JPY12.5bn (£68m) of borrowing and investments denominated in Japanese Yen whose value exceeded that of this borrowing. In addition the Company had a loan of £30m, the primary currency of the Company, and holds investments denominated in GBP of a greater value.	◀▶
Liquidity of investments While the investment portfolio is made up predominantly of liquid investments, there is a possibility that individual investments may prove difficult to sell at short notice.	The Investment Manager takes account of liquidity when making investments and monitors the liquidity of holdings as part of its continuing management of the portfolio. The liquidity and concentration of AVI's holdings across all of its managed portfolios are monitored and reported at regular Board meetings. It is important to note that the potential for the return of capital from investee companies by means of special dividends and the partial or full redemption of shares is a key element of the Investment Manager's strategy, and so trading on a stock exchange is not the only source of liquidity in the portfolio.	◀▶
Key staff Management of the Company's investment portfolio and other support functions rely on a small number of key staff.	The Investment Manager and key suppliers have staff retention policies and contingency plans. The Board's Management Engagement Committee reviews all of its key suppliers at least once per year.	◀▶

* The value of long debt is marked to its fair value for the purpose of measuring investment performance but, as required by the relevant accounting standards, all debt is recognised on the balance sheet at amortised cost.

Principal and Emerging Risks	Risk Tolerance and Mitigating Actions	Movement
Discount rating The shares of investment trusts frequently trade at a discount to their published net asset value. The value of the Company's shares will be subject to the interaction of supply and demand, prevailing net asset values and the general perceptions of investors. The share price will accordingly be subject to unpredictable fluctuations, and the Company cannot guarantee that the share price will appreciate in value. The Company may become unattractive to investors, leading to pressure on the share price and discount. This may be due to any of a variety of factors, including investment performance or regulatory change.	Any company's share price is affected by supply and demand for its shares and fluctuations in share price are a risk inherent in investing in the Company. In seeking to mitigate the discount, the Board looks at both supply and demand for the Company's shares. The Board seeks to manage the risk of any widening of the discount by regularly reviewing the level of discount at which the Company's shares trade. If necessary and appropriate, the Board may seek to limit any significant widening through measured buybacks of shares. During the year under review, in common with most of the investment trust sector, the Company's shares traded at a persistent discount and the frequency of share buybacks and the total number of shares bought was increased to mitigate the pressure on the share price rating. The Investment Manager has a comprehensive marketing, investor relations and public relations programme which seeks to inform both existing and potential investors of the attractions of the Company and the investment approach. We have a marketing budget to meet third-party costs in marketing our shares.	
Outsourcing The Company outsources all of its key functions to third parties, in particular the Investment Manager, and any control failures or gaps in the systems and services provided by third parties could result in a financial loss or damage to the Company.	The Board insists that all of its suppliers (and, in particular, the Investment Manager, the Custodian, the Depositary, the Company Secretary, the Administrator and the Registrar) have effective control systems which are regularly reviewed. The Board assesses thoroughly the risks inherent in any change of supplier, including the internal controls of any new supplier.	
ESG There is increasing focus on investment companies' role in influencing investee companies' approach to climate change and broader ESG issues.	The Board maintains a strategic overview of the portfolio, including ESG criteria. Management of the portfolio, including the integration of ESG considerations into portfolio construction, is delegated to AVI, the Investment Manager. As a responsible steward of assets, AVI fully supports policies and actions implemented by its portfolio companies to support a sustainable environment. AVI engages actively with its portfolio companies, and looks to understand how each company approaches stewardship of the environment, as well as seeking to identify any unacceptable practices that are detrimental to the environment or climate.	

The principal financial risks are examined in more detail in note 15 to the financial statements on pages 79 to 84.

Strategic Report / Section 172 Statement

Section 172

Section 172 of the Companies Act 2006 (Companies Act) states that: A Director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following six items.

Further, the Companies (Miscellaneous Reporting) Regulations 2018 require Directors to explain how they have discharged their duties under section 172(1) of the Companies Act 2006 in promoting the success of their companies for the benefit of "members as a whole". The Board's approach is described under "Stakeholders" on the next page.

(a) the likely consequences of any decision in the long term	In managing the Company, the aim of the Board and of the Investment Manager is always to ensure the long-term sustainable success of the Company and, therefore, the likely long-term consequences of any decision are a key consideration. In managing the Company during the year under review, we acted in the way which we considered, in good faith, would be most likely to promote the Company's long-term sustainable success and to achieve its wider objectives for the benefit of our shareholders as a whole, having had regard to our wider stakeholders and the other matters set out in section 172 of the Companies Act.
(b) the interests of the company's employees	The Company does not have any employees.
(c) the need to foster the company's business relationships with suppliers, customers and others	The Board's approach is described under "Stakeholders" on the next page.
(d) the impact of the company's operations on the community and the environment	The Board takes a close interest in ESG issues and sets the overall strategy. As management of the portfolio is delegated to the Investment Manager, the practical implementation of policy rests with AVI. A description of AVI's ESG policy is set out on pages 26 to 29.
(e) the desirability of the company maintaining a reputation for high standards of business conduct	The Board's approach is described under "Culture and Values" below.
(f) the need to act fairly as between members of the company	The Board's approach is described under "Stakeholders" on the next page.

Culture and Values

The Directors' overarching duty is to promote the success of the Company for the benefit of investors, with due consideration of other stakeholders' interests. The Company's approach to investment is explained in the Investment Manager's Review. The Directors aim to achieve a supportive business culture combined with constructive challenge and to provide a regular flow of information to shareholders and other stakeholders.

The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance, including those relating to diversity, bribery (including the acceptance of gifts and hospitality), tax evasion, conflicts of interest, and dealings in the Company's shares. The Board assesses and monitors compliance with these policies regularly through Board meetings and the annual evaluation process. The Board seeks to appoint the most appropriate service providers for the Company's needs and evaluates the services on a regular basis. The Board considers the culture of the Investment Manager and other service providers through regular reporting and by receiving regular presentations, as well as through ad hoc interaction.

The Board also seeks to control the Company's costs, thereby enhancing performance and returns for the Company's shareholders. The Directors consider the impact on the community and environment. The Board and Investment Manager work closely together in developing and monitoring the Company's approach to environmental, social and governance matters.

Strategic Report / Stakeholders

Stakeholders

In line with the Companies (Miscellaneous Reporting) Regulations 2018, during the year under review the Board considered in detail which individuals and organisations should be regarded as stakeholders.

Its views are set out in the table below:

Stakeholders	Why they are important	Board Engagement
Shareholders	As the Company is an investment trust, its shareholders are, in effect, also its customers. Continued shareholder support and engagement are critical to the existence of the Company and to the delivery of the long-term strategy.	The Company has a large number of shareholders, including professional and private investors. Over the years, the Company has developed various ways of engaging with its shareholders, in order to gain an understanding of their views. These include: **Annual General Meeting** – The Company welcomes attendance from shareholders at AGMs. At the AGM, the Investment Manager always delivers a presentation and all shareholders have an opportunity to meet the Directors and ask questions; **Information from the Investment Manager** – The Investment Manager provides written reports with the annual and interim results, as well as monthly Factsheets which are available on the Company's website. Their availability is announced via the stock exchange; **Investor Relations updates** – At every Board meeting, the Directors receive updates on the share trading activity, share price performance and any shareholders' feedback, as well as any publications or comments in the press; **Working with external partners** – The Board receives regular updates from the Corporate Broker and also engages some external providers, such as communications advisers, to obtain a detailed view on specific aspects of shareholder communications; **Feedback from shareholders** – The Board values the feedback and questions that it receives from shareholders and takes note of individual shareholders' views in arriving at decisions which are taken in the best interests of the Company and of shareholders as a whole. The Chairman welcomes meetings with major shareholders, as well as enquiries and feedback from all shareholders. The Chairman can also be contacted via email at chair@aviglobal.co.uk or by letter to the Company's registered office. The Chairman, the Senior Independent Director or any other member of the Board can be contacted via either the Company Secretary or the Corporate Broker, both of which are independent of the Investment Manager. Recent examples of decisions resulting from feedback from shareholders were: • the change of the Company's name in May 2019; • rebalancing of the proportion of the dividend paid as an interim dividend in the 2019/2020 accounting year; • the Share Split which was completed in January 2022; • cancellation of some of the shares held in treasury in February 2022; and • the change of comparator benchmark described in this Annual Report.

Strategic Report / Stakeholders continued

Stakeholders	Why they are important	Board Engagement
Lenders	The Company has raised capital in the form of both short-term and long-term debt from a small group of lenders. Although the Company is not dependent on debt funding to maintain its operations, continued support from lenders is important to maintain the financial stability of the Company and flexibility in the investment portfolio.	All of the Company's debt is subject to contractual terms and restrictions. We have an established procedure to report regularly to our lenders on compliance with debt terms. It is our policy that all interest and repayments of principal will continue to be made in full and on time. In line with these considerations and to take advantage of attractive rates of interest, the decision was made to take out JPY4.5bn fixed rate unsecured debt (as discussed on page 10) during the year.
Service Providers		
The Investment Manager	The Investment Manager's performance is critical for the Company to deliver its investment strategy and meet its objective.	Maintaining a close and constructive working relationship with the Investment Manager is crucial as the Board and the Investment Manager aim to continue to achieve long-term returns in line with the Company's investment objective. The Board seeks to: - Encourage open discussion with the Investment Manager; - Ensure that the interests of shareholders and of the Investment Manager are aligned and adopt a tone of constructive challenge; - Draw on Board members' individual experience to support the Investment Manager in the sound, long-term development of investment strategy and, where relevant, the Investment Manager's business and resources. The Board recognises that the Company is the largest client of the Investment Manager, and so the long-term success of the Investment Manager is closely aligned to that of the Company. The Company Secretary attends all Board and Committee meetings. The Management Engagement Committee undertakes an annual review of the key service providers, encompassing performance, level of service and cost. Each provider is an established business and each is required to have in place suitable policies to ensure that they maintain high standards of business conduct, treat customers fairly and employ corporate governance best practice. Our policy is that all bills and expense claims from suppliers are paid in full, on time and in full compliance with the relevant contracts. A recent example of taking the interests of key service providers in account was the decision to directly contract the previously sub-contracted services of the Administrator as discussed on page 58.
The Administrator and Company Secretary	The Administrator and Company Secretary are key to the effective running of the Company.	
Other key service providers	The Company has a number of other key service providers, each of which provides a vital service to the Company and ultimately to its shareholders. While all service providers are important to the operations of the Company, in this context the other key service providers are the Custodian, Depositary and Registrar.	

Strategic Report / Responsible Business

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) ISSUES

Both the Board and AVI recognise that social, human rights, community, governance and environmental issues have an effect on its investee companies.

The Board firmly supports AVI in its belief that good corporate governance will help to deliver sustainable long-term shareholder value. AVI is an investment management firm that invests on behalf of its clients and its primary duty is to produce returns for its clients. AVI seeks to exercise the rights and responsibilities attached to owning equity securities in line with its investment strategy. A key component of AVI's investment strategy is to understand and engage with the management of public companies. AVI's Environmental, Social and Governance Policy, which is summarised on pages 26 to 29, recognises that shareholder value can be enhanced and sustained through the good stewardship of executives and boards. It therefore follows that in pursuing shareholder value AVI will implement its investment strategy through proxy voting and active engagement with management and boards.

The Company is an investment trust and so its own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions-producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. As discussed on page 62, as an investment trust without employees, the Company is not required to report against the TCFD framework.

The Company has no employees. The Company's principal suppliers, which are listed on the inside back cover of this report, have confirmed that they comply with the provisions of the UK Modern Slavery Act 2015.

The Directors do not have service contracts. There are five Directors, three male and two female. Further information on the Board's Diversity policy and the policy on recruitment of new Directors is contained on pages 57 to 58.

FUTURE STRATEGY

The Board and the Investment Manager have long believed in their focus on investment in high-quality undervalued assets and that, over time, this style of investment has been well rewarded.

The Company's overall future performance will, inter alia, be affected by: the Investment Manager's decisions; investee companies' earnings, corporate activity, dividends and asset values; and by stock market movements globally. Stock markets are themselves affected by a number of factors, including: economic conditions; central bank and other policymakers' decisions; political and regulatory issues; and currency movements.

The Company's performance relative to its peer group and benchmark will depend on the Investment Manager's ability to allocate the Company's assets effectively, and manage its liquidity or gearing appropriately. More specifically, the Company's performance will be affected by the movements in the share prices of its investee companies in comparison to their own net asset values.

The overall strategy remains unchanged.

Approval of Strategic Report

The Strategic Report has been approved by the Board and is signed on its behalf by:

Graham Kitchen
Chairman

9 November 2023

Strategic Report / Ten Largest Equity Investments

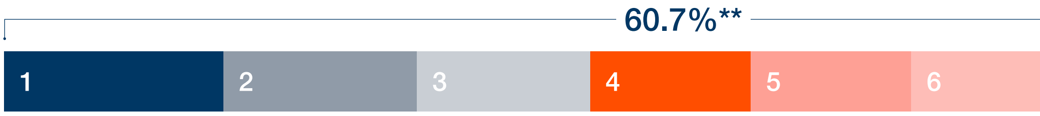
The top ten equity investments make up 60.7% of the net assets*, with underlying businesses spread across a diverse range of sectors and regions.

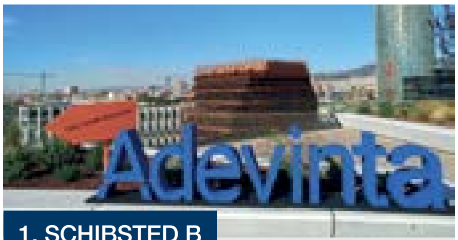
All discounts are estimated by AVI as at 30 September 2023, based on AVI's estimate of each company's net asset value.

* For definitions, see Glossary on pages 103 to 106.

** % of net assets.

View our investment platforms at: **www.aviglobal.co.uk**



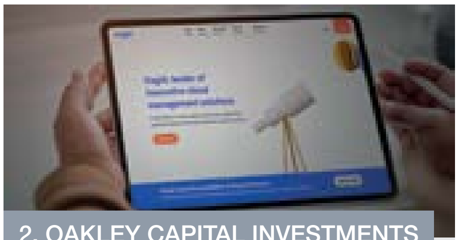


1. SCHIBSTED B

Classification Holding Company	**Valuation** £88.6m
% of net assets 8.6%	**Discount** -34%

A Norwegian-listed holding company offering exposure to high-quality online classified businesses. This is split between unlisted Nordic assets and a listed stake in Adevinta, a company that was spun-out from Schibsted to pursue international growth and consolidation. The market applies an inordinately low implied valuation on the unlisted assets due to the structure. With potential for an upcoming corporate event, combined with prospects for significant improvements in monetisation and margins, we see considerable upside.

Source / Adevinta



2. OAKLEY CAPITAL INVESTMENTS

Classification Closed-ended Fund	**Valuation** £78.7m
% of net assets 7.6%	**Discount** -32%

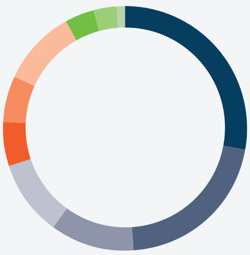
Oakley Capital Investments (OCI), is a London-listed closed-ended fund which invests in the private funds run by Oakley Capital, a UK-based private equity firm. OCI owns a portfolio of fast-growing businesses in the consumer, education, services, and technology sectors. Its process focuses on less intermediated markets and complex deals (e.g. carve-outs), which avoids the auction process, sourced by a network of entrepreneurs who believe in the Oakley philosophy. We believe that OCI's significant discount will narrow from continued NAV outperformance arising from realised exits, and the continued earnings growth of its portfolio.

Source / Cegid

DIVERSIFIED

Our portfolio contains broad diversification to sectors and companies.

Look-through Sector breakdown



- Communication Services: **28%**
- Consumer Discretionary: **21%**
- IT: **11%**
- Financials: **10%**
- Consumer Staples: **6%**
- Energy: **6%**
- Healthcare: **5%**
- Industrials: **5%**
- Materials: **4%**
- Real Estate: **3%**
- Utilities: **1%**

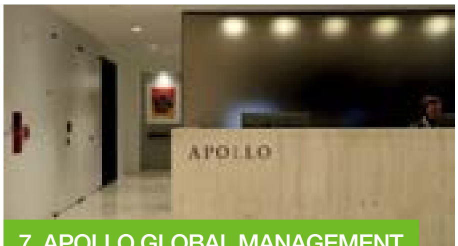
Princess

6. PRINCESS PRIVATE EQUITY

Classification Closed-ended Fund	**Valuation** £64.2m
% of net assets 6.2%	**Discount** -29%

London-listed closed-end fund managed by Swiss private equity manager Partners Group. Princess invests in global buyouts on a co-investment basis alongside Partners' direct investing programmes. We invested following lethargic returns, concerns over governance, and suspension of the dividend which forced a sell-off. We have since proactively engaged with the board on multiple matters.

Source / Partners Group AG

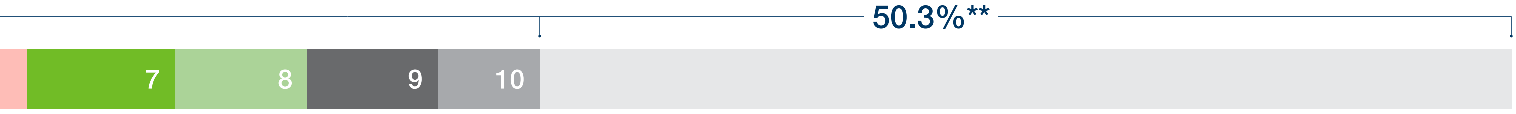


7. APOLLO GLOBAL MANAGEMENT

Classification Holding Company	**Valuation** £59.7m
% of net assets 5.8%	**Discount** -30%

A value-orientated US-listed alternative asset manager with c. USD617bn of assets under management. Following its merger with Athene Insurance, Apollo has ambitious plans to grow its "Fixed Income Replacement Opportunity" offering within a USD40 trillion market.

Source / Apollo



3. KKR & CO

Classification
Holding Company

Valuation
£69.7m

% of net assets
6.8%

Discount
-27%

A US-listed alternative asset manager with c. USD519bn of assets under management. KKR is one of the largest companies in an industry with appealing structural characteristics, underpinned by valuable fee-related earnings.

Source / Kohlberg Kravis Roberts & Co. L.P.

4. AKER ASA

Classification
Holding Company

Valuation
£65.0m

% of net assets
6.3%

Discount
-24%

Aker is a Norwegian holding company with investments principally in oil & gas, renewables & green tech, marine-related activities and industrial software. Its largest asset is Aker BP, a Norwegian oil company. Aker has a history of active portfolio management, dealmaking and value creation, with a track record of strong shareholder returns since Initial Public Offering (IPO) in 2004.

Source / Aker Solutions

5. FEMSA

Classification
Holding Company

Valuation
£64.5m

% of net assets
6.3%

Discount
-28%

FEMSA is a Mexican family-controlled holding company with roots dating back to the establishment of Mexico's first brewery in 1890. The bulk of the value lies in unlisted FEMSA Comercio, which primarily operates Oxxo-branded convenience stores across Mexico and Latin America. In 2023 the company completed a strategic review, simplifying its structure and generating considerable excess capital. We believe this will lead to a re-rating of the shares.

Source / Comunicación Corporativa FEMSA

8. PANTHEON INTERNATIONAL

Classification
Closed-ended Fund

Valuation
£53.7m

% of net assets
5.2%

Discount
-38%

Pantheon International is one of the oldest listed private equity vehicles and has built up a strong NAV performance track-record over several decades, thanks to its diversified portfolio of private equity funds owning high-quality companies with robust earnings growth. In August, the company announced a revised capital allocation policy, equating to 15% of shares outstanding, baking a substantial degree of NAV accretion into future returns.

Source / Pantheon International Plc.

9. D'IETEREN GROUP

Classification
Holding Company

Valuation
£41.5m

% of net assets
4.0%

Discount
-41%

A seventh-generation Belgian family-controlled holding company whose crown jewel asset is a 50% stake in Belron, the global no.1 operator in the Vehicle Glass Repair, Replacement and Recalibration industry. Belron boasts numerous scale advantages and benefits from tailwinds. Combined with the durable growth prospects for D'Ieteren's other assets, and the wide discount at which the company trades, we are excited about prospective returns.

Source / Belron

10. CHRISTIAN DIOR

Classification
Holding Company

Valuation
£40.3m

% of net assets
3.9%

Discount
-15%

Christian Dior's sole asset is a 41% stake in LVMH, the luxury goods conglomerate. We view LVMH as a highly attractive asset, with diverse exposure across Fashion & Leather, Wine & Spirits, Perfume & Cosmetics, Watches & Jewellery and Selective Retail. LVMH's collection of brands is unique and the rich cultural heritage underlying them is impossible to replicate. These factors drive strong demand, high pricing power and attractive margins. We see strong earnings upside from LVMH, as well as potential returns from the collapse of the holding structure.

Source / Getty images

Strategic Report / Investment Portfolio
As at 30 September 2023

Company	Portfolio classification	% of investee company	IRR (%, £)[1]	ROI (%, £)[2]	Cost £'000[3]	**Fair value £'000**	% of net assets
Schibsted 'B'	Holding Company	2.2%	25.6%	24.8%	71,238	**88,593**	8.6%
Oakley Capital Investments	Closed-ended Fund	10.0%	23.1%	111.5%	36,560	**78,677**	7.6%
KKR & Co	Holding Company	0.2%	32.3%	135.1%	30,305	**69,725**	6.8%
Aker ASA	Holding Company	1.7%	16.5%	75.4%	59,967	**64,952**	6.3%
FEMSA	Holding Company	0.3%	26.9%	68.8%	39,314	**64,510**	6.3%
Princess Private Equity	Closed-ended Fund	10.0%	29.1%	12.0%	58,183	**64,160**	6.2%
Apollo Global Management 'A'	Holding Company	0.1%	32.3%	84.2%	33,528	**59,712**	5.8%
Pantheon International	Closed-ended Fund	3.5%	22.7%	14.0%	47,042	**53,743**	5.2%
D'Ieteren Group	Holding Company	0.6%	14.7%	12.0%	37,699	**41,458**	4.0%
Christian Dior	Holding Company	0.0%	26.3%	97.1%	22,498	**40,272**	3.9%
Top ten investments					**436,334**	**625,802**	**60.7%**
Pershing Square Holdings	Closed-ended Fund	0.4%	18.6%	46.6%	25,972	**39,968**	3.9%
Nihon Kohden	Asset-backed Special Situation	2.1%	3.4%	2.9%	36,247	**36,807**	3.7%
News Corp	Holding Company	0.6%	2.8%	1.7%	35,674	**36,095**	3.5%
IAC	Holding Company	1.0%	-31.1%	-41.9%	64,482	**34,150**	3.3%
Godrej Industries	Holding Company	1.8%	2.3%	9.0%	30,288	**34,097**	3.2%
Hipgnosis Songs Fund	Closed-ended Fund	3.4%	-3.3%	-2.5%	38,607	**33,142**	3.2%
Symphony International Holdings	Closed-ended Fund	15.7%	7.9%	52.0%	26,636	**31,807**	3.1%
Third Point Investors	Closed-ended Fund	4.1%	6.5%	33.2%	23,728	**26,961**	2.6%
Wacom	Asset-backed Special Situation	4.7%	-17.6%	-30.5%	37,086	**24,215**	2.3%
EXOR	Holding Company	0.1%	11.0%	42.5%	13,574	**20,506**	2.0%
Top twenty investments					**768,628**	**943,550**	**91.5%**
Bollore	Holding Company	0.1%	nm	-11.0%	20,087	**17,799**	1.7%
Molten Ventures	Closed-ended Fund	5.0%	-39.9%	-31.4%	25,430	**17,452**	1.7%
DTS	Asset-backed Special Situation	2.0%	8.3%	21.6%	15,795	**16,628**	1.6%
Digital Garage	Asset-backed Special Situation	1.8%	-10.7%	-15.2%	21,871	**16,115**	1.6%
Hachijuni Bank	Asset-backed Special Situation	0.5%	nm	25.2%	10,114	**12,508**	1.2%
Kyoto Financial Group	Asset-backed Special Situation	0.3%	nm	17.4%	10,315	**11,937**	1.2%
Dai Nippon Printing	Asset-backed Special Situation	0.2%	nm	7.9%	10,840	**11,646**	1.1%
Konishi	Asset-backed Special Situation	2.3%	4.8%	19.8%	10,522	**11,630**	1.1%
Shiga Bank	Asset-backed Special Situation	1.1%	nm	8.4%	10,577	**11,334**	1.1%
Haw Par Corporation	Holding Company	0.8%	nm	-0.1%	11,360	**10,957**	1.1%
Top thirty investments					**915,539**	**1,081,556**	**104.9%**

Company	Portfolio classification	% of investee company	IRR (%, £)[1]	ROI (%, £)[2]	Cost £'000[3]	**Fair value £'000**	% of net assets
SK Kaken	Asset-backed Special Situation	1.8%	-11.6%	-42.8%	19,056	**10,303**	1.0%
TSI Holdings	Asset-backed Special Situation	2.5%	nm	22.2%	8,182	**9,954**	1.0%
Fuji Soft	Asset-backed Special Situation	0.5%	nm	4.7%	9,047	**9,431**	0.9%
Iyogin Holdings	Asset-backed Special Situation	0.4%	nm	28.4%	6,496	**8,276**	0.8%
Pasona Group	Asset-backed Special Situation	2.0%	6.9%	21.2%	8,551	**7,497**	0.7%
Shin Etsu Polymer	Asset-backed Special Situation	0.8%	1.2%	1.2%	5,111	**5,021**	0.5%
VEF	Holding Company	2.3%	-5.8%	-5.2%	4,525	**3,989**	0.4%
JPEL Private Equity	Closed-ended Fund	18.4%	19.9%	100.1%	1,554	**3,954**	0.4%
Seraphim Space Investment	Closed-ended Fund	2.9%	-10.0%	-8.0%	3,213	**2,955**	0.3%
Better Capital (2009)†	Closed-ended Fund	17.4%	22.1%	41.1%	1,962	**903**	0.0%
Top forty investments					**983,236**	**1,143,839**	**110.9%**
Third Point Investors Private Investments†	Closed-ended Fund	0.0%	nm	nm	582	**602**	0.1%
Ashmore Global Opportunities – GBP*	Closed-ended Fund	0.0%	4.2%	7.8%	31	**318**	0.0%
Equity investments at fair value					**983,849**	**1,144,759**	**111.0%**

Fair value and gross market exposure of investments[4]	Equity exposure £'000	**Fair value £'000**	% of net assets
Equity investments	**1,144,759**	**1,144,759**	**111.0%**
Total return swap long positions			
Brookfield Class A	52,097	**(16,067)****	-1.6%
SK Square	18,837	**(1,437)****	-0.1%
	70,934	**(17,504)**	**-1.7%**
Total return swap short positions			
Brookfield Infrastructure Partners Units	(3,744)	**714***	0.1%
Brookfield Asset Management Class A	(24,501)	**168***	0.0%
Brookfield Renewable Partners Units	(4,077)	**1,292***	0.1%
SK Hynix Inc	(14,664)	**(3,369)****	-0.3%
	(46,986)	**(1,195)**	**-0.1%**
	23,948	**(18,699)**	**-1.8%**
Investments and total return swaps	**1,168,707**	**1,126,060**	**109.2%**
Other net current assets less current liabilities		**46,507**	4.5%
Non-current liabilities		**(141,549)**	-13.7%
Net assets		**1,031,018**	**100.0%**

1 Internal Rate of Return. Calculated from inception of AGT's investment. Refer to Glossary on pages 103 to 106. Where it is not possible to report a meaningful figure for the IRR, due to the investment having been held less than 12 months, this is indicated as "nm".
2 Return on investment. Calculated from inception of AGT's investment. Refer to Glossary on pages103 to 106.
3 Cost. Refer to Glossary on pages 103 to 106
4 The fair value column of the total return swaps is determined based on the difference between the notional transaction price and market value of the underlying shares in the contracts (in effect the unrealised gains/(losses) on the exposed long and short total return swap positions). The equity exposure is the cost of purchasing the securities held through long total return swap positions directly in the market and at the Balance Sheet date would be a cost of £70,934,000. If the long positions were closed at 30 September 2023, this would result in a loss of £17,504,000. The notional price of selling the securities to which exposure was gained through the short total return swaps at the Balance Sheet date would be £46,986,000. If the short positions were closed on 30 September 2023, this would result in a loss of £1,195,000. In the case of long and short total return swaps it is the market value of the underlying shares to which the portfolio is exposed via the contract.
† Level 3 investment (see note 15).
* The total fair value of total return swap assets of long and short positions is £2,174,000.
** The total fair value of total return swap liabilities of long and short positions is £20,873,000.

Investment Review / Investment Manager's Review

About Asset Value Investors

OUR EDGE

Asset Value Investors specialises in finding companies which have been overlooked or under-researched by other investors. Investments that for one reason or another are priced below their true value but can be made into profitable performers. AVI believes its strategy and investment style differentiate it from other managers in the market because of the following:

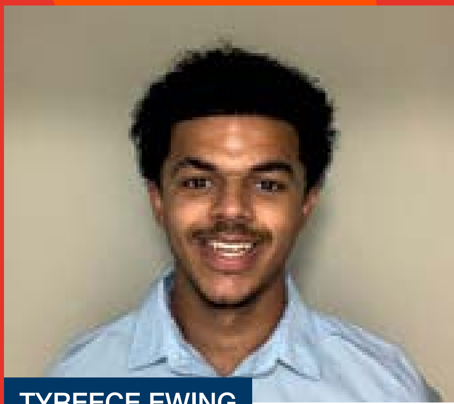
1. 38 years' experience of long-term outperformance following our distinctive investment style (annualised NAV total returns of +11.5% since 1985*).

2. AVI actively looks for the catalyst within a company which will drive fundamental change.

3. AVI promotes active involvement to improve corporate governance and to unlock potential shareholder value.

* Refer to Glossary on pages 103 to 106.

Please visit our website for more information: **www.aviglobal.co.uk**



TYREECE EWING

10,000 Black Interns

The 10,000 Interns Foundation champions underrepresented talent and promotes equity of opportunity, offering students and graduates paid internship opportunities across a range of UK industries.

'It's a bittersweet moment to share that my incredible journey at Asset Value Investors has come to an end. I can't believe how fast time has flown but I guess time flies when you're having fun!

During my time at AVI, I had the privilege of working alongside a highly skilled and supportive team. From day one, I was entrusted with meaningful responsibilities and given the opportunity to contribute to important projects.

I am immensely grateful for the last six weeks at AVI where I have enhanced my skills, especially in producing valuation models and pitching financial recommendations. My exposure to different aspects of the firm's operations have deepened my understanding of the investment management industry.

A special mention to Wilfrid Craigie, Ross McGarry and William Hawkes who have been instrumental in my progress here. Their guidance and expertise has massively helped my progress and taught me many things.

A huge thank you to 10,000 Black Interns and AVI for this incredible opportunity. I am truly grateful for the support and encouragement I received throughout my internship. Looking forward to staying connected and continuing to learn more about the industry.'

Overview of AVI's investment philosophy

The aim of AVI is to deliver superior investment returns. AVI specialises in investing in securities that for a number of reasons may be selling on anomalous valuations.

Our focus on buying high-quality businesses trading at wide discounts to their net asset value has served us well over the long term. There are periods of time, however, when our style is out of favour and the types of companies in which we invest are ignored by the broader market. This requires us to be patient and to remain true to our style, so that when other investors begin to appreciate the value in those companies, we are well placed to benefit. In the short term, this means that there could be some volatility in our returns. However, we are confident that we own high-quality businesses, which are trading on cheap valuations.

Members of the investment team at AVI invest their own money in funds which they manage. As at 30 September 2023, AVI's investment team owned 1,118,477 shares in AGT.

Introduction to the Strategy

Asset Value Investors invests in overlooked and under-researched companies, which own quality assets and trade at discounts to NAV. This philosophy typically leads us to invest in structures such as family-controlled holdings companies, closed-ended funds and, more recently, Japanese cash-rich operating companies. However, our views on the types of structures through which we invest are entirely agnostic, and portfolio weightings are determined solely by the opportunity set and our judgement of the risk-reward potential.

Our research process involves conducting detailed fundamental research in order to: (a) understand the drivers of NAV growth; and (b) assess the catalysts for a narrowing discount. We often engage actively with management, in order to provide suggestions for improvements that we believe could help narrow the discount or improve operations.

Holding Companies

When we consider a holding company as an investment, we seek several characteristics. The first is a high-quality portfolio of listed and/or unlisted businesses with the potential for sustained, above average, long-term growth. Many of the underlying companies that we have exposure to are world-famous brands, and include: LVMH, Ferrari, Stellantis, Universal Music, MGM Resorts, Aker BP, and many more.

Secondly, we look for the presence of a controlling family or shareholder with a strong track record of capital allocation and returns in excess of broader equity markets. Long-term shareholders provide strategic vision; many of our holding companies have been family-controlled for generations. This combination of attractive, quality assets managed by long-term capital allocators creates the potential for superior NAV growth.

Finally, we invest at a discount to NAV, preferably with a catalyst in place to narrow the discount. This provides an additional source of returns. We estimate that historically about three-quarters of our returns from holding company investments have come from NAV growth and one-quarter from discount tightening.

Closed-ended Funds

Similar to holding companies, we look for certain qualities when we consider a closed-ended fund investment. Most importantly, we look for portfolios of high-quality assets (both listed and unlisted) with good growth potential. Our portfolio of closed-ended funds gives us exposure to many quality companies, such as Chipotle Mexican Grill, Hilton Worldwide, Universal Music Group, Canadian Pacific Railway and many more. We also focus to a great extent on the discount to NAV at which the closed-ended fund trades. In a nuanced distinction from holding companies, we usually insist on a high probability of the discount narrowing or vanishing entirely before we will consider making an investment. In accordance with this, our stakes in closed-ended funds are larger, and we engage with management, boards, and other shareholders to enact policies to help narrow discounts and boost shareholder returns. Historically, our portfolio of closed-ended funds has generated half of its returns from discount narrowing.

Asset-Backed Special Situations

The majority of this portion of the portfolio consists of investments outside of holding companies and closed-ended funds. For several years now, these investments have largely been in Japanese cash-rich operating companies. At present, we hold positions in 13 Japanese operating companies which have, on average, 64% of their market value in cash and listed securities.

Japanese companies have a reputation for overcapitalised balance sheets, but we believe that the winds of change are blowing in Japan. The Japanese government has been championing efforts to improve corporate governance and enhance balance-sheet efficiency, and this programme is beginning to have an effect. Major pension funds have signed up to a new Stewardship Code, boards of directors are guided by the principles of an updated Corporate Governance Code, and there is an identifiable uptick in the presence of activist investors on Japanese share registers.

We can see evidence of this change in increasing payout ratios, buybacks, and more independent directors. We believe that our Japanese holdings stand to benefit from this powerful trend, and that the market will assign a much higher multiple to these companies if it reassesses the probability of the excess cash and securities being returned to shareholders. We are active in pursuing this outcome and engage continuously with the boards and management of our holdings to argue for a satisfactory outcome for all stakeholders.

The focus is on quality, cash-generative businesses with low valuations (our current portfolio trades on just 7.5x EV/EBIT). These are the sorts of businesses that one should be happy to own; as such, we can afford to take a long-term view on our holdings as we engage with boards and management to create value for all stakeholders.

Summary

Our strategy centres upon investing in companies which own diversified portfolios of high-quality assets. In each case, we have sought to invest in companies where the market has misunderstood or overlooked the value on offer, and where our analysis shows that there is a reasonable prospect of this being corrected. The historic returns from this strategy have been strong and came from a combination of discount narrowing and NAV growth.

Investment Review / Promoting Sustainable Attitudes

A responsible approach

It is our view that a responsible approach to the environment, society and governance is key to long-term sustainable businesses. This guiding principle is embedded not only in our investment philosophy but in how we manage Asset Value Investors as a company.

EMPLOYEES WITH EQUITY OWNERSHIP IN AVI

41%

ONE OF THE ORIGINAL 200 INVESTMENT FIRMS TO SUPPORT THE 10,000 BLACK INTERNS PROGRAMME

DIVERSITY OF WORKFORCE

	2023 Number	2023 %
Male	15	65
Female	7	35

OUR PURPOSE

Helping our clients to make the most of their financial future.

The people at Asset Value Investors are committed to leveraging our long heritage, stewardship, and expertise to make investing responsible, accessible, and profitable for everyone – individuals, families, institutions, private companies, and listed companies. Financial returns matter but we are in a unique position to influence positive change by questioning the practices of the companies we invest in for a more sustainable future.

OUR PHILOSOPHY

We are fundamentally committed to supporting long-term sustainable businesses that will grow and participate in the prosperity of the economy, with a responsible approach to the environment, society, and governance.

We believe that the integration of ESG and sustainability considerations into our investment strategy is not only integral to comprehensively understanding each investment's ability to create long-term value, but aligned with our values as responsible investors.

OUR PRINCIPLES

We are aligned with the PRI's belief that an economically efficient, sustainable global financial system is a necessity for long-term value creation.

Such a system will reward long-term responsible investment and better align investors with the broader objectives of society. AVI became a signatory to the UN-supported Principles for Responsible Investment (PRI) on 9 April 2021. In doing so, we have confirmed our belief in our duty to act in the best long-term interests of our beneficiaries.

OUR APPROACH

As research-driven value investors, we seek to truly understand each company in our portfolio and the context within which it operates on a case-by-case basis.

AVI has built ESG factors into its proprietary database and implemented a number of processes to support the integration of ESG considerations into each stage of the investment process.

DEFINING 'E', 'S' & 'G'

AVI has identified* the factors that we believe are the most material and relevant to our investments and developed a bespoke ESG monitoring system to track the performance and progress of our portfolio companies against defined ESG metrics.

We define **environmental** sustainability within the context of:

- Environmental Impact
- Tackling Climate Change
- Sustainable Management

Our **social** focus is divided into:

- Dignity and Equality
- Wellbeing and Development
- Community Engagement

Our approach to **governance** includes:

- Quality of Governing Body
- Corporate Strategy
- Ethical Behaviour

Our metrics within each of these areas enable us to assess corporate governance practices and evaluate a company's impact and dependencies on the environment and society, and the extent to which these are being effectively managed.

* Drawing on the World Economic Forum's '21 core metrics', https://www.weforum.org/stakeholdercapitalism/our-metrics

Pre-Investment

Exclusionary screening is not our guiding framework, however there are certain exceptions to this.

AVI will not invest in a company with direct involvement* in:

- Tobacco
- Controversial Weapons
- Pornography

Or companies that engage in child labour or human exploitation as defined by the relevant ILO conventions.

Assess company's **exposure to ESG risks and opportunities**, including climate-related risks and opportunities.

Identify whether the company is involved in any actual or potential violations of international norms and standards supported by **ISS^ Norms-based Research**.

Investment Period

ESG monitoring system built into our proprietary database to ensure ESG factors are considered alongside financial analysis.

Ongoing ESG assessments of portfolio companies' performance against defined ESG metrics. A scoring system is used to assess trends and highlight potential areas for engagement.

Tailored questionnaires sent to all companies based on our assessments to request additional ESG information and promote improved sustainability disclosure.

Ongoing controversy monitoring following a clear engagement pathway if companies are flagged.

Constructive engagement with boards and management to help sustainably increase corporate value by building resilience to ESG risks and promoting responsible business practices.

PRI Principles for Responsible Investment

AVI became a signatory to the UN-supported Principles for Responsible Investment (PRI) on 9 April 2021.

* Whereby more than 5% of that company's NAV is derived from these activities.

^ Institutional Shareholders Services group of companies.

Investment Review / Promoting Sustainable Attitudes continued

OUR STEWARDSHIP

Good stewardship should be viewed as a continuous practice and is essential to preserving and enhancing long-term value.

Active engagement is at the core of our investment strategy and our ESG monitoring system plays an important role in helping us to identify potential areas of engagement. As long-term investors, our aim is to build constructive relationships with the boards and management of the companies in which we invest, addressing issues and offering suggestions to sustainably improve corporate value in consideration of all stakeholders and in the best long-term interest of our clients.

Controversy Monitoring

Supported by ISS Norms Based Research, we also closely monitor any controversies and potential violations of international norms and standards associated with our universe. Whilst our hope is that controversies do not occur, they can be a marker of how well a company's policies are integrated into business operations and culture, highlighting vulnerabilities or structural problems and indicating where improvements can be made. Through constructive engagement, we encourage and expect investee companies to take meaningful action in addressing weaknesses in the context of long-term value creation.

ACTIVE ENGAGEMENT

We seek to be constructive partners and continue to maintain an active dialogue with the boards and management of our portfolio companies.

The majority of our engagements take place behind closed doors, however, if necessary, we are willing to take our concerns public to raise awareness and compel change.

Our approach to engagement is highly bespoke and covers a wide range of topics including ESG themes. We identify ESG engagement topics on a case-by-case basis and avoid generic guidance, instead carefully analysing the issue within the company's particular context and offering specific suggestions to address weaknesses and sustainably enhance corporate value.

COLLABORATIVE ENGAGEMENT

We recognise the value of collaborative engagement in addressing collective issues.

Corporate Mental Health Benchmark
CCLA

In January 2023, we joined CCLA's global initiative seeking to improve the corporate approach to workplace mental health. LVMH, one of our portfolio companies in the initiative's scope, have since taken significant steps to demonstrate their commitment.

AGT 2023 Proxy Voting Record**

TOTAL VOTED

100%

100%*

VOTED AGAINST MANAGEMENT

23%

23%

VOTED WITH MANAGEMENT

77%

77%

* 6% of these votes were not officially counted for technical reasons.

** As at 30/09/2023.

Engagement Breakdown*

GOVERNANCE

61%

61%

SOCIAL

21%

21%

ENVIRONMENTAL

18%

18%

* % breakdown of total ESG engagements (101) during FY23. Engagements with portfolio companies may address multiple themes at once.

HIGHLIGHTS FROM 2023

1. AVI published its Stewardship and Voting Policy

2. AVI reported through the PRI for the first time

3. AVI will publish its first ESG Report

Policies and reports can be found on our website: **https://www.assetvalueinvestors.com/agt/#responsibleinvesting**

Useful resources:

https://www.ccla.co.uk/mental-health

https://www.assetvalueinvestors.com/process/esg-approach/

www.issgovernance.com/esg/screening/

ESME MORTER

AVI ESG Analyst

ESG cannot usefully be universally applied; it must be carefully considered within the context of each company.

Esme Morter
ESG Analyst

AVI has traditionally focused on the 'G' in ESG and has nearly 40 years' experience engaging constructively with boards and management of portfolio companies to promote strong governance practices. This expertise has stood us in good stead when deepening our approach to ESG.

We view strong governance as the foundation for effective management of E & S issues. However, we do not take a hands-off approach to the E & S. Indeed, although we prefer to conduct our engagement in private, last year we submitted shareholder resolutions at SK Kaken's AGM, one of which addressed its failure to transparently report and address its environmental impact, which resulted in the company disclosing annual emissions for the first time in 2023.

ESG cannot usefully be universally applied; it must be carefully considered within the context of each company. The system we have developed complements our deep fundamental analysis and readiness to constructively engage with companies in a highly bespoke way, allowing nuance and honed judgement to drive our actions. ESG is complex, interconnected and constantly evolving, and we expect our approach to ESG to continue to actively evolve.

TSI HOLDINGS

We are encouraged by TSI Holdings' progress in weaving sustainable practices into the fabric of the company.

AVI first invested in TSI Holdings, which owns a collection of diversified apparel brands including PEARLY GATES, Margaret Howell, HUF and Stüssy, in July 2022. TSI joined AGT's portfolio in January 2023 and we are now the largest shareholder with c. 8.6% stake across all AVI funds. We have built a strong relationship and constructive dialogue with the company, holding 14 meetings, visiting its HQ in Japan, and sending a 43-page presentation, offering detailed suggestions to address its undervaluation and build sustainable corporate value.

Our approach to engagement is highly bespoke, looking at the company as a whole and considering all drivers relevant to its long-term success. Companies operating in the apparel sector are exposed to heightened environmental and social risks. As part of wider analysis on both financial and operational enhancements, our presentation identified a number of ESG-related improvements regarding the visualisation and management of GHG emissions, responsible supply chain management, diversity, employee training and development, and performance linked pay.

TSI Holdings recognises that the majority of its impact on the environment and society occurs in its value chain and is demonstrating its commitment to managing this. The company has partnered with Boost Technologies to develop a centralised mapping and managing tool, covering all of the company's more than 50 apparel brands, to monitor emissions and drive decarbonisation across the entire supply chain. This commitment is bolstered by TSI Holdings having its emission reduction targets approved by the Science Based Targets initiative (SBTi) in October 2023.

The board and management continue to be receptive to our suggestions and we are encouraged by their proactive mindset. TSI Holdings' share price has increased by 134% since we initiated our investment. We continue to engage with the company on a wide range of themes, and we see significant opportunities to unlock value.

Read more of our insights on our website:
www.assetvalueinvestors.com/agt/about-the-trust/our-edge/insights/

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Investment Review / Investment Manager's Report

Performance Review

> In this market we believe that hard work, a focus on idiosyncratic catalysts to unlock value, together with our own activism, are key tools to drive returns.

Joe Bauernfreund
Chief Investment Officer

"I know it's complicated." - Christine Lagarde, President of the European Central Bank.

Alan Greenspan, the former Chairman of the Federal Reserve, used to talk of "Fedspeak" and the art of "purposeful obfuscation". However, in this case Ms Lagarde's approach to communication is much simpler and echoes what many investors have been feeling over the last year: it is complicated!

Inflation remains stubbornly higher than desired and central banks have been steadfast in their attempts to quell it, lifting interest rates to levels few assumed probable only eighteen months ago. For the time being, a recession remains the dog that hasn't barked (yet!), although there have been some signs of weakening activity over the summer, most notably in Europe. In the last few weeks we have seen a sharp rise in bond yields, particularly in the US, where markets have started to price in a "higher for longer" outlook. The ramifications of this are likely large and have not necessarily been felt yet.

All told this is a challenging environment for equities. However, those taking a cursory glance at the returns of the major US indices would be forgiven for having missed this, as (capitalisation weighted) markets have been led higher by a narrow band of technology companies deemed to be AI-beneficiaries.

Under the surface there has been more turmoil and the going has been much tougher. Such an environment suits our style of investing and, over the last 12 months, we have found an increasingly rich and varied opportunity set. In this market we believe that hard work, a focus on idiosyncratic catalysts to unlock value, together with our own activism, are key tools to drive returns. Reflective of all this, during the year we meaningfully deployed your Company's gearing for the first time since late 2021.

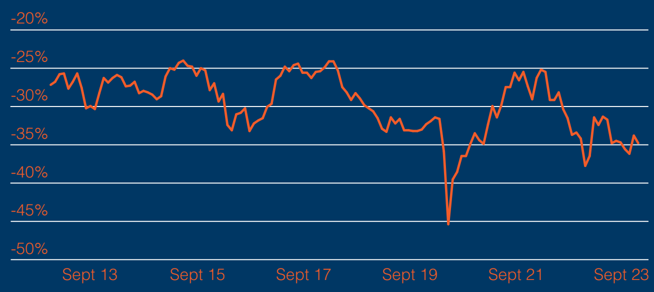
Within this context AVI Global Trust's NAV increased by +15.3%[1] on a total return basis*. This compares to a +10.1% return for the MSCI AC World ex-US index and a +10.5%[1] return for the broader MSCI AC World Index (now our comparator benchmark).

It is worth highlighting the strong recovery in relative performance since the interim report in March, outperforming the two indices by +9.6% and +5.5% respectively. Of course, our aim is not to optimise performance over six-month periods, nor do we expect to be judged over single financial years. Still, such performance is pleasing to see and validation for holding course when the numbers didn't look so pretty. Deviation from the benchmark is a feature not a bug of concentrated high conviction portfolios, and a prerequisite for success.

Performance has been driven by stock selection – something we believe is coming back to the fore. Our high conviction larger weight holdings, such as Apollo, KKR, FEMSA and Schibsted, have on average performed better. The latter two are good examples of the types of idiosyncratic "events" to which we are attracted – management teams and boards are undertaking strategic and structural changes to unlock value.

We are also excited about opportunities where we can add value as an engaged and active shareholder. This is particularly true in the London-listed closed-ended fund market, where discounts are historically wide and commentary about the continuing relevance of the sector is rife. This provides a fertile hunting ground and we have built new positions in Pantheon International and Princess Private Equity over the last year, whilst also meaningfully adding to what was a small tail position in Hipgnosis Songs Fund.

Weighted average discount*



Source / Estimated by AVI as at 30 September 2023.

WEIGHTED AVERAGE DISCOUNT*

-35.0%

ANNUALISED NAV 10 YEAR TOTAL RETURN PER SHARE*

+9.6%

For further information, please turn to **page 12 of the Annual Report**

Equity portfolio value by market capitalisation

	2023 %	2022 %
<£1 billion	31	29
>£1 billion – <£5 billion	31	30
>£5 billion – <£10 billion	11	11
>£10 billion	27	30

* For definitions, see Glossary on pages 103 to 106.

[1] See Glossary. All performance figures in GBP.

Investment Review / Investment Manager's Report continued

Performance Review continued

Despite broader enthusiasm from other investors, our performance in Japan has been a relative weak spot over the last 12 months. Wacom and Digital Garage have been notably poor performers, and a number of our other holdings have failed to keep up with a strong market where capital has principally flowed to larger cap names. Disappointing local price returns have been exacerbated by continued Yen weakness.
It is our expectation that Japan's divergent monetary policy will not persist indefinitely. As and when this occurs the Yen will be a further tailwind behind our backs. More generally we continue to be excited about the rich opportunity set we find in overcapitalised Japanese small caps, and the role we can play in unlocking and creating value.

Looking ahead and borrowing a quote from the CEO of a US automaker on a recent earnings call, the macro environment remains "opaque at best". Bond markets have increasingly started to reflect "higher for longer" rates and we appear to be in a new epoch of non-zero interest rates and a price for risk. Tail risk remains that the infamous "long and variable" monetary policy lags bite unexpectedly, with the UK Liability Driven Investment (LDI)-crisis and US banking crisis having highlighted how systemic problems can suddenly emerge as liquidity conditions tighten.

Readers should know by now that our approach to investing is focused on bottom-up stock picking. We are highly sceptical of the quality of our macro insights and their utility in guiding investment decisions. As such we remain focused on the fundamentals. Discounts – as indicated by our 35% portfolio weighted average discount – are at wide levels historically associated with times of panic and market stress. Such starting valuations provide a strong bedrock and give comfort in an uncertain world.

Overall, we continue to believe that we are in a challenging market environment in which hard work, stock selection and engagement will be differentiating factors. In this vein, we are cautiously optimistic about the prospects for the concentrated-yet-diverse portfolio of high-quality-yet-lowly-valued companies we have assembled, and the potential for attractive long-term returns from the areas of the equity market on which we concentrate.

Source / Belron

A UNIQUE INVESTMENT PORTFOLIO

D'Ieteren is a seventh-generation Belgian family-controlled holding company whose crown jewel asset is a 50% stake in unlisted Belron, the global no.1 operator in the Vehicle Glass Repair and Replacement (VGRR) industry.

We have invested in D'Ieteren across our other funds since 2018 however liquidity was historically insufficient for AGT to build a meaningful stake. In March 2022, following the publication of disappointing full year results, the shares fell -11% on a day the MSCI Europe index was up +6%. We initiated a position the very same day and have added to the position subsequently. In 2023 we added to the position to make it a top 10 holding.

The bulk (65%) of D'Ieteren's NAV is accounted for by Belron, which readers might be more familiar with as Autoglass (UK), Safelite (US) or Carglass (EU). Belron is many multiples larger than competitors with >40% US market share, giving it significant scale advantages in terms of purchasing economies of scale and cost leadership, relationships with insurance partners who are industry gatekeepers, and technological investment, which has become increasingly relevant.

Increased windshield complexity and the requirement for Advanced Driver Assistance System (ADAS) cameras to be recalibrated upon replacement has re-accelerated top-line growth and taken margins from 6% in 2018, when we visited the European Distribution Centre in Bilzen, to 18% in 2022. We expect Belron to keep riding this wave, with ADAS set to become a larger proportion of the global car parc, supported by a legislative tailwind. Over the medium-term sales should grow at a high single digit rate with margin expansion translating to mid-teens growth in operating profits. Longer-term a possible IPO will likely help crystallise value, with the recent appointment of Carlos Brito – who built AB InBev into a global behemoth – perhaps indicative of this plan. Indeed, given the presence of private equity co-ownership at Belron we believe some form of corporate event is probable in the coming years, with management highly incentivised to increase the equity value, which should act as a catalyst for D'Ieteren shares.

As well as this, D'Ieteren owns a collection of other smaller assets 1) a 40% stake in TVH Parts, a spare parts distributor focused on forklifts and other industrial machinery; 2) a 100% stake in D'Ieteren Autos, which distributes VW brands in Belgium; 3) a 100% stake in Moleskine, the luxury notebook group; and 4) a 100% stake in PHE, a European automotive spare parts distributor focused on the Independent Aftermarket (IAM). Both TVH and PHE are more recent acquisitions, and appear highly attractive, with defensive non-discretionary growth drivers, strong market positions and the potential for accretive bolt-on M&A.

D'Ieteren contributed +0.18% to AGT's NAV in 2023. The prospect for earnings growth at Belron, as well as the strong outlook for D'Ieteren's other holdings, bode well for prospective NAV growth. At a 41% discount, there is potential further upside from discount narrowing. We are excited about prospective returns.

Read more of our insights on our website:
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Market reaction is overdone

Head of Research at AVI

Tom Treanor, AVI's Head of Research, considers **the opportunities in the Private Equity/Venture Capital (PE/VC) sector**, where valuations are cheap and discounts to Net Asset Value (NAV) are extraordinarily wide. Higher rates and tighter credit markets may have seen a slowdown in the sector, but Tom explains why that hasn't had a direct impact on AVI's portfolio, 21.4%* of which is made up of PE/VC names.

Q Why is AVI looking at PE/VC now?

A Valuations – that's the key driver for us. We've been active in the sector for 15 years and it's responsible for some of the best returns across our portfolio, but our exposure has waxed and waned in line with opportunities. In the wake of the Global Financial Crisis (GFC), a lot of companies got themselves in trouble in the PE sector and were trading on extraordinarily cheap valuations and a very wide discount to NAV. That's when we were most active: we tend to be contrarian investors, so buying things when they're cheap and a little bit out of favour. Our exposure came down over the following five years and then ramped back up as discounts to NAV have widened, and the opportunity set has broadened for us.

* Based on net assets.

Q Why is PE/VC specifically attractive to investment trusts versus open-ended funds?

A It comes down to a huge liquidity mismatch. If you manage an open-ended fund investing in AstraZeneca or Glaxo etc., and your investors want their money back, all you have to do is sell your shares and hand their money back. But not all assets are quite so liquid, such as open-ended property-focused funds. Every time there's some sort of crisis – be it the GFC, the Eurozone crisis or Covid, for example – these property funds put up their gates and prevent investors from redeeming their shares. That's because investors all run for the exit at the same time and the underlying assets aren't liquid enough to allow the managers to raise cash quickly and fund those redemption requests.

A privately owned company is also a very illiquid asset. That means the closed-ended structure (such as an investment trust) is the only structure that could possibly work for privately held companies because investors don't redeem their shares. If an investor wants to sell out of a closed-ended fund, they sell out their shares in a stock exchange to another investor and no money goes in or out of the fund.

Q How does the current economic environment affect your PE/VC exposure at AVI?

A We invest in PE and VC through publicly quoted investment companies, so we don't have any direct private asset exposure at all. There are about a dozen listed PE companies on the London market and those range from uberdiversified fund-of-funds to concentrated single-manager funds. Diversified fund-of-funds are good proxies for the broader PE market because there aren't any idiosyncratic factors present driving their share price or discount.

Going into mid to late 2021, those funds were trading at between 15% to 20% discount to Net Asset Value (NAV). If you look at them today, they're trading anywhere between 15% to 40% discount to NAV. That change could be the market saying valuations are stale and they're going to have to come down to meet share prices, which means it isn't a real discount. But we happily take the other side of that argument and think private valuations do lag public markets, but that they lag on the way up, too.

> The main difference between PE/VC is the maturity of the companies in which they invest.
>
> **Tom Treanor**
> Head of Research, AVI

Q How does the current economic environment affect your PE/VC exposure at AVI? continued

A Private NAVs didn't creep up the same way public markets did but there was an essence of in-built equity valuation buffer. The real damage we saw in public markets was in the unprofitable tech sector, to which PE isn't particularly exposed. Companies that have high free cash flow and are in defensive sectors have held up much better than public markets, and those tend to be overrepresented in PE portfolios. As we only invest in quoted investment companies, the financing market drying up hasn't really had much of a direct impact on our portfolio companies because their portfolios were all fully formed by late 2021.

But we have seen a dramatic slowdown in both the pace of these companies' new investments and in the pace of their exits. That means we need to scrutinise the balance sheets of our investee companies, making sure they can withstand periods where exits dry up, making sure they have enough cash on the balance sheet to cope with that sort of environment, and making sure they have prudent banking facilities in place. In an environment like this, the metrics we use to analyse companies change, so as the backdrop worsens, we're focusing on the balance sheet much more than we were previously. The sell-off in public markets and fears around PE and VC has meant listed companies across the board have become very cheap. So, starting in early 2022, we ramped up our PE and VC exposure; some of the discounts to NAV are at extraordinarily wide levels. Overall, while there are genuine concerns out there and there are reasons to be fearful, we think the market reaction has been overdone.

Please visit our website for more information:
www.aviglobal.co.uk

PRINCESS PRIVATE EQUITY (6.2% OF NET ASSETS)

During FY2023, we built a 10% stake in Princess Private Equity (PEY), a London-listed closed-ended fund managed by Swiss private equity manager Partners Group (PG).

PEY invests in global buyouts on a co-investment basis alongside Partners' direct investing programmes.

A high dividend policy had kept Princess' discount relatively narrow until cash outflows from their FX-hedging programme forced a suspension of the dividend in late-2022. We opportunistically built our position in the wake of the sell-off that followed. The dividend has since been restored and the share price has recovered, but we believe there is room for further discount narrowing through engagement with the Board and Manager.

Read more of our insights on our website:
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Source / Urupong

Investment Review / Investment Manager's Report continued

Portfolio Review

Top 20 Look-Through Companies

AGT invests in holding companies and closed-ended funds that in turn invest in listed and unlisted companies. We show below the top 20 holdings on a 'look-through basis', i.e. the underlying companies to which we have exposure. For example, AGT owns a stake in Aker ASA, a Norwegian-listed holding company, that accounts for 6.3% of AGT's NAV. One of Aker ASA's holdings is Aker BP, a Norwegian Oil & Gas company, which accounts for 63% of Aker ASA's own NAV. This translates to AGT having an effective exposure to Aker BP of 3.9% of AGT's NAV. The table below is an indication of the degree of diversification of the portfolio.

Look-through companies	Parent company	Underlying look-through weight	Look-through holding sector
KKR Fund Management Business	KKR & Co	5.4%	Asset Management and Custody Banks
FEMSA Comercio	FEMSA	4.6%	Food Retail
Nordic Marketplaces	Schibsted B	4.4%	Interactive Media and Services
Adevinta	Schibsted B	4.1%	Interactive Media and Services
Apollo Fund Management Business	Apollo Global Management	4.1%	Asset Management and Custody Banks
LVMH	Christian Dior SE	3.9%	Apparel, Accessories and Luxury Goods
Aker BP ASA	Aker ASA	3.9%	Oil and Gas Exploration and Production
Nihon Kohden Operating Business	Nihon Kohden	3.1%	Healthcare Equipment
Belron	D'Ieteren Group	2.6%	Specialized Consumer Services
Brookfield Asset Management	Brookfield Corporation	2.2%	Asset Management and Custody Banks
Wacom Operating Business	Wacom	2.0%	Technology Hardware, Storage and Peripherals
Universal Music Group	Pershing Square Holdings, Bollore	1.7%	Movies and Entertainment
Brookfield Property Group	Brookfield Corporation	1.7%	Real Estate Development
Athene	Apollo Global Management	1.7%	Asset Management and Custody Banks
Godrej Consumer Products	Godrej Industries	1.7%	Personal Products
Godrej Properties	Godrej Industries	1.4%	Real Estate Development
REA Group	News Corp	1.3%	Interactive Media and Services
Dow Jones	News Corp	1.3%	Interactive Media and Services
DTS Operating Business	DTS	1.2%	IT Consulting and Other Services
MGM Resorts International	IAC	1.1%	Casinos and Gaming

Pershing Square Holdings: How the look-through analysis works

Pershing Square Holdings is a Euronext and London-listed closed-ended fund in which AGT invests. Although Pershing Square Holdings is just one fund, it has investments in multiple different listed companies, providing your Company's portfolio with exposure to a diversified collection of businesses.

Company name	Estimated % of Pershing Square Holdings' portfolio	Geography	Sector
Universal Music Group	21.7%	Global	Movies and Entertainment
Chipotle Mexican Grill	12.4%	United States	Restaurants
Lowe's	11.6%	United States	Home Improvement Retail
Restaurant Brands	10.9%	North America	Restaurants
Alphabet	10.6%	Global	Interactive Media and Services
Hilton	9.4%	North America	Hotels, Resorts and Cruise Lines
Howard Hughes	8.7%	United States	Real Estate Development
Canadian Pacific Railway	8.1%	North America	Rail Transportation
Interest Rate Swaptions	5.5%	United States	
Fannie Mae & Freddie Mac	1.0%	United States	Commercial and Residential Mortgage Finance

CONTRIBUTORS

Apollo Global Management

Classification
Holding Company

% of net assets[1]
5.8%

Discount
-30%

% of investee company
0.1%

Total return on position FY23 (local)[2]
94.4%

Total return on position FY23 (GBP)
78.5%

Contribution (GBP)[3]
275bps

ROI since date of initial purchase[4]
84.2%

US-listed alternative asset manager Apollo (APO) was our top contributor over the financial year, adding +275bps to NAV as its share price almost doubled (+98% total return in USD vs +21% for the S&P 500). This was despite the company being swept up in the banking sell-off in March 2023 on misguided concerns that failed to recognise important differences between bank deposits and the annuity liabilities of Athene (Apollo's wholly-owned life insurance arm). We took advantage of the market confusion to add to the position near the lows reached in March.

Taking a step back to our original investment case for Apollo, we believed the business was poorly understood by the market when we first initiated a position back in April 2021 ahead of its announced merger with sister company Athene Insurance. AGT shareholders with long memories may recall that we had a very profitable investment in Athene from 2012 to 2017 when it was a private investment held by a listed Apollo-managed vehicle called AP Alternative Assets.

Life insurance businesses are understandably often lowly rated by the market. But the reasons why they are so – unpredictable liabilities with tail risks (e.g. long-term care) and hard-to-hedge liabilities such as Variable Annuities – simply do not apply to Athene which has a highly focused business model predominantly centred on fixed annuities. As such, Athene can be looked at as effectively a spread-lending business, earning a spread between the rates paid on annuities and the yields earned on its investments. Its fixed income portfolio (95% of total assets) is 96% investment-grade, with Athene seeking to earn a return premium from complexity and illiquidity rather than from taking duration or additional credit risk, and its return-on-equity has averaged 16% over the last four years (in line with its target of mid-to-high-teens).

Life insurance businesses are also correctly perceived as being capital intensive, and this was a source of some disquiet when the Apollo/Athene merger was announced. But capital intensity is not a bad thing if one is earning high returns on that capital; and, as we understood at the time, a material proportion of Athene's growth was likely to be funded by third-party "sidecar" vehicles.

The market seems to increasingly have come round to our more positive view on Apollo as evidenced by the strong share price performance over 2023 on the back of earnings upgrades. Higher rates have led to very strong demand for annuities (unsurprisingly, people prefer to earn higher rather than lower rates on their investments even if only in nominal terms) with retail inflows on track to surpass 2022's record of $20bn. At 30 June 2023, Athene had already had $15bn of inflows for the year.

To some extent, each of the listed alternative asset managers has made a different bet: Blackstone on real estate; Ares on subordinated debt; Brookfield on infrastructure, etc. Apollo have focused on investment grade private credit, a market that can be measured in the tens of trillions. It is becoming increasingly understood that Athene is integral to this push. As a life insurance business seeking to earn a return over and above that paid out on its annuities and other liabilities, Athene needs safe (investment grade) credit and – given its long-dated sticky liabilities – can invest in private assets to earn an illiquidity premium.

This is where Apollo's investments in origination platforms come into play. These are attractive investments in their own right that sit within the 5% of Athene's balance sheet allocated to alternative investments. In the business of originating investment grade assets (aviation financing, mid-market lending, mortgages, supply chain finance, etc.) they find a natural home on Athene's balance sheet and those of third-party insurance companies and other institutions who draw comfort in the alignment of interest from investing alongside Athene. In addition to one-off syndication fees, Apollo is increasingly earning ongoing management fees from many of these third parties establishing separately managed accounts.

Athene is at the heart of this flywheel and provides Apollo a huge advantage over peers in what CEO Marc Rowan has termed the "Fixed Income Replacement Opportunity", with the potential market for investment grade private credit estimated at as much as $40 trillion. Regulatory moves to increase capital requirements of the US banking sector are expected to accelerate this, with JPMorgan CEO Jamie Dimon suggesting that Apollo executives would be "dancing in the streets" due to the measures.

Trading on just 11x 2024 expected earnings, we see considerable scope for continued further upside for Apollo shares with the company on track to hit its $1 trillion AUM target by 2026.

1 For definitions, see Glossary on pages 103 to 106.
2 Weighted returns adjusted for buys and sells over the year.
3 Figure is an estimate by the managers and sum of contributions will not equal quoted total return over the financial year.
4 Figure quoted in GBP terms. Refer to Glossary on pages 103 to 106 for further details.

Investment Review / Investment Manager's Report continued

Portfolio Review continued

CONTRIBUTORS

FEMSA

Classification
Holding Company

% of net assets[1]
6.3%

Discount
-28%

% of investee company
0.3%

Total return on position FY23 (local)[2]
76.9%

Total return on position FY23 (GBP)
61.9%

Contribution (GBP)[3]
258bps

ROI since date of initial purchase[4]
68.8%

FEMSA added +258bps to returns during a period in which the company completed its strategic review and took structural steps to unlock value and reduce the wide discount at which the company trades. In this context, the shares returned +78% as a +50% increase in the NAV was boosted by a narrowing of the discount from 39% to 28%.

As readers may remember, we initiated a position in FEMSA in 2021, with an investment case predicated on the highly attractive nature of FEMSA Comercio – which operates Oxxo-branded convenience stores, and other small-format retail stores, across Mexico and Latin America – and the unduly low valuation the market was awarding the business. In 2022 management announced a "comprehensive strategic review" of the group structure with a focus on reducing the sum-of-the-parts discount.

In February 2023, FEMSA concluded its strategic review – announcing plans to simplify the group structure, monetise non-core assets and re-focus on its core business. Most importantly, the company announced plans to exit its stake in Heineken, which prior to the announcement was worth some $7.8bn, or c.28% of FEMSA's market cap. Following two accelerated book builds in February and May, FEMSA has now fully exited Heineken (bar €500m of shares underlying an exchangeable bond). In addition, FEMSA announced the sale of Jetro Restaurant Depot (JRD) for $1.4bn and in August it was announced that Envoy Solutions would merge with BradyIFS, as a first step in FEMSA exiting the business, with a $1.7bn cash inflow and a 37% stake in the combined entity.

Despite strong performance we believe the shares remain cheaply priced, with the underlying intrinsic value/NAV having compounded at a high rate. This speaks to the attraction of finding investments that exhibit both special situation-type catalysts and high-quality growth. It is this latter point which is particularly important to us – asset quality and the prospect for NAV growth are key to our style of investing. In this vein we believe that Oxxo has one of the most robust retail models we have come across, with a long growth runway, strong unit economics and high returns on capital. New store openings are now running above 1,000 on a trailing 12-month basis once again, and we believe the company can reach c.30,000 units in Mexico by the end of the decade (from just shy of 22,000 currently), with strong prospects for further potential growth in Brazil.

At current prices, FEMSA trades at a 28% discount to our estimated NAV and with the stub* at an inordinately wide discount to closest-peer, Walmex (8.7 x vs. 11.9x). Pro-forma of the JRD and Envoy Solutions transactions, we estimate that FEMSA is now in a modest net cash position vs. management's target of 2.0x net debt/EBITDA. This implies the company has "excess" capital of c.$7bn equating to c.18% of its market cap. Investors, not entirely without reason, are cautious over how this will be deployed, and we have been encouraging management to use the proceeds for share buybacks.

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3 Figure is an estimate by the managers and sum of contributions will not equal quoted total return over the financial year.
4 Figure quoted in GBP terms. Refer to Glossary on pages 103 to 106 for further details.
* The stub represents the value of the remaining unlisted assets in a company after subtracting the total value of listed assets and net debt from its market cap.

CONTRIBUTORS

Schibsted B

Classification Holding Company	**Total return on position FY23 (local)**[2] 43.9%
% of net assets[1] 8.6%	**Total return on position FY23 (GBP)** 34.9%
Discount -34%	**Contribution (GBP)**[3] 233bps
% of investee company 2.2%	**ROI since date of initial purchase**[4] 24.8%

In the summer of 2022 we initiated a new position in Schibsted, the Norwegian holding company. Today Schibsted is AGT's largest position and was one of the strongest contributors to your Company's performance, adding +233bps to returns. Over the course of the year the shares increased +63%, as a +35% increase in the NAV was boosted by a narrowing of the discount from 45% to 34%.

Whilst the origins of the company date back to a publishing business in the 1830s, from the turn of the millennium, Schibsted have built and bought a collection of online classified advertising businesses, which today account for the bulk of the value. This is spread across Schibsted's unlisted Nordic assets (52% NAV), and a stake in Adevinta (49% NAV) which they listed in 2019 as a vehicle to house their international classified ads businesses and pursue sector consolidation (which it has done via the acquisition of eBay's classified ads business for $9.2bn in 2020).

Such businesses exhibit "winner-takes-most" dynamics, with strong network effects whereby listing inventory and user traffic mutually reinforce one another. The dominant #1 player in a category becomes the reference point for individuals or businesses looking to buy and sell in that vertical. This integral position translates into high levels of pricing power and excellent financial profiles, with healthy organic growth rates, EBITDA margins of 40-60% and high free cash flow conversion.

Attune to these attractions we had monitored Schibsted from afar for a number of years. However, it took a more than 60% decline in the share price from the summer of 2021 to June 2022 to pique our interest. Both Schibsted and Adevinta had been caught in a perfect storm of earnings downgrades and multiple compression. On top of this, at the Schibsted holding company level investors had increasingly questioned capital allocation and the group structure.

As such, we were able to build a position in the B shares at a c.45% discount to our estimated NAV and with the stub assets trading at an anomalously low implied c.6x forward EV/EBITDA. It was, and is, clear in our view that resolving the ownership stake in Adevinta (which accounts for ~two-thirds of Schibsted's market cap) is key to unlocking the trapped value, with either an in-specie distribution or sale of Adevinta suitable outcomes to both re-rate the stub and help realise a fair value for the Adevinta stake.

In September 2023 it was confirmed that Blackrock and Permira have made a non-binding proposal to take Adevinta private. This will see Schibsted crystallise a large portion of its value, whilst also retaining a stake in the private company. Of course, the devil will be in the detail, with the pertinent questions being around price and the size of the stake that Schibsted will retain.

The deal will allow Schibsted to garner a control premium (albeit an unknown one) and remove some of the friction of an in-specie distribution. Most importantly, it will go some way to simplifying the group structure, shining a light on the undervaluation of the stub assets.

On the other hand, this raises the risk of capital (mis)allocation – something we will continue to discuss with Schibsted management. We are also frank about the low value the market will likely ascribe to Schibsted's remaining unlisted stake in Adevinta. Indeed, it is our contention that the ideal scenario would be for Schibsted to wholly exit Adevinta – either via this transaction, or, failing that, through an in-specie distribution. However, we acknowledge that the return on the retained position has the potential to be highly attractive, with significant low hanging fruit from non-core asset sales (OLX Brazil plus Italy and maybe Spain); improving monetisation rates at Mobile and Leboncoin, which currently under-earn relative to global peers and the economic utility they provide; and improving margins with tighter cost control (particularly at HQ which runs to tune of ~€250m p.a.).

Schibsted remains cheaply valued at a 34% discount to NAV and with the stub trading at 6.7x NTM EBITDA. Further news on Adevinta will be the key catalyst to drive both NAV growth and discount narrowing. We remain excited about prospective returns and continue to engage with the company and other stakeholders to ensure that a satisfactory outcome is achieved. It is important that any transaction fixes the undervaluation of both Adevinta and Schibsted shares.

1 For definitions, see Glossary on pages 103 to 106.
2 Weighted returns adjusted for buys and sells over the year.
3 Figure is an estimate by the managers and sum of contributions will not equal quoted total return over the financial year.
4 Figure quoted in GBP terms. Refer to Glossary on pages 103 to 106 for further details.

Investment Review / Investment Manager's Report continued

Portfolio Review continued

Schibsted / Adevinta

Adevinta owns a collection of high-quality classified ads businesses that exhibit dominant network effect-protected positions, which translates into significant pricing power and considerable organic growth, with prospects for high-teen EBITDA growth in the years ahead as margins expand and monetisation levels improve.

% OF NET ASSETS

8.6%

Source / Schibsted

CONTRIBUTORS

KKR & Co

Classification Holding Company	**Total return on position FY23 (local)**[2] 44.5%
% of net assets[1] 6.8%	**Total return on position FY23 (GBP)** 32.2%
Discount -27%	**Contribution (GBP)**[3] 177bps
% of investee company 0.2%	**ROI since date of initial purchase**[4] 135.1%

KKR was amongst our largest contributors for the year, adding +177bps to returns on the back of a share price that ended the period +45% higher (total return in USD) vs +21% for the S&P 500 Index. The investment was one of our largest detractors in AGT's previous financial year, and a top contributor in the year before that. Less long-windedly, KKR's share price is volatile.

Share price performance suggests investors view alternative asset managers as high beta plays on risk assets. Our contention is that this ignores the defensive characteristics of scale-advantaged managers, and the structural growth trends the industry exhibits.

The current assets under management (AUM) that alternative asset managers have is for the most part long-term, or even permanent, and so the risk of redemptions is very limited. In the case of KKR, over half of its AUM is either perpetual capital or long-dated strategic investor partnerships (separately managed accounts in which capital is recycled following exits); just 9% of AUM is from vehicles with a life of less than eight years at inception.

This gives rise to a high level of visibility on future earnings. We note that KKR's fee-related earnings per share for H1-2023 grew +7%, with the non-cyclical management fees component increasing by +16%.

Secular trends towards greater institutional allocations to alternatives, particularly in private credit and infrastructure, are a forceful tailwind for the industry. Against that backdrop, we expect the largest players such as KKR to take a disproportionate share of that growth as LPs look to consolidate their number of LP relationships. While there is certainly some indigestion across LPs after record fund-raising years, KKR is in the enviable position of having already raised the latest iteration of its flagship funds.

Blackstone's success in raising capital from private wealth channels has materially raised the total addressable market for the alternative asset managers. While KKR's presence in this space is still relatively nascent, they have invested heavily in distribution and expect 30-50% of new KKR capital to be sourced from private wealth channels over the next several years. The size of the market is so vast that even a small up-tick in allocations to alternatives could have seismic results, with an expected increase from 1% in 2020 to 5% in 2025 translating to an additional $9 trillion of inflows. We expect there to be only a few winners in this space, consisting of the largest managers with the most recognised brands.

Despite these tailwinds, KKR trades on less than 20x fee-related earnings. Note this multiple is calculated only accounting for accrued carried interest, so giving no credit for additional carry earned on existing funds and on future funds. This compares very favourably to peers, and to other financials companies of similar quality (i.e. growth and margin characteristics). With Blackstone having become the first alternative asset manager to enter the S&P 500, we believe it is a matter of time before KKR and Apollo are also selected for inclusion. This could lead to as much as 20% of their free float being bought by index-tracker and "index-aware" investment vehicles.

1 For definitions, see Glossary on pages 103 to 106.
2 Weighted returns adjusted for buys and sells over the year.
3 Figure is an estimate by the managers and sum of contributions will not equal quoted total return over the financial year.
4 Figure quoted in GBP terms. Refer to Glossary on pages 103 to 106 for further details.

Portfolio Review continued

CONTRIBUTORS

EXOR

Classification
Holding Company

% of net assets[1]
2.0%

Discount
-43%

% of investee company
0.1%

Total return on position FY23 (local)[2]
20.7%

Total return on position FY23 (GBP)
19.8%

Contribution (GBP)[3]
147bps

ROI since date of initial purchase[4]
42.5%

EXOR was a meaningful contributor to returns. Over the last year EXOR shares have marched +28% higher, driven exclusively by NAV growth, with the discount broadly unchanged at 43%.

In last year's Annual Report, we described a situation of strong performance at Ferrari being offset by "hard to justify" weakness at Stellantis. This year both contributed strongly, with share price total returns of +47% and +62%, respectively.

Performance at Stellantis is particularly pleasing, with the industrial and financial logic of the merger shining through. Longer-term readers of our letters may remember that the extreme undervaluation of FCA (as it then was) and the scope for value creation through industry consolidation were key attractions that initially led us to invest in EXOR in 2016. For Stellantis' 2022 results the company reported a 13.0% operating margin and achieved €7.1bn of net cash synergies – exceeding the €5bn merger target more than two years ahead of plan. The consensus view amongst investors is that the auto industry faces a period of deflation, with increased supply leading to higher dealer inventory and in-turn weaker pricing – which will dilute margins/earnings from unsustainably high post-pandemic levels. We have long held the view that it is in a more challenging environment that Stellantis' structural margin improvements and Carlos Tavares' obsessive focus on cost will shine through. With the shares trading at just 3.5x PE the market does not seem to be pricing this in.

During the year EXOR built a 15% stake in Philips, the (rather beleaguered) Dutch healthcare-focused conglomerate. Philips shares trade c.60% below their April 2021 high following a disastrous product recall, an FDA consent decree and unknown potential legal claims relating to concerns that sound abatement foam within its devices could disintegrate and cause health problems. We believe the investment meets the key criteria EXOR were looking for: reducing the cyclicality of EXOR's NAV exposure; gaining influence without paying a control premium, with potential further capital allocation opportunities if the company were to raise equity; and significant self-help opportunities that EXOR can push to support from the board – from improving governance, to improving operational procedures and longer term questions about unlocking value from the Personal Health (toothbrushes/shavers) business that has limited synergies with the rest of the group.

Despite its strong NAV performance, EXOR's discount remains wide at 43%. In recognition of this fact the company recently launched a €1bn (5% market cap) buyback program, €750m of which will be structured as a Dutch tender offer. We will not be taking part, having already reduced the position materially earlier in the year to free up capital for new ideas. Indeed, notwithstanding the reduction in our position, we believe the outlook for NAV growth and discount narrowing to be attractive.

1 For definitions, see Glossary on pages 103 to 106.
2 Weighted returns adjusted for buys and sells over the year.
3 Figure is an estimate by the managers and sum of contributions will not equal quoted total return over the financial year.
4 Figure quoted in GBP terms. Refer to Glossary on pages 103 to 106 for further details.

EXOR/Philips

Philips is a Dutch healthcare-focused conglomerate, in which EXOR built a 15% stake in 2023. The shares trade c.60% below their April 2021 high following high-profile issues with the disintegration of sound abatement foam within its devices causing possible health issues. The investment diversifies the cyclicality of EXOR's NAV and offers ample opportunity for EXOR to add value as an engaged and active board member – from improving governance, to improving operational procedures and longer term questions about unlocking value from the Personal Health business.

% OF NET ASSETS

2.0%

Source / Philips UK and Ireland

Investment Review / Investment Manager's Report continued

Portfolio Review continued

DETRACTORS

Brookfield (Long Brookfield Corp/Short Listed Underlyings)

Classification
Holding Company

% of net assets[1]
5.1%*

Discount
-48%

% of investee company
nm

Total return on position FY23 (local)[2]
nm

Total return on position FY23 (GBP)
nm

Contribution (GBP)[3]
-103bps

ROI since date of initial purchase[4]
-13.0%

Brookfield Corporation was our largest detractor over the financial year, reducing NAV by 103bps. Note that this figure is the aggregated net impact from the long position in Brookfield Corporation and the short positions in index and underlying holdings established as hedges.

To recap, AGT acquired a position in what was then called Brookfield Asset Management in December 2022 ahead of the spin-off of a 25% stake in its asset management business. What was Brookfield Asset Management has been renamed Brookfield Corporation (BN); the spun-off asset management business has taken on the name of its parent company (BAM).

Our research highlighted that BAM (as it was) was trading at a dislocated valuation and that either (i) the asset management business was being valued on too cheap a multiple or (ii) the discount on the other assets was too wide. Share price moves subsequent to the spin-off proved the latter to be the case, and we sold our stake in the spun-off asset-management business to acquire more of the more attractively-valued Brookfield Corporation.

We have taken out short positions in most of the listed underlying holdings (Brookfield Asset Management, Brookfield Renewable Partners, and Brookfield Infrastructure Partners), accounting for 54% of NAV at the time of writing. In doing so, our exposure is limited to the underlying unlisted assets and will mean that a higher proportion of our prospective returns will come from discount moves than would otherwise be the case.

The main unlisted assets to which we are exposed are Brookfield Corporation's real estate holdings which account for 36% of NAV at the current reported valuation. There is considerable scepticism around this valuation given the headwinds facing office properties due to work-from-home trends and regulatory-driven upgrades to environmental standards. Indeed, much of the company's properties are in office and retail. We understand these concerns but we contend that, with a materially negative value implied on the real estate by Brookfield Corporation's share price, the shares are attractively valued. To illustrate this, the equity value for the real estate could be cut by 75% and the discount to NAV on which Brookfield Corporation trades would still be almost 30%.

Management have several levers to pull to address the undervaluation. These include further spin-offs of the remaining 75% stake in Brookfield Asset Management and more aggressive share buybacks.

1 For definitions, see Glossary on pages 103 to 106.
2 Weighted returns adjusted for buys and sells over the year.
3 Figure is an estimate by the managers and sum of contributions will not equal quoted total return over the financial year.
4 Figure quoted in GBP terms. Refer to Glossary on pages 103 to 106 for further details.
* The weight shown reflects the long exposure calculated from the shares underlying the swaps.

Wacom

Classification
Asset-backed Special Situation

% of net assets[1]
2.3%

Discount
-38%

% of investee company
4.7%

Total return on position FY23 (local)[2]
-13.7%

Total return on position FY23 (GBP)
-23.3%

Contribution (GBP)[3]
-78bps

ROI since date of initial purchase[4]
-30.5%

Wacom was your Company's second largest detractor in 2023, reducing returns by -78 bps. Wacom is a Japan-listed company which holds c.60% global market share in the niche market of tablets and pens for professional use, designed to emulate the feel of pen and paper while drawing on a screen. AGT has invested in Wacom since August 2021 and has experienced a total return of -30.4% over this period.

Weak consumer sentiment and inflation in the North American and European regions, as well as semiconductor-related logistics disruptions, created significant headwinds for the consumer electronics industry. Wacom's flagship LCD graphic tablets were particularly affected by the economic downturn due to their relatively long replacement cycle of approximately five years, which has been prolonged further due to the deterioration of consumer sentiment.

In May 2023, Wacom's management disclosed a recovery plan to respond to this situation, announcing eight measures, including improving cash flow by significantly reducing inventories and increasing unit prices by up to 30%.

Dissatisfied with Wacom's performance, AVI has been strengthening its engagement with members of the Board, engaging on average at least once a month. Following these dialogues, the company announced a new share buyback, totalling up to JPY20bn to date. Out of the total buyback budget, approximately JPY14bn has not yet been implemented, equivalent to 15.1% of the company's market capitalisation. These buybacks are expected to be undertaken by the end of March 2025.

While peer forward EV/EBIT multiples average 16x, Wacom's EV/EBIT multiple based on company targets for the financial year ending March 2025 is 11x and just 8x for the following year. There has been no significant change in the company's global positioning through the Covid-19 period, and the company plans to launch a series of new products, including the Wacom One series, from early autumn 2023, indicating that it is implementing measures to stimulate consumer demand.

Overall, we expect the digitisation of the global design market to continue, and remain confident that Wacom, in its position as market leader, will be at the forefront of innovation in this segment.

DETRACTORS

Third Point Investors

Classification
Closed-ended Fund

% of net assets[1]
2.6%

Discount
-20%

% of investee company
4.1%

Total return on position FY23 (local)[2]
-1.1%

Total return on position FY23 (GBP)
-9.5%

Contribution (GBP)[3]
-68bps

ROI since date of initial purchase[4]
33.2%

Third Point Investors (TPOU) was, for the second consecutive year, one of the largest detractors from overall returns. Weak NAV performance (-2%) compounded with a widening discount (-17% to -20%) to produce a -6% decline in share price, far behind the returns of the S&P 500 (+21%) and the MSCI AC World Index (+21%). Returns for AGT in Sterling were depressed further by GBP strength vs the US Dollar.

Low double-digit positive returns from the credit book were insufficient to offset weak returns from the equity exposure where the Manager underperformed on both long and short exposures.

TPOU's short- and long-term performance track record is now deeply uninspiring with the vehicle having outperformed the S&P 500 in just four out of seventeen calendar years and far behind the index over all time periods to 30 September 2023. Over ten years, an annualised NAV total return of +4.4% falls well short of the +11.9% from the S&P 500 and the +8.3% from the MSCI World. While NAV volatility has generally been lower than equity indices, we do not believe that offers any great appeal for potential buyers of what has almost always been a majority equity-exposed strategy.

Shareholders may recall that AGT also owned a direct position in the Third Point Offshore Master Fund that underlies TPOU. This was acquired as a result of our participation in an exchange facility offered to TPOU shareholders in early 2022 that allowed qualifying shareholders to exchange a portion of their TPOU shareholding for shares in the Master Fund at a 2% discount to NAV. This saw 43% of our position exchanged for shares in the Master Fund, and we have since redeemed this holding at the maximum permissible rate and exited entirely in June 2023.

For our remaining position in TPOU, we draw some solace from the tender offer for 25% of the company's shares scheduled for Q2 2024. This is triggered if the average discount for the six months to the end of March 2024 exceeds 10%. Given that the current discount is 21%, we do not see any plausible scenario in which this tender offer will not be triggered. We plan to participate in full.

We expect the tender offer to be over-subscribed, leaving the fund not only 25% smaller in terms of net assets, but with the market aware of a large overhang of selling pressure. With no further exit opportunity until March 2027 and with an increased exposure to private investments, we would be surprised if the discount did not widen materially post-tender.

In this scenario, it is entirely appropriate that the share buyback programme should continue given the high return on investment from share repurchases, but we are mindful that this will have a further deleterious impact on already woeful liquidity. We expect to see the company then limp on until the next discount-contingent tender offer (at a tighter threshold of 7.5%) scheduled for March 2027 which, barring a remarkable turnaround in performance and sentiment, is also highly likely to be triggered. With no further exit opportunities scheduled thereafter, the discount is likely to widen yet further.

We believe there is a strong case for intervention from the Board to steer the company away from what seems to be an inevitable course.

1 For definitions, see Glossary on pages 103 to 106.
2 Weighted returns adjusted for buys and sells over the year.
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Investment Review / Investment Manager's Report continued

Portfolio Review continued

DETRACTORS

Aker ASA

Classification
Holding Company

% of net assets[1]
6.3%

Discount
-24%

% of investee company
1.7%

Total return on position FY23 (local)[2]
-2.3%

Total return on position FY23 (GBP)
-7.8%

Contribution (GBP)[3]
-61bps

ROI since date of initial purchase[4]
75.4%

Aker was also a detractor from returns over the last year. On a total return basis shares and NAV declined -2.7% and -3.4% respectively with the discount moving slightly narrower to 24%. From AGT's perspective this was exacerbated by a -700bps depreciation of the NOK versus Sterling.

The rather modest year-over-year change in Aker's share price and NAV masks greater volatility in oil prices and related equities. From a November 2022 peak, oil prices fell some -24% to a spring trough, only to rally +36% through to the end of September 2023. Shares in Aker BP (62% of NAV) were similarly volatile but ended down by -3% on a total return basis.

We continue to believe that oil will play an important and elongated role in our energy mix in the coming decades. In this context we believe the prospects for well-managed, low-cost operators with long production growth schedules such as Aker BP to be attractive. This led us to more than double our position in Aker since the start of 2020.

Although there is grave uncertainty in the near-term, as evidenced by the steep decline in oil prices shortly after the end of the financial year, demand for oil will grow resiliently over the coming decade. A confluence of capital destruction, ESG policies, and the demise of Shale have firmly put the power with OPEC+, which has shown considerable appetite for flexing its muscles over the last twelve months. With limited spare production capacity and a much-depleted US Strategic Petroleum Reserve, OPEC's dominance will be a feature of the coming years.

We expect such an environment to be characterised by generally higher, albeit likely quite volatile, oil prices. Aker BP will benefit from this, as they embark on a significant production growth plan. In turn these cash flows can be returned to Aker through dividends (with Aker BP's dividend growing +10% year-over-year) and invested in higher growth/higher terminal value businesses. Over the last year, Aker have experienced some road bumps in this regard, with shares in Aker Horizons, the renewables holding company established in 2020, declining by some two-thirds (and now accounting for just 3% of NAV). This speaks to the operational complexity of solving the climate crisis and the capital required to get there – something which becomes more relevant when risk free rates are no longer zero.

1 For definitions, see Glossary on pages 103 to 106.
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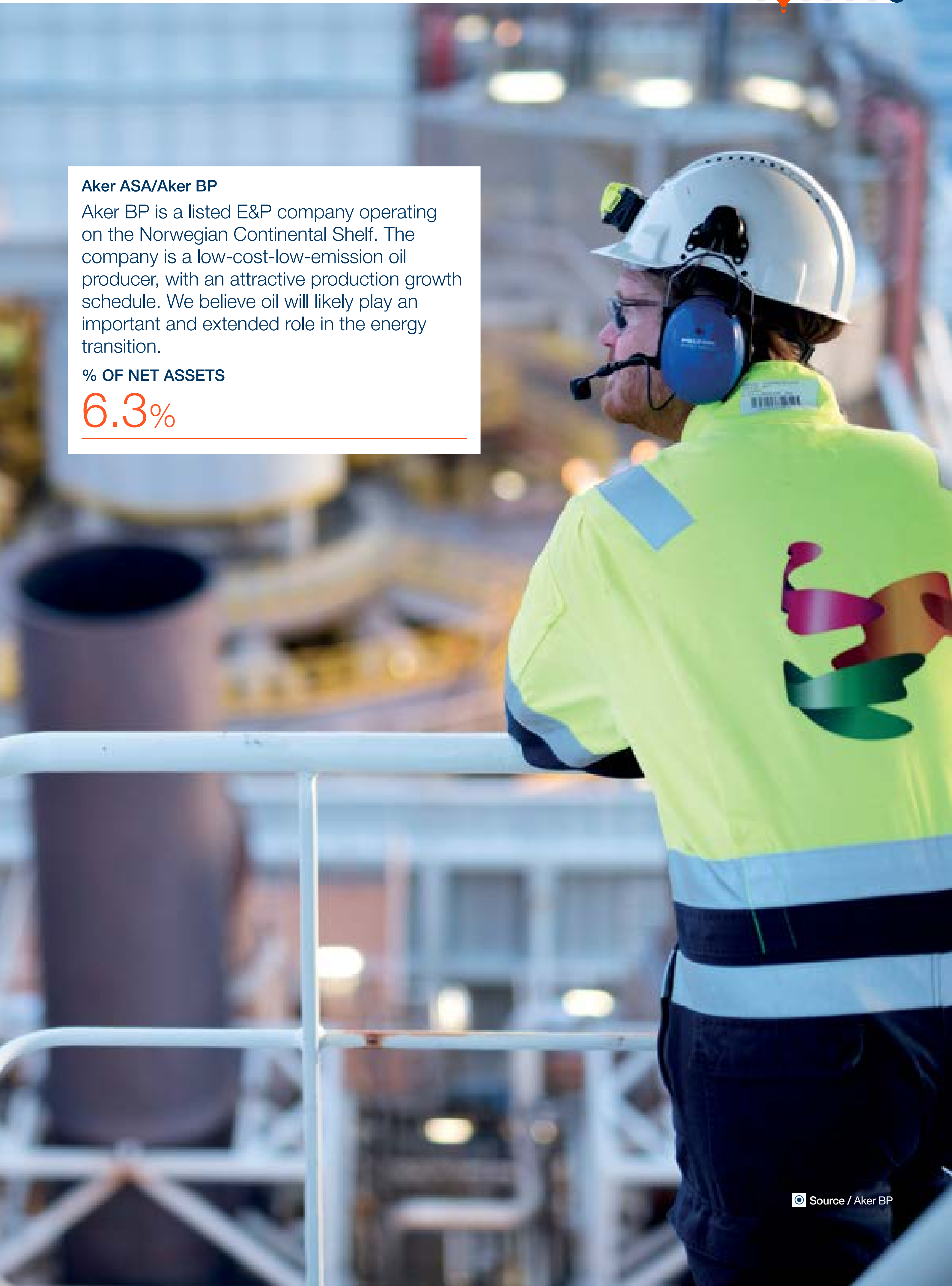
4 Figure quoted in GBP terms. Refer to Glossary on pages 103 to 106 for further details.



Aker ASA/Aker BP

Aker BP is a listed E&P company operating on the Norwegian Continental Shelf. The company is a low-cost-low-emission oil producer, with an attractive production growth schedule. We believe oil will likely play an important and extended role in the energy transition.

% OF NET ASSETS

6.3%

Source / Aker BP

Investment Review / Investment Manager's Report continued

Portfolio Review continued

DETRACTORS

IAC

Classification Holding Company	**Total return on position FY23 (local)**[2] -26.3%
% of net assets[1] 3.3%	**Total return on position FY23 (GBP)** -17.4%
Discount -37%	**Contribution (GBP)**[3] -55bps
% of investee company 1.0%	**ROI since date of initial purchase**[4] -41.9%

Having been the most significant detractor from returns last year, IAC – the North American holding company controlled by Barry Diller – was also a detractor from returns this year. Over the course of the year the shares declined -9%, as a -15% decline in the NAV was partially sheltered by a narrowing of the discount from 41% to 37%.

In last year's Annual Report we wrote: "So what's gone wrong? The short answer is lots". This year fewer things have gone wrong, and there are green shoots of improvement, but nothing has gone right as such, and investors remain highly sceptical about the extent to which key assets Angi (12% of NAV) and Dotdash Meredith (10%) can drive both top and bottom-line growth.

In IAC CEO Joey Levin's quarterly letter at the start of the year, he talked of a "back to basics" strategy. This has clearly been evidenced at Angi, the home services marketplace. Since becoming CEO of Angi a little under a year ago, Levin has steadied the ship. Measures to reduce the cost structure have been implemented. There have been meaningful reductions in sales team headcount, and over the first half of 2023 capex has been cut by nearly two-thirds. He has started to simplify the product offering and ambition, turning losses from Services from -$13m in the second quarter of 2022 to profits of +$2m this year, as they exit un-economic offerings. Arguably this is the "easy" bit and the next stage of showing the business can successfully drive top-line growth is the hard bit – with the jury very much still out as to whether this is possible. That said, the "easy" bit is not to be sniffed at – after all the company churned through three CEOs in five years who couldn't do it! With earnings starting to ramp up, we believe this creates a base from which value can be grown and extracted. At the current $1.1bn enterprise value – which equates to 0.7x trailing sales and ~8x next year EBITDA – we believe the business could be of interest to financial buyers given the attractive cash generative nature of the core Ads & Leads business and room for cost cutting from non-core areas. This would be an attractive outcome for IAC shareholders, giving the company significant capital to allocate. Alternatively, although sceptical, we remain open minded to Joey Levin continuing to drive fundamental improvements, re-igniting growth and margins – something to which the market doesn't appear to be assigning a high probability.

Turning to Dotdash Meredith (10% of NAV) – the digital media company that was established in 2021 when IAC's Dotdash acquired the storied media brands of the Meredith Corporation – there are also signs of improvement. Whilst 2022 had always been billed as a transition year, a deterioration in ad markets, compounded by a much slower and more complex than anticipated integration, meant the first twelve months of ownership were ones to forget. In 2023 the integration issues are now behind them, with the focus now solely on navigating a challenging macro environment. In aggregate, management describe the ad market as being in a state of "stable weakness", albeit with significant variation by category. We remain somewhat cautious on the heavy lifting that the second half of the year will have to do for Dotdash Meredith to reach management guidance of $250-300m adjusted EBITDA but, given the high incremental margins the business earns, are excited about the prospects for meaningful recovery in earnings and growth over the medium term – validating the acquisition.

Whilst at 37% the discount is narrower than it was a year ago, it remains wide both in absolute terms and relative to history. As the "anti-conglomerate conglomerate" with a history of spinning assets to shareholders, which acts as a pull to par, we believe the fair discount is much closer to zero. Combined with the prospects for improved earnings growth, prospective returns appear attractive. Management seem to agree, having bought back 3.7% of shares outstanding between February and May 2023. With net cash equalling c.18% of market cap, we believe there should be more of this.

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IAC/Turo

Turo is the world's largest car-sharing marketplace with operations across the US, Canada, the UK, France, and Australia. Turo is aiming to put the world's 1.5bn cars to better use, giving hosts the ability to rent out their idle vehicles, and offering users an unparalleled and convenient assortment of vehicles. The company boasts a large addressable market, strong network effects and attractive unit economics.

% OF NET ASSETS

3.3%

Source / Turo

Portfolio Review continued

Source / Comunicación Corporativa FEMSA

CATALYSTS TO UNLOCK & GROW VALUE

At Asset Value Investors we have followed the same distinct strategy since 1985. We invest in:

1. Durable businesses that will grow in value;

2. Trading at discounted valuations;

3. With catalysts to unlock and grow value.

Over the last year FEMSA, the Mexican family-controlled holding company, has been one of our strongest performers, taking considerable steps to unlock the sum-of-the-parts discount at which it trades.

The group structure – which entailed listed stakes in Heineken and Coca Cola FEMSA, the world's largest coke bottling business, as well as an array of smaller unlisted assets – was overly complex and highly inefficient. As such FEMSA traded at a meaningful conglomerate discount, which expanded as group complexity increased, and investors grew frustrated at the non-sensical structure.

In 2022 FEMSA announced a "comprehensive strategic review", which led us to increase our position.

In February 2023, the company concluded its strategic review, announcing plans to simplify the group structure, monetise non-core assets and refocus on its core business. Most importantly, the company announced plans to exit its stake in Heineken, which prior to the announcement was worth some $7.4bn, or c.28% of FEMSA's market cap.

Following two accelerated book builds in February and May, FEMSA has now fully exited Heineken (bar €500m of shares underlying an exchangeable bond). In addition, FEMSA announced the sale of Jetro Restaurant Depot for $1.4bn and in August it was announced that Envoy Solutions would merge with BradyIFS, as a first step in FEMSA exiting the business, with a $1.7bn cash inflow and a 37% stake in the combined entity.

We believe the simplified structure is likely to attract a lower conglomerate discount, and the company has "excess" capital approaching 20% of its market cap, which we are encouraging management to return to shareholders in the form of buybacks.

Outlook

JOE BAUERNFREUND

CEO

TOM TREANOR

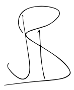
Head of Research

Outlook

In last year's outlook we wrote "after a year of unprecedented fiscal and monetary stimulus in 2021, developed economies are now waking up to the consequences: entrenched inflation, or a potential recession to combat it". In many ways this still applies – inflation and recession continue to dominate investor thinking. The macroeconomic environment has been and remains, decidedly tricky, with a multitude of headwinds and risks.

Now, just as then, we remain focused on the bottom-up. In this regard it is an environment we relish. Discounts, as evidenced by the 37% portfolio weighted average discount*, have widened considerably to levels comparable to those observed in the global financial crisis and the Eurozone crisis. Importantly, we are seeing attractive opportunities in all parts of the equity market in which we fish. This is an idea rich environment that is conducive to our style of investing.

We believe that stock picking, active engagement, and a focus on investments with explicit catalysts stand us in good stead to drive healthy absolute and relative returns. So, whilst the near term is uncertain, we are increasingly enthused about long-term prospective returns.



Joe Bauernfreund
Chief Executive Officer

Asset Value Investors Limited

9 November 2023

* Discount as at 31 October 2023.

Governance / Directors

Your Board

Committee membership key

- Chairman
- Member
- A Audit Committee
- M Management Engagement Committee
- N Nomination Committee
- D Disclosure Committee

Attendance at meetings

Name	Board	Audit	Management Engagement	Nomination	Disclosure
Graham Kitchen*	4(5)	3(4)	1(2)	3(3)	– (–)
Anja Balfour	5(5)	4(4)	2(2)	3(3)	– (–)
Neil Galloway	5(5)	4(4)	2(2)	3(3)	– (–)
June Jessop**	3(3)	2(2)	2(2)	1(1)	– (–)
Calum Thomson	5(5)	4(4)	2(2)	3(3)	– (–)
Susan Noble***	2(2)	2(2)	– (–)	2(2)	– (–)

The number in brackets denotes the number of meetings each was entitled to attend. The Disclosure Committee did not meet during the period.

* Mr Kitchen was unable to attend the May 2023 meetings as he had been admitted to intensive care that week.
** Appointed 1 January 2023.
*** Retired 20 December 2022.

† As at 9 November 2023.
* Mr Thomson intends to step down from his position as Non-Executive Director and Audit Committee Chairman of Baring Emerging EMEA Opportunities plc in the near future.

GRAHAM KITCHEN

Independent Non-Executive Chairman

Committee:

A M N D

Graham Kitchen succeeded Susan Noble as Chairman in December 2022.

Date of Appointment:
January 2019

External Appointments:
Interim Global Head of Investment Strategy of Perpetual Group, Chairman of Perpetual Asset Management UK Limited and Trillium Asset Management UK Ltd, Non-Executive Director of The Mercantile Investment Trust plc and Places for People.

Experience and Contribution:
Over 25 years' experience as an investment manager at Invesco, Threadneedle and, until March 2018, Janus Henderson, where he was Global Head of Equities. He was previously Chair of the Investment Committee for the Cancer Research Pension Fund, member of the investment committee of Independent Age and Chairman of Invesco Select Trust plc. Graham is an experienced fund manager and Head of Investments and brings to the Board experience both of managing investments and of managing teams of investment managers.

Last re-elected to the Board:
2022

Annual Remuneration:
£53,000

Employment by the Investment Manager:
None

Other connections with the Company or Investment Manager:
None

Shared Directorships with any other Company Directors:
None

Shareholding in Company†:
109,500 Ordinary Shares*

* 33,250 held by Jane Kitchen.

CALUM THOMSON FCA

Senior Independent Non-Executive Director

Committee:

A M N D

Date of Appointment:
April 2017

Appointed Committee Chairman:
June 2017 (Audit), February 2023 (Nomination)

External Appointments:
Non-Executive Director and Audit Committee Chairman of The Diverse Income Trust plc, The Bank of London and The Middle East plc, Ghana International Bank plc, abrdn Private Equity Opportunities Trust plc and Baring Emerging EMEA Opportunities plc*. Non-Executive Director of Schroder Unit Trusts Limited and Schroder Pension Management Limited. He is also Chairman of The Tarbat Discovery Centre (a Pictish museum) and a trustee of Suffolk Wildlife Trust.

Experience and Contribution:
A qualified accountant with over 25 years' experience in the financial services industry, including 21 years as audit partner at Deloitte LLP, specialising in the asset management sector. Calum has wide ranging experience in auditing companies in the asset management sector and latterly as a non-executive director and audit committee chairman. He is fully qualified to lead the Company's Audit Committee.

Last re-elected to the Board:
2022

Annual Remuneration:
£41,500

Employment by the Investment Manager:
None

Other connections with the Company or Investment Manager:
None

Shared Directorships with any other Company Directors:
None

Shareholding in Company†:
44,490 Ordinary Shares

ANJA BALFOUR

Independent Non-Executive Director

Committee:

A M N D

Date of Appointment:
January 2018

External Appointments:
Chairman of The Global Smaller Companies Trust plc, a member of the Finance and Corporate Services Committee of Carnegie UK Trust and Non-Executive Director of Scottish Friendly Assurance Society.

Experience and Contribution:
Over 20 years' experience in managing Japanese and International Equity portfolios for Stewart Ivory, Baillie Gifford and Axa Framlington. Previously Chairman of Schroder Japan Growth Fund plc, a trustee of Venture Scotland and a Non-Executive Director of Martin Currie Asia Unconstrained Trust plc. Anja brings to the Board experience of managing Japanese portfolios, which is particularly relevant to the Company's Japanese equity investments, along with experience of broader international funds and, in recent years, as a non-executive director.

Last re-elected to the Board:
2022

Annual Remuneration:
£34,000

Employment by the Investment Manager:
None

Other connections with the Company or Investment Manager:
None

Shared Directorships with any other Company Directors:
None

Shareholding in Company†:
36,500 Ordinary Shares

NEIL GALLOWAY

Independent Non-Executive Director

Committee:

A M N D

Date of Appointment:
September 2021

Appointed Management Engagement Committee Chairman:
February 2023

External Appointments:
Chief Financial Officer of Pepco Group N.V.

Experience and Contribution:
25 years' experience living and working internationally. Currently based in London, he has spent most of his career working in Asia but also has experience in the Americas, Europe and the Middle East. Following a successful banking career, he has held senior finance and management roles, almost entirely with or for family-controlled companies, overseeing finance, treasury, risk management, legal, IT, projects and business development, with experience in significant business transformation programmes in large and complex businesses. He was previously Executive Vice President of IWG PLC and an Executive Director and CFO of DFI Retail Group Holdings Limited based in Hong Kong. His industry experience spans banking, hospitality, retail (mass market, luxury and franchise operations), real estate and services industries.

Last re-elected to the Board:
2022

Annual Remuneration:
£34,000

Employment by the Investment Manager:
None

Other connections with the Company or Investment Manager:
None

Shared Directorships with any other Company Directors:
None

Shareholding in Company†:
40,000 Ordinary Shares

JUNE JESSOP

Independent Non-Executive Director

Committee:

A M N D

Date of Appointment:
January 2023

External Appointments:
N/A

Experience and Contribution:
Previously Senior Business Manager at Stewart Investors and a member of the EMEA Management Committee of First Sentier Investors (of which Stewart Investors is a sub-brand). June has spent 30 years in financial services, gaining broad experience in portfolio management, client relationship, business development and, latterly, general management roles. She has been an investment manager for institutions, charities and private clients, including managing assets of an investment trust and investing in investment trusts on behalf of clients.

Elected to the Board:
2023

Annual Remuneration:
£34,000

Employment by the Investment Manager:
None

Other connections with the Company or Investment Manager:
None

Shared Directorships with any other Company Directors:
None

Shareholding in Company†:
28,000 Ordinary Shares

The Directors present their report and the audited financial statements for the year ended 30 September 2023.

Status
The Company is registered as a public limited company as defined by the Companies Act 2006 and is an investment company under Section 833 of the Companies Act 2006. It is a member of the Association of Investment Companies (AIC).

The Company has been approved as an investment trust under Sections 1158/1159 of the Corporation Tax Act 2010. The Directors are of the opinion, under advice, that the Company continues to conduct its affairs as an Approved Investment Trust under the Investment Trust (Approved Company) (Tax) Regulations 2011.

The Company's Investment Manager is authorised as an AIFM by the Financial Conduct Authority under the AIFMD regulations. The Company has provided disclosures on its website, **www.aviglobal.co.uk/disclosures**, incorporating the requirements of the AIFMD regulations.

Review of the Year
A review of the year and the outlook for the forthcoming year can be found in the Strategic Report and Investment Manager's Review.

Investment Objective, Policy and Restrictions
The objective of the Company is to achieve capital growth through a focused portfolio of investments, particularly in companies whose shares stand at a discount to estimated underlying net asset value.

Investments are principally in companies listed on recognised stock exchanges in the UK and/or overseas, which may include investment holding companies, investment trusts and other companies, the share prices of which are assessed to be below their estimated net asset value or intrinsic worth.

Although listed assets make up the bulk of the portfolio, the Company may also invest in unlisted assets with the prior approval of the Board.

The Company generally invests on a long-only basis but may hedge exposures through the use of derivative instruments and may also hedge its foreign currency exposures.

There are no geographic limits on exposure, as the Company invests wherever it considers that there are opportunities for capital growth. Risk is spread by investing in a number of holdings, many of which themselves are diversified companies.

The Company will not invest in any holding that would represent more than 15% of the value of its total investments at the time of investment.

Investment Objective, Policy and Restrictions continued
Potential investments falling within the scope of the Company's investment objective will differ over the course of market cycles. The number of holdings in the portfolio will vary depending upon circumstances and opportunities within equity markets at any particular time.

The Company is able to gear its assets through borrowings which may vary substantially over time according to market conditions, but gearing will not exceed twice the nominal capital and reserves of the Company.

Distribution Policy

Dividend Policy
The Company will ensure that its annual dividend each year will be paid out of the profits available for distribution and will be at least sufficient to enable it to qualify as an investment trust under the Corporation Tax Act 2010. The Board may elect to pay a special dividend if appropriate. The Company's primary objective is to seek returns which may come from any combination of increases in the value of underlying investments, a narrowing of discounts to underlying asset value and distributions by investee companies. The Board does not set an income target for the Investment Manager.

Frequency of Dividend Payment
The Company will normally pay two dividends per year: an interim dividend declared at the time that the half year results are announced, and a final dividend declared at the time that the annual results are announced. The final dividend will be subject to shareholder approval at the Annual General Meeting each year.

Buybacks
The Company may also distribute capital by means of share buybacks when the Board believes that it is in the best interests of shareholders to do so. Authority to buy back shares is sought from shareholders at each Annual General Meeting.

Gearing Levels
The Company's Investment Policy, as disclosed above, permits a significant level of gearing, as do the Company's Articles of Association and the limits set under AIFMD (see the Company's website **www.aviglobal.co.uk/disclosures**).

Under normal market conditions, it is expected that the portfolio will be fully invested, although net gearing levels may fluctuate depending on the value of the Company's assets and short-term movements in liquidity.

The Company's debt as a percentage of total equity as at 30 September 2023 was 13.7%. Long-term debt comprised five tranches of Loan Notes, of £30m, €30m, €20m, JPY8bn and JPY4.5bn. The Company also has a JPY8.0bn unsecured multi-currency revolving credit facility. There were no drawings on the revolving credit facility as at 30 September 2023.

Results and Dividends
The Company's profit for the year was £134,137,000, which included a profit of £18,578,000 attributable to revenue (2022: loss of £(111,026,000) which included a profit of £16,302,000 attributable to revenue). The profit for the year attributable to revenue has been applied as follows:

	£'000
Current year revenue available for dividends	20,041
Interim dividend of 1.2p per Ordinary Share paid on 14 July 2023	5,701
Recommended final dividend payable on 4 January 2024 to shareholders on the register as at 1 December 2023 (ex dividend 30 November 2023):	
– Final dividend of 2.30p per Ordinary Share	10,514*
– Special dividend of 0.20p per Ordinary Share	914*
	17,129

* Based on shares in circulation on 9 November 2023.

The Company's capital structure comprises Ordinary Shares and Loan Notes.

Ordinary Shares

At 30 September 2023, there were 507,774,638 Ordinary Shares of 2p each in issue (2022: 537,052,524 Ordinary Shares) of which 45,600,956 (2022: 45,600,956) were held in treasury and therefore the total voting rights attaching to Ordinary Shares in issue were 462,173,682.

Income entitlement

The profits of the Company (including accumulated revenue reserves) available for distribution and resolved to be distributed shall be distributed by way of interim, final and (where applicable) special dividends among the holders of Ordinary Shares, subject to the payment of interest to the holders of Loan Notes.

Capital entitlement

After meeting the liabilities of the Company and the amounts due to Loan Note holders on a winding-up, the surplus assets shall be paid to the holders of Ordinary Shares and distributed among such holders rateably according to the amounts paid up or credited as paid up on their shares.

Voting entitlement

Each Ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every Ordinary Share held.

The Notice of Meeting and Form of Proxy stipulate the deadlines for the valid exercise of voting rights and, other than with regard to Directors not being permitted to vote their shares on matters in which they have an interest, there are no restrictions on the voting rights of Ordinary Shares.

Transfers

There are no restrictions on the transfer of the Company's shares other than a) transfers by Directors and Persons Discharging Managerial Responsibilities and their connected persons during closed periods under the Market Abuse Regulation or which may constitute insider dealing, b) transfers to more than four joint transferees and c) transfers of shares which are not fully paid up or on which the Company has a lien provided that such would not prohibit dealings taking place on an open and proper basis.

The Company is not aware of any agreements between shareholders or any agreements or arrangements with shareholders which would change in the event of a change of control of the Company.

Loan Notes

At 30 September 2023, there were in issue the following unsecured private placement notes (the Loan Notes).

Description	Issued	Income entitlement	Maturity	Estimated Fair Value
£30m 4.184% Series A Sterling Unsecured Loan Notes 2036	15 Jan 2016	4.184%	15 Jan 2036	£25.1m
€30m 3.249% Series B Euro Unsecured Loan Notes 2036	15 Jan 2016	3.249%	15 Jan 2036	£22.2m
€20m 2.93% Euro Senior Unsecured Loan Notes 2037	1 Nov 2017	2.93%	1 Nov 2037	£13.9m
JPY8bn 1.38% Senior Unsecured Loan Notes 2032	6 Jul 2022	1.38%	6 Jul 2032	£40.6m
JPY4.5bn 1.44% Senior Unsecured Loan Notes 2033	25 Jul 2023	1.44%	25 Jul 2033	£22.8m

The Loan Notes are unsecured. If the Company is liquidated, the Loan Notes are redeemable by the Company at a price which is in each case the higher of par and the terms set out in the table below:

Description	Redemption terms
£30m 4.184% Series A Sterling Unsecured Loan Notes 2036	The price at which the Gross Redemption Yield on the date of redemption is equivalent to the yield on a reference UK government bond.
€30m 3.249% Series B Euro Unsecured Loan Notes 2036 and €20m 2.93% Euro Senior Unsecured Loan Notes 2037	The price at which the Gross Redemption Yield on the date of redemption is equivalent to the yield on a reference German government bond.
JPY8bn 1.38% Senior Unsecured Loan Notes 2032	50% of the notional value of the issued loans could be redeemed at the price at which the Gross Redemption Yield on the date of redemption is equivalent to the yield on a reference Japanese government bond, while for the 50% of swapped notes the redemption price is equivalent to the yield on a reference US Treasury plus an Applicable Percentage of 0.5%.
JPY4.5bn 1.44% Senior Unsecured Loan Notes 2033	The price at which the Gross Redemption Yield on the date of redemption is equivalent to the yield on a reference Japanese government Bond.

Had the Company been liquidated on 30 September 2023, the redemption premium would have amounted to £14.5m over and above the fair values.

Voting entitlement

The holders of the Loan Notes have no right to attend or to vote at general meetings of the Company.

Debt Covenants

Under the terms of the Loan Notes, covenants require that the net assets of the Company shall not be less than £300,000,000 and total indebtedness shall not exceed 30% of net assets. The Company also has a short-term JPY8bn multi-currency revolving credit facility, the terms of which include covenants requiring that the net assets shall not be less than £300m and the adjusted net asset coverage to borrowings shall not be less than 4:1.

Significant agreements

Other than the Loan Notes and the revolving credit facility set out above, the Company is not aware of any significant agreements to which the company is a party that take effect, alter or terminate upon a change of control of the company following a takeover bid.

Governance / Report of the Directors continued

Directors and Board Structure

The Directors of the Company are listed on pages 52 and 53. All served throughout the period under review, with the exception of June Jessop, who was appointed as a non-executive Director on 1 January 2023. Susan Noble retired from the Board on 20 December 2022.

In accordance with the AIC's Code of Corporate Governance, as this is the first AGM since her appointment, June Jessop will stand for election and the remaining Directors will retire at the forthcoming AGM and offer themselves for re-election. During the year under review, the annual review of the Board was facilitated by an external agency, Lintstock Limited. In reviewing the contribution of each Director, the Board considered the experience of each Director, as set out under the individual Directors' biographies on pages 52 and 53 and the ways in which they contributed to the Board during the year. Having considered the findings of the annual review, the Board considers that all Directors contribute effectively, possess the necessary skills and experience and continue to demonstrate commitment to their roles as non-executive Directors of the Company. It was therefore agreed that all Directors should stand for election or re-election as appropriate, and the (re-)election of each of the Directors is recommended by the Board.

The Company has provided indemnities to the Directors in respect of costs or other liabilities which they may incur in connection with any claims relating to their performance or the performance of the Company whilst they are Directors.

New appointees to the Board are provided with a full induction programme. The programme covers the Company's investment strategy, policies and practices. The Directors are also given key information on the Company's regulatory and statutory requirements as they arise, including information on the role of the Board, matters reserved for its decision, the terms of reference for the Board Committees, the Company's corporate governance practices and procedures and the latest financial information.

It is the Chairman's responsibility to ensure that the Directors have sufficient knowledge to fulfil their roles and Directors are encouraged to participate in training courses where appropriate. The Directors have access to the advice and services of the Company Secretary through its appointed representative which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties.

The Directors, in the furtherance of their duties, may take independent professional advice at the Company's expense.

The beneficial interests of the current Directors and their connected persons in the securities of the Company as at 30 September 2023 are set out in the Directors' Report on Remuneration Implementation on page 93.

The general powers of the Directors are contained within the relevant UK legislation and the Company's Articles of Association. The Directors are entitled to exercise all powers of the Company, subject to any limitations imposed by the Articles of Association or applicable legislation. The Articles of Association may only be amended by way of a special resolution of shareholders.

Board Independence

The Chairman and all Directors were considered independent of the Investment Manager at the time of their appointment and, in line with the guidelines of the AIC Code of Corporate Governance, all continue to be considered independent.

Policy on Tenure of Directors

The Board has a policy requiring that Directors should stand down after a maximum of nine years, but will consider the term of the Chairman separately, taking account of the need for an orderly transition. It considers that a long association with the Company and experience of a number of investment cycles can be valuable to its deliberations and does not compromise a Director's independence. However, it does also recognise the need for progressive refreshing of the Board.

Role and Responsibilities of the Chairman

The Chairman leads the Board and is responsible for its overall effectiveness in directing the affairs of the Company. Key aspects of the Chairman's role and responsibilities are to:

- Act with objective judgement
- Promote a culture of openness and debate
- Facilitate constructive Board relations and the effective contribution of all Directors
- Working with the Company Secretary, ensure that all Directors receive accurate and timely information so that they can discharge their duties
- Seek regular engagement with the Company's shareholders
- Act on the results of the annual evaluation of the performance of the Board, its Committees and individual Directors.

Susan Noble, who was Chairman until 20 December 2022, and Graham Kitchen, who replaced her following the 2022 AGM, were independent on appointment and remain independent as set out in the AIC Code.

Role and Responsibilities of the Senior Independent Director

The key elements of the Senior Independent Director's role are to:

- Act as a sounding board for the Chairman
- Lead the annual evaluation of the Chairman as part of the annual evaluation process
- In the event of any major difference of opinion on the direction of the Company, act as an intermediary between the Chairman, other Directors and the Investment Manager
- Provide a conduit for views of shareholders in the event that the usual channels are not available or not suitable in the circumstances.

Board Committees

The Board has agreed a schedule of matters specifically reserved for decision by the full Board, subject to which the Board has delegated specific duties to Committees of the Board which operate within written terms of reference. The Board considers that, as it is comprised of independent non-executive Directors, it is not necessary to establish a separate Remuneration Committee. Each Director abstains from voting on their individual remuneration.

Link Company Matters Limited acts as Company Secretary to each Committee. No persons other than the Committee members are entitled to attend Committee meetings unless formally invited by the Committee. Copies of the terms of reference for each Board Committee are available from the Company Secretary and can be found on the Company's website. As the Company has only five Directors, all of whom are non-executive, it is the Board's policy that all Directors will sit on all Board Committees.

Audit Committee

The Audit Committee met four times in the year under review and held an additional meeting to receive a presentation from BDO LLP, as discussed in the Audit Committee report on page 88. The Committee comprises the whole Board, being independent Directors. All members of the Committee have recent and relevant financial experience and the Committee as a whole has competence relevant to the sector in which the Company operates. The Audit Committee has set out a formal Report on pages 87 to 89 of the Annual Report.

The Board notes that the AIC Code permits the Chairman of the Board to be a member of the Audit Committee of an investment trust. In light of the fact that the Board consists of only five members and recognising the Chairman's long experience in investment management, the Audit Committee resolved to continue the Chairman's appointment to the Committee.

Management Engagement Committee

The Management Engagement Committee meets at least once each year and comprises the whole Board, being independent Directors. The Committee was previously chaired by the Chairman of the Board, but during the year, Mr Galloway was appointed as Chairman of the Management Engagement Committee. The main functions of the Committee are to define the terms of the Investment Management Agreement (IMA), ensuring that the Investment Manager follows good industry practice, is competitive and continues to act in the best interests of shareholders. The Committee monitors the Investment Manager's compliance with the terms of the IMA and the Investment Manager's performance.

The Committee also reviews the services and performance of the Company's other third-party service providers. The Committee has a procedure for formal annual reviews of all service providers and also occasionally carries out further, ad hoc, reviews as it deems to be necessary.

Nomination Committee

The Nomination Committee comprises the whole Board. The Committee was previously chaired by the Chairman of the Board, but during the year Mr Thomson was appointed as Chairman of the Nomination Committee. The Nomination Committee convenes to undertake the annual appraisal of the performance of the Board, its Committees and the Directors and, if agreed, to propose the re-election of the Directors, each of whom will retire at the AGM. The Nomination Committee maintains a matrix which summarises the key skills and experience of each Director and which is reviewed at least once per year. This skills matrix is a key element of the process of ensuring that the Board has an appropriate mix of skills and experience and will be used when considering longer-term succession plans, as well as identifying any areas which may require strengthening. The matrix would also be taken into account when compiling the specification for candidates for new Board appointments.

The Nomination Committee also meets to consider succession plans and the appointment of new Directors to the Board. Candidates for nomination may be sourced from outside the Company using third-party search and selection services, as well as potential candidates known to Directors through their extensive knowledge of the industry.

As discussed in the 2022 Annual Report, the Nomination Committee managed a search and selection process for a new non-executive Director, which was concluded during the year under review. Sapphire Partners had been appointed to assist with the search and they produced a long list of candidates for the role of non-executive Director and a number were selected for interview by the Nomination Committee. Following this process, June Jessop was appointed as a non-executive Director. The Board confirms that it considers June Jessop able to devote sufficient time to the Company's affairs. There is no connection between the Directors or the Company and Sapphire Partners.

Disclosure Committee

A Disclosure Committee, comprising all Directors, meets when required to ensure that inside information is identified and disclosed, if necessary, in a timely fashion in accordance with relevant law and regulation.

Due to the necessity for meetings to be called on short notice, the quorum for the Committee is two members, one of whom shall be either the Chairman, the Chairman of the Audit Committee or the Senior Independent Director.

Diversity

The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates. The Board has adopted a diversity policy, which acknowledges the benefits of diversity, and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board.

Diversity continued

Whilst the Board does not feel that it would be appropriate to set targets as all appointments are made on merit, the following objectives for the appointment of Directors have been established: (i) all Board appointments will be made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective; and (ii) long lists of potential non-executive Directors should include diverse candidates of appropriate merit.

The Board notes the new FCA rules on diversity and inclusion on company boards, namely that from accounting periods commencing on or after 1 April 2022 included in Listing Rule 9.8.6 (9-11):

- At least 40% of individuals on the Board to be women;
- At least one senior Board position to be held by a woman; and
- At least one individual on the Board to be from a minority ethnic background.

In accordance with Listing Rule 9 Annex 2.1, the below tables, in prescribed format, show the gender and ethnic background of the Directors at the year-end.

Gender identity or sex

	Number of Board members	Percentage on the Board	Number of senior positions on the Board
Men	3	60%	2
Women	2	40%	–
Not specified/prefer not to say	–	–	–

Ethnic background

	Number of Board members	Percentage on the Board	Number of senior positions on the Board
White British or other White (including minority white groups)	5	100%	2
Mixed/Multiple Ethnic Groups	–	–	–
Asian/Asian British	–	–	–
Black/African/Caribbean/Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified/prefer not to say	–	–	–

The data in the above tables was collected through self-reporting by the Directors, who were asked to indicate which of the categories specified in the prescribed tables were most applicable to them.

As an externally managed company, the Company does not have any employees. The Board acknowledges the importance of diversity for the effective functioning of the Board which helps create an environment for success and effective decision making. The Board is aware of the recommendations of the Hampton-Alexander Review on gender diversity and the Parker Review on ethnic diversity and inclusion on company boards. The Company is pleased to have met the target for at least 40% of individuals on the Board to be women but does not currently meet the targets for at least one senior Board position to be held by a woman and at least one individual on the Board to be from a minority ethnic background. The targets have been and will continue to be taken into consideration in respect of the recruitment of all new Directors of the Company. The Board's decision to appoint June Jessop as a Director during the year under review was due to the Directors believing that she was the strongest candidate available to fill the vacancy.

Governance / Report of the Directors continued

As the Board is made up wholly of non-executive Directors it only has two roles which are classed in the UK Listing Rules as "senior", namely the Chairman and Senior Independent Director. At present neither of these roles is filled by a female Director. The Board is focused on addressing all of the relevant targets and, through its Nomination Committee, will keep these matters under regular review and will take account of the targets when appointing further Board members in the future.

Management Arrangements

AVI, the Investment Manager, is the Company's appointed AIFM, and is engaged under the terms of an IMA dated 17 July 2014. The IMA is terminable by six months' notice from either party, other than for "cause".

During the year under review, the Investment Manager was entitled to an annual management fee of 0.70% of the net assets of the Company, up to £1bn and 0.60% for that proportion of assets above £1bn.

J.P. Morgan Europe Limited was appointed as Depositary under an agreement with the Company and AVI dated 2 July 2014, and is paid a fee on a sliding scale between 1.00 basis points and 1.95 basis points based on the assets of the Company. The Depositary Agreement is terminable on 90 calendar days' notice from either party.

JPMorgan Chase Bank, National Association, London Branch, has been appointed as the Company's Custodian under an agreement dated 2 July 2014. The agreement will continue for so long as the Depositary Agreement is in effect and will terminate automatically upon termination of the Depositary Agreement, unless the parties agree otherwise.

Link Company Matters Limited was appointed as corporate Company Secretary on 1 April 2014. The current annual fee is £87,637, which is subject to an annual RPI increase. The Agreement may be terminated by either party on six months' written notice.

During the year under review, the Board resolved that certain fund administration services, which previously had been sub-contracted by AVI, should instead be directly contracted by the Company. A contract was entered into with Link Asset Services with effect from 1 April 2023 with an annual fee of £138,508. This fee is subject to an annual increase linked to the UK RPI.

Continuing Appointment of the Investment Manager

The Board keeps the performance of the Investment Manager under continual review, and the Management Engagement Committee conducts an annual appraisal of the Investment Manager's performance, and makes a recommendation to the Board about the continuing appointment of the Investment Manager. It is the opinion of the Directors that the continuing appointment of the Investment Manager is in the interests of shareholders as a whole. The reasons for this view are that the Investment Manager has executed the investment strategy according to the Board's expectations and has produced positive returns relative to the broader market and the comparator benchmark.

Corporate Governance

The Listing Rules and the Disclosure Guidance and Transparency Rules (Disclosure Rules) of the UK Financial Conduct Authority require listed companies to disclose how they have applied the principles and complied with the provisions of the corporate governance code to which the issuer is subject. The provisions of the UK Corporate Governance Code (UK Code) issued by the Financial Reporting Council (FRC) in July 2018 are applicable for the year under review. The related Code of Corporate Governance (AIC Code) issued by the AIC in February 2019 addresses all of the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are specific to investment trusts. The FRC has confirmed that AIC member companies which report against the AIC Code and which follow the AIC Guide will meet the obligations in relation to the UK Code and associated disclosure requirements of the Disclosure Rules. The Board considers that the principles and recommendations of the AIC Code provide the most appropriate framework for the Company's governance.

The AIC Code can be viewed at **www.theaic.co.uk**

The UK Code can be viewed at **www.frc.org.uk**

The Board considers that reporting against the principles and recommendations of the AIC Code (which incorporates the UK Code) provides shareholders with full details of the Company's Corporate Governance compliance.

Throughout the year ended 30 September 2023, the Company has complied with the provisions of the AIC Code and the relevant provisions of the UK Code, except as set out in this paragraph. As the entire Board is non-executive and consists of only five members, the Board does not have a separate Remuneration Committee. The UK Code includes provisions relating to the role of the Chief Executive, executive Directors' remuneration and the need for an internal audit function. For the reasons set out in the AIC Code, and as explained in the UK Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations and as such the Directors do not determine the need for an internal audit function to be practicable or necessary. The Company has therefore nothing to report in respect of these provisions.

The table below sets out information required under Provision 1 of the UK Code and how it is disclosed in this Annual Report:

How opportunities and risks to the future success of the business have been considered and addressed	An overview of the Company's performance is set out in the Chairman's Statement, and a more detailed review is set out in the Investment Manager's Review. A detailed review of risk management is set out on pages 12 to 15.
The sustainability of the company's business model	The sustainability of the business model is set out in the Viability Statement on page 63.
How its governance contributes to the delivery of its strategy	The approach to governance is set out in this section of the Annual Report, in particular the section 172 statement on pages 16 to 18 and the description of the Board structure on page 56.

Set out below are full details of how the Company has applied the Principles of the AIC Code:

AIC Code Principle	Compliance Statement
A A successful company is led by an effective board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	In managing the Company, the aim of the Board and of the Investment Manager is always to ensure the long-term sustainable success of the Company and, therefore, the likely long-term consequences of any decision are a key consideration. Both the Board and AVI recognise that social, human rights, community, governance and environmental issues have an effect on its investee companies. The Board supports AVI in its belief that good corporate governance will help to deliver sustainable long-term shareholder value. AVI is an investment management firm that invests on behalf of its clients and its primary duty is to produce returns for its clients. AVI seeks to exercise the rights and responsibilities attached to owning equity securities in line with its investment strategy. A key component of AVI's investment strategy is to understand and engage with the management of public companies. More information on the Company's long-term performance record can be found on page 5 and more details of AVI's ESG Policy are on pages 26 to 29 of this Report.
B The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.	The purpose of the Company is to achieve capital growth through a focused portfolio of mainly listed investments, particularly in companies whose shares stand at a discount to estimated underlying net asset value. More information on our culture and how it is aligned with the Company's purpose and strategy can be found under Culture and Values on page 16 of this Report.
C The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	The Directors regularly consider the Company's financial position in the context of its business model, the balance sheet, cash flow projections, availability of funding and the Company's contractual commitments. The Company's objective is to achieve capital growth through a focused portfolio of mainly listed investments, particularly in companies whose shares stand at a discount to estimated underlying net asset value, therefore one of the measures which the Board considers is NAV total returns, details of which can be found on page 12. As explained earlier, the Company is subject to various risks in pursuing its objectives and in order to effectively assess and manage risk, appropriate controls and policies are in place and are regularly reviewed and assessed by the Audit Committee. These are detailed in the Strategic Report on pages 12 to 15, in the Audit Committee Report on page 88 and in note 15 to the financial statements.
D In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	On pages 17 and 18 we describe our key stakeholders, the reason they are important and how we seek to gain an understanding of their interests and also how the Board engages with them.
F The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.	The role and responsibilities of the Chairman are described on page 56. The Company recognises that the Chairman leads the Board and is responsible for its overall effectiveness in directing the affairs of the Company. The annual evaluation of the Board's effectiveness always considers the performance of the Chairman, and whether he has performed his role effectively. The Directors, led by the SID, have concluded that the Chairman has fulfilled his role and performed well to support the effective functioning of the Board. Further information on our culture can be found on page 16.
G The board should consist of an appropriate combination of directors (and, in particular, independent non-executive directors) such that no one individual or small group of individuals dominates the board's decision-making.	During the year under review, the Board consisted only of non-executive Directors and all of the Directors are deemed to be independent of the Investment Manager. In the Board's opinion, each Director continues to provide constructive challenge and robust scrutiny of matters that come before the Board. The Board also considers the composition of the Board, as well as the longer-term succession plans. As a Board, we aim to be as well-equipped as a Board of any large investment trust to effectively give direction to, and exercise scrutiny of, the Company's activities.

Governance / Report of the Directors continued

AIC Code Principle	Compliance Statement
H Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third-party service providers to account.	The Board considers the required time commitment annually and, during the year under review, the Board concluded that all Directors continued to devote sufficient time to the business of the Company. All new Board appointments and/or additional commitments are reviewed and agreed by the Board and on an annual basis. The Board assesses whether individual Directors commit sufficient and productive time to the company. Through their contributions in meetings, as well as outside of the usual meeting cycle, the Directors share their experience and guidance with, as well as constructively challenge, the Investment Manager. The Board, supported by the Management Engagement Committee, regularly assesses the performance of all third-party service providers. More details on the work of the Management Engagement Committee can be found on page 57.
I The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	The Board's responsibilities are set out in the schedule of Matters Reserved for the full Board and certain responsibilities are delegated to its Committees, so that it can operate effectively and efficiently. Supported by its Committees, the Board has overall responsibility for purpose, strategy, business model, performance, asset allocation, capital structure, approval of key contracts, the framework for risk management and internal controls and governance matters, as well as engagement with shareholders and other key stakeholders. A number of Board policies are reviewed on a regular basis. Directors are also provided with any relevant information and have access to the Company Secretary and independent advisers, if required.
J Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates. The Board has adopted a Diversity Policy, which acknowledges the benefits of diversity, and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. The Company's policy on the tenure of Directors also helps to guide long-term succession plans, and recognises the need for and value of progressive refreshing of the Board. Both policies are described in more detail on pages 56 and 57.
K The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.	The Nomination Committee, which comprises the whole Board, is responsible for identifying and recommending to the Board the appointment of new Directors. The Nomination Committee maintains a matrix which summarises the key skills and experience of each Director and the matrix is reviewed at least once per year. This skills matrix is a key element of the process of ensuring that the Board has an appropriate mix of skills and experience and will be used when considering longer-term succession plans.
L Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	An annual evaluation of the performance of the Board, its Committees and individual Directors takes place every year, and an independent review is undertaken every three years. The Board engaged Lintstock Ltd to carry out this year's externally facilitated evaluation. Please refer to page 56 for discussion of the outcome of this year's performance evaluation.
M The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.	The Audit Committee supports the Board in fulfilling its oversight responsibilities by reviewing the performance of the external Auditor, audit quality, as well as the Auditor's objectivity and independence. The Committee also reviews the integrity and content of the financial statements, including the ongoing viability of the Company. More details can be found in the Committee's report on pages 87 to 89.
N The board should present a fair, balanced and understandable assessment of the company's position and prospects.	The Audit Committee supports the Board in assessing that the Company's Annual Report presents a fair, balanced and understandable assessment of the Company's position and prospects. Please refer to the Report of the Audit Committee on pages 87 to 89 for further information.

AIC Code Principle	Compliance Statement
O The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.	The work of the Audit Committee, that supports the Board through its independent oversight of the financial reporting process, including the financial statements, the system of internal control and management of risk, the appointment and ongoing review of the quality of the work and independence of the Company's external Auditor, as well as the procedures for monitoring compliance, is described in pages 87 to 89.
P Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.	The Directors are all non-executive and independent of the Investment Manager. They receive fees and no component of any Director's remuneration is subject to performance factors. Whilst there is no requirement under the Company's Articles of Association or letters of appointment for Directors to hold shares in the Company, all of the Directors do have shares in the Company and the details of their shareholdings are set out on page 93.
Q A formal and transparent procedure for developing a policy for remuneration should be established. No director should be involved in deciding their own remuneration outcome.	As the Company has no employees and the Board is comprised wholly of non-executive Directors, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole, at its discretion within an aggregate ceiling as set out in the Company's Articles of Association. Each Director abstains from voting on their own individual remuneration. The details of the Remuneration Policy and Directors' fees can be found on pages 90 to 93. The terms and conditions of the Directors' appointments are set out in Letters of Appointment, which are available for inspection on request at the registered office of the Company.
R Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	The process of reviewing the Directors' fees is described on page 92, although there are no performance related elements of the remuneration, there is therefore very little scope for the exercise of discretion or judgement.

UK Corporate Governance Code Principle E relates to the treatment of employees and so is generally not applicable to companies under the AIC Code if, as in the case of the Company, there are no employees.

Interests in Share Capital

Information on the structure, rights and restrictions relating to share capital is given on page 55.

At 30 September 2023 and 7 November 2023, the following holdings representing more than 3% of the Company's voting rights had been reported to the Company:

	Number held at 30 September 2023	Percentage held at 30 September 2023	Percentage held at 7 November 2023
Interactive Investor	46,504,719	10.06%	10.17%
Hargreaves Lansdown Asset Management Limited	42,053,939	9.10%	9.20%
1607 Capital Partners, LLC	27,212,520	5.86%	0.00%
Charles Stanley & Co Limited	24,833,470	5.05%	5.43%
Halifax Share Dealing Limited	23,125,165	5.00%	5.06%
Lazard Asset Management LLC	22,884,714	4.89%	5.01%
AJ Bell	18,226,193	3.94%	3.99%
Evelyn Partners*	18,909,950	3.85%	4.14%

Since the year-end, on 11 October 2023, the Company was notified by 1607 Capital Partners, LCC, that its holding had reduced to 0.00%. No other changes have been notified.

* Previously Smith & Williamson Investment Management Limited.

Governance / Report of the Directors continued

Financial Risk Management
The principal risks and uncertainties facing the Company are set out on pages 12 to 15. The principal financial risks and the Company's policies for managing these risks are set out in note 15 to the financial statements.

Greenhouse Gas Emissions and TCFD/SECR reporting
The Company's environmental statements are set out in the Strategic Report on page 19. The Company has no greenhouse gas emissions to report from the operations of the Company, nor does it have responsibility for any other emissions producing sources reportable under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

As an investment trust without employees, the Company is also not required to report against the TCFD nor the SECR framework. However, understanding and managing climate-related risks and opportunities based on the TCFD's recommendations is a fundamental part of AVI's investment approach, as discussed on pages 26 to 29.

Anti-Bribery and Corruption Policy
The Company has adopted an Anti-Bribery and Corruption Policy and has reviewed the statements regarding compliance with the Bribery Act 2010 by the Company's Investment Manager and key service providers. These statements are reviewed regularly by the Management Engagement Committee.

Disclosure of Information to the Auditor
The Directors who held office at the date of approval of the Report of the Directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all of the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and establish that the Company's Auditor is aware of that information.

Requirements of the Listing Rules
Listing Rule 9.8.4 requires the Company to include specified information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that no disclosures are required in relation to Listing Rule 9.8.4.

Auditor
BDO LLP were appointed during 2023 and have indicated their willingness to continue in office and Resolutions will be proposed at the forthcoming AGM to re-appoint them as Auditor and to authorise the Directors to determine their remuneration. Further information about the Company's external Auditor, including tenure, can be found in the Audit Committee's Report on page 89.

Annual General Meeting
The Notice of the AGM to be held on 20 December 2023 (the Notice) is set out on pages 98 to 101. Further information on the resolutions comprising special business being put to shareholders at the forthcoming AGM is set out below:

Resolution 12 – Authority to allot shares
The Directors seek to renew the general and unconditional authority to allot Ordinary Shares up to 152,370,114 Ordinary Shares of 2p each, representing approximately one-third of the issued Ordinary Share capital (excluding shares held in treasury). The Directors will only exercise this authority if they consider it to be in the best interests of the Company and would only issue shares at a price at or above the prevailing NAV per share at the time of issue. This authority would expire 15 months after the date of the passing of the resolution or, if earlier, at the next AGM of the Company.

No shares were issued in the year.

As at 9 November 2023, 45,600,956 shares were held in treasury, representing 9.07% of the issued share capital.

Resolution 13 – Authority to issue shares outside of pre-emption rights
The Directors seek to renew the authority to allot, other than on a pre-emptive basis, Ordinary Shares (including the grant of rights to subscribe for, or to convert any securities into Ordinary Shares) for cash up to a maximum of 22,855,517 Ordinary Shares, representing up to approximately 5% of the Ordinary Shares (excluding shares held in treasury) in issue as at 9 November 2023, and to transfer or sell Ordinary Shares held in treasury.

The Directors will only exercise this authority if they consider it to be advantageous to the Company and its shareholders. Shares will not be issued or sold from treasury other than at a price equal to or above the prevailing NAV per share.

No shares were issued in the year to 30 September 2023.

Resolution 14 – Share buyback facility
At the AGM held on 20 December 2022, the Directors were authorised to make market purchases of up to 14.99% of the shares in circulation at the date of that meeting. During the year, 29,277,886 shares have been bought under this authority (nominal value £585,558), representing 5.77% of the issued capital as at the year-end. These shares were bought back in order to limit any significant widening of the discount. As at the year-end, authority to buy back a further 47,793,755 Ordinary Shares remained.

At the forthcoming AGM, the Directors will seek to renew the authority for up to 14.99% of Ordinary Shares in issue (excluding shares held in treasury), representing 68,520,840 Ordinary Shares, as at 9 November 2023, to be bought back. Purchases would be made in accordance with the relevant provisions of the Companies Act and Listing Rules. The authority will expire 15 months after the date of the passing of the resolution or, if earlier, at the next AGM of the Company.

Details of shares bought back during the year under review can be found in note 13 to the financial statements.

Ordinary Shares bought back may be held in treasury for cancellation or sale at a future date rather than being cancelled upon purchase. The Directors will not exercise the authority granted under this resolution unless they consider it to be in the best interests of shareholders and shares would only be bought back at a discount to the prevailing NAV per share.

Resolution 15 – Notice period for general meetings
This resolution will allow the Company to hold general meetings (other than an AGM) on 14 clear days' notice. The notice period for general meetings of the Company is 21 clear days unless: (i) shareholders approve a shorter notice period, which cannot however be less than 14 clear days; and (ii) the Company offers the facility for all shareholders to vote by electronic means. AGMs must always be held on at least 21 clear days' notice. It is intended that the flexibility offered by this resolution will only be used for time sensitive, non-routine business and where merited in the interests of shareholders as a whole. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

Recommendation
The Directors consider that all of the resolutions to be proposed at the AGM are in the best interests of the Company and its members as a whole. The Directors unanimously recommend that shareholders vote in favour of all of the resolutions, as they intend to do in respect of their own beneficial holdings.

Going Concern

The financial statements have been prepared on the going concern basis and on the basis that approval as an investment trust company will continue to be met.

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date when these financial statements were approved.

In making the assessment, the Directors of the Company have considered the likely impacts of international and economic uncertainties on the Company, operations and the investment portfolio. These include, but are not limited to, the impact of the war in Ukraine, the ongoing Israel/Palestine conflict, political and economic instability in the UK, supply shortages and inflationary pressures.

The Directors noted that the Company, with the current cash balance and holding a portfolio of liquid listed investments, is able to meet the obligations of the Company as they fall due. The surplus cash plus borrowing facilities enables the Company to meet any funding requirements and finance future additional investments. The Company is a closed-ended fund, where assets are not required to be liquidated to meet day-to-day redemptions. In forming our view that the company is a going concern we have taken into account any loan facilities that expire during the period and the likelihood of our ability or need to renew the facility.

The Directors have completed stress tests assessing the impact of changes in market value and income with associated cash flows and any potential impact on the debt covenants associated with the Company's long-term borrowing. In making this assessment, they have considered severe but plausible downside scenarios. The conclusion was that in a severe but plausible downside scenario the Company could continue to meet its liabilities. Whilst the economic future is uncertain, and the Directors believe that it is possible the Company could experience reductions in income and/or market value, the opinion of the Directors is that this should not be to a level which would threaten the Company's ability to continue as a going concern.

The Directors, the Investment Manager and other service providers have put in place contingency plans to minimise disruption. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments (of which there are none of significance). Therefore, the financial statements have been prepared on the going concern basis.

Viability

The Directors consider viability as part of their continuing programme of monitoring risk. The Directors have made a robust assessment of the principal and emerging risks. The Directors believe five years to be a reasonable time horizon to consider the continuing viability of the Company, reflecting a balance between a longer-term investment horizon and the inherent shorter-term uncertainties within equity markets, although they do have due regard to viability over the longer term and particularly to key points outside this time frame, such as the due dates for the repayment of long-term debt. The Company is an investment trust whose portfolio is invested in readily realisable listed securities and with some short-term cash deposits. The following facts support the Directors' view of the viability of the Company:

- In the year under review, expenses (including finance costs and taxation) were adequately covered by investment income.
- The Company has a liquid investment portfolio.
- The Company has long-term debt of £30m and €30m which both fall due for repayment in 2036, €20m which falls due for repayment in 2037, JPY8bn which falls due for repayment in 2032 and JPY4.5bn which falls due in 2033. This debt was covered approximately 8 times as at the end of September 2023 by the Company's total assets. The Directors are of the view that, subject to unforeseen circumstances, the Company will have sufficient resources to meet the costs of annual interest and eventual repayment of principal on this debt.
- The Company has an unsecured JPY8bn multi-currency revolving credit facility expiring in August 2024. This was reduced from JPY12bn in July 2023, following the arrangement of the JPY4.5bn 2033 unsecured note. This facility was undrawn at the end of September. We will consider nearer the date of the facility expiring whether we require the facility to be renewed.

The Company has a large margin of safety over the covenants on its debt. The Company's viability depends on the global economy and markets continuing to function. The Directors also consider the possibility of a wide-ranging collapse in corporate earnings and/or the market value of listed securities. To the latter point, it should be borne in mind that a significant proportion of the Company's expenses are in ad valorem investment management fees, which would reduce if the market value of the Company's assets were to fall.

In arriving at its conclusion, the Board has taken account of the potential effects of the war in Ukraine, the ongoing Israel/Palestine conflict, political and economic instability in the UK, supply shortages and inflationary pressures on the value of the Company's assets, income from those assets and the ability of the Company's key suppliers to maintain effective and efficient operations. As set out in the Going Concern statement, in assessing the potential effects of these international and economic uncertainties, the Directors have completed stress tests which included severe but plausible downside scenarios.

In order to maintain viability, the Company has a robust risk control framework which, following guidelines from the FRC, has the objectives of reducing the likelihood and impact of: poor judgement in decision-making; risk-taking that exceeds the levels agreed by the Board; human error; or control processes being deliberately circumvented.

Taking the above into account, and the potential impact of the principal and emerging risks as set out on pages 12 to 15, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of five years from the date of approval of this Annual Report.

Approval

The Report of the Directors has been approved by the Board.

By Order of the Board

Link Company Matters Limited
Corporate Secretary

9 November 2023

Governance / Report of the Directors continued

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

The financial statements of the Company are published on the Company's website at **www.aviglobal.co.uk**. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in Respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Graham Kitchen
Chairman

9 November 2023

Financial Statements / Statement of Comprehensive Income
For the year ended 30 September 2023

	Notes	2023 Revenue return £'000	2023 Capital return £'000	2023 Total £'000	2022 Revenue return £'000	2022 Capital return £'000	2022 Total £'000
Income							
Investment income	2	**24,450**	**–**	**24,450**	23,113	–	23,113
Gains/(losses) on financial assets and financial liabilities held at fair value	8	**–**	**112,909**	**112,909**	–	(120,670)	(120,670)
Exchange gains on currency balances		**–**	**3,138**	**3,138**	–	1,839	1,839
		24,450	**116,047**	**140,497**	23,113	(118,831)	(95,718)
Expenses							
Investment management fee	3	**(2,067)**	**(4,824)**	**(6,891)**	(2,295)	(5,355)	(7,650)
Other expenses	3	**(1,782)**	**–**	**(1,782)**	(2,594)	(32)	(2,626)
Profit/(loss) before finance costs and taxation		**20,601**	**111,223**	**131,824**	18,224	(124,218)	(105,994)
Finance costs	4	**(1,381)**	**(3,262)**	**(4,643)**	(963)	(2,272)	(3,235)
Exchange gains/(losses) on loan revaluation	4	**–**	**6,135**	**6,135**	–	(838)	(838)
Profit/(loss) before taxation		**19,220**	**114,096**	**133,316**	17,261	(127,328)	(110,067)
Taxation	5	**821**	**–**	**821**	(959)	–	(959)
Profit/(loss) for the year		**20,041**	**114,096**	**134,137**	16,302	(127,328)	(111,026)
Earnings per Ordinary Share	7	**4.19p**	**23.83p**	**28.02p**	3.24p	(25.30p)	(22.06p)

The total column of this statement is the Income Statement of the Company prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of UK IFRS. The supplementary revenue return and capital return columns are presented in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies (AIC SORP).

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

There is no other comprehensive income, and therefore the profit for the year after tax is also the total comprehensive income.

The accompanying notes are an integral part of these financial statements.

Financial Statements / Statement of Changes in Equity

For the year ended 30 September 2023

	Ordinary share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve* £'000	Merger reserve £'000	Revenue reserve** £'000	Total £'000
For the year ended 30 September 2023							
Balance as at 30 September 2022	**10,741**	**8,194**	**28,078**	**852,839**	**41,406**	**28,250**	**969,508**
Ordinary Shares bought back for cancellation	**(586)**	**586**	**–**	**(56,668)**	**–**	**–**	**(56,668)**
Total comprehensive income for the year	**–**	**–**	**–**	**114,096**	**–**	**20,041**	**134,137**
Ordinary dividends paid (see note 6)	**–**	**–**	**–**	**–**	**–**	**(15,959)**	**(15,959)**
Balance as at 30 September 2023	**10,155**	**8,780**	**28,078**	**910,267**	**41,406**	**32,332**	**1,031,018**
For the year ended 30 September 2022							
Balance as at 30 September 2021	11,600	7,335	28,078	1,016,881	41,406	27,922	1,133,222
Ordinary Shares bought back and held in treasury	–	–	–	(7,997)	–	–	(7,997)
Ordinary Shares held in treasury cancelled	(555)	555	–	–	–	–	–
Ordinary Shares bought back for cancellation	(304)	304	–	(28,681)	–	–	(28,681)
Cost of Share Split	–	–	–	(36)	–	–	(36)
Total comprehensive income for the year	–	–	–	(127,328)	–	16,302	(111,026)
Ordinary dividends paid (see note 6)	–	–	–	–	–	(16,683)	(16,683)
Prior years' dividends cancelled (see note 6)	–	–	–	–	–	709	709
Balance as at 30 September 2022	10,741	8,194	28,078	852,839	41,406	28,250	969,508

* Within the balance of the capital reserve, £765,247,000 relates to realised gains (2022: £757,415,000) which under the Articles of Association is distributable by way of dividend. The remaining £145,020,000 relates to unrealised gains and losses on financial instruments (2022: £95,424,000) and is non-distributable.

** Revenue reserve is fully distributable by way of dividend.

The accompanying notes are an integral part of these financial statements.

Financial Statements / Balance Sheet
As at 30 September 2023

	Notes	2023 £'000	2022 £'000
Non-current assets			
Investments held at fair value through profit or loss	8	**1,144,759**	986,431
		1,144,759	986,431
Current assets			
Total return swap assets	8,9,16	**2,174**	–
Investments held at fair value through profit or loss	8	**–**	22,359
Trade receivables, prepayments and other debtors	9	**45,674**	25,217
Cash and cash equivalents	10	**4,231**	67,274
		52,079	114,850
Total assets		**1,196,838**	1,101,281
Current liabilities			
Total return swap liabilities	8,11,16	**(20,873)**	–
Trade payables, accruals and short term borrowings	11	**(3,398)**	(8,880)
		(24,271)	(8,880)
Total assets less current liabilities		**1,172,567**	1,092,401
Non-current liabilities			
4.184% Series A Sterling Unsecured Loan 2036	12	**(29,920)**	(29,913)
3.249% Series B Euro Unsecured Loan 2036	12	**(25,960)**	(26,235)
2.93% Euro Unsecured Loan 2037	12	**(17,250)**	(17,430)
1.38% JPY Senior Unsecured Loan Notes 2032	12	**(43,761)**	(49,315)
1.44% JPY Senior Unsecured Loan Notes 2033	12	**(24,658)**	–
		(141,549)	(122,893)
Net assets		**1,031,018**	969,508
Equity attributable to equity shareholders			
Ordinary Share capital	13	**10,155**	10,741
Capital redemption reserve		**8,780**	8,194
Share premium		**28,078**	28,078
Capital reserve		**910,267**	852,839
Merger reserve		**41,406**	41,406
Revenue reserve		**32,332**	28,250
Total equity		**1,031,018**	969,508
Net asset value per Ordinary Share – basic and diluted	14	**223.08p**	197.27p
Number of shares in issue excluding Treasury	13	**462,173,682**	491,451,568

These financial statements were approved and authorised for issue by the Board of AVI Global Trust plc on 9 November 2023 and were signed on its behalf by:

Graham Kitchen
Chairman

The accompanying notes are an integral part of these financial statements.

Registered in England & Wales No. 28203

Financial Statements / Statement of Cash Flows
For the year ended 30 September 2023

	2023 £'000	2022 £'000
Reconciliation of profit/(loss) before taxation to net cash (outflow)/inflow from operating activities		
Profit/(loss) before taxation	**133,316**	(110,067)
(Gains)/losses on investments held at fair value through profit or loss	**(112,909)**	120,670
(Increase)/decrease in debtors and other receivables	**(39,985)**	2,083
Increase/(decrease) in creditors and other payables	**1,004**	(127)
Taxation refunded/(paid)	**671**	(739)
Exchange gains on Loan Notes and revolving credit facility	**(10,921)**	(3,813)
Amortisation of loan issue expenses	**39**	24
Net cash (outflow)/inflow from operating activities	**(28,785)**	8,031
Investing activities		
Purchases of investments	**(516,837)**	(355,855)
Sales of investments	**527,529**	404,053
Cash inflow from investing activities	**10,692**	48,198
Financing activities		
Dividends paid	**(15,959)**	(16,684)
Cancelled dividends	**–**	709
Payments for Ordinary Shares bought back	**(58,722)**	(35,330)
Cost of Share Split	**–**	(36)
Drawdown of revolving credit facility	**49,144**	–
Repayment of revolving credit facility	**(44,359)**	(55,149)
Issue of loans net of costs	**24,753**	49,311
Cash (outflow) from financing activities	**(45,143)**	(57,179)
Decrease in cash and cash equivalents	**(63,236)**	(950)
Reconciliation of net cash flow movements in funds:		
Cash and cash equivalents at beginning of year	**67,274**	68,418
Exchange rate movements	**193**	(194)
Decrease in cash and cash equivalents	**(63,236)**	(950)
Decrease in net cash	**(63,043)**	(1,144)
Cash and cash equivalents at end of year	**4,231**	67,274
Dividends received	**23,498**	20,837
Interest paid	**2,075**	2,109

The accompanying notes are an integral part of these financial statements.

Financial Statements / Notes to the Financial Statements

1. General information and accounting policies

AVI Global Trust plc is a company incorporated and registered in England and Wales. The principal activity of the Company is that of an investment trust company within the meaning of Sections 1158/1159 of the Corporation Tax Act 2010 and its investment approach is detailed in the Strategic Report.

The Company's financial statements have been prepared in accordance with UK-adopted international accounting standards and the AIC SORP.

Basis of preparation

The functional currency of the Company is Pounds Sterling because this is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in Pounds Sterling rounded to the nearest thousand, except where otherwise indicated.

Going concern

The financial statements have been prepared on the going concern basis and on the basis that approval as an investment trust company will continue to be met.

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date when these financial statements were approved.

In making the assessment, the Directors of the Company have considered the likely impacts of international and economic uncertainties on the Company, operations and the investment portfolio. The Directors also regularly assess the resilience of key third-party service providers, most notably the Investment Manager and Fund Administrator. In making their assessment, the Directors have considered the likely impacts of international and economic uncertainties on the Company, operations and the investment portfolio. These include, but are not limited to, geopolitical events, the war in Ukraine, the ongoing Israel/Palestine conflict, political and economic instability in the UK, supply shortages and inflationary pressures.

The Directors noted that the Company, with the current cash balance and holding a portfolio of listed investments, is able to meet the obligations of the Company as they fall due. The current cash balance enables the Company to meet any funding requirements and finance future additional investments. The Company is a closed-ended fund, where assets are not required to be liquidated to meet day-to-day redemptions.

The Directors have completed stress tests assessing the impact of changes in market value and income with associated cash flows. In making this assessment, they have considered severe but plausible downside scenarios and simulated a 50% reduction in NAV during January 2024, the impact on future cash flows as a result of this through to September 2028 and the expiry of the revolving credit facility 26 August 2024. The conclusion was that in a severe but plausible downside scenario the Company could continue to meet its liabilities. Whilst the economic future is uncertain, and the Directors believe that it is possible the Company could experience further reductions in income and/or market value, and changes in expenses, the opinion of the Directors is that this should not be to a level which would threaten the Company's ability to continue as a going concern.

The Directors are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments (of which there are none of significance). Therefore, the financial statements have been prepared on the going concern basis.

Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business. The Company primarily invests in companies listed in the UK and on other recognised international exchanges.

Accounting developments

In the year under review, the Company has applied amendments to IFRS issued by the IASB adopted in conformity with UK IFRS. These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments, changes in disclosure and presentation requirements. This incorporated:

- Onerous contracts — Cost of Fulfilling a Contract (Amendments to IAS 37);
- Reference to the Conceptual Framework (Amendments to IFRS 3); and
- Annual improvements to IFRS Standards.

The adoption of the changes to accounting standards has had no material impact on these or prior years' financial statements. There are amendments to IAS/IFRS that will apply from 1 October 2023 as follows:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Initial application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes.

Amendments to IAS/IFRS applicable from 1 October 2024 are:

- Classification of liabilities as current or non-current (Amendments to IAS 1); and
- Non-current liabilities with Covenants (Amendments to IAS 1).

The Directors do not anticipate that the adoption of these will have a material impact on the financial statements in current or future years.

Financial Statements / Notes to the Financial Statements continued

1. General information and accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with UK-adopted international accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts in the Balance Sheet, the Statement of Comprehensive Income and the disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The areas requiring judgement and estimation in the preparation of the financial statements relate to the determination of the carrying value of unquoted investments at fair value through profit or loss. The policies for these are set out in the notes to the financial statements below. The Company values unquoted investments by following the International Private Equity Venture Capital Valuation (IPEV) guidelines. Further areas are recognising and classifying unusual or special dividends received as either capital or revenue in nature; the valuation of derivatives; and the level of deferred tax.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods. There were no significant judgements or estimates which had a significant impact on these financial statements.

Investments

The Company's business is investing in financial assets with a view to capital growth. The portfolio of financial assets is managed and its performance evaluated on a fair value basis in accordance with the documented investment strategy and information is provided internally on that basis to the Company's Board of Directors.

The investments held by the Company are designated "at fair value through profit or loss". All gains and losses are allocated to the capital return within the Statement of Comprehensive Income as "Gains or losses on investments held at fair value through profit or loss". Also included within this heading are transaction costs in relation to the purchase or sale of investments. When a purchase or sale is made under a contract, the terms of which require delivery within the time frame of the relevant market, the investments concerned are recognised or derecognised on the trade date.

All investments are designated upon initial recognition as held at fair value through profit or loss, and are measured at subsequent reporting dates at fair value, which is either the bid price or closing price for Stock Exchange Electronic Trading Service – quotes and crosses (SETSqx). The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all of the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been accumulated is recognised in profit or loss.

Fair values for unquoted investments, or for investments for which the market is inactive, are established by using various valuation techniques in accordance with the International Private Equity and Venture Capital (the IPEV) guidelines. These may include recent arm's length market transactions, the current fair value of another instrument that is substantially the same, net asset value, discounted cash flow analysis, option pricing models and reference to similar quoted companies. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is utilised. Unquoted investments are constantly monitored with fair values approved by the Company's Board of Directors.

All investments for which a fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy levels in note 15. A transfer between levels may result from the date of an event or a change in circumstances.

Foreign currency

Transactions denominated in currencies other than Pounds Sterling are recorded at the rates of exchange prevailing on the date of the transaction. Items which are denominated in foreign currencies are translated at the rates prevailing on the Balance Sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or the revenue account depending on whether the gain or loss is capital or revenue in nature.

Derivatives

Derivatives, including Total Return SWAPS, are classified as financial instruments at fair value and included in current assets/liabilities. Derivatives are derecognised when the contract expires or on the trade on which the contract is sold. Changes in fair value of derivative instruments are recognised as they arise in the capital column of the Statement of Comprehensive Income. The fair value is calculated by either the quoted price (if listed) or a broker using models with inputs from market prices. On disposal or expiration, realised gains and losses are also recognised in the Statement of Comprehensive Income as capital items.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments and money market funds, that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Cash held in margin/collateral accounts at the Company's brokers is presented as Cash collateral receivable from brokers in the financial statements.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Trade receivables, prepayments and other debtors

Trade receivables, prepayments and other debtors are measured at amortised cost or estimated fair value, with balances revalued for exchange rate movements.

Trade payables and short term borrowings
Trade payables and short term borrowings are measured at amortised cost and revalued for exchange rate movements.

Revolving credit facility
The revolving credit facility is recognised at amortised cost and revalued for exchange rate movements.

Income
Dividends receivable on quoted equity shares are taken to revenue on an ex-dividend basis. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Fixed returns on non-equity shares are recognised on a time-apportioned basis. Dividends from overseas companies are shown gross of any withholding taxes which are disclosed separately in the Statement of Comprehensive Income.

Special dividends are taken to the revenue or capital account depending on their nature. In deciding whether a dividend should be regarded as a capital or revenue receipt, the Board reviews all relevant information as to the reasons for the sources of the dividend on a case-by-case basis.

When the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend forgone is recognised as income. Any excess in the value of the cash dividend is recognised in the capital column.

Interest income on fixed interest securities is recognised in the Statement of Comprehensive Income based on the effective yield to maturity of the fixed interest security.

All other income is accounted on a time-apportioned accruals basis and is recognised in the Statement of Comprehensive Income.

Expenses and finance costs
All expenses are accounted on an accruals basis. On the basis of the Board's expected long-term split of total returns in the form of capital and revenue returns of 70% and 30% respectively, the Company charges 70% of its management fee and finance costs to capital.

Expenses incurred directly in relation to arranging debt finance are amortised over the term of the finance.

Expenses incurred in buybacks of shares are charged to the capital reserve through the Statement of Changes in Equity.

Taxation
The charge for taxation is based on the net revenue for the year and takes into account taxation deferred or accelerated because of temporary differences between the treatment of certain items for accounting and taxation purposes.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. In line with the recommendations of the SORP, the allocation method used to calculate the tax relief on expenses charged to capital is the "marginal" basis. Under this basis, if taxable income is capable of being offset entirely by expenses charged through the revenue account, then no tax relief is transferred to the capital account.

Dividends payable to shareholders
Dividends to shareholders are recognised as a liability in the period in which they are paid or approved in general meetings and are taken to the Statement of Changes in Equity. Dividends declared and approved by the Company after the Balance Sheet date have not been recognised as a liability of the Company at the Balance Sheet date.

Non-current liabilities: Loan Notes
The non-current liabilities are valued at amortised cost. Costs in relation to arranging the debt finance have been capitalised and are amortised over the term of the finance. Hence, amortised cost is the par value less the amortised costs of issue.

The Euro Loan Notes are shown at amortised cost with the exchange difference on the principal amounts to be repaid reflected. Any gain or loss arising from changes in the exchange rate between Euro and Sterling is included in the capital reserves and shown in the capital column of the Statement of Comprehensive Income.

The JPY Loan Notes are shown at amortised cost with the exchange difference on the principal amounts to be repaid reflected. Any gain or loss arising from changes in the exchange rate between JPY and Sterling is included in the capital reserves and shown in the capital column of the Statement of Comprehensive Income.

Further details of the non-current liabilities are set out in note 12 and in the Glossary.

Capital redemption reserve
The capital redemption reserve represents non-distributable reserves that arise from the purchase and cancellation of shares.

Share premium
The share premium account represents the accumulated premium paid for shares issued in previous periods above their nominal value less issue expenses. This is a reserve forming part of the non-distributable reserves. The following items are taken to this reserve:

- costs associated with the issue of equity; and
- premium on the issue of shares.

1. General information and accounting policies continued

Capital reserve

The following are taken to the capital reserve through the capital column in the Statement of Comprehensive Income:

Capital reserve – other, forming part of the distributable reserves:

- gains and losses on the disposal of investments;
- amortisation of issue expenses of Loan Notes;
- costs of share buybacks;
- exchange differences of a capital nature; and
- expenses, together with the related taxation effect, allocated to this reserve in accordance with the above policies.

Capital reserve – investment holding gains, not distributable:

- increase and decrease in the valuation of investments held at the year-end.

Merger reserve

The merger reserve represents the share premium on shares issued on the acquisition of Selective Assets Trust plc on 13 October 1995 and is not distributable.

Revenue reserve

The revenue reserve represents the surplus of accumulated profits and is distributable by way of dividends.

2. Income

	2023 £'000	2022 £'000
Income from investments		
UK dividends	**296**	524
Overseas dividends	**21,544**	21,821
Income from fixed interest securities	**240**	97
	22,080	22,442
Other income		
Deposit interest	**3,005**	669
Total return swap dividends*	**(416)**	–
Total return swap interest	**–**	(22)
Exchange (losses)/gains on receipt of income*	**(421)**	24
Interest received on corporation tax refunds	**202**	–
	24,450	23,113

* Exchange movements arise from ex-dividend date to payment date.

3. Investment management fee and other expenses

	2023 Revenue return £'000	2023 Capital return £'000	2023 Total £'000	2022 Revenue return £'000	2022 Capital return £'000	2022 Total £'000
Management fee	**2,067**	**4,824**	**6,891**	2,295	5,355	7,650
Other expenses:						
Directors' emoluments – fees	**190**	**–**	**190**	183	–	183
Auditor's remuneration – audit	**54**	**–**	**54**	45	–	45
Marketing	**573**	**–**	**573**	570	–	570
Printing and postage costs	**69**	**–**	**69**	71	–	71
Registrar fees	**95**	**–**	**95**	108	–	108
Custodian fees	**83**	**–**	**83**	263	–	263
Depositary fees	**123**	**–**	**123**	144	–	144
Advisory and professional fees	**360**	**–**	**360**	560	32	592
Costs associated with dividend receipts	**18**	**–**	**18**	14	–	14
Irrecoverable VAT	**32**	**–**	**32**	101	–	101
Regulatory fees	**98**	**–**	**98**	89	–	89
Directors' insurances and other expenses	**87**	**–**	**87**	88	–	88
Charitable donations	**–**	**–**	**–**	358	–	358
	1,782	**–**	**1,782**	2,594	32	2,626

The management fee calculated in accordance with the IMA amounted to 0.7% of net assets for assets up to £1bn and 0.6% of net assets over £1bn calculated on a quarterly basis.

Details of the IMA and fees paid to the Investment Manager are set out in the Report of the Directors.

4. Finance costs

	2023 Revenue return £'000	2023 Capital return £'000	2023 Total £'000	2022 Revenue return £'000	2022 Capital return £'000	2022 Total £'000
Loan, debenture and revolving credit facility interest						
4.184% Series A Sterling Unsecured Loan Notes 2036	**375**	**876**	**1,251**	377	879	1,256
3.249% Series B Euro Unsecured Loan Notes 2036	**254**	**593**	**847**	247	578	825
2.93% Euro Senior Unsecured Loan Notes 2037	**152**	**354**	**506**	150	349	499
1.38% JPY Senior Unsecured Loan Notes 2032	**188**	**439**	**627**	48	113	161
1.44% JPY Senior Unsecured Loan Notes 2033	**20**	**46**	**66**	–	–	–
JPY Revolving credit facility	**62**	**144**	**206**	91	215	306
Total return swap interest	**282**	**659**	**941**	–	–	–
	1,333	**3,111**	**4,444**	913	2,134	3,047
Amortisation						
4.184% Series A Sterling Unsecured Loan Notes 2036	**–**	**7**	**7**	–	7	7
3.249% Series B Euro Unsecured Loan Notes 2036	**–**	**5**	**5**	–	5	5
2.93% Euro Senior Unsecured Loan Notes 2037	**–**	**8**	**8**	–	7	7
1.38% JPY Senior Unsecured Loan Notes 2032	**–**	**18**	**18**	–	4	4
1.44% JPY Senior Unsecured Loan Notes 2033	**–**	**1**	**1**			
JPY Revolving credit facility	**48**	**112**	**160**	49	113	162
	48	**151**	**199**	49	136	185
Bank interest						
Bank debit interest	**–**	**–**	**–**	1	2	3
Total	**1,381**	**3,262**	**4,643**	963	2,272	3,235
Exchange gains/(losses) on Loan Notes*	**–**	**6,135**	**6,135**	–	(838)	(838)

* Revaluation of Euro and JPY Loan Notes.

Financial Statements / Notes to the Financial Statements continued

5. Taxation

	Year ended 30 September 2023			Year ended 30 September 2022		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Analysis of (credit)/charge for the year						
Overseas tax not recoverable*	**1,638**	**–**	**1,638**	1,769	–	1,769
Withholding tax received previously written off	**(29)**	**–**	**(29)**	(810)	–	(810)
Corporation tax refund**	**(2,430)**	**–**	**(2,430)**	–	–	–
Tax (credit)/charge for the year	**(821)**	**–**	**(821)**	959	–	959

* Tax deducted on payment of overseas dividends by local tax authorities.
** Corporation tax refund in respect of 2008/09.

The taxation assessed for the year is lower (2022: higher) than the standard rate of corporation tax in the UK of 22% (2022: 19%). The differences are explained below:

	Year ended 30 September 2023			Year ended 30 September 2022		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Profit/(loss) before taxation	**19,220**	**114,096**	**133,316**	17,261	(127,328)	(110,067)
Profit/(loss) before taxation multiplied by the standard rate of corporation tax of 22% (2022: 19%)	**4,229**	**25,101**	**29,330**	3,280	(24,192)	(20,912)
Effects of:						
– UK dividend income	**(65)**	**–**	**(65)**	(99)	–	(99)
– Tax – exempt overseas investment income	**(4,648)**	**–**	**(4,648)**	(4,151)	–	(4,151)
– (Gains)/losses on investments, exchange gains on capital items and movement on fair value of derivative financial instruments	**–**	**(26,880)**	**(26,880)**	–	22,737	22,737
– Current period tax losses not utilised	**484**	**1,779**	**2,263**	746	1,455	2,201
– Corporate interest restriction	**–**	**–**	**–**	93	–	93
– Withholding tax received previously written off	**(29)**	**–**	**(29)**	(810)	–	(810)
– Overseas tax not recoverable	**1,638**	**–**	**1,638**	1,769	–	1,769
– Corporation tax refunds	**(2,430)**	**–**	**(2,430)**	–	–	–
– Disallowed expenses	**–**	**–**	**–**	85	–	85
– Offshore income gains	**–**	**–**	**–**	46	–	46
Tax (credit)/charge for the year	**(821)**	**–**	**(821)**	959	–	959

At 30 September 2023, the Company had management expenses of £96,478,000 (30 September 2022: £87,430,000), a non-trade loan relationship deficit of £23,688,000 (30 September 2022: £22,093,000) and carried forward disallowed interest expense of £6,805,000 (30 September 2022: £6,783,000) that are potentially available to offset future taxable revenue. A deferred tax asset of £31,743,000 (30 September 2022: £29,076,000), based on the enacted UK corporation tax rate of 25% that applied from 1 April 2023, has not been recognised because the Company is not expected to generate sufficient taxable income in future periods that the carried forward tax losses and disallowed interest expense can be utilised against.

Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the Company meets (and intends to continue for the foreseeable future to meet) the conditions to maintain its approval as an investment trust company.

6. Dividends

	2023 £'000	2022 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 September 2022 of 2.10p (2022: 2.10p) per Ordinary Share	**10,258**	10,685
Interim dividend for the year ended 30 September 2023 of 1.20p (2022: 1.20p) per Ordinary Share	**5,701**	5,999
	15,959	16,684

During the year ended 30 September 2022 £709k was received in respect of prior years' dividends cancelled†.

Set out below are the interim and final dividends paid or proposed on Ordinary Shares in respect of the financial year, which is the basis on which the requirements of Section 1159 of the Corporation Tax Act 2010 are considered.

	2023 £'000	2022 £'000
Interim dividend for the year ended 30 September 2023 of 1.20p (2022: 1.20p) per Ordinary Share	**5,701**	5,999
Proposed final dividend for the year ended 30 September 2023 of 2.30p (2022: 2.10p) per Ordinary Share	**10,514***	10,275
Proposed special dividend for the year ended 30 September 2023 of 0.20p (2022: nil) per Ordinary Share	**914***	–
	17,129	16,274

* Based on shares in circulation on 9 November 2023.
† This includes the disposal of 66,648 ordinary 10p shares from dividend proceeds reinvested, realising £709,000.

7. Earnings per Ordinary Share

The earnings per Ordinary Share is based on the Company's net profit after tax of £134,137,000 (2022: net loss of £111,026,000) and on 478,739,622 (2022: 503,274,200*) Ordinary Shares, being the weighted average number of Ordinary Shares in issue (excluding shares in treasury) during the year.

The earnings per Ordinary Share detailed above can be further analysed between revenue and capital as follows:

	30 September 2023			30 September 2022		
Basic and diluted	**Revenue**	**Capital**	**Total**	Revenue	Capital	Total
Net profit/(loss) (£'000)	**20,041**	**114,096**	**134,137**	16,302	(127,328)	(111,026)
Weighted average number of Ordinary Shares			**478,739,622**			503,274,200*
Earnings per Ordinary Share	**4.19p**	**23.83p**	**28.02p**	3.24p	(25.30)p	(22.06)p

* 2022 figure restated for Share Split.

There are no dilutive instruments issued by the Company (2022: none).

Financial Statements / Notes to the Financial Statements continued

8. Investments held at fair value through profit or loss

	30 September 2023					30 September 2022		
	Equities £'000	**Debt securities £'000**	**Unrealised derivatives asset £'000**	**Unrealised derivatives liabilities £'000**	**Total £'000**	Equities £'000	Debt securities £'000	Total £'000
Financial assets held at fair value								
Opening book cost	**888,954**	**20,893**	**–**	**–**	**909,847**	934,242	–	934,242
Opening investment holding gains	**97,477**	**1,466**	**–**	**–**	**98,943**	260,868	–	260,868
Opening fair value	**986,431**	**22,359**	**–**	**–**	**1,008,790**	1,195,110	–	1,195,110
Movement in the year:								
Purchases at cost	**472,751**	**39,655**	**–**	**–**	**512,406**	371,443	20,893	392,336
Sales/Close – Proceeds	**(443,380)**	**(60,041)**	**(4,624)**	**–**	**(508,045)**	(457,986)	–	(457,986)
– realised gains/(losses) on sales and close of total return swaps	**65,525**	**(507)**	**4,624**	**–**	**69,642**	41,255	–	41,255
Increase/(decrease) in investment holding gains	**63,432**	**(1,466)**	**2,174**	**(20,873)**	**43,267**	(163,391)	1,466	(161,925)
Closing fair value of investments	**1,144,759**	**–**	**2,174**	**(20,873)**	**1,126,060**	986,431	22,359	1,008,790
Closing book cost	**983,849**	**–**	**–**	**–**	**983,849**	888,954	20,893	909,847
Closing investment holding gains	**160,910**	**–**	**2,174**	**(20,873)**	**142,211**	97,477	1,466	98,943
Closing fair value	**1,144,759**	**–**	**2,174**	**(20,873)**	**1,126,060**	986,431	22,359	1,008,790

Financial assets and liabilities held at fair value

	30 September 2023 £'000	30 September 2022 £'000
Equities	**1,144,759**	986,431
Fixed interest securities	**–**	22,359
Total return swaps – asset	**2,174**	–
Total return swaps – liability	**(20,873)**	–
	1,126,060	1,008,790

	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Transaction costs		
Cost on acquisitions	**457**	304
Cost on disposals	**350**	402
	807	706
Analysis of capital gains		
Gains on sales/close out of financial assets	**69,642**	41,255
Movement in investment holding gains for the year	**43,267**	(161,925)
Net gains/(losses) on investments	**112,909**	(120,670)

The Company received £508,045,000 (2022: £457,986,000) from investments sold in the year. The book cost of these investments when they were purchased was £438,403,000 (2022: £416,731,000). These investments have been revalued over time and until they were sold any unrealised gains or losses were included in the fair value of the investments.

The Company has ten interests amounting to an investment of 3% or more of the equity capital which are set out in the Investment Portfolio on pages 22 and 23.

9. Trade receivables, prepayments and other debtors

	2023 £'000	2022 £'000
Total returns swap	**2,174**	–
Trade receivables, prepayments and other debtors		
Sales for future settlement	**3,271**	22,948
Cash collateral receivable	**39,325**	
Tax recoverable	**456**	306
Prepayments and accrued income	**2,585**	1,914
VAT recoverable	**37**	49
Total trade receivables, prepayments and other debtors	**45,674**	25,217

Cash collateral receivable is cash held at Jefferies International Limited (the prime broker). The cash is held at the prime broker against exposure to derivatives.

Tax recoverable relates to withholding tax in a number of countries, some of which is past due, but is in the process of being reclaimed by the Custodian through local tax authorities and also tax deducted on UK REIT dividends, which the Company expects to receive in due course.

No other receivables are past due or impaired.

10. Cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank	**4,231**	6,274
Liquidity account	**–**	61,000
	4,231	67,274

11. Current liabilities

	2023 £'000	2022 £'000
Total return swap	**20,873**	–
Revolving credit facility	**–**	–
Trade payables, accruals and short term borrowings		
Purchases for future settlement	**1,303**	5,734
Amounts owed for share buybacks	**3**	2,058
Management fees	**573**	–
Interest payable	**648**	657
Other payables	**871**	431
Total trade payables, accruals and short term borrowings	**3,398**	8,880
	24,271	8,880

Revolving credit facility
On 29 April 2019, the Company entered into an agreement with Scotiabank Europe Plc for a JPY4.0bn (£27,700,000) unsecured revolving credit facility (the facility) for a period of three years.

The facility was increased to JPY9.0bn and converted to a multi-currency facility with drawings available in Japanese Yen, Pounds Sterling, US Dollars and Euros on 5 March 2020, with an interest rate of 0.75% over LIBOR on any drawn balances.

On 26 August 2021 the facility was further increased and subsequently reduced to JPY8.0bn on 24 July 2023. The agreement was additionally novated in reference to the relevant changes in interest calculations with the discontinuation of LIBOR and extended to 26 August 2024.

The interest chargeable will be the appropriate risk free rate (RFR)* plus the additional margin:

- Japanese Yen 1.025% margin over the Tokyo unsecured overnight rate (TONAR)**;
- Pounds Sterling 1.42% margin over SONIA (sterling overnight index average);

* Risk free rate (RFR) – is the rate of return from an investment with zero risk. This is calculated by deducting the inflation rate from the yield of the relevant Treasury bond. The Treasury bond issued in the relevant currency is equivalent to zero risk.
** If TONAR is less than 0% it will be deemed to be 0%.

Financial Statements / Notes to the Financial Statements continued

11. Current liabilities continued

- US Dollars 1.25% margin above the secured overnight financing rate (SOFR); and
- Euros 1.25% margin above the Euro short-term rate (€ STR).

Undrawn balances below JPY2.0bn are charged at 0.35% and any undrawn portion above this is charged at 0.30%.

Under the terms of the facility, the covenant requires that the net assets shall not be less than £300m and the adjusted net asset coverage to borrowings shall not be less than 4:1.

The facility is shown at amortised cost and revalued for exchange rate movements. Any gain or loss arising from changes in exchange rates is included in the capital reserves and shown in the capital column of the Statement of Comprehensive Income. Interest costs are charged to capital and revenue in accordance with the Company's accounting policies.

	At 30 September 2023		At 30 September 2022	
	¥'000	**£'000**	¥'000	£'000
Opening balance	**–**	**–**	9,000,000	59,821
Proceeds from amounts drawn	**8,000,000**	**49,144**	–	–
Repayment	**(8,000,000)**	**(44,359)**	(9,000,000)	(55,149)
Exchange rate movement	**–**	**(4,785)**	–	(4,672)
Total	**–**	**–**	–	–

12. Non-current liabilities

	2023 £'000	2022 £'000
4.184% Series A Sterling Unsecured Loan Notes 2036	**29,920**	29,913
3.249% Series B Euro Unsecured Loan Notes 2036	**25,960**	26,235
2.93% Euro Senior Unsecured Loan Notes 2037	**17,250**	17,430
1.38% JPY Senior Unsecured Loan Notes 2032	**43,761**	49,315
1.44% JPY Senior Unsecured Loan Notes 2033	**24,658**	–
Total	**141,549**	122,893

The amortised costs of issue expenses are set out in note 4.

The fair values of the Loan Notes are set out in note 15.

The Company issued two Loan Notes on 15 January 2016:

£30,000,000 4.184% Series A Sterling Unsecured Loan Notes due 15 January 2036
€30,000,000 3.249% Series B Euro Unsecured Loan Notes due 15 January 2036

The Company issued further Loan Notes on 1 November 2017:

€20,000,000 2.93% Euro Senior Unsecured Loan Notes due 1 November 2037

The Company issued further Loan Notes on 6 July 2022:

¥8,000,000,000 1.38% JPY Senior Unsecured Loan Notes due 6 July 2032
¥4,500,000,000 1.44% JPY Senior Unsecured Loan Notes due 25 July 2033

The Company issued further Loan Notes on 25 July 2023:

¥4,500,000,000 1.44% JPY Senior Unsecured Loan Notes due 25 July 2033

Under the terms of the Loan Notes, the covenant requires that the net assets of the Company shall not be less than £300,000,000 and total indebtedness shall not exceed 30% of net assets.

13. Called-up share capital

	Number of shares	Nominal value £'000
Allotted, called up and fully paid		
Ordinary Shares of 2p each (2022: 2p)		
Balance at beginning of the year	**537,052,524**	10,741
Ordinary Shares bought back and cancelled	**(29,277,886)**	(586)
Balance at end of the year	**507,774,638**	10,155
Treasury shares		
Balance at beginning of the year	**45,600,956**	
Balance at end of the year	**45,600,956**	
Total Ordinary Share capital excluding treasury shares	**462,173,682**	

At 30 September 2023, the Company held 45,600,956 shares in treasury, with a nominal value of £912,000.

Ordinary Shares of 2p each

During the year to 30 September 2023, 29,277,886 Ordinary Shares of 2p were bought back for cancellation for an aggregate consideration of 56,668,000 (2022: 15,225,722 shares for aggregate consideration of £28,681,000).

The allotted, called up and fully paid shares at 30 September 2023 consisted of 507,774,638 Ordinary Shares of 2p each in issue, and 45,600,956 Ordinary Shares held in treasury. The total voting rights attaching to Ordinary Shares in issue and ranking for dividends consisted of 462,173,682 as at 30 September 2023.

14. Net asset value

The net asset value per Ordinary Share and the net asset value attributable to the Ordinary Shares at the year-end are calculated in accordance with their entitlements in the Articles of Association and were as follows:

	30 September 2023		30 September 2022	
	NAV per Ordinary Share Pence	**Net asset value attributable £'000**	NAV per Ordinary Share Pence	Net asset value attributable £'000
Basic and diluted	**223.08**	**1,031,018**	197.27	969,508

Net asset value per Ordinary Share is based on net assets and on 462,173,682 Ordinary Shares (2022: 491,451,568), being the number of Ordinary Shares in issue excluding Treasury Shares at the year-end.

15. Financial instruments and capital disclosures

Investment objective and policy

The Company's investment objective and policy are detailed on page 54.

The Company's financial instruments comprise equity and fixed-interest investments, cash balances, receivables, payables and borrowings. The Company makes use of borrowings to achieve improved performance in rising markets. The risk of borrowings may be reduced by raising the level of cash balances or fixed-interest investments held.

Risks

The risks identified arising from the financial instruments are market risk (which comprises market price risk, interest rate risk and foreign currency risk), liquidity risk and credit and counterparty risk. The Company may also enter into derivative transactions to manage risk.

The Board and Investment Manager consider and review the risks inherent in managing the Company's assets which are detailed below.

Financial Statements / Notes to the Financial Statements continued

15. Financial instruments and capital disclosures continued

Market risk

Market risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss which the Company might suffer through holding market positions by way of price movements, interest rate movements, exchange rate movements and systematic risk (risk inherent to the market, reflecting economic and geopolitical factors). The Investment Manager assesses the exposure to market risk when making each investment decision and these risks are monitored by the Investment Manager on a regular basis and the Board at quarterly meetings with the Investment Manager.

Market price risk

Market price risk (i.e. changes in market prices other than those arising from currency risk or interest rate risk) may affect the value of investments.

Adherence to investment policies mitigates the risk of excessive exposure to any particular type of security or issuer. The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis with the objective of maximising overall returns to shareholders. The assessment of market risk is based on the Company's portfolio as held at the year-end. The Company has experienced volatility in the fair value of investments during recent years due to geopolitical events. Further additional volatility during the year has resulted from the Russian invasion of Ukraine, the ongoing Israel/Palestine conflict, UK political instability, and inflation. The Company has used 20% to demonstrate the impact of a significant reduction/increase in the fair value of the investments and the impact upon the Company that might arise from future significant events.

If the fair value of the listed equity investments at the year-end of £1,142,936,000 (2022: £961,000,000) decreased or increased by 20%, then it would have had an adverse/positive impact on the Company's capital return and equity of £228,587,000 (2022: £192,200,000).

As at 30 September 2023, £1,823,000 (2022: £25,341,000) of the Company's investments are in unquoted companies held at fair value. A change in market inputs that would result in a 20% decrease in the fair value of the unquoted investments at 30 September 2023 would have decreased the net assets attributable to the Company's shareholders by £365,000 (30 September 2022: £5,068,000); an equal change in the opposite direction would have increased the net assets attributable to the Company's shareholders and reduced the loss for the year by an equal amount.

Foreign currency

The value of the Company's assets and the total return earned by the Company's shareholders can be significantly affected by foreign exchange rate movements, as most of the Company's assets are denominated in currencies other than Pounds Sterling, the currency in which the Company's financial statements are prepared. Income denominated in foreign currencies is converted to Pounds Sterling upon receipt.

A 5% rise or decline of Sterling against foreign currency denominated (i.e. non Pounds Sterling) assets and liabilities held at the year-end would have increased/decreased the net asset value by £47,448,000 (2022: £40,462,000).

The currency exposure is as follows:

Currency risk	**GBP £'000**	**EUR £'000**	**USD £'000**	**SEK £'000**	**JPY £'000**	**NOK £'000**	**INR £'000**	**SGD £'000**	**CAD £'000**	**Total £'000**
At 30 September 2023										
Other receivables	1,073	456	42,926	–	1,219	–	–	–	–	45,674
Cash and cash equivalents	4,196	–	–	–	35	–	–	–	–	4,231
Other payables	(1,484)	(1,423)	(249)	–	(242)	–	–	–	–	(3,398)
Total return swaps	–	–	(20,705)	–	–	–	–	–	2,006	(18,699)
4.184% Series A Sterling Unsecured Loan Notes 2036	(29,920)	–	–	–	–	–	–	–	–	(29,920)
3.249% Series B Euro Unsecured Loan Notes 2036	–	(25,960)	–	–	–	–	–	–	–	(25,960)
2.93% Euro Senior Unsecured Loan Notes 2037	–	(17,250)	–	–	–	–	–	–	–	(17,250)
1.38% JPY Senior Unsecured Loan Notes 2032	–	–	–	–	(43,761)	–	–	–	–	(43,761)
1.44% JPY Senior Unsecured Loan Notes 2033	–	–	–	–	(24,658)	–	–	–	–	(24,658)
Revolving credit facility	–	–	–	–	–	–	–	–	–	–
Currency exposure on net monetary items	(26,135)	(44,177)	21,972	–	(67,407)	–	–	–	2,006	(113,741)
Investments held at fair value through profit or loss–equities	108,195	253,920	376,754	3,989	203,302	153,545	34,097	10,957	–	1,144,759
Total net currency exposure	82,060	209,743	398,726	3,989	135,895	153,545	34,097	10,957	2,006	1,031,018

This exposure is representative at the Balance Sheet date and may not be representative of the year as a whole. The balances are of the holding investment and may not represent the actual exposure of the subsequent underlying investment.

	GBP £'000	EUR £'000	USD £'000	SEK £'000	JPY £'000	NOK £'000	INR £'000	Total £'000
At 30 September 2022								
Other receivables	795	15,034	8,337	–	1,051	–	–	25,217
Cash and cash equivalents	67,274	–	–	–	–	–	–	67,274
Other payables	(7,351)	(392)	–	(106)	(1,031)	–	–	(8,880)
4.184% Series A Sterling Unsecured Loan Notes 2036	(29,913)	–	–	–	–	–	–	(29,913)
3.249% Series B Euro Unsecured Loan Notes 2036	–	(26,235)	–	–	–	–	–	(26,235)
2.93% Euro Senior Unsecured Loan Notes 2037	–	(17,430)	–	–	–	–	–	(17,430)
1.38% JPY Senior Unsecured Loan Notes 2032	–	–	–	–	(49,315)	–	–	(49,315)
Revolving credit facility	–	–	–	–	–	–	–	–
Currency exposure on net monetary items	30,805	(29,023)	8,337	(106)	(49,295)	–	–	(39,282)
Investments held at fair value through profit or loss – equities	129,463	163,571	379,535	13,989	186,945	101,232	34,055	1,008,790
Total net currency exposure	160,268	134,548	387,872	13,883	137,650	101,232	34,055	969,508

Interest rate risk

Interest rate movements may affect:

- the fair value of investments in fixed-interest rate securities;
- the level of income receivable on cash deposits;
- the interest payable on variable rate borrowings; and
- the fair value of the Company's long-term debt.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions.

The Loan Notes issued by the Company pay a fixed rate of interest and are carried in the Company's Balance Sheet at amortised cost rather than at fair value. Hence, movements in interest rates will not affect net asset values, as reported under the Company's accounting policies, but may have an impact on the Company's share price and discount/premium. The fair value of the debt and its effect on the Company's assets is set out below.

The exposure at 30 September of financial assets and financial liabilities to interest rate risk is shown by reference to floating interest rates.

	At 30 September 2023 £'000	At 30 September 2022 £'000
Exposure to floating interest rates:		
Fixed interest securities	**–**	22,359
Cash collateral receivable from broker	**39,325**	–
Cash and cash equivalents	**4,231**	67,274
JPY revolving credit facility	**–**	–

Financial Statements / Notes to the Financial Statements continued

15. Financial instruments and capital disclosures continued
Interest rate risk continued

	30 September 2023		30 September 2022	
	Book cost £'000	**Fair value £'000**	Book cost £'000	Fair value £'000
4.184% Series A Sterling Unsecured Loan Notes 2036	**45,689**	**25,051**	29,913	25,127
3.249% Series B Euro Unsecured Loan Notes 2036	**36,588**	**22,158**	26,235	22,668
2.93% Euro Senior Unsecured Loan Notes 2037	**24,717**	**13,936**	17,430	14,214
1.38% JPY Senior Unsecured Loan Notes 2032	**49,377**	**40,584**	49,315	48,640
1.44% JPY Senior Unsecured Loan Notes 2033	**28,265**	**22,757**	–	–
Total	**184,636**	**124,487**	122,893	110,649

Interest rate sensitivity of the Company's Loan Notes is an APM as set out in the Glossary.

Liquidity risk
Liquidity risk is mitigated by the fact that the Company has £43,556,000 (2022: £67,274,000) cash and cash equivalents, the assets are readily realisable and further short-term flexibility is available through the use of bank borrowings. The Company is a closed-ended fund, assets do not need to be liquidated to meet redemptions, and sufficient liquidity is maintained to meet obligations as they fall due.

The remaining contractual payments on the Company's financial liabilities at 30 September, based on the earliest date on which payment can be required and current exchange rates at the Balance Sheet date, were as follows:

	In 1 year or less £'000	**In more than 1 year but not more than 2 years £'000**	**In more than 2 years but not more than 3 years £'000**	**In more than 3 years but not more than 10 years £'000**	**In more than 10 years £'000**	**Total £'000**
At 30 September 2023						
4.184% Series A Sterling Unsecured Loan Notes 2036	**(1,255)**	**(1,255)**	**(1,255)**	**(8,786)**	**(33,138)**	**(45,689)**
3.249% Series B Euro Unsecured Loan Notes 2036	**(845)**	**(845)**	**(845)**	**(5,918)**	**(28,135)**	**(36,588)**
2.93% Euro Senior Unsecured Loan Notes 2037	**(508)**	**(508)**	**(508)**	**(3,558)**	**(19,635)**	**(24,717)**
1.38% JPY Senior Unsecured Loan Note 2032	**(606)**	**(606)**	**(606)**	**(47,559)**	**–**	**(49,377)**
1.44% JPY Senior Unsecured Loan Note 2033	**(356)**	**(356)**	**(356)**	**(27,197)**	**–**	**(28,265)**
Total return swap liabilities	**(20,873)**	**–**	**–**	**–**	**–**	**(20,873)**
Other payables	**(3,398)**	**–**	**–**	**–**	**–**	**(3,398)**
	(27,841)	**(3,570)**	**(3,570)**	**(93,018)**	**(80,908)**	**(208,907)**

	In 1 year or less £'000	In more than 1 year but not more than 2 years £'000	In more than 2 years but not more than 3 years £'000	In more than 3 years but not more than 10 years £'000	In more than 10 years £'000	Total £'000
At 30 September 2022						
4.184% Series A Sterling Unsecured Loan Notes 2036	(1,255)	(1,255)	(1,255)	(8,786)	(34,393)	(46,944)
3.249% Series B Euro Unsecured Loan Notes 2036	(855)	(855)	(855)	(5,982)	(29,293)	(37,840)
2.93% Euro Senior Unsecured Loan Notes 2037	(514)	(514)	(514)	(3,596)	(20,360)	(25,498)
1.38% JPY Senior Unsecured Loan Notes 2032	(683)	(683)	(683)	(54,275)	–	(56,324)
Other payables	(8,880)	–	–	–	–	(8,880)
	(12,187)	(3,307)	(3,307)	(72,639)	(84,046)	(175,486)

Credit risk

Credit risk is mitigated by diversifying the counterparties through which the Investment Manager conducts investment transactions. The credit standing of all counterparties is reviewed periodically, with limits set on amounts due from any one counterparty. As at the year-end cash is held with JP Morgan (A2*) and Morgan Stanley in the Liquidity Fund (AAA*).

The total credit exposure represents the carrying value of fixed-income investments, cash and receivable balances and totals £52,079,000 (2022: £114,850,000).

Fair values of financial assets and financial liabilities

Valuation of financial instruments

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant assets as follows:

- Level 1 – valued using quoted prices unadjusted in active markets for identical assets or liabilities.
- Level 2 – valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included within Level 1.
- Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data for the asset or liability.

The tables below set out fair value measurements of financial instruments as at the year-end, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Financial assets at fair value through profit or loss at 30 September 2023	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	**1,142,936**	**–**	**1,823**	**1,144,759**
Total return swap assets	**–**	**2,174**	**–**	**2,174**
	1,142,936	**2,174**	**1,823**	**1,146,933**

Financial assets at fair value through profit or loss at 30 September 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	961,000	–	25,431	986,431
Fixed interest securities	22,359	–	–	22,359
	983,359	–	25,431	1,008,790

Fair value of Level 3 investments

	30 September 2023 £'000	30 September 2022 £'000
Opening fair value of investments	**25,431**	3,081
Acquisition	**583**	31,179
Transfer from Level 1 to Level 3 in the year	**–**	–
Sales – proceeds	**(21,715)**	(8,249)
Realised gain/(loss) on equity sales	**(1,687)**	441
Movement in investment holding gains	**(789)**	(1,021)
Closing fair value of investments	**1,823**	25,431

The fair values of the Level 3 investments are valued with reference to the net asset value.

Financial liabilities

Valuation of Loan Notes

The Company's Loan Notes are measured at amortised cost, with the fair values and costs of early redemption set out in the Glossary on page 104. Other financial assets and liabilities of the Company are carried in the Balance Sheet at an approximation to their fair value.

There is no publicly available price for the Company's Loan Notes. Their fair market value has been derived by calculating the relative premium (or discount) of the loan versus the publicly available market price of the reference market instrument and exchange rates. As this price is derived by a model, using observable inputs, it would be categorised as Level 2 under the fair value hierarchy.

* Moody's credit ratings.

Financial Statements / Notes to the Financial Statements continued

15. Financial instruments and capital disclosures continued

Financial liabilities continued

Valuation of Loan Notes continued

The financial liabilities in the table below are shown at their fair value, being the amount at which the liability may be transferred in an orderly transaction between market participants.

Financial liabilities at 30 September 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Loan Notes	–	(124,487)	–	(124,487)
Total return swap liabilities	–	(20,873)	–	(20,873)
	–	(145,360)	–	(145,360)

Financial liabilities at 30 September 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Loan Notes	–	(110,649)	–	(110,649)
	–	(110,649)	–	(110,649)

The fair value of the total return swaps is derived using the market price of the underlying instruments and exchange rates and therefore would be categorised as Level 2.

Capital management policies and procedures

The structure of the Company's capital is described on page 55 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 66.

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern;
- 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, through an appropriate balance of equity capital and debt; and
- to maximise the return to shareholders while maintaining a capital base to allow the Company to operate effectively and meet obligations as they fall due.

The Board, with the assistance of the Investment Manager, regularly monitors and reviews the broad structure of the Company's capital on an ongoing basis. These reviews include:

- the level of gearing, which takes account of the Company's position and the Investment Manager's views on the market; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from last year.

The Company is subject to externally imposed capital requirements:

a) as a public company, the Company is required to have a minimum share capital of £50,000; and

b) in accordance with the provisions of Sections 832 and 833 of the Companies Act 2006, the Company, as an investment company:

   (i) is only able to make a dividend distribution to the extent that the assets of the Company are equal to at least one and a half times its liabilities after the dividend payment has been made; and

   (ii) is required to make a dividend distribution with respect to each accounting year such that it does not retain more than 15% of the income that it derives from shares and securities in that year.

These requirements are unchanged since last year and the Company has complied with them at all times.

16. Derivatives

The Company may use a variety of derivative contracts, including total return swaps, to enable it to gain long exposure to individual securities. Derivatives are valued by reference to the underlying market value of the corresponding security.

	At 30 September 2023 £'000	At 30 September 2022 £'000
Total return swaps		
Current assets	**2,174**	–
Current liabilities	**(20,873)**	–
Net value of derivatives	**(18,699)**	–

The gross positive exposure on total return swaps as at 30 September 2023 was £70,934,000 (30 September 2022: £nil) and the total negative exposure of total return swaps was £46,986,000 (30 September 2022: £nil). The liabilities are secured against assets held with Jefferies International Limited (the prime broker). The collateral held as at 30 September 2023 was £39,325,000 (30 September 2022: £nil).

17. Contingencies, guarantees and financial commitments

At 30 September 2023, the Company had no significant financial commitments.

18. Related party transactions and transactions with the Investment Manager

Fees paid to the Company's Directors are disclosed in the Report on Remuneration Implementation on page 92. At the year-end, £nil was outstanding due to Directors (2022: £24,000).

The transaction pursuant to the IMA with AVI is set out in the Report of the Directors on page 58. Management fees for the year amounted to £6,891,000 (2022: £7,650,000).

As at the year-end, the following amounts were outstanding in respect of management fees: £573,000 (2022: £nil).

19. Post balance sheet events

Since the year-end, the Company has bought back 5,063,339 Ordinary Shares with a nominal value of £101,267 at a total cost of £9,930,000.

Other Reports / AIFMD Disclosures (Unaudited)

The Company's AIFM is Asset Value Investors Limited.

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. Those disclosures that are required to be made pre-investment are included within an AIFMD Investor Disclosure Document. This, together with other necessary disclosures required under AIFMD, can be found on the Company's website **www.aviglobal.co.uk**.

All authorised AIFMs are required to comply with the AIFMD Remuneration Code. The AIFM's remuneration disclosures can be found on the Company's website **www.aviglobal.co.uk**.

Leverage:
For the purposes of the AIFMD, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives.

This is expressed as a ratio between the Company's exposure and its net asset value, and is calculated under the Gross and Commitment Methods in accordance with AIFMD. Under the Gross Method, exposure represents the sum of the Company's positions without taking account of any netting or hedging arrangements. Under the Commitment Method, exposure is calculated after certain hedging and netting positions are offset against each other.

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD as at 30 September 2023. This gives the following figures:

Leverage Exposure	Gross Method	Commitment Method
Maximum Limit	**150%**	130%
Actual Level	**137%**	128%

Other Reports / Report of the Audit Committee

Role of the Audit Committee

The Audit Committee's main functions are:

- To monitor the internal financial control and risk management systems on which the Company is reliant.
- To consider whether there is a need for the Company to have its own internal audit function.
- To monitor the integrity of the half year and annual financial statements of the Company by reviewing and challenging, where necessary, the actions and judgements of the Investment Manager and the Administrator.
- To review the proposed audit programme and the subsequent Audit Report of the external Auditor and to assess the effectiveness and quality of the audit process, the nature of the non-audit work and the levels of fees paid in respect of both audit and non-audit work, in compliance with the Company's Non-Audit Services Policy.
- To make recommendations to the Board in relation to the appointment, re-appointment or removal of the Auditor, and to negotiate their remuneration and terms of engagement on audit and non-audit work.
- To monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualifications.

Composition of the Audit Committee

The Audit Committee comprises the whole Board, being independent Directors. Calum Thomson, a qualified chartered accountant with over 25 years' experience, has chaired the Audit Committee throughout the year. All members of the Committee have recent and relevant financial experience, and the Committee as a whole has competence relevant to the investment trust sector. The Audit Committee operates within defined terms of reference, which are available on the Company's website.

Activities During the Year:

- Carried out a tender process in respect of the 2023 Audit and made recommendations to the Board in relation to the appointment of BDO LLP as Auditor;
- Review of the Half Year Report for the period to 31 March 2023, recommending its approval to the Board;
- Consideration of the external Auditor's plan for the audit of the year end financial statements;
- Review of the Company's internal controls and risk management system, including an annual assessment of emerging and principal risks facing the Company;
- Review of the service levels provided by the Company's Custodian and Depositary;
- Review of the controls reports issued by the Company's outsourced service providers, including those issued by the Company's Administrator, Depositary, Custodian and Investment Manager;
- Review of the year-end financial statements, including a review to ensure that the financial statements issued by the Company are considered fair, balanced and understandable, and discussion of the findings of the external audit with the Auditor. Several sections of the Annual Accounts are not subject to formal statutory audit, including the Strategic Report and Investment Manager's Review; and the checking process for the financial information in these sections was considered by the Audit Committee, and by the Auditor;
- Assessment and recommendation to the Board on whether it was appropriate to prepare the Company's financial statements on the going concern basis. This review included challenging the assumptions on viability of the Company and reviewing stress tests focused on its ability to continue to meet its viability. The Board's conclusions are set out in the Report of the Directors on page 63;
- Consideration of a statement by the Directors on the long-term viability of the Company. That statement can be found on page 63;
- Recommendation of a final dividend for the year ended 30 September 2023 and an interim dividend for the period to 31 March 2023;
- Review of special dividends received in the year to determine their allocation to the revenue or capital account in the Statement of Comprehensive Income;
- Discuss the tax treatment of a material unlisted investment;
- Review of the schedule of expenditure changes; and
- Review of the Committee's terms of reference.

Significant Areas of Focus

The Committee considers in detail the annual and interim statements and its key focus in its work on the Annual Report and Accounts is that the financial statements are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Committee also carefully considers the most significant issues, both operational and financial, likely to impact on the Company's financial statements.

The key area of focus for the Committee was the valuation of the investment portfolio: 99.84% of the equity investment portfolio at the year-end can be verified against daily market prices and observable price movements. The remaining 0.16% uses methodologies not based on observable inputs.

The following other areas of focus were considered throughout the year and as part of the annual audit:

- The possibility of management override of controls, because individuals have access to the Company's assets and accounting records in order to fulfil their roles. The Board, through the Audit Committee, is responsible for ensuring that suitable internal control systems to prevent and detect fraud and error are designed and implemented by the third-party service providers to the Company and is also responsible for reviewing the effectiveness of such controls.
- Valuation of assets: Most of the Company's assets are listed and regularly traded and so values for these assets can be verified from market sources. In the case of unlisted investments the Committee challenges management to ensure that valuations are reasonable and appropriate given the circumstances and information available. Valuations are also verified as part of the audit process.
- Revenue recognition: Dividends are accounted for on an ex-dividend basis and occasionally the Company receives special dividends. All revenues are reconciled and there is separation of duties between the Investment Manager and Administrator.
- Management fees: The Investment Manager's fee is the largest expense item. The Administrator ensures that each fee payment is independently verified and the amounts paid are further verified as part of the audit process.
- Debt covenants: Compliance with debt covenants is verified by the Administrator at each month end and certified to lenders and notified to the Directors.
- Going Concern and Viability: During the year and as part of the year-end review the Committee considered the Company's ability to continue to operate and its future viability. Stress tests were carried out, examining the effects of substantial falls in asset value and revenues. Throughout the year, the Audit Committee has also dedicated time to considering the likely economic effects and the impact on the Company of the war in Ukraine, the ongoing Israel/Palestine conflict, political and economic instability in the UK, supply shortages and inflationary pressures.
- Compliance with the Companies Act and Listing Rules: Reports on compliance are received and reviewed at each quarterly Board meeting.
- Investment Trust Status: A report on compliance with the requirements to maintain investment trust status is received and reviewed at each Board meeting. As part of the year-end process, the Audit Committee reviews the requirements to retain investment trust status, and in particular the minimum dividend distribution which must be made with respect to the year under review.

Other Reports / Report of the Audit Committee continued

Significant Areas of Focus continued

A further significant risk control is to ensure that the investment portfolio accounted for in the financial statements reflects physical ownership of the relevant securities. The Company uses the services of an independent Custodian (JPMorgan Chase Bank, NA) to hold the assets of the Company. The investment portfolio is reconciled regularly by the Administrator to the Custodian's records. The systems and controls operated by the Custodian are also monitored by the Depositary, J.P. Morgan Europe Limited, whose responsibilities include oversight of the safekeeping of the Company's assets. The Audit Committee meets with the Depositary, as necessary, to review the work of the Depositary, and to consider the effectiveness of the internal controls at the Custodian.

Given the nature of the Company's investments, substantial funds can be received from corporate actions at investee companies. The implementation of the corporate actions can be complex and challenging. The Committee reviews such corporate actions, and takes advice where necessary. The Committee reviews the analysis of corporate actions provided by the Investment Manager and ensures that the treatment in the financial statements is appropriate.

The Company suffers withholding tax on many of its dividends received, some of which is irrecoverable. The Audit Committee and the Investment Manager aim to ensure that any recoverable withholding tax is received in a timely manner. However, such recovery can be difficult in some jurisdictions, and the Company has incurred professional service fees in this area.

At each Audit Committee meeting, the members discussed the emerging risks that may have an impact on the Company. Topics discussed in the year under review included the continuing effects of the Russian invasion of Ukraine, the conflict in Israel and in particular increasing levels of inflation and the growing prominence of climate change.

Internal Controls

The Board confirms that there is an ongoing process for identifying, evaluating and managing the emerging and principal risks faced by the Company in line with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published in September 2014 and the FRC's Guidance on Audit Committees published in April 2016. This process has been in place for the year under review and up to the date of approval of this report, and accords with the guidance. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed. The risks of any failure of such controls are identified in a Risk Matrix and a schedule of Key Risks, which are regularly reviewed by the Board and which identify the likelihood and severity of the impact of such risks and the controls in place to minimise the probability of such risks occurring. Where reliance is made on third parties to manage identified risks, those risks are matched to appropriate controls reported in the relevant third-party service provider's annual report on controls. The principal risks identified by the Board are set out in the Strategic Report on pages 12 to 15.

The following are the key components which the Company has in place to provide effective internal control:

- The Board has agreed clearly defined investment criteria, which specify levels of authority and exposure limits. Reports on compliance with these criteria are regularly reviewed by the Board.
- The Board has a procedure to ensure that the Company can continue to be approved as an investment company by complying with sections 1158/1159 of the Corporation Tax Act 2010.
- The Investment Manager and Administrator prepare forecasts and management accounts which allow the Board to assess the Company's activities and to review its performance.
- The contractual agreements with the Investment Manager and other third-party service providers, and adherence to them, are regularly reviewed.
- The services of and controls at the Investment Manager and other third-party suppliers are reviewed at least annually.
- The Audit Committee receives and reviews assurance reports on the controls of all third-party service providers, including the Custodian and Administrator, undertaken by professional service providers.
- The Audit Committee seeks to ensure that the Company is recovering withholding tax on overseas dividends to the fullest extent possible.
- The Investment Manager's Compliance Officer continually reviews the Investment Manager's operations. The Investment Manager also employs an independent compliance consultant. Compliance reports are submitted to the Committee at least annually.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. They do not eliminate the risk of failure to achieve business objectives and, by their nature, can only provide reasonable and not absolute assurance against misstatement or loss.

As the Company has no employees, it does not have a whistle-blowing policy and procedure in place. The Company delegates its main functions to third-party providers, each of whom report on their policies and procedures to the Audit Committee.

The Audit Committee believes that the Company does not require an internal audit function, principally because the Company delegates its day-to-day operations to third parties, which are monitored by the Committee, and which provide control reports on their operations at least annually.

Audit Tender

As discussed in the 2022 Annual Report, the audit was put out to competitive tender during the year under review.

In October 2022, three audit firms were invited to take part in the tender and KPMG LLP, the incumbent auditor at the time, was also considered as a participant. Two of the firms responded that, due to varying reasons but largely in relation to operational pressure on capacity, they were unable to take part in the tender at that time. Following discussion and review of the submitted tender document, the Audit Committee agreed to receive a presentation from BDO LLP, the firm which had indicated that they were able to take part in the tender. Further to the presentation and discussions held with BDO LLP and giving consideration to the level of investment trust experience of the team, the audit fee and its independence, the Audit Committee recommended BDO LLP's appointment as Auditor to the Board. In accordance with the Statutory Audit Services Order 2014, issued by the Competition and Markets Authority (CMA Order), a competitive audit tender must be carried out at least every ten years. The Company is therefore required to carry out a tender no later than in respect of the financial year ending 30 September 2033.

External Audit Process

The Audit Committee meets at least twice a year with the Auditor. The Auditor provides a planning report in advance of the preparation of the Annual Report and a report on the annual audit. The Audit Committee has an opportunity to question and challenge the Auditor in respect of each of these reports. In addition, the Audit Committee Chairman discusses the audit plan and results of the audit with the external Auditor prior to the relevant Audit Committee meeting. After each audit, the Audit Committee reviews the audit process and considers its effectiveness. The review of the 2022 audit concluded that the audit process had worked well, and that the key matters had been adequately addressed by the auditors in 2022, KPMG LLP. At least once a year, the Audit Committee has an opportunity to discuss any aspect of the Auditor's work with the Auditor in the absence of the Investment Manager and administrators.

The Audit Committee specifically considered and discussed with the Auditor the use of Alternative Performance Measures in this Annual Report. The Auditor made a number of recommendations, which have been incorporated in the Annual Report. The Committee also requested that the Auditor would report on general practice with regards to disclosures regarding Consumer Duty, and discussed this at its October 2023 meeting. Relevant disclosures are included in this Annual Report.

Auditor Assessment and Independence

The Audit Committee has reviewed BDO's independence policies and procedures, including quality assurance procedures. It was considered that those policies and procedures remained fit for purpose. Christopher Meyrick is the Audit Partner allocated to the Company. The audit of the financial statements for the year to 30 September 2023 is his first as Audit Partner as it is the first year for which BDO have been the Company's auditors. The Committee has also taken into consideration the standing, skills and experience of the audit firm and the audit team, and is satisfied that BDO is both independent and effective in carrying out their responsibilities.

The Audit Committee has discussed the findings of the FRC's recent 2023 Audit Quality Report on the quality of audits performed by BDO and questioned the audit team on any particular areas of the findings that caused them to change their audit approach and was relevant to the audit of the Company. Whilst the Committee is disappointed with the lack of progress since the previous Audit Quality Report, it has satisfied itself that none of the shortcomings identified are directly relevant to the audit of the Company.

Fees Payable to the Auditor

Total fees payable to the Auditor were £54,000 (2022: £45,000 paid to KPMG LLP). Of the total fees, the fees for audit services were £54,000 (2022: £45,000 paid to KPMG LLP). The Audit Committee has approved and implemented a policy on the engagement of the Auditor to supply non-audit services, taking into account the recommendations of the FRC, and does not believe there to be any impediment to the Auditor's objectivity and independence.

All non-audit work to be carried out by the Auditor must be approved by the Audit Committee in advance. The cost of non-audit services provided by the Auditor for the financial year ended 30 September 2023 was £nil (2022: KPMG LLP £nil). The Audit Committee is satisfied that BDO was independent on appointment and remains independent.

Re-appointment of the Auditor

Taking into account the performance and effectiveness of the Auditor and the confirmation of their independence, the Committee recommends that BDO LLP be re-appointed as Auditor to the Company.

CMA Order

AGT has complied throughout the year ended 30 September 2023 with the provisions of the CMA Order.

Calum Thomson
Audit Committee Chairman

9 November 2023

Other Reports / Directors' Remuneration Policy

This Remuneration Policy provides details of the remuneration policy for the Directors of the Company. All Directors are independent and non-executive, appointed under the terms of Letters of Appointment, and none have a service contract. The Company has no employees.

This Remuneration Policy was last approved at the AGM of the Company held in 2022. The policy will apply until it is next put to shareholders for renewal of that approval at the Company's AGM in 2025. Any variation of the policy prior to the 2025 AGM would be submitted for shareholder approval.

The non-executive Directors of the Company are entitled to such rates of annual fees as the Board at its discretion shall from time to time determine.

In addition to the annual fee, under the Company's Articles of Association, if any Director is requested to perform extra or special services, they will be entitled to receive such additional remuneration as the Board may think fit, and such remuneration may be either in addition to or in substitution for any other remuneration that they may be entitled to receive.

Total remuneration paid to Directors is subject to an annual aggregate limit of £300,000, as set out in the Company's Articles of Association.

No component of any Director's remuneration is subject to performance factors.

The rates of fees per Director are reviewed annually. Annual fees are pro-rated where a change takes place during a financial year.

Table of Directors' Remuneration Components*

Component	Director	Rate at 30 September 2023	Purpose of reward	Operation
Annual Fee	All Directors	£34,000	For commitment as Directors of a public company	Determined by the Board at its discretion (see note 1)
Additional Fee	Chairman of the Board	£19,000	For additional responsibility and time commitment	Determined by the Board at its discretion (see note 1)
Additional Fee	Chairman of the Audit Committee	£5,000	For additional responsibility and time commitment	Determined by the Board at its discretion (see note 1)
Additional Fee	Senior Independent Director	£2,500	For additional responsibility and time commitment	Determined by the Board at its discretion (see note 1)
Additional Fee	All Directors	Discretionary	For performance of extra or special services in their role as a Director	Determined by the Board at its discretion (see notes 1 and 2)
Expenses	All Directors	N/A	Reimbursement of expenses paid by them in order to perform their duties	Reimbursement upon submission of appropriate invoices

Notes:
1. The Board only exercises its discretion in setting rates of fees after an analysis of fees paid to Directors of other companies having similar profiles to that of the Company, and consultation with third-party advisers. Individual Directors do not participate in discussions relating to their own remuneration.
2. Additional fees would only be paid in exceptional circumstances in relation to the performance of extra or special duties. No such fees were paid in the year to 30 September 2023.

* The Company has no employees. Accordingly, there are no differences in policy on the remuneration of Directors and the remuneration of employees. No Director is entitled to receive any remuneration which is performance-related. As a result, there are no performance conditions in relation to any elements of the Directors' remuneration in existence to set out in this Remuneration Policy.

Views of Shareholders
Any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board when reviewing levels of remuneration.

Recruitment Remuneration Principles
1. The remuneration package for any new Chairman or non-executive Director will be the same as the prevailing rates determined on the bases set out above. The fees and entitlement to reclaim reasonable expenses will be set out in Directors' Letters of Appointment.
2. The Board will not pay any introductory fee or incentive to any person to encourage them to become a Director, but may pay the fees of search and selection specialists in connection with the appointment of any new non-executive Director.
3. The Company intends to appoint only non-executive Directors for the foreseeable future.
4. The maximum aggregate fees currently payable to all Directors is £300,000.

Service Contracts
None of the Directors has a service contract with the Company. Non-executive Directors are engaged under Letters of Appointment and are subject to annual re-election by shareholders.

Loss of Office
Directors' Letters of Appointment expressly prohibit any entitlement to payment on loss of office.

Scenarios
The Chairman's and non-executive Directors' remuneration is fixed at annual rates, and there are no other scenarios where remuneration will vary unless there are payments for extra or special services in their role as Directors. It is accordingly not considered appropriate to provide different remuneration scenarios for each Director.

Statement of Consideration of Conditions Elsewhere in the Company
As the Company has no employees, a process of consulting with employees on the setting of the Remuneration Policy is not relevant.

Other Items
None of the Directors has any entitlement to pensions or pension-related benefits, medical or life insurance schemes, share options, long-term incentive plans or performance-related payments. No Director is entitled to any other monetary payment or any assets of the Company except in their capacity (where applicable) as shareholders of the Company.

Directors' and Officers' liability insurance cover is maintained by the Company, at its expense, on behalf of the Directors.

The Company has also provided indemnities to the Directors in respect of costs or other liabilities which they may incur in connection with any claims relating to their performance or the performance of the Company whilst they are Directors.

The Directors' interests in contractual arrangements with the Company are as shown in the Report of the Directors. Except as noted in the Report of the Directors, no Director was interested in any contracts with the Company during the period or subsequently.

Review of the Remuneration Policy
The Board has agreed that there would be a formal review before any change to the Remuneration Policy; and, at least once a year, the Remuneration Policy will be reviewed to ensure that it remains appropriate.

Other Reports / Report on Remuneration Implementation

This Report is prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

A resolution to approve this Report on Remuneration Implementation will be proposed at the AGM of the Company to be held on 20 December 2023.

Statement from the Chairman
As the Company has no employees and the Board is comprised wholly of non-executive Directors, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole, at its discretion within an aggregate ceiling of £300,000 per annum. Each Director abstains from voting on their own individual remuneration.

During the year, the Board carried out a review of the level of Directors' fees in accordance with the Remuneration Policy and considered the level of non-executive director fee increases applied by investment trusts with assets of around £1bn, as well as by the Company's peer group. This review concluded that the fees would be increased with effect from 1 April 2023 to £53,000 (previously £50,000) per annum for the Chairman and £34,000 (previously £32,000) per annum for other Directors. The additional fees payable to the Chairman of the Audit Committee and to the Senior Independent Director remained unchanged, at £5,000 and £2,500 per annum respectively.

The Board is satisfied that the changes to the remuneration of the Directors are compliant with the Directors' Remuneration Policy approved by shareholders at the AGM held on 20 December 2022.

There will be no significant change in the way that the Remuneration Policy will be implemented in the course of the next financial year.

Directors' Emoluments (audited information)
Directors are only entitled to fees at such rates as are determined by the Board from time to time and in accordance with the Directors' Remuneration Policy as approved by the shareholders.

None of the Directors has any entitlement to pensions or pension-related benefits, medical or life insurance schemes, share options, long-term incentive plans or performance-related payments. No Director is entitled to any other monetary payment or any assets of the Company consequently, there are no arrangements in place for payments to past Directors.

Accordingly, the Single Total Figure table below does not include columns for any of these items or their monetary equivalents.

As the Company does not have a Chief Executive Officer or any executive Directors, there are no percentage increases to disclose in respect of their total remuneration, and it has not reported on those aspects of remuneration that relate to executive Directors.

Directors' & Officers' liability insurance is maintained and paid for by the Company on behalf of the Directors.

In line with market practice, the Company has agreed to indemnify the Directors in respect of costs, charges, losses, liabilities, damages and expenses, arising out of any claims or proposed claims made for negligence, default, breach of duty, breach of trust or otherwise, or relating to any application under Section 1157 of the Companies Act 2006, in connection with the performance of their duties as Directors of the Company. The indemnities would also provide financial support from the Company should the level of cover provided by the Directors' & Officers' liability insurance maintained by the Company be exhausted.

Voting at AGM
A binding Ordinary Resolution approving the Directors' Remuneration Policy and a non-binding Ordinary Resolution adopting the Directors' Report on Remuneration Implementation for the year ended 30 September 2022 were approved by shareholders at the AGM held on 20 December 2022. The votes cast by proxy were as follows:

Remuneration Policy	
For – % of votes cast	99.70%
Against – % of votes cast	0.23%
At Chairman's discretion – % of votes cast	0.07%
Total votes cast	160,532,124
Number of votes withheld	462,486

Report on Remuneration Implementation	
For – % of votes cast	99.69%
Against – % of votes cast	0.23%
At Chairman's discretion – % of votes cast	0.08%
Total votes cast	160,532,124
Number of votes withheld	462,486

The Directors who served during the year received the following emoluments:

Single Total Figure Table (audited information)

	Fees paid (£)		Taxable benefits (£)*		Total (£)		Percentage change (%)[1]		
Name of Director	**2023**	2022	**2023**	2022	**2023**	2022	**2022-2023**	2021-2022	2021-2020
Graham Kitchen	**47,664**	30,500	**467**	877	**48,131**	31,377	**56.3**[3]	5.2	3.4
Anja Balfour	**33,000**	30,500	**5,514**	4,450	**38,514**	34,950	**8.2**	5.2	3.4
Neil Galloway	**33,000**	30,500	**–**	–	**33,000**	30,500	**8.2**	5.2	–
June Jessop[2]	**25,000**	–	**2,404**	–	**27,404**	–	**–**	–	–
Calum Thomson	**40,500**	37,490	**864**	1,211	**41,364**	38,701	**8.0**	10.3[4]	3.4
Susan Noble[5]	**11,026**	47,500	**267**	1,287	**11,293**	48,787	**–**	5.6	3.9
Nigel Rich[6]	**–**	6,704	**–**	–	**–**	6,704	**–**	–	4.3
	190,190	183,194	**9,516**	7,825	**199,706**	191,019			

* Reimbursement of travel expenses.
1 The average percentage change over the previous financial years. Fees for Directors who were appointed or resigned during the year were calculated on a pro-rata basis, in order to provide a meaningful figure.
2 Appointed 1 January 2023.
3 Mr Kitchen was appointed as Chairman with effect from 20 December 2022 and since then received the additional fee for this function.
4 Mr Thomson was appointed as Senior Independent Director with effect from 16 December 2021 and since then received the additional fee for this function.
5 Retired 20 December 2022.
6 Retired 16 December 2021.

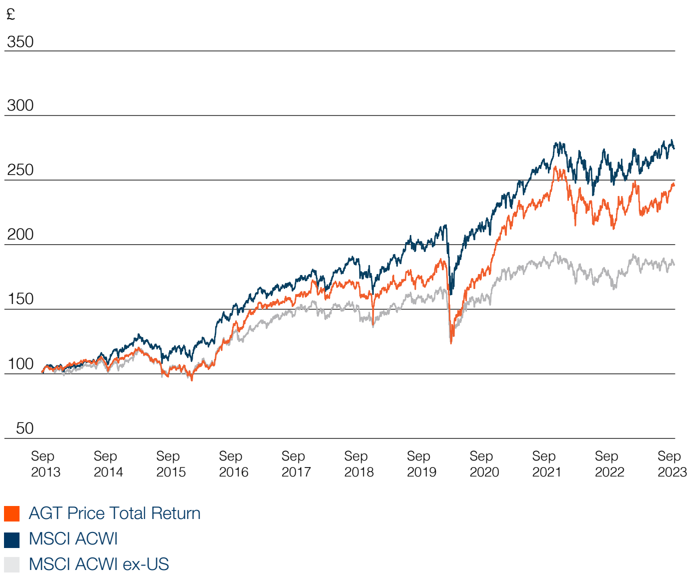
Sums Paid to Third Parties (audited information)
None of the fees referred to in the above table were paid to any third party in respect of the services provided by any of the Directors.

Other Benefits
Taxable benefits – Article 100 of the Company's Articles of Association provides that Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings.

Pensions related benefits – Article 101 permits the Company to provide pension or similar benefits for Directors and employees of the Company. However, no pension schemes or other similar arrangements have been established and no Director is entitled to any pension or similar benefits.

Share Price Total Return
The chart below illustrates the total shareholder return for a holding in the Company's shares, as compared to the MSCI All Country World ex-US Index and the MSCI All Country World Index (£ adjusted total return), which have been adopted by the Board as the measure for both the Company's performance and that of the Investment Manager for the year.

Ten years to 30 September 2023



Relative Importance of Spend on Pay
The table below shows the proportion of the Company's income spent on pay.

	2023	2022	Difference
Spend on Directors' fees*	£190,000	£183,000	3.8%
Management fee and other expenses	£8,673,000	£10,276,000	(15.6)%
Distribution to shareholders:			
(a) dividends	£15,959,000	£16,683,000	(4.3)%
(b) share buybacks	£56,668,000	£36,678,000	54.5%

* As the Company has no employees the total spend on remuneration comprises only the Directors' fees.

Note: the items listed in the table above are as required by the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ss.20, with the exception of the management fee and other expenses, which has been included because the Directors believe that it will help shareholders' understanding of the relative importance of the spend on pay. The figures for this measure are the same as those shown in note 3 to the financial statements.

Statement of Directors' Shareholding and Share Interests (audited information)
Neither the Company's Articles of Association nor the Directors' Letters of Appointment require a Director to own shares in the Company. The interests of the Directors and their connected persons in the equity and debt securities of the Company at 30 September 2023 (or date of retirement if earlier or date of appointment, if later) are shown in the table below:

	Ordinary Shares	
Director	2023	2022
Graham Kitchen	109,500[1]	74,500[1]
Susan Noble†	55,150	55,150
Anja Balfour	36,500	36,500
Neil Galloway	25,000	–
June Jessop††	28,000	–
Calum Thomson	44,490	44,490

[1] Includes 33,250 shares held by Jane Kitchen as at 30 September 2023 (as at 30 September 2022: 27,250).
† Retired 20 December 2022.
†† Appointed 1 January 2023.

Since 30 September 2023, Neil Galloway has purchased a total of 15,000 shares in the Company. There have been no other changes to Directors' interests between 30 September 2023 and the date of this Report.

Annual Statement
On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on Remuneration Implementation summarises, as applicable, for the year to 30 September 2023:

(a) the major decisions on Directors' remuneration;

(b) any substantial changes relating to Directors' remuneration made during the year; and

(c) the context in which the changes occurred and decisions have been taken.

Graham Kitchen
Chairman

9 November 2023

Other Reports / Independent Auditor's Report
To the Members of AVI Global Trust plc

Opinion on the financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of AVI Global Trust plc (the 'Company') for the year ended 30 September 2023 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence
Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 19 January 2023 to audit the financial statements for the year ended 30 September 2023 and subsequent financial periods. The period of total uninterrupted engagement is one year, covering the year ended 30 September 2023. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of the Directors' method of assessing going concern in light of market volatility and the present uncertainties in economic recovery by reviewing the information used by the Directors in completing their assessment;
- Consideration of risk that could plausibly, individually and collectively, result in liquidity issues, taking into account the Company's current and projected cash and liquid investment position;
- Assessing compliance with debt covenants, including forecast ability to comply with them in the going concern period;
- Reviewing the forecasted cash flows that support the Directors' assessment of going concern, challenging assumptions and judgements made in the forecasts, and scenarios considered, assessing them for reasonableness. In particular, we considered the liquidity of the portfolios and the available cash resources relative to the forecast expenditure which was assessed against the prior year for reasonableness; and
- Checking the accuracy of historical forecasting by agreeing to actual results.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters		2023
	Valuation and ownership of quoted investments	✓
Materiality	£9.8m based on 1% of Net assets	

An overview of the scope of our audit
Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation and ownership of quoted investments Refer to page 87 (Audit Committee Report), page 70 (Accounting policy) and pages 79-84 (Financial disclosures)	The investment portfolio at the year-end comprised of quoted investments amounting to £1,143 million. We considered the valuation and ownership of quoted investments to be the most significant audit area as the quoted investments also represent the most significant balance in the Financial Statements and underpin a significant portion of the principal activity of the entity. Whilst we do not consider their valuation to be subject to a significant degree of estimation or judgement, there is a risk that the prices used for the listed equity investments held by the Company are not reflective of the fair value of those investments as at the year-end. There is also a risk that errors made in the recording of investment holdings result in the incorrect reflection of investments owned by the Company. For these reasons and the materiality of the balance in relation to the financial statements as a whole, we considered this to be a key audit matter.	We responded to this matter by testing the valuation and ownership of the whole portfolio of quoted investments. We performed the following procedures: • Confirmed the year-end bid price was used by agreeing to externally quoted prices; • Assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value by considering the realisation period for individual holdings; • Obtained direct confirmation of the number of shares held per equity investment from the custodian regarding all investments held at the balance sheet date; and • Recalculated the valuation by multiplying the number of shares held per the statement obtained from the custodian by the valuation per share. **Key observations:** Based on our procedures performed we did not identify any matters to suggest the valuation or ownership of the quoted equity investments was not appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements
	2023
Materiality	£9.8m
Basis for determining materiality	1% of Net assets. The above amount was based on Net Asset Value (NAV) as at the planning stage of the audit.
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.
Performance materiality	£7.3m
Basis for determining performance materiality	75% of materiality
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of likely misstatements.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £490k. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

Other Reports / Independent Auditor's Report continued
To the Members of AVI Global Trust plc

Other information
The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement
The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified (page 63); and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate (page 63).
Other Code provisions	• Directors' statement on fair, balanced and understandable (page 64); • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks (page 63); • The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems (page 88); and • The section describing the work of the audit committee (page 87).

Other Companies Act 2006 reporting
Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.
Directors' remuneration	In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors
As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations
Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, the applicable accounting framework, and the Company's qualification as an Investment Trust under UK tax legislation, as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

Our procedures in respect of the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance throughout the period for instances of non-compliance with laws and regulations; and
- Reviewing the calculation in relation to Investment Trust compliance to check that the Company was meeting its requirements to retain its Investment Trust status.

Fraud
We assessed the susceptibility of the financial statements to material misstatement including fraud.

Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud; and
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Based on our risk assessment, we considered the areas most susceptible to be management override of controls.

Our procedures in respect of the above included:

- Recalculating investment management fees in total;
- Obtaining independent confirmation of bank balances;
- Review and consideration of the appropriateness of adjustments made in the preparation of the financial statements; and
- To include an element of unpredictability, our audit procedures also included consideration of the appropriateness of the allocation of returns generated between revenue and capital, including identifying and assessing the accounting treatment of relatively high yielding dividends received.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Use of our report
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Chris Meyrick (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor

Edinburgh, UK

9 November 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Shareholder Information / Notice of Annual General Meeting

This Document is Important and Requires your Immediate Attention
If you are in any doubt about the action to take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended) without delay. If you have sold or transferred all of your Ordinary Shares in the capital of AVI Global Trust plc (the Company) and, as a result, no longer hold any Ordinary Shares in the Company, please send this document and the accompanying Form of Proxy as soon as possible to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Notice is hereby given that the One Hundred and Thirty Fourth Annual General Meeting of AVI Global Trust plc will be held at 11 Cavendish Square, London W1G 0AN at 11.00am on Wednesday, 20 December 2023 to consider the following business.

The resolutions numbered 1 to 12 are proposed as ordinary resolutions, which must each receive more than 50% of the votes cast in order to be passed. Resolutions numbered 13 to 15 are proposed as special resolutions, which must each receive at least 75% of the votes cast in order to be passed.

1. To receive and adopt the financial statements of the Company for the financial year ended 30 September 2023 together with the Strategic Report and the Reports of the Directors and Auditor.
2. To approve a final ordinary dividend of 2.3p per Ordinary Share.
3. To approve a special dividend of 0.2p per Ordinary Share.
4. To re-elect Anja Balfour as a Director of the Company.
5. To re-elect Neil Galloway as a Director of the Company.
6. To elect June Jessop as a Director of the Company.
7. To re-elect Graham Kitchen as a Director of the Company.
8. To re-elect Calum Thomson as a Director of the Company.
9. To re-appoint BDO LLP as the Company's Auditor.
10. To authorise the Audit Committee to determine the Auditor's remuneration.
11. To approve the Directors' Report on Remuneration Implementation for the year ended 30 September 2023.
12. THAT the Directors of the Company be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the Act) to exercise all of the powers of the Company to allot Ordinary Shares in the capital of the Company (Ordinary Shares) and to grant rights to subscribe for or to convert any security into Ordinary Shares in the Company up to a maximum of 152,370,114 Ordinary Shares provided that such authority shall expire on the date which is 15 months after the date of the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company, save that the Company may before such expiry make offers or agreements which would or might require Ordinary Shares to be allotted, or rights to be granted, after such expiry and the Directors may allot Ordinary Shares, or grant such rights, in pursuance of such offers or agreements as if the authority conferred hereby had not expired; and all unexercised authorities previously granted to the Directors to allot Ordinary Shares be and are hereby revoked.
13. THAT, subject to the passing of resolution 12 above, the Directors of the Company be and are hereby generally authorised and empowered pursuant to Sections 570 and 573 of the Companies Act 2006 (the Act) to allot equity securities (as defined in Section 560 of the Act) (including the grant of rights to subscribe for, or to convert any securities into, Ordinary Shares in the capital of the Company (Ordinary Shares) and the sale of Ordinary Shares held by the Company in treasury) wholly for cash pursuant to any existing authority given in accordance with Section 551 of the Act, as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
    (a) in connection with an offer of such securities by way of rights to holders of Ordinary Shares on the register of members of the Company on a fixed record date in proportion (as nearly as may be practicable) to their respective holdings of Ordinary Shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements or any legal or practical problems arising under the laws of, or the requirements of, any territory or any regulatory or governmental body or authority or stock exchange; and
    (b) otherwise than pursuant to sub-paragraph (a) above, equating to a maximum of 22,855,517 Ordinary Shares being approximately 5% of the equity share capital in issue as at 9 November 2023, and the authority hereby granted shall expire on the date which is 15 months after the date of the passing of this resolution or, if earlier, the date of the next Annual General Meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities and sell Treasury Shares in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

14. THAT the Company be and is hereby generally and unconditionally authorised for the purposes of Section 701 of the Companies Act 2006 (the Act) to make one or more market purchases (within the meaning of Section 693(4) of the Act) of Ordinary Shares in the capital of the Company (Ordinary Shares) either for cancellation or to hold as Treasury Shares (within the meaning of Section 724 of the Act) provided that:
    - (a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 68,520,840;
    - (b) the Directors be authorised to determine at their discretion that any Ordinary Shares purchased be cancelled or held by the Company as Treasury Shares;
    - (c) the minimum price which may be paid for a share shall be the nominal value of that share (exclusive of associated expenses);
    - (d) the maximum price which may be paid for an Ordinary Share shall be the higher of: (i) 5% above the average of the middle market quotations of the Ordinary Shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date on which the relevant share is contracted to be purchased (exclusive of associated expenses); and (ii) the higher of the price of the last independent trade and the highest current independent bid for an Ordinary Share of the Company on the London Stock Exchange; and
    - (e) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on the date which is 15 months after the date of the passing of this resolution or, if earlier, the date of the next Annual General Meeting of the Company save that the Company may prior to such expiry enter into a contract or arrangement to purchase Ordinary Shares under this authority which will or may be completed or executed wholly or partly after the expiry of this authority and may make a purchase of Ordinary Shares pursuant to any such contract or arrangement as if the authority hereby conferred had not expired.
15. THAT a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

By Order of the Board

Link Company Matters Limited
Corporate Secretary

Registered Office:
Link Company Matters Limited
6th Floor
65 Gresham Street
London
EC2V 7NQ

9 November 2023

Shareholder Information / Notice of Annual General Meeting continued

Notes

1. Attending the AGM in Person

If you wish to attend the AGM in person, you should sign the admission card enclosed with this document and hand it to the Company's Registrars on arrival at the AGM.

2. Appointment of Proxy

Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company.

3. Appointment of Proxy

A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. Where two or more valid appointments of proxy are received in respect of the same share in relation to the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others. If the Company is unable to determine which is last sent, the one which is last received shall be so treated. If the Company is unable to determine either which is last sent or which is last received, none of such appointments shall be treated as valid in respect of that share. The termination of the authority of a person to act as proxy must be notified to the Company in writing.

To be valid, any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by 11.00am on Monday, 18 December 2023. In determining the time for delivery of proxies pursuant to the Articles of Association, no account has been taken of any part of a day that is not a working day. Alternatively, you may send any document or information relating to proxies to the electronic address indicated on the form of proxy.

The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 8 below) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.

If you require additional proxy forms, please contact the Registrar's helpline on +44 (0)371 384 2490. Lines are open 8.30am to 5.30pm Monday to Friday (excluding public holidays in England and Wales).

Alternatively, you may, if you wish, register the appointment of a proxy electronically by logging on to **www.sharevote.co.uk**. To use this service you will need your Voting ID, Task ID and Shareholder Reference Number printed on the accompanying Form of Proxy. Full details of the procedure are given on the website.

To be valid, the appointment of a proxy electronically must be made by 11.00am on Monday, 18 December 2023. In determining the time for electronic appointment of proxies pursuant to the Articles of Association, no account has been taken of any part of a day that is not a working day.

4. Appointment of Proxy by Joint Shareholders

In the case of joint shareholders, where more than one of the joint shareholders purports to appoint one or more proxies, only the purported appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint shareholders appear in the Company's register of members in respect of the joint shareholding, with the first named being the most senior.

5. Nominated Persons

Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies does not apply to Nominated Persons as such rights can only be exercised by registered shareholders of the Company.

6. Entitlement to Attend and Vote

To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.30pm on Monday, 18 December 2023 (or, in the event of any adjournment, 6.30pm on the date which is two business days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

7. Issued Share Capital and Total Voting Rights

As at 9 November 2023, the Company's issued share capital consisted of 502,711,299 Ordinary Shares, carrying one vote each, of which 45,600,956 were in treasury. Therefore, the voting rights in the Company as at 9 November 2023 equate to a total of 457,110,343 votes. Treasury shares represented 9.07% of the issued share capital as at 9 November 2023.

8. CREST Members

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via **www.euroclear.com**). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 11.00am on Monday, 18 December 2023. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

9. Proxymity

If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to **www.proxymity.io**. Your proxy must be lodged by 11.00am on Monday, 18 December 2023 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully, as you will be bound by them and they will govern the electronic appointment of your proxy.

10. Corporate Members

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares. To be able to attend and vote at the meeting, corporate representatives will be required to produce, prior to their entry to the meeting, evidence satisfactory to the Company of their appointment.

11. Rights to Publish Statements under Section 527 of the Companies Act 2006

Under Section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:

(i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or

(ii) any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

12. Questions and Answers

Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

However, where appropriate, the Chairman may offer to provide an answer to a question after the conclusion of the AGM.

If you are unable to attend the AGM in person and have any questions about the Annual Report, the investment portfolio or any other matter relevant to the Company, please write to us either via email at agm@aviglobal.co.uk or by post to AVI Global Trust PLC, Link Company Matters Limited, 6th Floor, 65 Gresham Street, London, EC2V 7NQ.

13. Information on the Company's Website

In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website **www.aviglobal.co.uk**.

14. Display Documents

None of the Directors has a contract of service with the Company. Copies of the Letters of Appointment of the Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (except weekends and public holidays) until the date of the meeting and at the place of the meeting for a period of 15 minutes prior to and during the meeting.

15. Electronic Address

Any electronic address provided either in this notice or in any related documents (including the Form of Proxy) may not be used to communicate with the Company for any purposes other than those expressly stated.

Dividends
Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandate forms may be obtained from Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA on request or downloaded from Equiniti's website **www.shareview.com**. The Company operates the BACS system for the payment of dividends. Where dividends are paid directly into shareholders' bank accounts, dividend tax vouchers are sent to shareholders' registered addresses.

Share Prices
The Company's Ordinary Shares are listed on the London Stock Exchange under 'Investment Trusts'. Prices are published daily in The Financial Times, The Times, The Daily Telegraph, The Scotsman and The Evening Standard.

Change of Address
Communications with shareholders are mailed to the last address held on the share register. Any change or amendment should be notified to Equiniti Limited at the address given above, under the signature of the registered holder.

Daily Net Asset Value
The net asset value of the Company's shares can be obtained by contacting Customer Services on 0845 850 0181 or via the website: **www.aviglobal.co.uk**.

Provisional Financial Calendar 2024/2023

20 December 2023	Annual General Meeting
4 January 2024	Final and special paid on Ordinary Shares
May 2024	Announcement of half year results
June 2024	Interim dividend paid on Ordinary Shares
November 2024	Announcement of annual results
November 2024	Posting of Annual Report
December 2024	Annual General Meeting

Shareholder Information / Glossary

AIFM

The AIFM, or Alternative Investment Fund Manager, is Asset Value Investors, which manages the portfolio on behalf of AGT shareholders. The current approach to investment used by Asset Value Investors was adopted in June 1985.

NAV total return since inception of strategy in June 1985 (annualised)

	30 September 2023	30 September 2022	
Closing NAV per share (p)	**226.77**	199.76	a
Dividends paid out (p)	**45.50**	42.20	b
Benefits from re-investing dividends (p)	**117.35**	96.09	c
Adjusted NAV per share (p)	**389.61**	338.05	**d = a + b + c**
Opening NAV per share (p)* – June 1985	**5.94**	5.94	e
Annualised NAV total return (%)	**11.5%**	11.4%	**((d/e) ^ (1/38.25)) - 1**

Alternative Performance Measure (APM)

An APM is a numerical measure of the Company's current, historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial framework. In selecting these Alternative Performance Measures, the Directors considered the key objectives and expectations of typical investors in an investment trust such as the Company.

Comparator Benchmark

As described in the Chairman's Statement the Company's Comparator Benchmark is the MSCI All Country World Total Return Index, but performance is also reported compared with the previous comparator benchmark, the MSCI All Country World ex-US Total Return Index, expressed in Sterling terms. The benchmark is an index which measures the performance of global equity markets, both developed and emerging. The weighting of index constituents is based on their market capitalisation.

Dividends paid by index constituents are assumed to be reinvested in the relevant securities at the prevailing market price. The Investment Manager's investment decisions are not influenced by whether a particular company's shares are, or are not, included in the benchmark. The benchmark is used only as a yard stick to compare investment performance.

Cost

The book cost of each investment is the total acquisition value, including transaction costs, less the value of any disposals or capitalised distributions allocated on a weighted average cost basis.

Currency

GBP	EUR	USD	SEK	JPY	NOK	CHF	HKD	BRL	RON	INR	CAD
Pounds Sterling	Euro	US Dollar	Swedish Krona	Japanese Yen	Norwegian Krone	Swiss Franc	Hong Kong Dollar	Brazilian Real	Romanian Lei	Indian Rupee	Canadian Dollar

Discount/Premium (APM)

If the share price is lower than the NAV per share, it is said to be trading at a discount. The size of the Company's discount is calculated by subtracting the share price of 202.0p (2022: 179.0p) from the NAV per share (with debt at fair value) of 226.8p (2022: 199.8p) and is usually expressed as a percentage of the NAV per share, 10.9% (2022: 10.4%). If the share price is higher than the NAV per share, this situation is called a premium.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

A proxy for the cash flow generated by a business – it is most commonly used to assess businesses that do not (yet) generate operating or shareholder profits.

Gearing (APM)

Gearing refers to the ratio of the Company's debt to its equity capital. The Company may borrow money to invest in additional investments for its portfolio. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

Using debt at par value, the gross gearing of 13.7% (2022: 12.7%) represents borrowings of £141,549,000 (2022: £122,893,000) expressed as a percentage of shareholders' funds of £1,031,018,000 (2022: £969,508,000). Using debt at fair value, gross gearing is 11.9% (2022: 11.3%).

Net gearing, which accounts for cash balances and uses debt at par value, is 11.0% (2022: 1.7%). Using debt at fair value, net gearing is 7.4% (2022: 0.5%).

* The opening NAV per share is restated for the share split.

Shareholder Information / Glossary continued

Gearing (APM) continued

The gross and net gearing reconciliation calculations are provided below:

Gross Gearing (Debt at Par)	**2023 £'000**	2022 £'000	
Debt	**-141,549**	-122,893	a
NAV	**1,031,018**	969,508	b
Gross Gearing	**13.7%**	12.7%	=a/b

Net Gearing (Debt at Par)	**2023**	2022	
Assets (inc. Cash)	**49,905**	114,850	c
Liabilities	**-3,398**	-8,880	d
Net	**-95,042**	-16,923	e=a+c+d
Net Gearing	**9.2%**	1.7%	=e/b

Gross Gearing (Debt at Fair)	**2023**	2022	
Debt	**-124,487**	-110,649	a
NAV	**1,048,080**	981,752	b
Gross Gearing	**11.9%**	11.3%	=a/b

Net Gearing (Debt at Fair)	**2023**	2022	
Assets (inc. Cash)	**49,905**	114,850	c
Liabilities	**-3,398**	-8,880	d
Net	**-77,980**	-4,679	e=a+c+d
Net Gearing	**7.4%**	0.5%	=e/b

The current values of the Loan Notes and revolving credit facility consist of the following:

	30 September 2023							30 September 2022					
	2036 GBP loan £'000	**2036 EUR loan £'000**	**2037 EUR loan £'000**	**2032 JPY 8bn loan £'000**	**2033 JPY 4.5bn loan £'000**	**JPY revolving credit facility £'000**	**Total £'000**	2036 GBP loan £'000	2036 EUR loan £'000	2037 EUR loan £'000	JPY revolving credit facility £'000	2032 JPY loan £'000	Total £'000
Value of issue	**30,000**	**22,962**	**17,526**	**49,516**	**24,802**	**–**	**144,806**	30,000	22,962	17,526	–	49,516	120,004
Unamortised issue costs	**(80)**	**(61)**	**(97)**	**(162)**	**(48)**	**–**	**(448)**	(87)	(66)	(105)	–	(179)	(437)
Exchange movement	**–**	**3,059**	**(179)**	**(5,593)**	**(96)**	**–**	**(2,809)**	–	3,339	9	–	(22)	3,326
Amortised book cost	**29,920**	**25,960**	**17,250**	**43,761**	**24,658**	**–**	**141,549**	29,913	26,235	17,430	–	49,315	122,893
Fair value	**25,051**	**22,158**	**13,936**	**40,584**	**22,757**	**–**	**124,487**	25,127	22,668	14,214	–	48,640	110,649
Redemption costs	**3,818**	**4,802**	**3,356**	**(1,007)**	**3,534**	**–**	**14,502**	4,899	7,144	5,016	–	(2,124)	14,935
Redemption value	**28,869**	**26,960**	**17,292**	**39,577**	**26,291**	**–**	**138,989**	30,026	29,812	19,230	–	46,516	125,584

The fair values of the Loan Notes are calculated using net present values of future cash flows and the yields, taking account of exchange rates. The redemption value includes the penalty payable on early redemption.

The impact of holding the Loan Notes at fair value would be to increase the Company's net assets with debt at fair value by £17,062,000 (2022: increase by £12,244,000).

The fair value of the Company's Loan Notes at the year-end was £124,487,000 (2022: £110,649,000). The interest rates of the non-current liabilities (Loan Notes) are fixed. A 1% increase in market interest rates would be expected to decrease the fair value of the non-current liabilities, and increase net assets with debt at fair value, by approximately -£10.8m (2022: -£10.3m), all other factors being equal. A 1% decrease would increase the fair value of them non-current liabilities, and decrease net assets with debt at fair value, by £12.0m (2022: £11.6m). The Loan Notes are held in the NAV at amortised cost.

Internal Rate of Return (IRR)
The IRR is the annualised rate of return earned by an investment, adjusted for dividends, purchases and sales, since the holding was first purchased.

Net Assets
Net assets are the total value of all the Company's assets less all liabilities. Net assets is equivalent to shareholders' funds.

Net Asset Value (NAV) (APM)
The NAV is shareholders' funds expressed as an amount per individual share. Shareholders' funds are the total value of all the Company's assets, at current market value, having deducted all liabilities including debt at amortised cost revalued for exchange rate movements. The total NAV per share is calculated by dividing shareholders' funds of £1,031,018,000 (2022: £969,508,000) by the number of Ordinary Shares in issue excluding Treasury Shares of 462,173,682 (2022: 491,451,568*) at the year-end.

Net Asset Value (debt at fair value) (APM)
The adjusted NAV per share (debt at fair value) incorporates the debt at fair value instead of at amortised cost, increasing the NAV by £17,062,000 (2022: £12,244,000 increase). This is calculated by the original NAV of £1,031,018,000 (2022: £969,508,000) less the debt at amortised cost £141,549,000 (2022: £122,893,000), adding back the debt at fair value £124,487,000 (2022: £110,649,000). The adjusted NAV (debt at fair value) is £1,048,080,000 (2022: £957,264,000) divided by the number of Ordinary Shares in issue excluding Treasury Shares of 462,173,682 (2022: 491,451,568*) at the year-end provides the adjusted NAV per share (debt at fair value) provides the adjusted NAV per share (debt at fair value) of 226.77p (2022: 199.76p).

Ongoing Charges Ratio / Expense Ratio (APM)
The Company's Ongoing Charges Ratio is the sum of: (a) its Expense Ratio; (b) Costs of gearing; and (c) transaction costs. For a detailed discussion of the Expense Ratio, please see the discussion of Key Performance Indicators on page 12 of the Annual Report.

The Company's Expense Ratio is its annualised expenses (excluding finance costs and certain non-recurring items) of £8,655,000 (2022: £9,577,000) (being investment management fees of £6,891,000 (2022: £7,650,000) and other expenses of £1,782,000 (2022: £2,594,000) less non-recurring expenses of £18,000 (2022: £667,000)) expressed as a percentage of the average month-end net assets of £1,010,898,000 (2022: £1,089,555,000) during the year as disclosed to the London Stock Exchange.

A reconciliation of the Ongoing Charges to the Expense Ratio is provided below:

		30 September 2023	30 September 2022
Total Expense Ratio	a	**0.86%**	0.88%
Cost of Gearing	b	**0.34%**	0.34%
Transaction Costs	c	**0.07%**	0.07%
Total	= a + b + c	**1.27%**	1.29%

% of investee Company
AGT's economic exposure to each investee company, as estimated by AVI.

Return on Investment (ROI)
The ROI is the total profits earned to date on an investment divided by the total cost of the investment.

Revenue and Capital Earnings per Share (APM)
Revenue earnings per share is calculated by dividing revenue profit after tax for the year of £20,041,000 (2022: £16,302,000) by the weighted average of Ordinary Shares (excluding shares in issue) during the year 478,739,622 (2022: 503,274,200). Capital earnings per share is calculated by dividing capital profit for the year of £114,096,000 (2022: loss of £127,328,000) by the weighted average of Ordinary Shares (excluding shares in issue) during the year 478,739,622 (2022: 503,274,200).

Shares Bought Back
The Company may repurchase its own shares, reducing the freely traded shares ranking for dividends and enhancing returns and earnings per Ordinary Share to the remaining shareholders. When the Company repurchases its shares, it does so at a total cost below the prevailing NAV per share.

The estimated percentage added to NAV per share from buybacks of 0.6% (2022: 0.4%) is derived from the repurchase of shares in the market at a discount to the prevailing NAV at the point of repurchase. The shares were bought back at a weighted average discount of 10.1% (2022: 10.3%).

	30 September 2023	30 September 2022	
Weighted average discount of buybacks	**10.1%**	10.3%	a
Percentage of shares bought back	**6.0%**	3.7%	b
NAV accretion from buyback	**0.6%**	0.4%	(a * b) / (1 – b)

Total Assets
Total assets include investments, cash, current assets and all other assets. An asset is an economic resource, being anything tangible or intangible that can be owned or controlled to produce positive economic value. The total assets less all liabilities is equivalent to total shareholders' funds.

Total Return (APM)
Total return statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The total return measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the NAV or share price plus dividend income reinvested by the Company at the prevailing NAV or share price.

* Restated for share split.

Shareholder Information / Glossary continued

NAV Total Return (APM)

NAV total return is calculated by assuming that dividends paid out are re-invested into the NAV on the ex-dividend date. This is accounted for in the "benefits from re-investing dividends" line. The NAV used here includes debt marked to fair value and is inclusive of accumulated income.

Where an "annualised" figure is quoted, this means that the performance figure quoted is not a standard one-year figure, and therefore has been converted into an annual return figure in order to ease comparability. For example, if AGT's NAV increased by +100% over a ten-year period, this would become an annualised NAV return of 7.2%.

NAV total return over 1 year

	Page	30 September 2023	30 September 2022	
Closing NAV per share (p)		**226.77**	199.76	a
Dividends paid out (p)	75	**3.30**	3.30	b
Benefits from re-investing dividends (p)		**0.19**	-0.23	c
Adjusted NAV per share (p)		**230.26**	202.83	d = a+b+c
Opening NAV per share (p)*		**199.76**	218.76	e
NAV total return (%)		**15.3%**	-7.3%	= (d/e)-1

NAV total return over 10 years (annualised)

Closing NAV per share (p)	**226.77**	199.76	a
Dividends paid out (p)	**28.94**	28.24	b
Benefits from re-investing dividends (p)	**18.34**	15.69	c
Adjusted NAV per share (p)	**274.05**	243.69	**d = a + b + c**
Opening NAV per share (p)*	**109.92**	99.64	e
Annualised NAV total return (%)	**9.6%**	9.4%	**((d/e) ^ (1/10)) - 1**

Share Price Total Return (APM)

Share price total return is calculated by assuming that dividends paid out are re-invested into new shares on the ex-dividend date. This is accounted for in the "benefits from re-investing dividends" line.

Share price total return over 1 year

	Page	30 September 2023	30 September 2022	
Closing NAV per share (p)		**202.00**	179.00	a
Dividends paid out (p)	75	**3.30**	3.30	b
Benefits from re-investing dividends (p)		**0.10**	-0.27	c
Adjusted price per share (p)		**205.40**	182.03	d = a+b+c
Opening price per share (p)		**179.00**	204.00	e
Share price total return (%)		**14.8%**	-10.8%	= (d/e)-1

Treasury Share

When a share is bought back it may be cancelled immediately or held (at zero value) as a Treasury Share. Shares that are held in treasury can be reissued for cash at minimal cost. The Company will only reissue shares from treasury at a price at or above the prevailing NAV per share.

Total Return Swap

A total return swap is a financial contract between two parties, whereby each party agrees to "swap" a series of cashflows. On the long positions, AGT receives income but pays floating rate interest and capital movement. Capital movement is based on the notional value (the equity exposure of the underlying security). On short positions, AGT pays income and receives the floating rate interest and capital movement.

Weight

Weight is defined as being each position's value as a percentage of net assets.

Weighted-average Discount (APM)

The weighted-average discount is calculated as being the sum of the products of each holding's weight in AGT's portfolio times its discount.

AVI calculates an estimated sum-of-the-parts NAV per share for each holding in AGT's portfolio. This NAV is compared with the share price of the holding in order to calculate a discount.

Weighted Average Shares (APM)

The weighted average shares outstanding is calculated by multiplying the outstanding number of shares after each share issue and buy back of shares during the year with the time weighted portion. The total of the weighted average of shares in issue excluding Treasury shares during the year is 478,739,622.

* The opening NAV per share is restated for the share split.

Shareholder Information / Company Information

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Neil Galloway
June Jessop
Calum Thomson

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London Stock Exchange
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PREMIUM

HOW TO INVEST

AGT is a closed-ended investment trust with shares listed on the London Stock Exchange and part of the FTSE 250 index. Shares in AGT can be bought directly on the London Stock Exchange or through investment platforms.

For more information visit: **www.aviglobal.co.uk**

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