



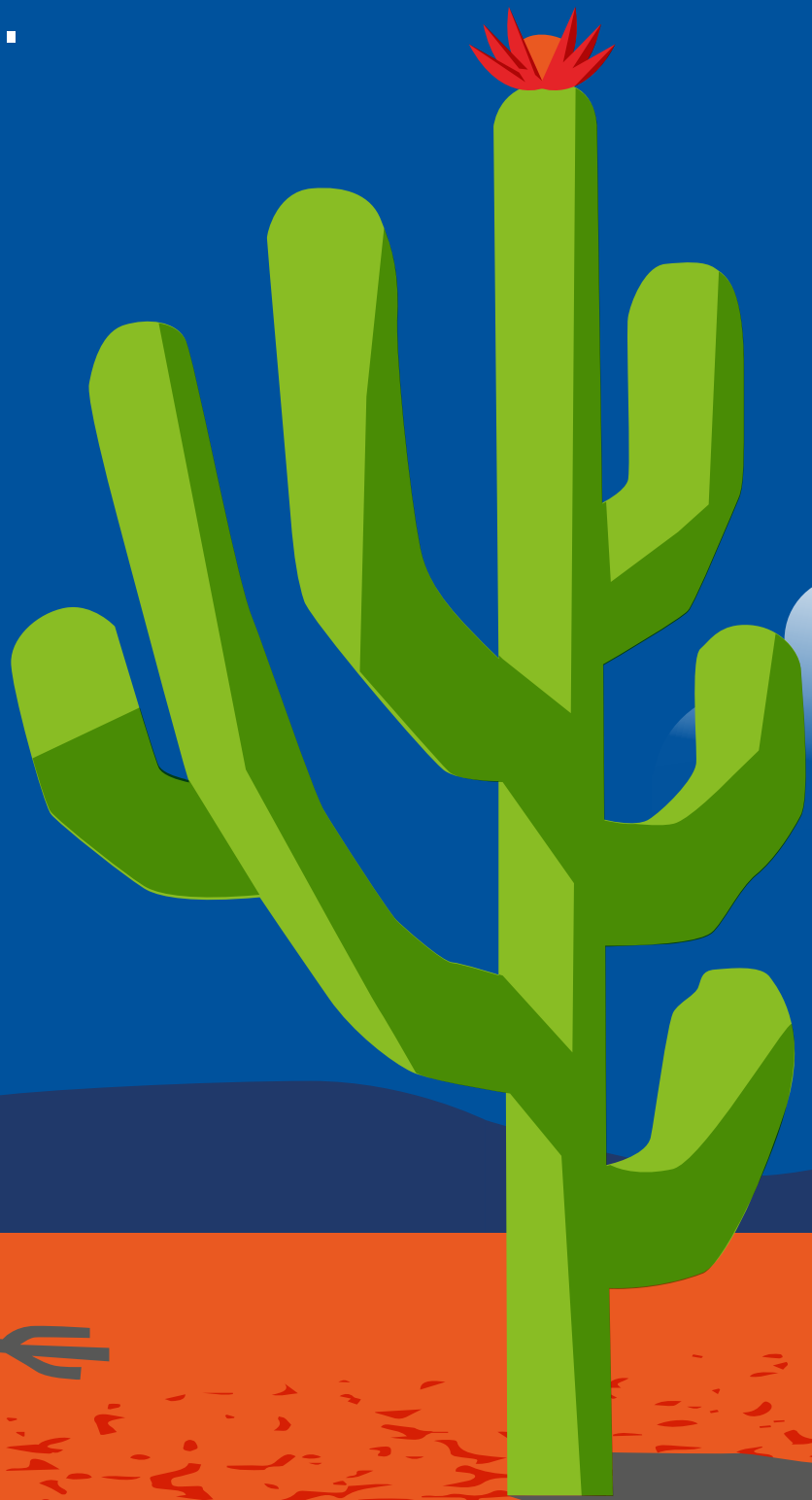
# AVI Global Trust plc Annual Report 2024





Resilience.  
Longevity.  
Growth.

Annual Report 2024





# Annual Report 2024

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<sup>†</sup>:

**£1.1 billion\***

Launch date:

**1 July 1889**

Annualised NAV total return since 1985<sup>†</sup>:

**11.6%\*\***

Ongoing Charges Ratio<sup>†</sup>:

**0.87%\*\*\***

## Awards



AIC Shareholder Communication Awards 2024 • Winner  
Best Report and Accounts (Generalist)



Citywire Investment Trust Awards 2023 • Winner  
Global Equities



Investment Week Investment Company of the Year Awards 2023 • Winner  
Global

## 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 (AVI, or the Investment Manager). Further disclosures required under the AIFMD can be found on the Company's website: [www.aviglobal.co.uk](http://www.aviglobal.co.uk).

## ISA Status

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

\* As at 30 September 2024.

\*\* Source: Morningstar, performance period 30 June 1985 to 30 September 2024, total return net of fees, GBP. The current approach to investment was adopted in 1985.

\*\*\* As at 30 September 2024, includes: management fee, marketing and administration costs. Formerly disclosed as the Expense Ratio.

† For all Alternative Performance Measures included in this Strategic Report, please see definitions in the Glossary on pages 101 to 105.













## Overview of the Year



 Strategic Report

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## The Attractions of Investing in Holding Companies



 Investment Review

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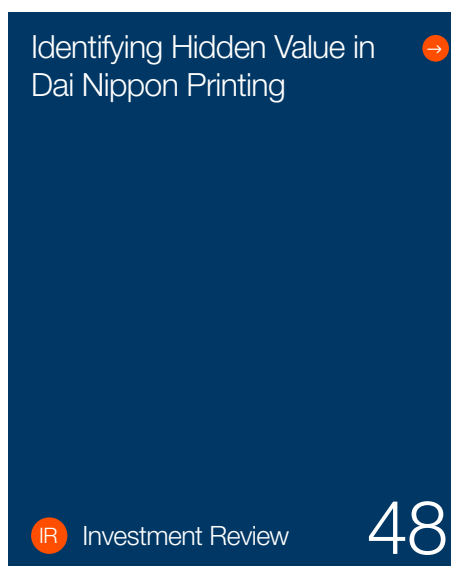


## A Unique Investment Portfolio



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## Identifying Hidden Value in Dai Nippon Printing



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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](http://www.aviglobal.co.uk)

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## Strategic Report / Company Performance

## Financial Highlights

## PERFORMANCE SUMMARY

- Net asset value (NAV) per share total return was +13.7%
- Share price total return of +16.3%
- Final ordinary dividend of 2.55p, and total dividend increased to 3.75p

	30 September 2024	30 September 2023
<b>Net asset value per share (total return) for the year<sup>1*</sup></b>	<b>+13.7%</b>	<b>+15.3%</b>
<b>Share price total return for the year<sup>*</sup></b>	<b>+16.3%</b>	<b>+14.8%</b>
<b>Comparator Benchmark</b> MSCI All Country World Index (£ adjusted total return <sup>†</sup> )	<b>+19.9%</b>	<b>+10.5%</b>
<b>Discount<sup>*</sup></b> Share price discount (difference between share price and net asset value) <sup>2*</sup> Share price discount: High Low	 <b>9.0%</b>  <b>12.3%</b> <b>6.3%</b>	 <b>10.9%</b>  <b>12.9%</b> <b>7.0%</b>
	<b>Year to 30 September 2024</b>	<b>Year to 30 September 2023</b>
<b>Earnings and Dividends</b>		
Investment income	£26.60m	£24.45m
Revenue earnings per share <sup>*</sup>	4.20p	4.19p
Capital earnings per share <sup>*</sup>	27.45p	23.83p
Total earnings per share	31.65p	28.02p
Ordinary dividends per share	3.75p	3.50p
Special dividends per share	–	0.20p
<b>Ongoing Charges Ratio<sup>*</sup></b> Management, marketing and other expenses (as a percentage of average shareholders' funds)	<b>0.87%</b>	<b>0.86%</b>
<b>2024 Year's Highs/Lows</b>	<b>High</b>	<b>Low</b>
Net asset value per share <sup>*</sup>	264.40p	207.84p
Net asset value per share (debt at fair value) <sup>*</sup>	267.39p	211.81p
Share price <sup>*</sup> (mid market)	248.00p	187.80p

## Buybacks

During the year, the Company purchased and cancelled 20,112,011 Ordinary Shares (2023: 29,277,886 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 index, 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 2024 and 30 September 2023 would have been 20.2% and 11.0%, respectively.

## \* Alternative Performance Measures

For all Alternative Performance Measures included in this Strategic Report, please see definitions in the Glossary on pages 101 to 105.

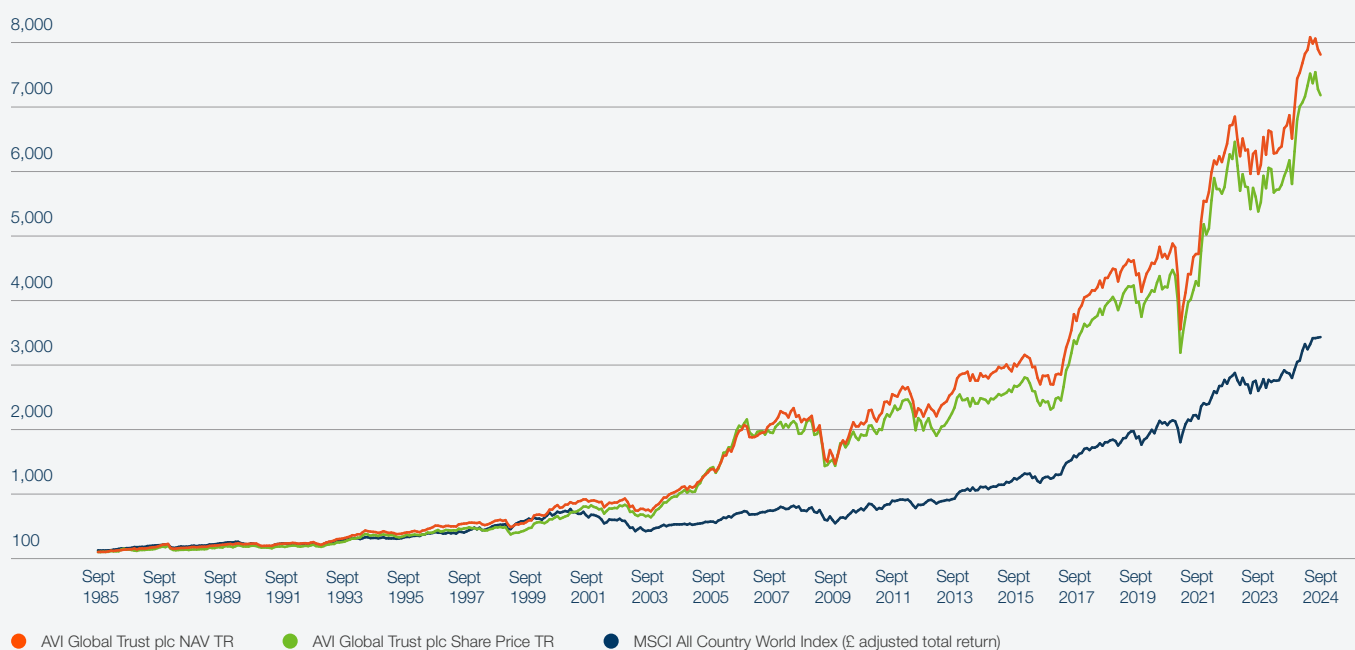


## Historical record

Year ended 30 September	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenue profit for the year £'000	<b>18,942</b>	20,041	16,302	14,289	10,134	21,169	16,933	12,603	18,747	16,268
Revenue earnings per share (p) <sup>†</sup>	<b>4.20</b>	4.19	3.24	2.74	1.87	3.82	2.97	2.09	2.86	2.35
Ordinary dividends per share (p) <sup>†</sup>	<b>3.75</b>	3.50	3.30	3.30	3.30	3.30	2.60	2.40	2.34	2.34
Special dividend per share (p) <sup>†</sup>	–	0.20	–	–	–	–	–	–	0.56	–
Net assets £'000	<b>1,112,725</b>	1,031,018	969,508	1,133,222	883,605	938,941	941,680	903,229	843,973	697,542
Basic net asset value per share (p) <sup>†</sup>	<b>251.71</b>	223.08	197.27	221.95	167.43	170.52	168.39	155.52	134.10	103.91

<sup>†</sup> The figures where appropriate 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, in order to be comparable on a like-for-like basis.

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



\* The current approach to investment was adopted in June 1985.



# Finding compelling opportunities

## 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 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 40 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.

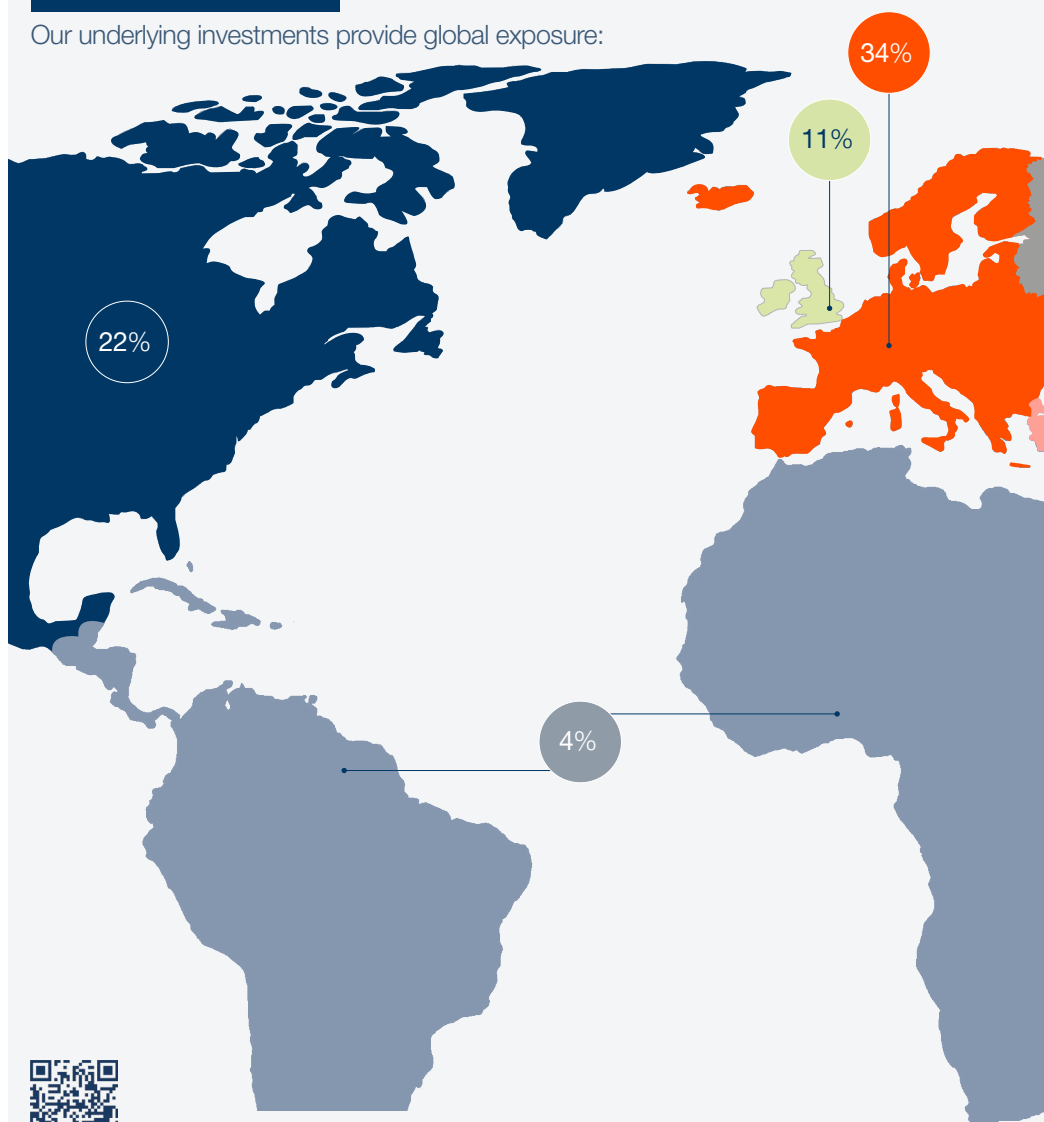


### Global

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

## OUR INVESTMENTS

Our underlying investments provide global exposure:



@AVIglobaltrust / What is AVI Global Trust?

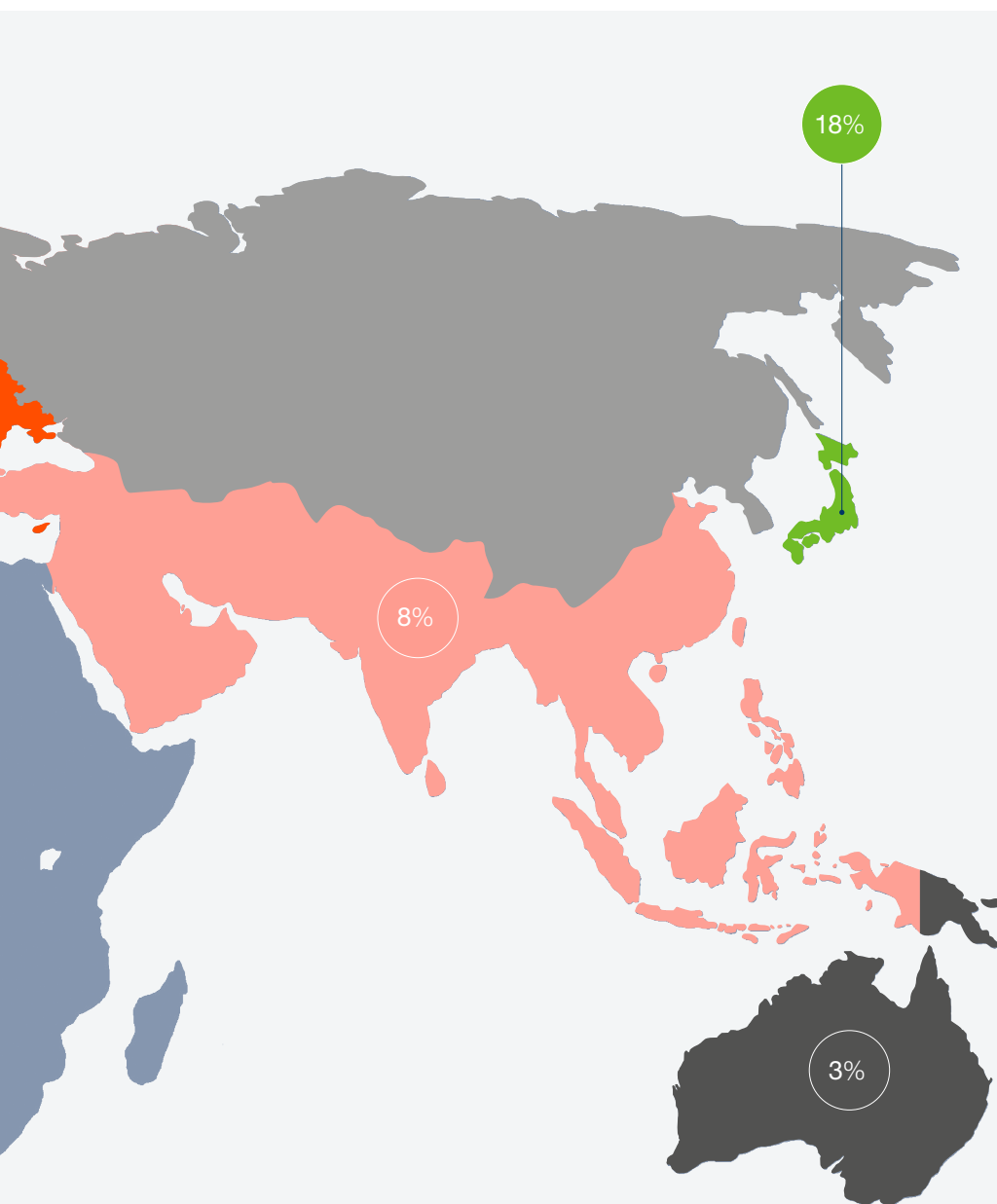
## Global Exposure



	2024# %	2023# %
United Kingdom	11	3
North America	22	29
Europe	34	33
Asia	8	10
Japan	18	18
Latin America, Africa & Emerging Europe	4	6
Oceania	3	1

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





## 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, share price discount to net asset value and the Ongoing Charges Ratio.

Net asset value total return\*:

**+13.7%** (2023: +15.3%)

3 Years	+21.49%
10 Years	+165.3%

Ongoing Charges Ratio\*:

**0.87%** (2023: 0.86%)

2024	0.87%
2023	0.86%

Discount\* (as at Year End):

**9.0%** (2023: 10.9%)

2024 high	12.3% (2023: 12.9%)
2024 low	6.3% (2023: 7.0%)

Read more about our KPIs and Principal Risks on **pages 16 to 19 of the Annual Report**

## Capital Structure

As at 30 September 2024, the Company's issued share capital comprised 487,662,627 Ordinary Shares of 1p each, of which 45,600,956 were held in treasury and therefore the total voting rights attached to Ordinary Shares in issue were 442,061,671. As at 12 November 2024 it comprised 484,637,627 Ordinary Shares, 45,600,956 of which were held in treasury, and therefore the total voting rights attached to Ordinary Shares in issue were 439,036,671.

## Annual General Meeting

The Company's Annual General Meeting ("AGM") will be held at 11.00am on Thursday, 19 December 2024 at 11 Cavendish Square, London W1G 0AN. Shareholders will be able to submit questions to the Board and AVI ahead of the AGM and answers to these, as well as AVI's presentation, will be made available on the Company's website. Please refer to the Notice of AGM on pages 96 to 99 for further information and the resolutions which will be proposed at this meeting.

## OTHER KEY STATISTICS

Net asset value per share:

**253.81p** (2023: 226.77p)

Number of investments:

**40** (2023: 44)

Estimated percentage added to net asset value per share from buybacks\*:

**+0.4%** (2023: 0.6%)

Top 10 investments†:

**57.2%** (2023: 60.7%)

\* For all Alternative Performance Measures included in this Strategic Report, please see definitions in the Glossary on pages 101 to 105.

† Of net assets.



# At a Glance

## INVESTMENT PHILOSOPHY

The investment philosophy employed by Asset Value Investors (AVI), 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.

### 01.

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

### 02.

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

### 03.

Focusing on bottom-up stock picking

### 04.

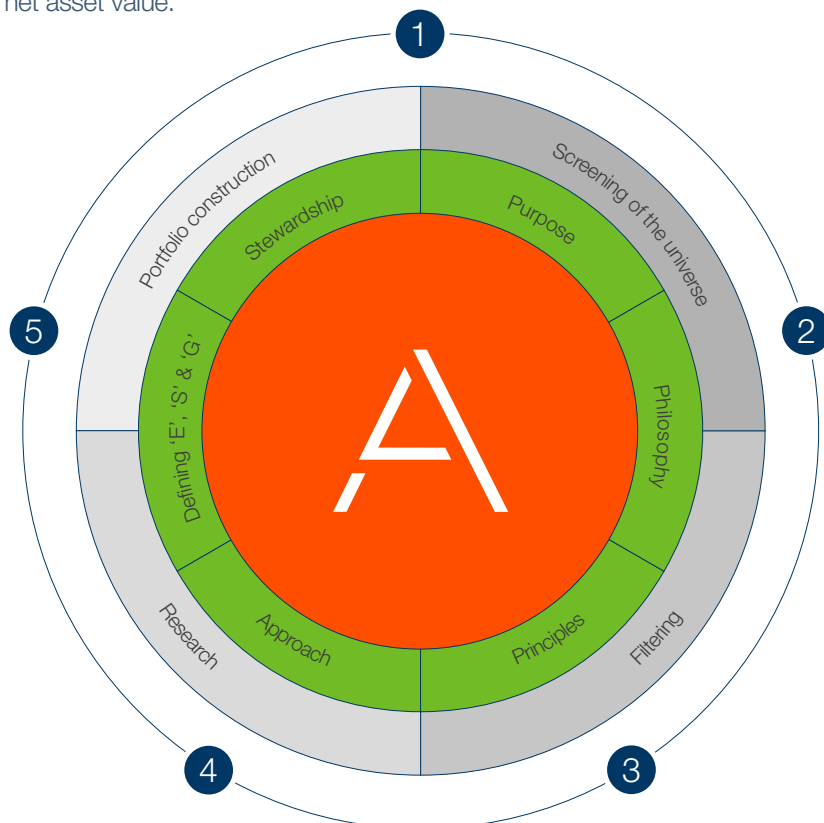
Looking for catalysts to narrow discounts

### 05.

Focusing on balance sheet strength

## 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\*



	2024 %	2023 %
● Holding Companies	43	58
● Closed-ended Funds	31	25
● Asset-backed Special Situations	26	17

Source / AVI as at 30 September 2024

\* 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

## 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 AVI. 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 47 stocks held in the AGT portfolio.

## AVI'S RESPONSIBLE 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.





## Strategic Report / Chairman's Statement

**AGT**  
AVI GLOBAL TRUST

**GRAHAM KITCHEN**

Independent Non-Executive Chairman

Joined the Board in January 2019



Against this volatile background, the Company's NAV total return for the year to 30 September 2024 was a creditable +13.7%.

**Overview of the year**

The world continues to be unstable, with conflict in the Middle East and Ukraine. Elsewhere, geopolitical tensions particularly between the United States and China continue to make news headlines. On a more positive note, inflation appears to be better in check and we have seen central banks in the US and Europe begin the process of cutting interest rates, which should be positive for companies and markets.

Against this volatile background, the Company's NAV total return for the year to 30 September 2024 (one of our three KPIs) was a creditable +13.7%, which was above the long-term average annual return and compares with +19.9% for our comparator benchmark index. Over the last five years the return has been +65.5%, compared to +63.3% for the current comparator benchmark (shareholders may recall that we changed the benchmark last year<sup>1</sup>).

Turning to the share price, I said at the half-year stage that having traded in a range of approximately 180p-200p since the beginning of 2022, the share price increased steadily following a dip in October 2023 and by the end of March it was over 230p. It was at a similar level at the end of September, and the NAV per share was also little changed over the second half of our accounting year. For the year as a whole, the share price total return was 16.3%, as the discount closed marginally. The effectively flat return over the second six months does not tell the whole story. The Japanese market, in particular, was very volatile in early August and AVI were able to take advantage of this, as they explain in their report. The Board is encouraged to see that the key driver of returns remains stock selection, demonstrating that the team at AVI remain consistent in their long-term investment style.

1. The current comparator benchmark is the MSCI All Country World Index (£ adjusted net total returns). For periods up to 30 September 2023 it was the MSCI All Country World ex-US Index (£ adjusted net total returns). Over the five years to 30 September 2024, the total return of the previous benchmark was +32.4%.



## Revenue and dividends

Revenue earnings for the year under review were 4.2 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 2.55 pence per share. The total dividend for the year will therefore be 3.75 pence per share, which I am pleased to report is an increase of 7.1% compared with the previous year's total ordinary dividend of 3.5 pence<sup>2</sup>. 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.

## Gearing

On 12 September 2024, we completed an agreement to issue further Japanese Yen (JPY) fixed rate unsecured debt. The new debt is JPY5bn, for a term of 15 years and at an annual interest rate of 2.28%. The debt is denominated in JPY and was equivalent to approximately £25.1m when issued. In recent years the Company has issued several tranches of fixed rate 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 2024 net gearing, with debt at fair value, was 7.1%.

AGT previously had a revolving credit facility with Scotiabank but this was terminated at the end of its contracted life in September 2024.

## Investment Policy

We are seeking shareholder approval for revisions to our investment policy, which was driven by a review of ways in which AGT can implement gearing.

The Directors have reviewed the Company's Investment Policy and are proposing that shareholders approve a revised policy at this year's AGM. I would like to stress that there will be no change in the overall strategy that AVI takes in managing the investment portfolio.

The proposed changes are designed to align the Investment Policy with current best practice and to clarify the approach to spreading investment risk, investing in derivatives and to gearing. In particular, the level of gearing permitted under the Company's Articles of Association and first adopted several decades ago is much higher than would be considered acceptable in a modern investment policy. The Directors are therefore proposing a limit on total gearing of 20% of net assets. The Company has had both short- and long-term debt for many years and AVI are experienced in managing gearing. In future, gearing will be permitted via the use of derivatives as well as conventional debt, but subject to an overall limit of 20% total market exposure. The proposal to allow gearing via derivatives is intended to provide additional flexibility in the type of gearing used, particularly bearing in mind that interest rates have increased in recent years and the use of derivatives may prove to be more cost effective. Derivatives such as total return swaps or options provide investment exposure to single stocks or groups of stocks where, depending on the derivative structure, movement in the value of the derivative (both up and down) may be higher than the movement in the related stock prices. Long-term shareholders will be aware that the Company has invested in total return swaps on a number of occasions in recent years and the Directors are satisfied that AVI have the necessary experience and controls to invest in derivatives. We encourage all shareholders to vote in favour of this resolution at the AGM. Further details are set out on page 52.

## 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 factsheet 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 very pleased to hear that AGT had again won "Best Report and Accounts" in its category in the AIC's annual shareholder communications awards in September 2024. We believe that this award reflects our commitment to provide informative and interesting updates to our shareholders and I would like to thank our fund management team for their open and proactive approach to explaining their investment methodology and individual investments in the portfolio. The Board is pleased to note that our marketing efforts have resulted in a substantial increase over time in the number of shares owned via retail investment platforms, and that these platforms make up four of our top five shareholders.

In common with many investment trusts, our shares continued to trade at a persistent discount during the year. We 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 something that our Investment Manager encourages for many of our investee companies.

The discount is one of the three KPIs and the Board takes a very close interest in this. There is regular interaction between Board and Investment Manager on the subject, with independent advice from AGT's corporate brokers. There are periods when we buy back shares on most working days and, during the year under review, 20.1 million shares were bought back, representing 4.4% 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 net asset value to the benefit of continuing shareholders, of approximately 0.4%. The average discount over the year under review was 9.2%, compared with 10.0% for the preceding year.

In April 2024 we announced that Panmure Liberum had been appointed as the Company's corporate broker. We have experienced a positive transition to Panmure Liberum who have introduced a more diverse range of potential investors in the last few months and we look forward to working closely with them going forward, particularly in seeking to find new shareholders. I would also like to thank our previous corporate brokers, Jefferies, for their help and support over the last several years.

2. We also paid a special dividend of 0.2 pence per share last year, to distribute elements of revenue that the Directors consider to be one-off.



## Strategic Report / Chairman's Statement continued

In the 2023 Annual Report I raised the issue of the unintended consequences on the investment trust industry of recent regulatory pronouncements relating to Consumer Duty in respect of cost disclosures. In particular, the inclusion of costs embedded in our underlying investee funds in the overall cost figures disclosed in relation to your Company was misleading. We were pleased and relieved to hear that the Financial Conduct Authority had issued a "forbearance" notice on managers' disclosure of charges in regulated documents in September 2024, pending a review of the relevant law and regulations. While, at the time of writing, there is some uncertainty as to how costs will be disclosed to investors by the investment trust industry going forward, we have reverted to publishing an Ongoing Charges Ratio which includes all of AGT's own running costs, which are made up principally of its investment management fee and of the other costs of running the Company itself. Not all listed investment companies disclose their gross costs and so it is not possible to produce a comprehensive summary of the running costs of closed end funds in AGT's portfolio of investments.

AGT's running costs are one of our KPIs and the Board carefully manages the Company's costs, seeking to balance a high quality of service with reasonable costs from our suppliers.

### The Board

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 Directors have discussed whether to appoint an additional Director in order to comply with the guidelines on ethnic diversity. The Directors concluded that a Board of five independent non-executive Directors is appropriate for an investment trust of the size and complexity of AGT and therefore that it would not be in shareholders' best interests to incur fees for an additional Director in order to meet a target. Shareholders' views on best practice will continue to be taken into full consideration when the Board next recruits a new Director.

### Annual General Meeting

I am pleased to be able to invite all shareholders to attend our AGM at 11 Cavendish Square on Thursday 19 December 2024. 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](mailto:agm@aviglobal.co.uk) or by post to Link Company Matters Limited, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

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.

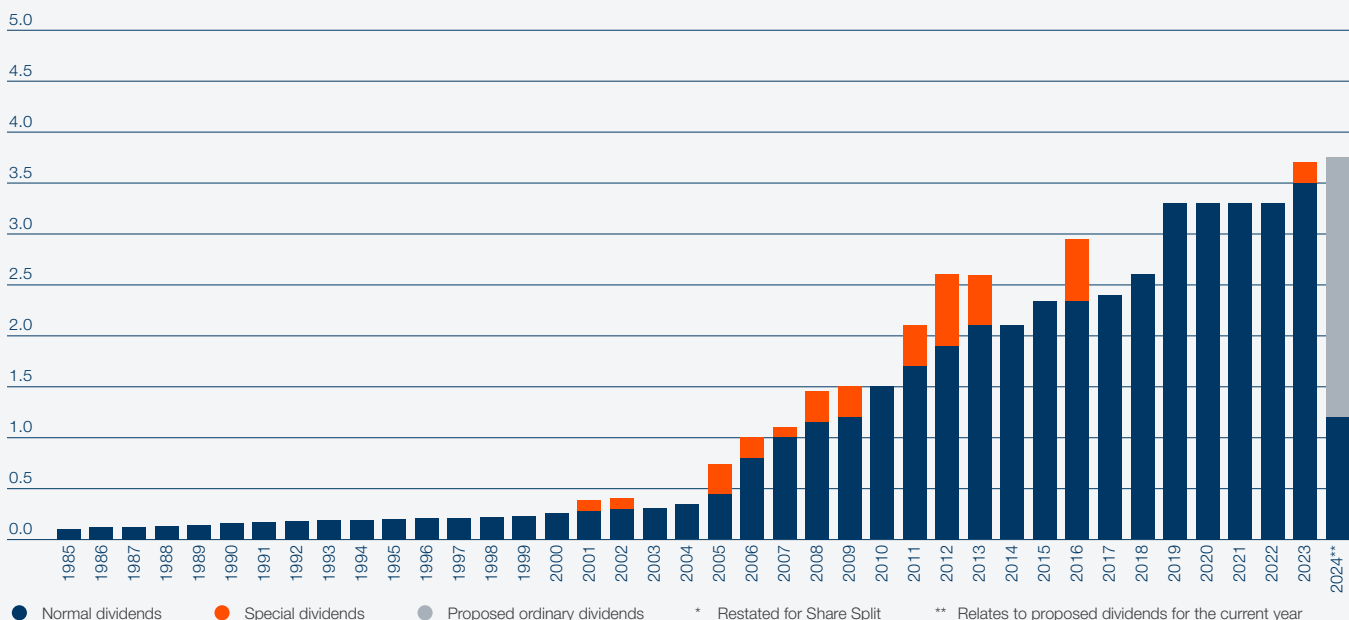
### Outlook

This time last year I wrote that "The geopolitical and economic environment are undoubtedly challenging and the world is likely to be unstable for some time" and those words bear repetition this year. The level of geopolitical uncertainty could be exacerbated by the result of the US election. The opportunities that we reported last year have borne fruit in the returns produced over the year to the end of September 2024 but there is clearly more value to unlock. Markets are likely to remain volatile but our Investment Manager reports attractive discounts and an exciting range of prospects. The Board is confident that we have a well-resourced, skilled and experienced manager who should continue to produce attractive returns for AGT's shareholders over the long term.

**Graham Kitchen**  
Chairman

12 November 2024

### Dividend track record (£)\*







### D'IETEREN / BELRON

Belron is the global number one operator in the Vehicle Glass Repair, Replacement, and Recalibration industry.

Known as Autoglass in the UK and Safelite in the US, 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.

We expect Belron to keep riding the tailwinds of increased windshield complexity and the requirement for Advanced Driver Assistance System cameras to be recalibrated upon replacement.

% of Net Assets:

**8.3%**



## Strategic Report / Ten Largest Equity Investments

57.2%\*\*

The top ten equity investments make up 57.2% 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 2024, based on AVI's estimate of each company's net asset value.

\* For definitions, see Glossary on pages 101 to 105.

\*\* % of net assets.

1

2

3

4

5

6

01.

% of net assets  
8.3%  
Valuation  
£91.8m  
Discount  
-41%

D'leteren Group  
Holding Company

Source / D'leteren  
Group S.A



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.

02.

% of net assets  
7.5%  
Valuation  
£83.5m  
Discount  
-46%

News Corp  
Holding Company

Source / SOPA  
Images via Getty  
Images



The Murdoch family-controlled holding company that was established in current form in 2013. A 62% listed stake in Australian-listed REA Group accounts for the bulk of News Corp's market cap and masks an attractive collection of unlisted assets. In particular Dow Jones, a crown jewel asset that successfully evolved the Wall Street Journal into a thriving digital consumer and Professional Information business.

## DIVERSIFIED

Our portfolio contains broad diversification to sectors and companies

Sector breakdown:



- Communication Services: 19%
- Consumer Discretionary: 28%
- IT: 11%
- Financials: 7%
- Consumer Staples: 14%
- Energy: 3%
- Healthcare: 4%
- Industrials: 4%
- Materials: 2%
- Real Estate: 5%
- Utilities: 1%
- Other: 2%

06.

% of net assets  
5.2%  
Valuation  
£57.3m  
Discount  
-40%

Bollore  
Holding Company

Source / VW Pics  
via Getty Images



French-listed holding company controlled by the mercurial Vincent Bollore. Bollore trades at a 40% discount to our estimated NAV, which is principally comprised of stakes in Universal Music Group, Vivendi, cash and self-ownership loops. We believe there are multiple potential catalysts on the horizon.

07.

% of net assets  
4.9%  
Valuation  
£54.7m  
Discount  
-27%

Cordiant Digital  
Infrastructure  
Closed-ended Fund

Source / Cordiant  
Digital Infrastructure  
Limited



Cordiant Digital Infrastructure is a London-listed closed-ended fund which invests in various infrastructure assets such as data centres, telecom towers, and fibre-optic asset businesses predominantly in Emerging Europe. We invested into Cordiant at an unduly wide 40% discount driven by a rising yield environment and an unfair read-across from problems at its closest peer.



51.1%\*\*

7

8

9

10

03.

% of net assets  
6.6%

Valuation  
£73.8m

Discount  
-30%

Oakley Capital  
Investments  
Closed-ended Fund

Source / Liberty  
Dental Group


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.

04.

% of net assets  
6.0%

Valuation  
£66.1m

Discount  
-36%

Chrysalis  
Investments  
Closed-ended Fund

Source / Starling  
Bank Limited


Chrysalis Investments is a London-listed closed-ended fund which invests in late-stage private companies. Chrysalis' top five companies represent 74% of its NAV, despite being written down significantly below previous funding rounds and being either profitable or funded to profitability. Chrysalis' manager announced a new capital allocation policy in February 2024.

05.

% of net assets  
5.5%

Valuation  
£61.5m

Discount  
-26%

Partners Group  
Private Equity  
Closed-ended Fund

Source / Partners  
Group


London-listed closed-end fund managed by Swiss private equity manager Partners Group, which 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.

08.

% of net assets  
4.9%

Valuation  
£54.5m

Discount  
-50%

Rohto  
Pharmaceutical  
Asset-backed  
Special Situation

Source / Rohto  
Pharmaceutical  
Co., Ltd.


Rohto is a Japan-based manufacturer and marketer of cosmetics products and functional foods. Despite the company's superior operational efficiencies and profit margins versus peers, it trades at a heavy discount due to an unclear equity story, poor shareholder communication and inefficient capital allocation. AVI believes that constructive engagement with management can help drive long-term value creation, in turn leading to a re-rating in the shares.

09.

% of net assets  
4.2%

Valuation  
£47.2m

Discount  
-29%

FEMSA  
Holding Company

Source /  
Comunicación  
Corporativa FEMSA


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. Despite these significant strides, the shares still trade at a wide discount.

10.

% of net assets  
4.1%

Valuation  
£46.0m

Discount  
-38%

Reckitt  
Benckiser  
Group  
Holding Company

Source / Bloomberg  
via Getty Images


Reckitt Benckiser is a UK-listed consumer goods conglomerate which owns a collection of trusted brands that exhibit meaningful barriers to entry, high margins, and attractive growth prospects. Already trading at a discounted valuation, the company was hit by a litigation shock which has pushed the shares to a decade low multiple and record discount to peers.



## Strategic Report / Investment Portfolio

Company	Portfolio classification	% of investee company	IRR (% , £) <sup>1</sup>	ROI (% , £) <sup>2</sup>	Cost £'000 <sup>3</sup>	Equity Exposure £'000 <sup>4</sup>	% of net assets
D'Ieteren Group	Holding Company	1.1%	11.4%	10.7%	84,420	91,750	8.3%
News Corp	Holding Company	1.1%	10.7%	10.6%	76,395	83,465	7.5%
Oakley Capital Investments	Closed-ended Fund	8.3%	22.2%	129.1%	30,163	73,808	6.6%
Chrysalis Investments	Closed-ended Fund	11.9%	nm	17.8%	56,140	66,119	6.0%
Partners Group Private Equity	Closed-ended Fund	10.0%	10.5%	14.9%	58,183	61,539	5.5%
Bollore	Holding Company	0.4%	0.2%	0.2%	57,764	57,285	5.2%
Cordiant Digital Infrastructure	Closed-ended Fund	8.3%	nm	30.6%	43,156	54,706	4.9%
Rohto Pharmaceutical	Asset-backed Special Situation	1.2%	nm	12.1%	48,846	54,478	4.9%
FEMSA	Holding Company	0.3%	14.9%	40.8%	38,306	47,184	4.2%
Reckitt Benckiser Group	Holding Company	0.1%	nm	2.4%	45,453	45,990	4.1%
Top ten investments					538,826	636,324	57.2%
Entain	Holding Company	0.8%	nm	-10.1%	46,809	41,312	3.7%
Aker ASA	Holding Company	1.4%	15.3%	64.2%	49,864	41,267	3.7%
Apollo Global Management 'A'	Holding Company	0.1%	32.5%	111.6%	19,928	40,899	3.7%
Harbourvest Global Private Equity	Closed-ended Fund	2.2%	nm	7.2%	37,525	39,901	3.6%
Christian Dior	Holding Company	0.0%	20.3%	90.6%	21,120	33,712	3.0%
IAC Inc	Holding Company	1.0%	-19.6%	-40.8%	64,482	33,188	3.0%
Toyota Industries	Asset-backed Special Situation	0.2%	nm	-13.5%	35,289	30,160	2.7%
GCP Infrastructure Investments	Closed-ended Fund	4.4%	nm	22.6%	26,088	29,982	2.7%
Dai Nippon Printing	Asset-backed Special Situation	0.4%	23.3%	23.9%	23,832	29,222	2.6%
Nihon Kohden	Asset-backed Special Situation	1.5%	8.3%	11.7%	25,796	28,907	2.6%
Top twenty investments					889,559	984,874	88.5%
Irish Residential Properties	Asset-backed Special Situation	6.3%	nm	-9.2%	28,020	25,055	2.3%
EXOR	Holding Company	0.1%	11.0%	45.1%	13,574	22,523	2.0%
Third Point Investors	Closed-ended Fund	4.1%	4.6%	22.6%	17,263	21,273	1.9%
Frasers Group	Holding Company	0.5%	nm	-2.5%	20,811	20,301	1.8%
Symphony International Holdings	Closed-ended Fund	15.7%	3.6%	20.2%	26,636	18,836	1.7%
Abdn European Logistics Income	Closed-ended Fund	6.5%	nm	7.6%	15,619	16,272	1.5%
Kyocera	Asset-backed Special Situation	0.1%	nm	-21.3%	18,602	14,534	1.3%
Wacom	Asset-backed Special Situation	2.7%	-9.8%	-23.2%	19,356	13,824	1.2%
SK Kaken	Asset-backed Special Situation	1.8%	-6.9%	-32.4%	19,056	12,130	1.1%
Net Lease Office Properties	Holding Company	3.6%	nm	1.9%	11,823	12,021	1.1%
Top thirty investments					1,080,319	1,161,643	104.4%



Company	Portfolio classification	% of investee company	IRR (% , £) <sup>1</sup>	ROI (% , £) <sup>2</sup>	Cost £'000 <sup>3</sup>	Equity Exposure £'000 <sup>4</sup>	% of net assets
TSI Holdings	Asset-backed Special Situation	3.3%	22.4%	27.1%	9,652	11,981	1.1%
Toyo Suisan Kaisha	Asset-backed Special Situation	0.2%	nm	0.0%	11,531	11,509	1.0%
Konishi	Asset-backed Special Situation	2.0%	5.2%	26.5%	8,107	8,985	0.8%
VEF	Holding Company	2.3%	2.5%	4.2%	4,525	4,489	0.4%
Seraphim Space Investment	Closed-ended Fund	2.6%	9.0%	16.4%	2,950	3,370	0.3%
JPEL Private Equity	Closed-ended Fund	18.4%	19.6%	97.4%	1,219	2,180	0.2%
Better Capital (2009)	Closed-ended Fund	17.4%	22.0%	41.1%	1,962	903	0.1%
Third Point Investors Private Investments	Closed-ended Fund	0.0%	–	–	563	475	0.0%
Ashmore Global Opportunities – GBP	Closed-ended Fund	0.0%	4.0%	8.4%	22	140	0.0%
Equity investments at fair value					1,120,850	1,205,675	108.3%
Fair value and gross market exposure of investments <sup>4</sup>					Equity exposure £'000	Fair value £'000	% of net assets
Equity Investments					1,205,675	1,205,675	108.3%
Total return swap long positions							
Softbank Group***	Asset-backed Special Situation				58,296	(2,877)	-0.3%
					58,296	(2,877)	-0.3%
Softbank Group total return swap short positions***							
Arm Holdings	Operating Company				(37,666)	606	0.1%
Coupang	Operating Company				(1,374)	(181)	0.0%
Deutsche Telekom	Operating Company				(1,885)	(317)	0.0%
Softbank Corp	Operating Company				(7,164)	(382)	0.0%
T-Mobile	Operating Company				(5,011)	(657)	-0.1%
					(53,100)	(931)	0.0%
					5,196	(3,808)	-0.3%
Investments and total return swaps					1,210,871	1,201,867	108.0%
Other net current assets less current liabilities						73,229	6.6%
Non-current liabilities						(162,371)	-14.6%
Net assets						1,112,725	100.0%

<sup>1</sup> Internal Rate of Return. Calculated from inception of AGT's investment. Refer to Glossary on pages 101 to 105. 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".

<sup>2</sup> Return on investment. Calculated from inception of AGT's investment. Refer to Glossary on pages 101 to 105.

<sup>3</sup> Cost. Refer to Glossary on pages 101 to 105.

<sup>4</sup> 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 £58,296,000. If the long positions were closed at 30 September 2024, this would result in a loss of £2,877,000. 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 £53,100,000. If the short positions were closed on 30 September 2024, this would result in a loss of £931,000. 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.

<sup>†</sup> Level 3 investment (see note 15).

\* The total fair value of total return swap assets of long and short positions is £606,000.

\*\* The total fair value of total return swap liabilities of long and short positions is £4,414,000.

\*\*\* Softbank Group is held via a long total return swap. Hedges are held against the position via short total return swaps on five of its listed underlying holdings: Arm Holdings, Coupang, Deutsche Telekom, Softbank Corp & T-Mobile (accounting for 86% of Softbank Group's NAV at 30 September 2024). For further explanation on our position in Softbank Group, please refer to page 33.



# 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 broad-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 +19.9% on a total return basis and over ten years it has increased by +11.5% 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 20.1m shares were bought back, adding an estimated 0.4% to net asset value per share to the benefit of continuing shareholders. The shares were bought back at a weighted average discount of 9.6%.

## Ongoing Charges 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 Ongoing Charges Ratio is the cost of the fees paid to the Investment Manager. This fee is reviewed annually.

For the year ended 30 September 2024, the Ongoing Charges Ratio was 0.87%, up very slightly from 0.86% in the year to 30 September 2023. These running costs in monetary terms amounted to £9.6m in 2024 (2023: £8.7m).

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 Ongoing Charges 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.

NAV total return\*:

## +13.7%

1 Year	+13.7%
10 Years (Annualised)	+10.2%

Discount, Year-End\*:

## 9.0%

2024	9.0%
2023	10.9%

Ongoing Charges Ratio\* (year ended 30 Sept):

## 0.87%

2024	0.87%
2023	0.86%

\* For all Alternative Performance Measures included in this Strategic Report, please see definitions in the Glossary on pages 101 to 105.



# 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.

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.







During the year, the Audit Committee carried out a detailed review of the risk matrix which is used as a tool to monitor risks and agreed to modify its approach to enable the Board to better focus on key risks. The Board has assessed the risks which the Company faces under a number of headings. Pressure on the discount, a previously identified principal risk, remained high during the year. This was partly due to heightened geopolitical and macroeconomic risk, along with the effects of interpretations of the new UK Consumer Duty regulations, as set out in last year's Annual Report. The Board regularly reviewed developments in the UK cost disclosure regime. In particular, the Board and Investment Manager focused on the availability of the Company's shares on online share dealing platforms and the resulting effects on demand for the shares. While the forbearance notice issued by the Financial Conduct Authority in September 2024 alleviated some issues, the approach to cost disclosure which the investment trust industry will ultimately adopt remains uncertain. 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.

Risk Level Key:		Movement Key:	
 High	 Medium	 Increased	 Medium
 Low		 Low	

Principal and Emerging Risks	Risk Tolerance and Mitigating Actions	Risk Level / Movement
<p><b>Loss of value – portfolio performance</b></p> <p>The market or the Company's portfolio could suffer a prolonged downturn in performance.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>	<div></div>



# Principal and Emerging Risks continued

Principal and Emerging Risks	Risk Tolerance and Mitigating Actions	Risk Level / Movement
<p><b>Geopolitical and macroeconomic</b></p> <p>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, or the escalating conflict in the Middle East.</p> <p>Macroeconomic uncertainty, such as the potential for increased US-China trade disputes following the US election or the continued impact of Brexit, can heighten the previously identified risk of higher levels of inflation, cause supply chain disruption and impact interest rate movements.</p> <p>The Directors' assessment under this heading was already classified as high and it has increased further during the year.</p>	<p>Geopolitical tensions have significantly impacted global trade since the Russian invasion of Ukraine in 2022. The impact of continued conflict 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 can in turn affect asset valuations.</p> <p>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, the ongoing conflicts in Ukraine and the Middle East and tension over international trade 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.</p>	 
<p><b>Gearing</b></p> <p>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.</p> <p>There are covenants attached to the Loan Notes; in extreme market conditions, these could be breached and require early repayment, which could be expensive.</p>	<p>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.</p> <p>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.</p> <p>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.</p>	 
<p><b>Foreign exchange</b></p> <p>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.</p>	<p>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.</p> <p>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 2024, the Company had €50m (£41m) of borrowing and investments denominated in Euros whose value exceeded that of this borrowing. Furthermore, the Company had JPY17.5bn (£91m) 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.</p>	 

\* 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	Risk Level / Movement
<b>Liquidity of investments</b> 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.	<div>⬇️</div> <div>⬇️</div>
<b>Key staff</b> 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.	<div>⬇️</div> <div>⬇️</div>
<b>Discount rating</b> 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 share buybacks were continued 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.	<div>⬆️</div> <div>⬇️</div>
<b>Outsourcing</b> 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.	<div>⬆️</div> <div>⬇️</div>
<b>ESG</b> 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.	<div>⬆️</div> <div>⬇️</div>

The principal financial risks are examined in more detail in note 15 to the financial statements on pages 78 to 82.



## 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 28, 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 60, 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 opposite 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 55 to 56.

### 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

12 November 2024



## Strategic Report / Section 172 Statement

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. Its views are set out in the table:



Matters for the Board to consider	Approach taken by the Board
(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 28.
(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.
<p><b>Culture and Values</b></p> <p>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.</p> <p>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.</p>	
<p>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.</p> <p>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.</p>	






## Strategic Report / 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
 <p><b>Shareholders</b></p>	<p>As the Company is an investment trust, its shareholders are, in effect, also its customers.</p> <p>Continued shareholder support and engagement are critical to the existence of the Company and to the delivery of the long-term strategy.</p>	<p>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:</p> <ul style="list-style-type: none"> <li>✓ <b>Annual General Meeting</b> 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;</li> <li>✓ <b>Information from the Investment Manager</b> 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;</li> <li>✓ <b>Investor Relations updates</b> 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;</li> <li>✓ <b>Working with external partners</b> 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;</li> <li>✓ <b>Feedback from shareholders</b> 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 <a href="mailto:chair@aviglobal.co.uk">chair@aviglobal.co.uk</a> 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.</li> </ul> <p>Recent examples of decisions resulting from feedback from shareholders and discussions of proposals to enhance shareholders' best interests were:</p> <ul style="list-style-type: none"> <li>• the change of the Company's name in May 2019;</li> <li>• rebalancing of the proportion of the dividend paid as an interim dividend in the 2019/2020 accounting year;</li> <li>• the Share Split which was completed in January 2022;</li> <li>• cancellation of some of the shares held in treasury in February 2022;</li> <li>• the change of comparator benchmark in 2023; and</li> <li>• the proposal to change the Company's stated Investment Policy at this year's AGM.</li> </ul>
 <p><b>Lenders</b></p>	<p>The Company has raised capital in the form of 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.</p>	<p>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.</p> <p>It is our policy that all interest and repayments of principal will continue to be made in full and on time.</p> <p>In line with these considerations and to take advantage of attractive rates of interest, the decision was made to take out a further JPY5.0bn fixed rate unsecured debt (as discussed on page 9) during the year.</p>



Stakeholders	Why they are important	Board Engagement
<b>Service Providers</b>		
 <p><b>The Investment Manager</b></p>	<p>The Investment Manager's performance is critical for the Company to deliver its investment strategy and meet its objective.</p>	<p>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:</p> <ul style="list-style-type: none"> <li>✓ Encourage open discussion with the Investment Manager;</li> <li>✓ Ensure that the interests of shareholders and of the Investment Manager are aligned and adopt a tone of constructive challenge;</li> <li>✓ 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.</li> </ul>
 <p><b>The Administrator and Company Secretary</b></p>	<p>The Administrator and Company Secretary are key to the effective running of the Company.</p>	<p>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.</p> <p>The Company Secretary attends all Board and Committee meetings.</p> <p>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.</p> <p>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.</p>
 <p><b>Other key service providers</b></p>	<p>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.</p>	



# About Asset Value Investors

## WILFRID CRAIGIE

Senior Investment Analyst



## 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:

### 01.

39 years' experience of long-term outperformance following our distinctive investment style (annualised NAV total returns\* of +11.6% since 1985).

### 02.

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

### 03.

AVI seeks to improve corporate governance through active engagement to unlock potential shareholder value.

\* Refer to Glossary on pages 101 to 105.

## WILFRID CRAIGIE ON THE ATTRACTIVENESS OF HOLDING COMPANIES

### Q What is AVI's history of investing in holding companies?

A Ever since AVI were appointed as the investment manager in 1985, family-controlled holding companies have accounted for a significant portion of the portfolio. At the time there were several French holding companies that had complex cascade structures that attracted discounts upon discount. We were able to align capital with thoughtful long-term orientated families that owned attractive quality assets, with significant upside potential from discount narrowing and corporate restructuring. These fundamental attractions remain at the heart of our approach today.

### Q How has AVI's approach evolved over time?

A The basic tenets of the approach remain unchanged. We are looking to buy durable, quality businesses, that are growing in value; that trade at deeply discounted valuations; and where there is a potential catalyst or event to unlock and grow value. Within that though, I would say that in recent years the third leg – the event or catalyst – has become an increasingly prevalent part of the strategy and something upon which we have placed increased emphasis.

Schibsted and FEMSA are prime examples of this, as they both took significant steps to simplify their corporate structures, narrowing the discounts at which they trade. In the current portfolio, News Corp, D'Ieteren and Bolloré all fit this bill.

### Q What are your observations on the current environment?

A To us, it is interesting that whilst global equity markets have been led to new highs by an increasingly narrow and expensive band of US technology companies, such ebullience is not found in the niche parts of the market on which we focus.

Holding company discounts are wide by historical standards and for many investors, holding companies simply aren't relevant. For us, however, we believe this is a stockpickers' market and one where a focus on thorough fundamental research, catalysts and events will be key to unlocking value.

### Q After nearly 40 years why does the opportunity persist?

A Whilst we are taught that equity markets are largely efficient, our experience shows that certain types of companies – such as holding companies – attract inefficiencies and are prone to mispricing. We believe there are many structural reasons for this.

First and foremost: complexity. Holding companies can be complex beasts and this runs in contrast to what equity markets and investors desire, which is simplicity. The types of company on which we focus are often conglomerates in nature, with multiple and varied businesses; they may have a dual-share class; they may form part of a cascade structure; the accounting often doesn't match economic reality, for instance if a company owns a listed stake in another entity which accounts for a large proportion of its enterprise value, but the earnings are not consolidated.

All these issues are compounded by a lack of research coverage. The companies that we own typically have little or no sell side coverage.

And this really comes to the fore with unlisted assets. We often do our best work where we can build a high conviction differentiated view on the value of an unlisted business, and then look for an event or catalyst, such as an IPO, sale, or corporate simplification that will make the market wake up and re-value it.

Finally, we believe the market fundamentally misunderstands the attractions of investing alongside families in controlled companies, with the consensus view being one of scepticism. We believe the ability to think in generations not quarters is a real competitive advantage and there is significant literature on the outperformance of family-controlled businesses to back this up.



# 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, growing businesses trading at wide discounts to their net asset value (NAV) 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 into the funds that AVI manage. As at 30 September 2024, AVI's investment team owned 1,962,608 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, Dow Jones, Universal Music, MGM Resorts, Aker BP, Belron 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 Starling Bank, Klarna, IU Group, Phenna Group, 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 nine Japanese companies which have, on average, 39% 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 11.4x 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.



# 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:

## 33.3%

Diversity of Workforce:



	2024 Number	2024 %
Male	15	62.5
Female	9	37.5

AVI was one of the original 200 investment firms to support 10,000 black interns programme

## 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 and we recognise our position of influence in 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 integral to comprehensively understanding each investment's ability to create long-term value.

## 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.

We maintain a corporate website containing a wide range of information of interest to investors and stakeholders:  
[www.aviglobal.co.uk](http://www.aviglobal.co.uk)



@AVIGlobalTrust



AVIGlobalTrust



AVIGlobalTrust



AVI-Global-Trust



## 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.

## 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.

## 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.

Prior to investment we:

Assess a 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.



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

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

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

^ Institutional Shareholders Services group of companies.



# A responsible approach continued

## COLLABORATIVE ENGAGEMENT



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

We continue to participate in CCLA's collaborative initiative which seeks to improve the corporate approach to workplace mental health globally. During 2024, three companies in the portfolio fell within scope and joint letters were sent to each. AVI joined the initiative in 2023 and since then LVMH has taken significant steps to demonstrate their commitment to workplace mental health.

## BESPOKE ENGAGEMENT

Every engagement is different. Not only do our engagements cover a broad range of topics, but we employ a wide variety of engagement methods to ensure our views are clearly understood and there is opportunity for constructive dialogue. During 2024, our team visited a number of companies for in-person meetings including trips to our Japanese companies such as Dai Nippon, TSI Holdings and Wacom, meeting with several layers of the companies including chairperson, CXOs and external board members. Whilst the majority of our engagements are long-distance, face-to-face discussions can be invaluable in strengthening collaborative relationships and deepening our engagements.

## AGT 2024 ENGAGEMENTS

Engagement Method	Number of Engagements	Number of Companies Engaged
Meeting	92	31
Letter	17	13
Company Visit	6	6
Collaborative Engagement	3	3
Presentation	3	3
Press Release	2	2
Shareholder Resolution	1	1

## AGT 2024 PROXY VOTING RECORD\*\*

Total voted:

100%



Voted against management:

17%



Voted with management:

83%



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

\*\* As at 30/09/2024

## ENGAGEMENT BREAKDOWN\*

Governance:

76%



Social:

14%



Environmental:

10%



\* % breakdown of total ESG engagements (147) during FY24.

## HIGHLIGHTS FROM 2024

01.

AVI published its first ESG Report, sharing both qualitative and quantitative insights into how we integrate ESG throughout our investment process

02.

AVI scored comfortably above the PRI median in each module and reported through the PRI for the second time

03.

AVI welcomed its third summer intern through the 10,000 Black Interns programme

04.

AVI established a Stewardship and Sustainability Risk Committee, chaired by our Director responsible for ESG

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/](http://www.issgovernance.com/esg/screening/)



## HIPGNOSIS SONGS FUND

We sold out of our shares in Hipgnosis Songs Fund (SONG) in May 2024, marking the conclusion of a highly successful engagement campaign and investment for AGT.

The trials and tribulations of SONG have been well reported in the media. AVI's long-standing concerns regarding the fund's financial controls, transparency and efficacy of the governing body came to a crescendo with Hipgnosis' announcement proposing the sale of a portion of its music portfolio to a related party at a large discount to carrying value.

Following extensive private engagement with the Board, AVI published a public letter in October 2023 urging shareholders to vote against the proposals at SONG's upcoming AGM. Shareholders responded emphatically, voicing an unequivocal demand for change. This ultimately saw the newly reconstituted board oversee a bidding war in which Blackstone ultimately prevailed with a bid of \$1.30 per share – a premium of +48% to the undisturbed share price.

We are delighted by the outcome which demonstrates, once again, not only the importance of strong corporate governance, but the power of shareholder activism to effect change and unlock trapped value.



**HIPGNOSIS** SONGS FUND



# Performance Review



## JOE BAUERNFREUND

Chief Executive Officer, Chief Investment Officer

Sole Portfolio Manager of AVI Global Trust since September 2015

### Length of service:

22 years (9 years as sole Portfolio Manager)



“So far, so good” read the introduction to the 2024 annual report by the Bank of International Settlements, the so-called “central bankers’ central bank”.

And this appears largely true. Inflation has continued to recede such that we are now at the point of monetary policy easing; the US and major Western economies have proved surprisingly resilient; and equity markets have continued to reach new highs.

That is not to say there is nothing to worry about. There are many good reasons to believe that inflation may well be more volatile and structurally higher than it has been in recent decades, and in-turn this increases the chances of central bank policy mistakes. Economic growth and jobs markets might yet deteriorate faster than anticipated and, notwithstanding recent interventions, China’s economic malaise poses an increased threat to global growth and corporate profits. Meanwhile the increased financialisation of markets and corresponding inherent leverage in the system can lead to bouts of volatility and instability, as we saw in early August 2024.

Within this context AVI Global Trust’s NAV increased by +13.7% on a total return basis over the 12 months to 30 September 2024. This compares to a +19.9% return for the MSCI AC World Index, our comparator benchmark.

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

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

Indeed, we believe that activism and the ability to engage with companies is a key tool in our arsenal, and central to our ability to generate differentiated returns and unlock value for all shareholders. The public example of Hipgnosis Songs Fund – which added +245bps<sup>1</sup> to returns over the period – demonstrates this. With that said, it is our preference and priority that most engagements remain private, where dialogue can be most constructive. In both the London-listed closed-end fund market and amongst Japanese small caps, we find a large number of lowly valued companies where we think we can add value through engagement.



As well as this engagement, a focus on events and catalysts remains an important part of our approach. Schibsted was a prime example of this over the last financial year and we have redeployed capital into new and existing names where we believe the prospects for transformational events are underpriced, such as News Corp (7.5% weight) and Bollore (5.1%).

In recent weeks, we have also added significantly to D'leteren, which is now your Company's largest position. D'leteren is due to make an extraordinary return of capital of 74 euros per share – a yield of 39% – later this year. On a post-distribution basis D'leteren is trading at an implied -54% discount to NAV which we believe to be a highly attractive valuation.

Performance since the interim period has been more challenging as discounts have generally widened and we have witnessed bouts of volatility across markets. A number of companies have endured weaker share price performance, such as Christian Dior and FEMSA, and there has been a lack of commensurately strong performers from the top of the portfolio to offset this. Lulls in performance are not unexpected for a concentrated and catalyst-focused investment strategy, and the underlying asset quality means we can be patient whilst we wait for events to occur.

Latterly, the portfolio has also suffered from extreme volatility in the Japanese equity market as the Bank of Japan raised interest rates and attempted (!) to pave the way for further hikes to come. A strengthening of the Yen saw shifts in the carry trade, which reverberated through to global equities, with the TOPIX registering its largest single day decline since 1987. Such moves are devoid of fundamentals and likely fuelled by algorithmic trading.

In our view, fundamentally very little has changed, and we believe the thesis of governance reform, corporate activity and activism remains a highly valid one that is still in a relatively early innings. As such we took advantage of this volatility, adding approximately 300bps<sup>1</sup> (£33m) to several Japanese names at prices few would have thought possible just a matter of days earlier. As we have always said, as uncomfortable as it feels at the time, volatility is the friend of the long-term investor.

More broadly, both in Japan and other areas of the world, the opportunity set remains rich, and idea generation across all parts of our universe is high. Discounts have generally widened and are wide by historical standards, as indicated by the 35.7% portfolio weighted average discount at the year end.

Our focus remains on the bottom-up fundamentals of a relatively small number of mispriced situations where we have an advantage. We continue to believe that stock picking, hard work, activism and a focus on events are key tenets in navigating our way forward.

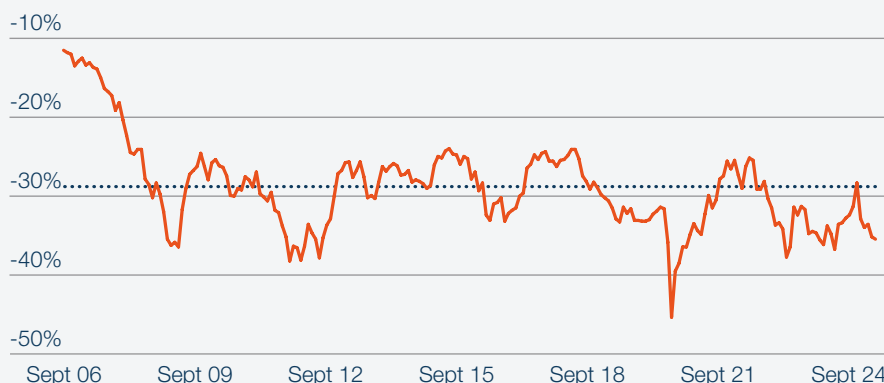
As ever, we do not pretend to know what is round the corner from a macroeconomic perspective. Rather, our focus remains on the bottom-up fundamentals of a relatively small number of mispriced situations where we have an advantage. We continue to believe that stock picking, hard work, activism and a focus on events are key tenets in navigating our way forward. Combined with attractive starting valuations, this gives us confidence in generating attractive long-term returns.

## EQUITY PORTFOLIO VALUE BY MARKET CAPITALISATION



	2024 %	2023 %
• <£1 billion	37	31
• >£1 billion – <£5 billion	20	31
• >£5 billion – <£10 billion	10	11
• >£10 billion	33	27

## PORTFOLIO WEIGHTED AVERAGE DISCOUNT\*



Weighted Average Discount:

**-35.7%**

Annualised NAV 10 Year Total Return per Share\*:

**+10.2%**

1. See Glossary

\* For definitions, see Glossary on pages 101 to 105.



# Performance Review continued

## A UNIQUE INVESTMENT PORTFOLIO

Chrysalis Investments (Chrysalis) is a London-listed closed-ended fund which owns a concentrated portfolio of late-stage, technology-driven private companies.

We first invested into Chrysalis in January 2024, with an investment predicated on 1) the abnormally wide -48% discount to a heavily written-down NAV; 2) Chrysalis' top five largest holdings accounting for 69% of NAV, were all mature, and (mostly) performing strongly; 3) multiple credible prospects for liquidity events which could lead to significant uplifts on carrying value; and 4) a new capital allocation policy, in which £100m of buybacks (24% of the then prevailing market cap) would be undertaken once a cash reserve of £50m from exits was hit.

Chrysalis' largest position is Starling Bank, which accounts for 30% of its NAV at period end. Starling Bank is a cloud-native, UK challenger bank built on a proprietary digital platform known as Engine. Being built from the ground-up, as a digital-first business, Starling not only benefits from significant cost advantages versus the incumbent UK banks, but is also able to develop and launch new products far quicker as a result.

For example, Starling's banking platform is accessed solely via an app, meaning its customer acquisition cost is only around £40, whereas traditional banks have a customer acquisition cost of around £250 due to their legacy tech stack and brick-and-mortar bank branches. This drives up both Starling's margins and its return on tangible equity, which stands at c. 30% vs. peers at 10%, and affords it a premium valuation. We remain confident in Starling's ability to deliver meaningful levels of profitability despite its relatively low loan-to-deposit ratio and its conservative balance sheet.

Elsewhere, Chrysalis' other largest portfolio holdings are Smart Pension (15% of NAV), a UK Pension Master Trust and technology platform; Klarna (12% of NAV), a global leading Buy-Now-Pay-Later payments provider; The Brandtech Group (10% of NAV), a US-based marketing technology group; and wefox (9% of NAV), a European digital platform for insurance brokers which faced liquidity issues earlier this year that have since been resolved.

On 26 September 2024, Chrysalis announced an exit from Featurespace for £89m, at a +21% premium to last carrying value. This kick-started Chrysalis' £100m buyback programme.

The prospect for continued buybacks driven by further realisations at large holdings, such as Klarna or Starling, and the still-wide -36% discount to NAV makes for a compelling investment case. Today, AGT owns over 12% of Chrysalis' shares, with the position representing 6.0% of AGT's NAV. Chrysalis added +1.0% to AGT's NAV in 2024.



Source / Starling Bank Limited



Read more on our website: [www.aviglobal.co.uk](http://www.aviglobal.co.uk)





## SOFTBACK GROUP: WHY WE HOLD THE POSITION ON TOTAL RETURN SWAP

Softbank Group Corp. is a Japanese-listed holding company founded in 1981 by Masa Son that holds a variety of listed and unlisted technology-focussed companies.

90% of Softbank Group's NAV is accounted for by the listed holdings, including Arm (61% of NAV), Softbank Corp (12% of NAV), T-Mobile (8% of NAV), and Deutsche Telekom (3% of NAV), with the unlisted portion including the two heavily marked-down Softbank Vision Funds (15% of NAV).

AGT bought Softbank Group Corp via a total return swap on the 10th June 2024, with an investment case predicated around the likelihood of discount narrowing through large buybacks. At the time of investment, the discount had blown back out to levels last seen during the covid sell-off of close to 60%. However, given the lofty valuations of Softbank's listed underlying holdings, such as Arm, we also hedged our exposure to the five largest listed companies using total return short positions. These short positions account for 86% of Softbank Group's NAV.

Holding both the long and short legs of the investment case via total return swaps allows us to get full equity exposure without making the same capital outlay as holding the shares directly and minimises margin requirements due to netting. Using a combination of long and short total return swaps enables us to get the full benefit from any discount narrowing, while protecting us from downside risk in names where we are not comfortable in their valuations.

Readers might recall that AGT previously held Softbank between Feb 2020 – July 2021, over which period the company reduced its shares outstanding by 24% through a significant buyback program, earning AGT an IRR of 51%, with the lion's share of returns attributable to discount tightening.

The gross notional exposure of the positions is as follows:

Position	% Notional exposure
Softbank Group	5.2%
<b>Total Short Positions</b>	<b>-4.8%</b>
Arm Holdings	-3.4%
Softbank Corp	-0.6%
T-Mobile	-0.5%
Deutsche Telekom	-0.2%
Coupang	-0.1%



# 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 3.7% of AGT's NAV. One of Aker ASA's holdings is Aker BP, a Norwegian Oil & Gas company, which accounts for 55.4% of Aker ASA's own NAV. This translates to AGT having an effective exposure to Aker BP of 2.1% 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
Online Operations	Entain	4.9%	Casinos and Gaming
Rohto Operating Business	Rohto Pharmaceutical	4.9%	Personal & Beauty Products
Belron	D'leteren Group	4.7%	Specialised Consumer Services
FEMSA Comercio	FEMSA	3.0%	Food Retail
LVMH	Christian Dior	3.0%	Apparel, Accessories and Luxury Goods
REA Group	News Corp	3.0%	Interactive Media & Services
Emitel	Cordiant Digital Infrastructure	2.9%	Broadcasting
Dow Jones	News Corp	2.8%	Publishing
Health Division	Reckitt Benckiser Group	2.4%	Personal Care Products
Nihon Kohden Operating Business	Nihon Kohden	2.4%	Health Care Equipment
Universal Music Group	Bollore	2.2%	Movies and Entertainment
CRA	Cordiant Digital Infrastructure	2.2%	Broadcasting
Hygiene Division	Reckitt Benckiser Group	2.2%	Household Products
Aker BP ASA	Aker ASA	2.1%	Oil and Gas Exploration and Production
Athene	Apollo Global Management 'A'	2.1%	Life and Health Insurance
Renewable Energy	GCP Infrastructure Investments	1.8%	Asset Management
Starling Bank	Chrysalis Investments	1.8%	Diversified Banks
Fraser's Retail Operations	Fraser's Group	1.8%	Specialty Retail
Electronics	Dai Nippon Printing	1.7%	Electronic Components
Autos	D'leteren Group	1.2%	Automotive Parts & Equipment

## NEWS CORP: HOW THE LOOK-THROUGH ANALYSIS WORKS

News Corp is a US-listed Holding Company in which AGT invests. Although News Corp is just one company, it has investments in multiple different companies, providing your Company's portfolio with exposure to a diversified collection of businesses.

Company name	Estimated % of News Corp's portfolio	Geography	Sector
REA Group	39.8%	Australia	Interactive Media and Services
Dow Jones	37.1%	Global	Publishing
HarperCollins Publishing	10.4%	Global	Publishing
Move	7.2%	North America	Internet Services and Infrastructure
Other	5.5%	Global	—



# Contributors

01	% of net assets <sup>1</sup>	Total return on position FY24 (GBP)
	N/A*	36.8%
	Discount	Contribution (GBP) <sup>3</sup>
	N/A*	250bps
	% of investee company	ROI since date of initial purchase <sup>4</sup>
KKR & Co Holding Company	N/A*	216.6%
	Total return on position FY24 (local) <sup>2</sup>	
	40.7%	C

Although we sold the last of our shares in KKR (an investment initiated in 2020) in May 2024, the investment was our largest contributor over AGT's financial year.

While earnings growth was stellar over the period (with the company on track for ~20% compounded annual growth in fee-related earnings per share), the shares also benefited from multiple expansion as the market reappraised the business quality and growth prospects, to bring its view more into line with our own that informed our original thesis.

Our initial thesis was that the listed alternative asset management sector was systematically undervalued, and that KKR (and Apollo, which we still own) was itself undervalued relative to peers. At the time of our investment, both the multiples at which the sector was trading and the volatility of share prices suggested alternative asset managers were perceived as high beta plays on risk assets.

It is certainly true that both KKR and Apollo have more on-balance sheet risk than peers (in the case of KKR, via its investments in its own private equity funds; for Apollo, via the large balance sheet of its insurance subsidiary Athene). But our contention was that the market was underestimating the defensive characteristics of scale-advantaged managers that earn fees on long-dated committed capital, and the powerful tailwinds for structural growth across the industry.

KKR and its peers are still often referred to as "private equity managers" despite having successfully diversified from the foundations on which they were built. At the time of our first purchase of KKR shares, their private equity business accounted for 39% of total assets under management, compared to 72% when they listed in the US in 2010. Even these figures mask the degree of diversification given that their private equity business is both far less US-centric than it was then and is now spread across a broader range of sub-strategies.

Over our four-year holding period, this evolution continued with KKR's credit business increasing from 35% of AUM to 47% (having been just 23% in 2010). Much of the recent growth in this segment resulted from KKR's acquisition of a controlling stake in life insurance business Global Atlantic, made in 2020. KKR's bet here aped that of Apollo, whose success with Athene Insurance, which it formed in the wake of the Global Financial Crisis, has been much envied by its alternative asset management peers. Apollo were the first to see the huge potential from acquiring books of long-term, sticky, and predictable annuity liabilities against which they were convinced they could do a better job of managing assets than their previous traditional insurance company owners.

In early 2024, KKR announced that it was to acquire the 37% of Global Atlantic that it did not already own. This was taken well by the market. In the words of KKR co-CEO Scott Nuttall, Global Atlantic has been a 'home-run investment'. With Global Atlantic's assets more than doubling from the point of acquisition to today, it is hard to argue otherwise, with KKR's ownership also helping scale its real estate credit and asset-based finance businesses whose assets sit well on insurance company balance sheets.

Given the material re-rating in the shares and the intense competition for capital within our portfolio, we took the decision to reduce and ultimately exit our stake in KKR in May 2024. Over the life of the investment, initiated in 2020, returns were exceptional with a 217% total return (versus 59% for the benchmark) and a 40% IRR (versus 14% for the benchmark).

<sup>1</sup> For definitions, see Glossary on pages 101 to 105.

<sup>2</sup> Weighted returns adjusted for buys and sells over the year.

<sup>3</sup> Figure is an estimate by the managers and sum of contributions will not equal quoted total return over the financial year.

<sup>4</sup> Figure quoted in GBP terms. Refer to Glossary on pages 101 to 105 for further details.

\* The Company no longer had a position in this investment as at 30 September 2024.



## Investment Review / Portfolio Review continued

## Contributors continued

<div>02</div> <div>Hipgnosis Songs Fund</div> <div>Closed-ended Fund</div>	% of net assets <sup>1</sup>	Total return on position FY24 (GBP)
	N/A*	38.1%
	Discount	Contribution (GBP) <sup>3</sup>
	N/A*	245bps
	% of investee company	ROI since date of initial purchase <sup>4</sup>
	N/A*	24.3%
	Total return on position FY24 (local) <sup>2</sup>	C
	38.1%	

Hipgnosis Songs Fund (SONG) was our second largest contributor over the financial year.

A bidding war was triggered in April 2024 when Concord – a music rights firm backed by Apollo – announced a binding offer for SONG at a price of \$1.16-\$1.18 per share. Blackstone, the majority owner of Hipgnosis Songs Management (the Manager of SONG), ultimately prevailed with a bid of \$1.30 per share. This represented a premium of +48% to the undisturbed share price.

This marked the end of a highly successful investment for AGT, in which we played a key role in fighting off the proposed related-party sale of a portion of SONG's catalogues and also making the case against the company continuing in its present form. Resolutions proposing each matter were heavily defeated at shareholder meetings.

With two directors resigning on the eve of the AGM and the then-Chairman suffering a resounding vote against his re-election, we and other shareholders engaged with the remaining rump to push for the appointment of two new directors – Robert Naylor and Francis Keeling – who had just stepped down from SONG's peer company Round Hill Music Royalty Fund (RHM) following its acquisition by Concord. Both were appointed with Robert immediately installed as Chairman.

We were delighted with an outcome that not only generated a very strong return for AGT's shareholders but demonstrated again both the value of shareholder activism and the critical importance of having the right people on boards. The new directors joined the company at a time of crisis and engineered an excellent outcome for shareholders in a timeframe few would have felt possible at the time of their appointment.

With no viable future as an ongoing listed vehicle, the key task facing the new appointees was how best to generate competitive tension in a situation where, under the terms of the Investment Management Agreement, the Manager had a call option allowing them to purchase the portfolio in the event of the termination of their management contract. The investigatory work conducted by the Board and their advisors, some of the fruits of which were made public, led to an understandable perception that there existed more than sufficient grounds to terminate the management agreement "for cause", which would invalidate the call option. We think it likely that this, alongside other measures introduced by the newly reconstituted Board, gave Concord the confidence to make their initial bid and resulted in a higher price ultimately being achieved for the company than would otherwise have been the case. We applaud the new directors' fortitude and shrewd handling of a highly complex situation.

AVI's involvement with SONG began several years ago. Following research on French holding company Vivendi and its investment in UMG, we could see the attractions of the music rights asset class. As a pure play on catalogue, SONG had its attractions, and we established a small position in late-2020 with part of our thesis being that SONG would likely be a takeover target once it had achieved scale. That element of the thesis broke down in October 2021 with the acquisition of a majority stake in the Manager by Blackstone. Given Blackstone's deep pockets, we felt that the Manager's call option over the portfolio was much more likely to impede any competitive sales process in the future.

When combined with growing concerns over transparency, earnings quality, and governance, we took the decision to exit the position and sold over 70% of our shareholding in late-2021/early-2022 at modest profits on our purchase price, before the share price began to decline rapidly along with other alternative income vehicles deemed to be interest-rate sensitive. We were left with a residual shareholding that equated to a 0.8% stake in the company.

Our full attention turned back to the company following Concord's bid for RHM in September 2023, just ahead of SONG's continuation vote and its proposal to sell a portion of its catalogues to Blackstone in a related party deal. With the confidence garnered from extensive research and calls with industry experts that helped underwrite our valuation of the assets, we increased our stake almost ten-fold over the following six months and generated a return on our overall investment materially in excess of AGT's benchmark, the MSCI AC World. We sold out of our entire position in late May 2024, and generated a +36% total return/+72% IRR on the position acquired in late 2023/early 2024 (vs +14%/+27% respectively for the benchmark). Since we initiated our position in Hipgnosis in September 2020, AGT generated an IRR/ROI of +21%/+24% on the position.

<sup>1</sup> For definitions, see Glossary on pages 101 to 105.

<sup>2</sup> Weighted returns adjusted for buys and sells over the year.

<sup>3</sup> Figure is an estimate by the managers and sum of contributions will not equal quoted total return over the financial year.

<sup>4</sup> Figure quoted in GBP terms. Refer to Glossary on pages 101 to 105 for further details.

\* The Company no longer had a position in this investment as at 30 September 2024.



03	% of net assets <sup>1</sup>	Total return on position FY24 (GBP)
	N/A*	21.8%
	Discount	Contribution (GBP) <sup>3</sup>
	N/A*	188bps
	% of investee company	ROI since date of initial purchase <sup>4</sup>
Schibsted 'B'	N/A*	49.5%
	Total return on position FY24 (local) <sup>2</sup>	
	26.2%	
Holding Company		C

This time last year Schibsted was your Company's largest position (8.8% of NAV). Over the course of AGT's financial year, Schibsted took significant steps to unlock value which supported a re-rating in the shares and saw us exit the investment. Over the course of the year, Schibsted added +188bps to NAV.

Writing in last year's Annual Report (page 41) we explained that Permira and Blackstone had entered negotiations to take Adevinata private. In November 2023, this came to fruition with a 115 NOK per share offer. The transaction – which valued Schibsted's 28% stake at 40bn NOK/79% of Schibsted's pre-announcement market cap – saw Schibsted crystallise a large portion of its value (24bn NOK), whilst also retaining an 11% stake in the private entity.

Shortly after, in December 2023, Schibsted delivered a second transformational transaction, selling its legacy News Media assets to its controlling shareholder, the Tinius Trust, for 6.3bn NOK. This removed a capital consuming and terminally challenged asset from the group, transforming Schibsted into a purer classified marketplace business play.

Taken together, these steps have reduced the group's structural complexity and shone a light on the highly attractive nature of Schibsted's Nordic marketplace assets, the quality and value of which had hitherto been overlooked. As well as this, the transactions allowed for extraordinary returns of capital with a total of 24bn NOK returned to shareholders via special dividends (20bn NOK) and an ongoing buyback programme (4bn NOK).

This simplification has supported a re-rating of the shares from a 45% discount to close to NAV. The implied ex-Adevinta stub rerated from c.6x NTM EV/EBITDA<sup>1</sup> to >20x.

Whilst we believe that there is still value to be extracted both from increasing monetisation in line with international peers and improving margins, as well as from the unlisted stake in Adevinata, this is better reflected in the valuation, with risks around execution. As such we have exited the position, allowing us to recycle capital into other mispriced opportunities.

Over the course of the investment, Schibsted generated a +67% ROI<sup>2</sup> and +47% IRR<sup>2</sup> which compares favourably to the +31%/22% returns of the MSCI AC World Index over the same period (all figures in NOK). We believe that these figures demonstrate the powerful returns that can be driven from "events" and companies undergoing strategic and structural change. Indeed, Schibsted is emblematic of what we are trying to achieve.

1 For definitions, see Glossary on pages 101 to 105.

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 101 to 105 for further details.

\* The Company no longer had a position in this investment as at 30 September 2024.



Investment Review / Portfolio Review continued

## Contributors continued

### ENTAIN / BETMGM

BetMGM is a 50:50 joint venture with US-listed MGM Resorts International, operating in the large and fast-growing US online sports betting and iGaming market.

Currently the #3 operator, BetMGM should benefit from natural market growth coupled with product improvements, leading to high levels of organic growth and a flip to profitability.

% of Net Assets:

**3.7%**





04

Apollo Global  
Management  
'A'  
Holding  
Company

% of net assets<sup>1</sup>  
3.7%

Discount  
-12%

% of investee  
company  
0.1%

Total return on  
position FY24 (local)<sup>2</sup>  
29.2%

Total return on  
position FY24 (GBP)  
21.1%

Contribution (GBP)<sup>3</sup>  
131bps

ROI since date of  
initial purchase<sup>4</sup>  
111.6%



Following AGT's 2023 financial year in which Apollo was our largest contributor, the investment was again a strong performer with a share price total return of 42% over the year to 30 September 2024.

Taking a step back to our original investment case for Apollo, we believed that 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 97% 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 the last few years on the back of strong earnings growth and higher multiples. 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 of \$19bn in the first half of 2024 up by 27% over the previous half year, building on 2023's total of \$35bn which was itself up 67% on the prior year.

These inflows need to be invested and, as Apollo's CEO Marc Rowan has argued, the real constraint on growth is not capital (which he contends is "plentiful") but a lack of safe-yielding high-quality assets. This insight lies behind Apollo's focus on investment grade private credit and its investments in platforms which originate investment grade assets (aviation financing, mid-market lending, mortgages, supply chain finance, etc.) that find a natural home on Athene's balance sheet, 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", a potential market measuring in the tens of trillions of dollars. In early-October 2024, just after AGT's year-end, Apollo held an Investor Day in New York City at which it laid out some impressive targets to 2029 which includes \$275bn in annual originations (this compares to just under \$150bn in the 12 months to 30 June 2024).

Despite the very strong run for the shares, we see considerable scope for continued further upside for Apollo shares given its undemanding valuation in the context of its clear pathway to high-teens earnings growth over the next five years.

1 For definitions, see Glossary on pages 101 to 105.

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 101 to 105 for further details.



# Contributors continued

05

**Cordiant  
Digital  
Infrastructure**  
Closed-ended  
Fund

% of net assets<sup>1</sup>

4.9%

Discount

-27%

% of investee  
company

8.3%

Total return on  
position FY24 (local)<sup>2</sup>

30.6%

Total return on  
position FY24 (GBP)

30.6%

Contribution (GBP)<sup>3</sup>

128bps

ROI since date of  
initial purchase<sup>4</sup>

30.6%



Cordiant Digital Infrastructure (CORD) was the fifth largest contributor to returns over the period. We began building our stake in February 2024 at a discount to NAV of almost 50% in a classic arbitrage between perception and reality. The perception was that CORD shared the failings of its only listed investment trust peer, Digital 9 Infrastructure (DGI9), which had run into severe problems since its listing just weeks after CORD's own in early-2021.

While the pitch for both investment vehicles was the prospect of attractive returns from investing in businesses and assets benefitting from the exponential increase in data traffic, there the similarity ends. The lack of discipline and investment acumen shown by DGI9's manager in assembling its portfolio led to forced sales of assets to shore up an overly indebted balance sheet; in contrast, CORD's portfolio was constructed with far more care, leaving sufficient room on its balance sheet to fund growth capex needs at its investee companies. We believed the reality was that there was in fact no read-across from DGI9's travails to CORD.

Although CORD's portfolio consists of five businesses, its two largest positions account for almost 90% of its total portfolio value. These two businesses, Emitel in Poland and CRA in the Czech Republic, were acquired for undemanding multiples of earnings despite the highly-cash-flow-generative nature of their assets and a high degree of visibility and predictability from contracted revenues.

While broadcast businesses tend to trade for relatively low multiples compared to other digital assets due to concerns over their useful life as streaming becomes more widely adopted, this is less of a concern in Poland and the Czech Republic where the sizable rural population makes universal high speed broadband coverage harder to achieve. There is also considerable scope for further innovation in broadcast services, such as 5G technology that allows for the broadcast of terrestrial digital television directly to mobile phones.

In any event, both companies are making impressive progress in using the cash flows from their core broadcast businesses to diversify into segments such as data centres and telecoms towers, with over half of CRA's FY24 revenues derived from non-broadcasting services. A recent trip to Prague confirmed the scale of this opportunity, visiting several sites with ready-made power and fibre connections (usually the biggest impediment for new developments) already converted into data centres. The jewel in the crown is the planned Zbraslav data centre which, with a 26MW capacity, will be one of the largest in Central and Eastern Europe. With data centres and telecoms towers commanding multiples in excess of 20x, there is scope for future multiple arbitrage from potential spin-offs of these non-broadcast assets once they achieve further scale.

While CORD's discount has narrowed materially from our purchase levels to stand at -27% at the time of writing, we see scope for attractive further upside here from both discount contraction and NAV growth.

<sup>1</sup> For definitions, see Glossary on pages 101 to 105.

<sup>2</sup> Weighted returns adjusted for buys and sells over the year.

<sup>3</sup> Figure is an estimate by the managers and sum of contributions will not equal quoted total return over the financial year.

<sup>4</sup> Figure quoted in GBP terms. Refer to Glossary on pages 101 to 105 for further details.



## CORDIANT DIGITAL INFRASTRUCTURE / CRA

CRA is the Czech Republic's leading independent multi-asset digital infrastructure platform.

Under Cordiant's ownership, CRA is making great strides in diversifying away from its traditional broadcast business into assets such as data centres, making use of redundant locations with existing grid connections and infrastructure.

% of Net Assets:

**4.9%**



## Investment Review / Portfolio Review continued

## Detractors

06

Symphony  
International  
Holdings  
Closed-ended  
Fund

% of net assets<sup>1</sup>

1.7%

Discount

-57%

% of investee

company

15.7%

Total return on

position FY24 (local)<sup>2</sup>

-34.9%

Total return on  
position FY24 (GBP)

-40.8%

Contribution (GBP)<sup>3</sup>

-125bps

ROI since date of

initial purchase<sup>4</sup>

20.2%

D

Symphony International (SIHL) was our largest detractor over the period, resulting from a -35% decline in its (US Dollar denominated) share price. The share price decrease was almost entirely due to a widening discount which expanded from 36% to 57%.

To recap, SIHL is a London-listed investment company with a focus on predominantly unlisted (92% of current NAV) Asian consumer and real estate businesses. The investment, initiated in 2012, has been weak in absolute and relative terms with an IRR of less than 4% over our holding period. As the largest independent shareholder, we have worked to improve corporate governance at the company and unlock value trapped in the persistently wide discount at which the shares have traded. This culminated in a 2021 public campaign to Save Symphony.

In September 2023, the company announced that it would pursue an orderly realisation of its investments. As such, our ultimate returns from SIHL will depend on the prices at which it realises its investments and the timeframe over which these realisations take place, rather than its share price on the screen at any particular point in time. SIHL's shares trade at a sizeable bid-offer spread (average of 8% over AGT's 2024 financial year), are tightly-held and thinly traded, and are heavily impacted in both directions by relatively small order sizes.

That SIHL's shares trade at such a wide discount despite the company having adopted a managed wind-up strategy reflects, in our view, scepticism around a management team that has historically prioritised its own interests over those of shareholders; uncertainty over the timeframe over which realisations will take place; and - as is often the case with investment companies with unlisted assets - wariness over whether the carrying values of assets are an accurate reflection of realisable values. We understand these concerns.

However, we contend that while the management team continues to add to their already substantial shareholdings, they have little incentive to maintain or increase reported valuations to artificially high levels and that an incentive may in fact exist in the opposite direction. That said, they also have little incentive to expedite asset sales and returns of capital while they still believe that there is stock available to purchase to add to the over one-third of the company held by management and the board.

Noting that the pace of management purchases has slowed recently in the face of low trading volumes, we may not be far from the point where their attention turns to unlocking the value in their shareholdings trapped by the huge discount to NAV.

1 For definitions, see Glossary on pages 101 to 105.

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 101 to 105 for further details.



Source / Baard Gudim for Aker Solutions





07

**Aker ASA**  
Holding  
Company

% of net assets<sup>1</sup>  
3.7%

Discount  
-26%

% of investee  
company  
1.4%

Total return on  
position FY24 (local)<sup>2</sup>  
-11.1%

Total return on  
position FY24 (GBP)  
-17.4%

Contribution (GBP)<sup>3</sup>  
-111bps

ROI since date of  
initial purchase<sup>4</sup>  
64.2%

D

For the second consecutive year, Aker was a meaningful detractor from returns (-111bps). Over the course of the year, on a total return basis, the shares declined by -13% which was largely a function of a -11% decline in the NAV as well as a small widening of the discount from 24% to 26%. The Trust's returns were better than this, as we sold c.17% of our holding some +15% above where the shares currently trade, however we were punished by a -8% depreciation of the NOK.

Starting with the NAV, this was almost exclusively a function of a -16% decline in the share price of Aker BP, which accounts for 55% of Aker's NAV. Brent crude oil prices are some -25% lower than they were a year ago as demand (particularly from China) has been lower than anticipated and non-OPEC supply has exceeded expectations. In turn, latterly, it has been reported that OPEC are looking to abandon their long-term \$100 per barrel price target.

We do not profess to have a crystal ball when it comes to oil prices – nor attempt to – with the recent escalation of geo-political risk and corresponding rise in the oil price serving as a reminder of oil's unpredictability. Rather our investment in Aker has always been founded upon the attractive valuation of the underlying assets, the controlling shareholder's track record of creating value through active ownership and the (at the time of acquisition very wide) discount at which Aker trades. On all three fronts there is room for optimism.

Aker BP now trades on an 11.2% dividend yield, which is about as cheap as it has ever been. We believe this to be an attractive valuation for a low-cost operator with a long-dated production schedule and continue to believe that oil will play an important and elongated role in the energy transition.

The controlling family continue to show themselves to be thoughtful long-term owners with a keen eye for how to grow and unlock value. An example of this from the last year comes from Aker Biomarine (6% of NAV), shares in which have returned +125% over the last year as the company spun-off its food ingredients business following a strategic review.

Since AGT first invested in Aker in 2008, we have earned an IRR of +17% (in NOK). The prospect of continuing to align capital with the controlling family at such a discount to NAV is an appealing one.

1 For definitions, see Glossary on pages 101 to 105.

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 101 to 105 for further details.



## Investment Review / Portfolio Review continued

## Detractors continued

08

FEMSA  
Holding  
Company% of net assets<sup>1</sup>

4.2%

Discount

-29%

% of investee

company

0.3%

Total return on

position FY24 (local)<sup>2</sup>

-3.5%

Total return on  
position FY24 (GBP)

-9.9%

Contribution (GBP)<sup>3</sup>

-69bps

ROI since date of

initial purchase<sup>4</sup>

40.8%

D

Having been the second largest contributor in the 2023 Financial Year<sup>1</sup> (+258bps), this year FEMSA was the third largest detractor (-69bps). This was principally a function of a depreciation of the Mexican Peso.

By way of reminder, FEMSA is a Mexican family controlled holding company. We initiated a position 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. The business is expertly managed, with strong unit economics, earning high returns on capital with a long growth runway.

Despite these attractions, FEMSA traded at an unduly low valuation reflecting its conglomerate group structure, and we believed that the market was mispricing the potential for management to take steps to unlock value. Over time this was indeed what occurred, with management conducting a strategic review that concluded in 2023 with the exiting of Heineken and other non-core assets via sales totalling over \$11bn.

This simplified the group structure, and the equity story propelled the (ADS<sup>1</sup>) shares to an all-time-high of a little above \$140 in February 2024. Over this time, we exited nearly 30% of our position at an average price of \$118 and as high as \$133.

However, since this point, the shares have fallen back to trade at \$99 at the period end, as the discount has widened from the high teens to 29% as we write. This is reflective of both macro and micro factors. Starting with the former, Mexican equities have been under pressure since the spring National Elections and FEMSA – which accounts for c.13% of the MSCI Mexico Index – has not been immune to this. Moreover, this has been amplified by the depreciation of the Peso, most notably against Sterling where it has weakened by some -19% over the last year.

Turning to the micro: Q2 results published in July 2024 fell short of expectations, with a deceleration in Oxxo's Same Store Sales (SSS) growth to +4.1% (from +9.7% in Q1), with both traffic and ticket size decelerating (from +2.2% to -0.6% for traffic and from +7.3% to +4.7% for ticket size). As management explained "the second quarter was an atypical one... where each month reflected a unique set of mixed effects generally more negative than positive".

We concur that this recent disappointment is temporary in nature, reflecting short-term headwinds and expect that SSS growth will recover in the second half of the year and into 2025. Turning to the bigger picture, management indicate that going forward they believe SSS growth can likely exceed the old rule of thumb of +5% achieved prior to 2019 and we see a long growth runway for new stores, with current new store openings running at +1,621 over the last twelve months (+7.3% year-on-year). Combined, we believe that these factors will lead to double-digit topline growth in the future, with operating profit likely to compound in the low-teens.

<sup>1</sup> For definitions, see Glossary on pages 101 to 105.

<sup>2</sup> Weighted returns adjusted for buys and sells over the year.

<sup>3</sup> Figure is an estimate by the managers and sum of contributions will not equal quoted total return over the financial year.

<sup>4</sup> Figure quoted in GBP terms. Refer to Glossary on pages 101 to 105 for further details.

Despite the significant strides that management have taken to simplify the group, the attractions and growth prospects remain poorly reflected in the share price, with FEMSA trading at a 29% discount to NAV and the unlisted FEMSA Comercio stub trading at an implied 8.7x NTM EBITDA vs. a historic long-term average of c.13x. We believe this to be a highly attractive valuation and see the scope for better than-expected capital returns, with management already having returned 60% of the \$3bn billed to be returned to shareholders by 2026. As such, having reduced the position earlier in the year at \$133 per share, we have been increasing the position recently, at \$109.

To date the investment has generated an IRR / ROI of 15% and 41% (in GBP).



## FEMSA / FEMSA COMERCIO

FEMSA Comercio operates Oxxo-branded convenience stores across Mexico and Latin America.

Oxxo's management are expert operators of this model, with over 20,000 stores in Mexico (10x the second largest player) and a new one (pre-COVID) opening every six hours. The average cost of a new store is c.\$130,000, which at maturity earns a 30% return on capital and has a payback period of just three years. The runway for growth in both Mexico and, more recently, Brazil and the US, is very long.

% of Net Assets:

4.2%



## Investment Review / Portfolio Review continued

## Detractors continued

09

**Keisei Electric  
Railway**  
Asset-backed  
Special Situation

% of net assets<sup>1</sup>

N/A\*

Discount

N/A\*

% of investee

company

N/A\*

Total return on  
position FY24 (local)<sup>2</sup>

-24.2%

Total return on  
position FY24 (GBP)

-29.5%

Contribution (GBP)<sup>3</sup>

-53bps

ROI since date of  
initial purchase<sup>4</sup>

-29.5%

D

Keisei Electric Railway (Keisei) was a detractor over the period, shaving off -53bps from AGT's NAV. This was a relatively short and unsuccessful investment, due to the combination of NAV weakness and discount widening, leading to a -24% return in JPY. The -9% depreciation of the Yen compounded matters, and we took the decision to exit the position.

We first initiated a position in the Japanese railway company due to its 21% stake in the listed theme park operator – Oriental Land (OLC) – which accounted for 180% of Keisei Electric's market cap pre-tax. However, Japanese accounting rules dictate that Keisei value OLC on their balance sheet based solely on a proportionate net income basis, thereby significantly deflating the book value of Keisei Electric.

OLC offers exposure to Japan's largest theme parks – Tokyo Disneyland and Tokyo DisneySea – which are also two of the most visited theme parks in the world (#2 and #4). OLC also owns six high-quality Disney-themed hotels, a further three hotels through subsidiary Miiilal Resorts, and the facilities surrounding the park area – monorail, shopping mall, and theatre.

In the context of wider corporate governance reforms, we felt that Keisei Electric's stake in OLC would be an obvious target for unwinding, given the lack of synergies between the two companies and the outsized proportion of intrinsic value that it represents to Keisei. Given the underlying business quality of both the railway operations and of OLC, and with a public activist already on the register, we felt that we could be patient and await any unlocking of this value.

Following Keisei's AGM, in which the public activist's shareholder proposal to sell down the OLC stake was rejected and the directors' approval rating remained completely unchanged, we believed that the management team would no longer feel pressured to take action over the stake in OLC and correct its undervaluation. In a competing capital environment, we decided to reallocate our capital to opportunities with more near-term catalysts and made the decision to sell our position in Keisei Electric.

10

**Toyota  
Industries**  
Asset-backed  
Special Situation

% of net assets<sup>1</sup>

2.7%

Discount

-45%

% of investee

company

0.2%

Total return on  
position FY24 (local)<sup>2</sup>

-11.3%

Total return on  
position FY24 (GBP)

-12.7%

Contribution (GBP)<sup>3</sup>

-47bps

ROI since date of  
initial purchase<sup>4</sup>

-13.5%

D

Toyota Industries was a detractor over the period, reducing NAV by -47bps and generating a return of -14% in GBP.

By way of reminder, we initiated our position in Toyota Industries in November 2023, with an investment case predicated on the low implied valuation of Toyota Industries' stub due to the outsized value trapped in its Toyota Group cross-shareholdings, which accounted for 93% of the company's then market cap. This is despite the company's dominant market position as the number one supplier of forklift trucks (30% share) and auto AC compressors (50% share) globally, and with long-term growth potential in logistics solutions from the continued expansion of e-commerce.

In particular, we felt that management would be under pressure to correct the company's lowly valuation and return on equity ratio following the request made by the Tokyo Stock Exchange for companies trading under 1x Price/Book value to disclose an improvement plan.

In the period since initiation of our investment, Toyota Motor's Chairman has received a historically low approval rating of 72% (only 57% if excluding votes from Toyota Group companies), the wider group has started to unwind cross-shareholdings, Toyota Industries announced a buyback worth 3% of market cap (JPY180bn) and commenced buybacks of its own shares from Toyota Motor for the first time in its history. We believe that this shift in attitude towards shareholder returns from its historically conservative stance is a real step-change for Toyota and highlights the pressure that the group is feeling. The market, however, appears to have lost patience with the Group's slow rate of change as evidenced by Toyota Industries' shares being down by -2% year-to-date.

At current prices, Toyota Industries trades at a -45% discount to our estimated NAV. The Toyota Industries stub trades at a lowly 1.6x forward EBIT versus forklift peers at 14.0x and consignment auto part peers at 10.3x. At this valuation, the stub only represents 13% of Toyota's market cap, suggesting that the market is not pricing in any potential for management to unlock the value trapped within the structure.

We remain confident in our holding in Toyota Industries and believe that the continued growth of the company's underlying operations and potential for unlocking of value across the Toyota Group make for an exciting combination.

1 For definitions, see Glossary on pages 101 to 105.

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 101 to 105 for further details.

\* The Company no longer had a position in this investment as at 30 September 2024.

1 For definitions, see Glossary on pages 101 to 105.

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 101 to 105 for further details.





### TOYOTA INDUSTRIES / MATERIALS HANDLING EQUIPMENT

Toyota Industries Materials Handling Equipment division is the leading manufacturer of forklifts worldwide, with approximately 30% market share.

The division is in the process of transforming itself into a solutions-based warehousing automation business – providing a full fleet of warehousing services, including proprietary data/software. We believe there is a strong runway for continued earnings growth from the continuing penetration of e-commerce.

% of Net Assets:

**2.7%**



## Investment Review / Portfolio Review continued

### IDENTIFYING HIDDEN VALUE IN DAI NIPPON PRINTING

Dai Nippon Printing (DNP) is a Japanese-listed industrial conglomerate with a longstanding, 150-year history founded in printing books and magazines for Japanese readers.

It is not the company's rich history which first attracted AVI to DNP, but its transformation into a collection of high growth, niche end-market electronic component businesses which exhibit dominant market share and remain misvalued by the market.

If one were to only look at DNP's headline financials you would be forgiven for thinking that DNP remains a sleepy printing business, given that over 50% of its revenues are still generated by its low-growth, low-margin printing operations. However, these headline figures obfuscate the true value in DNP – the Electronics segment. Not only is the electronics segment DNP's core earnings driver, but the segment has compounded earnings at an impressive +20% compound annual growth rate (CAGR) since 2017, generates an operating margin of 20%+, and now accounts for over 60% of DNP's consolidated operating profit.

Within the Electronics segment, the crown jewel is the metal mask printing business in which DNP has close to 100% market share. A metal mask is a fundamental component used in the production of OLED screens for smartphones, tablets and laptops, and represents around 10% of the total cost of an OLED display. AVI estimates that the margin on a metal mask used in a smartphone is around 30-35% and this increases to 35%+ for larger displays. Current OLED screen penetration in these devices is less than 10%, and DNP are forecasting +7% CAGR in smartphones (already 50% penetrated) and a +32% CAGR in larger devices. The Electronics segment is also home to an optical film business (c. 60% market share), a photomask business (c. 30-35% market share in the external sales market), and lead frames.

As well as this, DNP announced a transformative medium-term plan in March 2023, which included a plan to buyback JPY300bn in shares from FY23-27 (30% of market cap at time of announcement), funded through a combination of operating cash flow, using net cash, a selling down of cross-shareholdings to less than 10% of net assets, and exiting legacy businesses, including the traditional printing business. To date, DNP has bought back JPY150bn of shares outstanding.

DNP contributed +0.53% to AGT's NAV in 2024. The prospect of continued strong earnings growth from DNP's dominant niche businesses, a significant ongoing buyback, and continued undervaluation (adjusted EV/fwd. EBIT at a lowly 9.3x at period end) bode well for prospective returns.



© Image source / Dai Nippon Printing Co., Ltd.



## Investment Review / Outlook

## JOE BAUERNFREUND

CEO / CIO



## TOM TREANOR

Head of Research



## Outlook

The macroeconomic and geopolitical environment remains confusing, worrying and interesting in equal measure. Equity markets – as they tend to – have continued to climb the wall of worry from the October 2023 lows.

Then, as now, the risks feel real and there are plenty of issues to worry about. Indeed, investors continue to fret over whether we will endure a so-called soft, hard or even no landing. A lot of ink has been spilt by others on which of these might occur; however, history shows that market timing is largely a futile exercise and it must always be remembered that the economy and the market are not the same thing.

As readers of our reports will not be surprised to hear, our attention, time and focus remain on the bottom-up fundamentals, which our experience shows are the key to generating long-term outperformance.

In this regard, there is quite a lot to be excited about. The opportunity set across the niche and overlooked parts of the equity market in which we fish is rich. Discounts – as indicated by the 35.1%\* portfolio weighted average discount – are wide by historical standards. And we have positioned the portfolio to benefit from a number of explicit catalysts and events, including our own activism. Together we believe that these ingredients set us in good stead to earn attractive long-term returns.

Joe Bauernfreund

CEO / CIO

Asset Value Investors Limited

12 November 2024

\* As at 7 November 2024.



# Your Board

## Attendance at meetings

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

## Attendance at meetings

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

\* Ms Balfour was unable to attend the December 2023 Board meeting as she was recovering from a medical procedure.

## GRAHAM KITCHEN

Independent Non-Executive Chairman

A M N D

January 2019



### Date of Appointment:

January 2019

### External Appointments:

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 and Perpetual Asset management UK Limited. Graham held the position of Interim Global Head of Investment Strategy at Perpetual Group until March 2024. 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:

2023

### Annual Remuneration:

£55,500

### 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<sup>†</sup>:

109,500 Ordinary Shares

\* 33,250 held by Jane Kitchen.

## CALUM THOMSON FCA

Senior Independent Non-Executive Director

A M N D

April 2017



### 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, Patria Private Equity Trust plc and TPT Retirement Solutions Ltd. 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 30 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:

2023

### Annual Remuneration:

£43,500

### 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<sup>†</sup>:

44,490 Ordinary Shares

<sup>†</sup> As at 12 November 2024].



**ANJA BALFOUR**

Independent Non-Executive Director

A M N D

January 2018

**Date of Appointment:**

January 2018

**External Appointments:**

Chairman of The Global Smaller Companies Trust plc 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, a member of the Finance and Corporate Services Committee of Carnegie UK Trust 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 as a non-executive director.

**Last re-elected to the Board:**

2023

**Annual Remuneration:**

£35,500

**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†:**

36,500 Ordinary Shares

**NEIL GALLOWAY**

Independent Non-Executive Director

A **M** N D

September 2021

**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:**

2023

**Annual Remuneration:**

£35,500

**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†:**

40,000 Ordinary Shares

**JUNE JESSOP**

Independent Non-Executive Director

A M N D

January 2023

**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 and brings to the Board experience both of managing assets of an investment trust and investing in investment trusts on behalf of clients.

**Elected to the Board:**

2023

**Annual Remuneration:**

£35,500

**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†:**

45,000 Ordinary Shares

† As at 12 November 2024].



## Governance / Report of the Directors

The Directors present their report and the audited financial statements for the year ended 30 September 2024.

### 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](http://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 and a discussion of the Company's consideration of business relationships with suppliers, shareholders and others can be found in the s172 Statement.

### Investment Objective

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.

### Investment Policy

The current Investment Policy is:

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. 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.

### Proposed changes to the Investment Policy

As set out in the Chairman's Statement, the Directors have reviewed the Company's Investment Policy and are proposing that shareholders approve a revised statement at this year's AGM. The proposed new investment policy as set out below has been reviewed and approved by the UK Financial Conduct Authority (FCA).

### Proposed Investment Policy proposed for adoption at the 2024 AGM

Investments are principally in companies listed on recognised stock exchanges globally, which may include investment holding companies, closed-ended funds 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 total value of unlisted investments will not represent more than 10% of total assets, measured at the time of making any investment.

It is intended that the Company will generally invest in equity instruments, however it may invest in equity-related investments (such as derivatives and convertibles) where it believes that it is advantageous to do so. Investment in equity related instruments may be in situations where an investment in a derivative is more cost effective than a direct investment in equity and/or to gain geared exposure. Total market exposure will always be subject to the limit on gearing set out below. The Company may also 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 hold a diversified portfolio of assets.

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 will not make any investment that would result in its exposure to any single issuer representing more than 15% of the value of its total assets at the time of investment.

Subject always to this restriction, in order to comply with the Listing Rules, the Company will not invest more than 10% of total assets in other listed closed-ended investment funds, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15% of their total assets in other listed closed-ended investment funds.

The Company is able to gear its assets to seek to enhance long-term capital growth and for the purposes of capital flexibility and efficient portfolio management. Gearing may take the form of bank borrowings, geared exposure using derivative instruments, and any other such methods as the Board may determine. Gearing may vary substantially over time according to market conditions, but gearing will not exceed 20% of Net Asset Value at the time of drawdown of the relevant borrowings or entering into the relevant transaction, as appropriate.

In accordance with the Listing Rules, the Company will not make any material change to its published investment policy without prior approval of the FCA and the approval of its shareholders by ordinary resolution. Such an alteration would be announced by the Company through a Regulatory Information Service.

### 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.



## Results and Dividends

The Company's profit for the year was £142,657,000, which included a profit of £18,942,000 attributable to revenue (2023: profit of £134,137,000 which included a profit of £20,041,000 attributable to revenue). The profit for the year attributable to revenue has been applied as follows:

	£'000
Current year revenue available for dividends	18,942
Interim dividend of 1.2p per Ordinary Share paid on 19 July 2024	5,367
Recommended final dividend payable on 3 January 2025 to shareholders on the register as at 29 November 2024 (ex dividend 28 November 2024):	
- Final dividend of 2.55p per Ordinary Share	11,195*
	11,195

\* Based on shares in circulation on 12 November 2024.

## 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

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 2024 was 14.6%. Long-term debt comprised six tranches of Loan Notes of £30m, €30m, €20m, JPY8bn, JPY4.5bn and JPY5bn.

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

## Ordinary Shares

At 30 September 2024, there were 487,662,627 Ordinary Shares of 2 pence each in issue (2023: 507,774,638 Ordinary Shares) of which 45,600,956 (2023: 45,600,956) were held in treasury and therefore the total voting rights attaching to Ordinary Shares in issue were 442,061,671.

## 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 2024, 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 Senior Unsecured Loan Notes 2036	15 Jan 2016	4.184%	15 Jan 2036	£26.1m
€30m 3.249% Series B Euro Senior Unsecured Loan Notes 2036	15 Jan 2016	3.249%	15 Jan 2036	£23.1m
€20m 2.93% Euro Senior Unsecured Loan Notes 2037	1 Nov 2017	2.93%	1 Nov 2037	£14.7m
JPY8bn 1.38% Senior Unsecured Loan Notes 2032	6 Jul 2022	1.38%	6 Jul 2032	£40.2m
JPY4.5bn 1.44% Senior Unsecured Loan Notes 2033	25 Jul 2023	1.44%	25 Jul 2033	£22.6m
JPY5bn 2.28% Senior Unsecured Loan Notes 2039	12 Sep 2024	2.28%	12 Sep 2039	£26.4m



## Governance / Report of the Directors continued

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 Senior 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 Senior 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 and JPY5bn 2.28% Senior Unsecured Loans 2039	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 2024, the redemption premium would have amounted to £19.0m 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.

### Significant agreements

Other than the Loan Notes 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.

### Directors and Board Structure

The Directors of the Company are listed on pages 50 and 51. All served throughout the period under review.

In accordance with the AIC's Code of Corporate Governance all of the Directors will retire at the forthcoming AGM and offer themselves for re-election. During the year under review, the Board carried out a review of its performance and the performance of each of the individual Directors. 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 50 and 51 and the ways in which they contributed to the Board during the year. The Board performance review concluded that the Board continued to function well and no matters for concern were identified. 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 re-election, and the re-election of each of the Directors is recommended by the Board. During the year the Board took the feedback from the 2023 Board evaluation into account and undertook a detailed discussion of the matters which had been suggested as focus areas for the Board during a Strategy meeting held in May 2024, as well as discussing these during Board meetings held throughout the year as appropriate.

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 2024 are set out in the Directors' Report on Remuneration Implementation on page 91.

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. Please refer to page 55 for further details on current succession planning.

### 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.

Graham Kitchen was independent on appointment and remains 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. The Committee comprises the whole Board, being independent Directors and is chaired by Mr Thomson. 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 85 to 87 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. Mr Galloway is the 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 and is chaired by Mr Thomson. 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.

Following a review of the length of the current Directors' tenure, the intention is currently for Mr Thomson to retire at the 2026 AGM and for the search for his replacement to commence in 2026, to ensure an orderly handover. In order to identify suitable candidates, the criteria for the search will take in account the skills matrix and the fact that Mr Thomson currently chairs the Audit Committee and the Nomination Committee. As discussed on the following page, diversity considerations will also be taken into account.

#### 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.

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 FCA rules on diversity and inclusion on company boards included in Listing Rule 6.6.6 (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.



## Governance / Report of the Directors continued

In accordance with Listing Rule 6 Annex 1R, 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 of 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 of 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	–	–	–
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. During the year under review, the Board and Nomination Committee considered whether, bearing in mind that none of the Directors is currently close to the end of their tenure, an additional Director should be appointed to meet the ethnic diversity target. Following discussion, it was agreed that it was not in the best interest of shareholders to increase the size of the Board or to replace any of the current Directors before the end of their term. The targets have been and will continue to be taken into consideration in respect of the recruitment of all new Directors of the Company.

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 £91,931, which is subject to an annual RPI increase. The Agreement may be terminated by either party on six months' written notice.

Fund administration services are provided by Waystone Administration Solutions (UK) Limited with an annual fee of £145,434. 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, over the long term, 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 Board notes the publication of the revised AIC Code in August 2024, which is applicable to the Company for the financial year ending 30 September 2026. The Board has noted the changes that have been made in the revised AIC Code and, where appropriate, is putting processes into place to ensure that it will be in compliance. The Company will report against compliance with the revised AIC Code in the 2026 Annual Report and Accounts.

The AIC Code can be viewed at [www.theaic.co.uk](http://www.theaic.co.uk)

The UK Code can be viewed at [www.frc.org.uk](http://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.

\* See Glossary



Throughout the year ended 30 September 2024, 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 17 to 19.
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The sustainability of the company's business model	The sustainability of the business model is set out in the Viability Statement on page 61.
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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 description of the Board structure on page 54, as well as in the s172 statement on pages 21 to 23.
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Set out below are full details of how the Company has applied the Principles of the AIC Code:

AIC Code Principle	Compliance Statement
<b>A</b> 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.	<p>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.</p> <p>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.</p> <p>More information on the Company's long-term performance record can be found on page 3 and more details of AVI's ESG Policy are on pages 26 to 28 of this Report.</p>
<b>B</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.	<p>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.</p> <p>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 21 of this Report.</p>
<b>C</b> 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.	<p>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 16.</p> <p>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 17 to 19, in the Audit Committee Report on page 86 and in note 15 to the financial statements.</p>
<b>D</b> 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 22 and 23 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.



## Governance / Report of the Directors continued

AIC Code Principle	Compliance Statement
<b>F</b> 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.	<p>The role and responsibilities of the Chairman are described on page 54. The Company recognises that the Chairman leads the Board and is responsible for its overall effectiveness in directing the affairs of the Company.</p> <p>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 Senior Independent Director, 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 21.</p>
<b>G</b> 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.	<p>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.</p> <p>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.</p>
<b>H</b> 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.	<p>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.</p> <p>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 55.</p>
<b>I</b> 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.	<p>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.</p> <p>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.</p>
<b>J</b> 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.	<p>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.</p> <p>Both policies are described in more detail on pages 54 and 55.</p>
<b>K</b> 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.	<p>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.</p>
<b>L</b> 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.	<p>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. Please refer to page 54 for discussion of the outcome of this year's performance evaluation.</p>



AIC Code Principle	Compliance Statement
<b>M</b> 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 85 to 87.
<b>N</b> 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 85 to 87 for further information.
<b>O</b> 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 85 to 87.
<b>P</b> 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 91.
<b>Q</b> 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 88 to 91. 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.
<b>R</b> 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 90, 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 53.

At 30 September 2024 and 7 November 2024, the following holdings representing more than 3% of the Company's voting rights had been reported to the Company:

	Number held at 30 September 2024	Percentage at 30 September 2024	Percentage held at 7 November 2024
Interactive Investor	48,970,443	11.08%	11.15%
Hargreaves Lansdown Asset Management Limited	45,912,030	10.39%	10.46%
Charles Stanley & Co Limited	25,000,113	5.66%	5.69%
Halifax Share Dealing Limited	22,605,669	5.11%	5.15%
Lazard Asset Management LLC	22,884,714	4.59%	5.21%
AJ Bell	20,711,623	4.69%	4.72%
Evelyn Partners	16,531,306	3.74%	3.77%

The Company has not received any further notifications in the period from the year end to 7 November 2024.



## Governance / Report of the Directors continued

### Financial Risk Management

The principal risks and uncertainties facing the Company are set out on pages 17 to 19. 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 20. 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 or the SECR framework.

As an investment trust without employees, the Company is also not required to report against the TCFD. 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 28.

### 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 6.6.4 requires the Company to include information specified in Listing Rule 6.6.1R 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 6.6.1R.

### Auditor

BDO LLP 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 pages 86 to 87.

### Annual General Meeting

The Notice of the AGM to be held on 19 December 2024 (the Notice) is set out on pages 96 to 99. Further information on the resolutions comprising special business being put to shareholders at the forthcoming AGM is set out below:

#### Proposed new investment policy – ordinary resolution

Resolution 11, proposed as an ordinary resolution, seeks shareholder approval for the Company to adopt a proposed new Investment Policy. As described in the Chairman's statement there will be no change in the overall approach that AVI takes in managing the investment portfolio but the proposed changes are designed to align the Investment Policy with current best practice and to clarify the approach to spreading investment risk, investing in derivatives and to gearing. The proposed investment Policy is set out on page 52.

### Resolution 12: Authority to allot shares

The Directors seek to renew the general and unconditional authority to allot Ordinary Shares up to 146,345,557 Ordinary Shares of 2 pence 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 7 November 2024, 45,600,956 shares were held in treasury, representing 9.41% 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 21,951,833 Ordinary Shares, representing up to approximately 5% of the Ordinary Shares (excluding shares held in treasury) in issue as at 12 November 2024, 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 2024.

### Resolution 14 – Share buyback facility

At the AGM held on 20 December 2023, 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, 20,112,011 shares have been bought back (nominal value £402,240, aggregate consideration £43,967,466), representing 4.13% 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 56,357,648 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 65,811,596 Ordinary Shares, as at 12 November 2024, 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 conflicts in Ukraine and the Middle East, geopolitical and economic challenges around the world, 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 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, JPY4.5bn which falls due in 2033 and JPY5bn which falls due in 2039. This debt was covered approximately seven times as at the end of September 2024 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 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 conflicts in Ukraine and the Middle East, geopolitical and economic challenges around the world, 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 17 to 19, 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

12 November 2024



## 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 4.1.15R, 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](http://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

12 November 2024



## Financial Statements / Statement of Comprehensive Income

For the year ended 30 September 2024

	Notes	2024 Revenue return £'000	2024 Capital return £'000	2024 Total £'000	2023 Revenue return £'000	2023 Capital return £'000	2023 Total £'000
<b>Income</b>							
Investment income	2	26,603	3,153	29,756	24,450	–	24,450
Gains on financial assets and financial liabilities held at fair value	8	–	130,745	130,745	–	112,909	112,909
Exchange (losses)/gains on cash and cash equivalents		–	(4,367)	(4,367)	–	3,138	3,138
		26,603	129,531	156,134	24,450	116,047	140,497
<b>Expenses</b>							
Investment management fee	3	(2,283)	(5,328)	(7,611)	(2,067)	(4,824)	(6,891)
Other expenses	3	(2,035)	–	(2,035)	(1,782)	–	(1,782)
<b>Profit before finance costs and tax</b>		22,285	124,203	146,488	20,601	111,223	131,824
Finance costs	4	(1,602)	(3,781)	(5,383)	(1,381)	(3,262)	(4,643)
Exchange gains on revaluation of loan notes	4	–	6,008	6,008	–	6,135	6,135
<b>Profit before taxation</b>		20,683	126,430	147,113	19,220	114,096	133,316
Taxation	5	(1,741)	(2,715)	(4,456)	821	–	821
<b>Profit for the year</b>		18,942	123,715	142,657	20,041	114,096	134,137
<b>Earnings per Ordinary Share (pence)</b>	7	4.20	27.45	31.65	4.19	23.83	28.02

The total column of this statement is the Income Statement of the Company prepared in accordance with UK-adopted international accounting standards. The supplementary revenue and capital 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/loss 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 2024

	Ordinary share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve* £'000	Merger reserve £'000	Revenue reserve** £'000	Total £'000
<b>For the year to 30 September 2024</b>							
Balance as at 30 September 2023	10,155	8,780	28,078	910,267	41,406	32,332	1,031,018
Ordinary Shares bought back for cancellation	(402)	402	–	(44,187)	–	–	(44,187)
Total comprehensive income for the year	–	–	–	123,715	–	18,942	142,657
Ordinary dividends paid (see note 6)	–	–	–	–	–	(16,763)	(16,763)
<b>Balance as at 30 September 2024</b>	<b>9,753</b>	<b>9,182</b>	<b>28,078</b>	<b>989,795</b>	<b>41,406</b>	<b>34,511</b>	<b>1,112,725</b>
<b>For the year ended 30 September 2023</b>							
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)
<b>Balance as at 30 September 2023</b>	<b>10,155</b>	<b>8,780</b>	<b>28,078</b>	<b>910,267</b>	<b>41,406</b>	<b>32,332</b>	<b>1,031,018</b>

\* Within the balance of the capital reserve, £899,960,000 relates to realised gains (2023: £765,247,000) which under the Articles of Association is distributable by way of dividend. The remaining £89,835,000 relates to unrealised gains and losses on financial instruments (2023: £145,020,000) and is non-distributable.

\*\* Revenue reserve is fully distributable.

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



## Financial Statements / Balance Sheet

As at 30 September 2024

	Notes	2024 £'000	2023 £'000
<b>Non-current assets</b>			
Investments held at fair value through profit or loss	8	1,205,675	1,144,759
		1,205,675	1,144,759
<b>Current assets</b>			
Total return swap assets	8, 9, 16	606	2,174
Trade receivables, prepayments and other debtors	9	26,027	45,674
Cash and cash equivalents	10	48,597	4,231
		75,230	52,079
<b>Total assets</b>		1,280,905	1,196,838
<b>Current liabilities</b>			
Total return swap liabilities	8, 11, 16	(4,414)	(20,873)
Trade payables, accruals and short term borrowings	11	(1,395)	(3,398)
		(5,809)	(24,271)
<b>Total assets less current liabilities</b>		1,275,096	1,172,567
<b>Non-current liabilities</b>			
4.184% Series A Sterling Senior Unsecured Loan 2036	12	(29,927)	(29,920)
3.249% Series B Euro Senior Unsecured Loan 2036	12	(24,902)	(25,960)
2.93% Euro Senior Unsecured Loan 2037	12	(16,549)	(17,250)
1.38% JPY Senior Unsecured Loan Notes 2032	12	(41,558)	(43,761)
1.44% JPY Senior Unsecured Loan Notes 2033	12	(23,413)	(24,658)
2.28% JPY Senior Unsecured Loan Notes 2039	12	(26,022)	–
		(162,371)	(141,549)
<b>Net assets</b>		1,112,725	1,031,018
<b>Equity attributable to equity shareholders</b>			
Ordinary Share capital	13	9,753	10,155
Capital redemption reserve		9,182	8,780
Share premium		28,078	28,078
Capital reserve		989,795	910,267
Merger reserve		41,406	41,406
Revenue reserve		34,511	32,332
<b>Total equity</b>		1,112,725	1,031,018
<b>Net Asset Value per Ordinary Share - basic and diluted (pence)</b>	14	251.71	223.08
<b>Number of shares in issue excluding Treasury</b>	13	442,061,671	462,173,682

These financial statements were approved and authorised for issue by the Board of AVI Global Trust plc on 12 November 2024 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 2024

	2024 £'000	2023 £'000
<b>Reconciliation of profit before taxation to net cash inflow from operating activities</b>		
Profit before taxation	147,113	133,316
Gains on investments held at fair value through profit or loss	(130,745)	(112,909)
Decrease/(increase) in other receivables	16,547	(39,985)
(Decrease)/Increase in other payables	(710)	1,004
Taxation (paid)/received	(4,627)	671
Exchange gains on Loan Notes and revolving credit facility	(7,542)	(10,921)
Amortisation of loan issue expenses	43	39
<b>Net cash inflow/(outflow) from operating activities</b>	<b>20,079</b>	<b>(28,785)</b>
<b>Investing activities</b>		
Purchases of investments	(752,490)	(516,837)
Sales of investments	809,394	527,529
<b>Net cash inflow from investing activities</b>	<b>56,904</b>	<b>10,692</b>
<b>Financing activities</b>		
Dividends paid	(16,763)	(15,959)
Payments for Ordinary Shares bought back	(44,177)	(58,722)
Drawdown of revolving credit facility	82,957	49,144
Repayment of revolving credit facility	(81,423)	(44,359)
Issue of loans net of costs	26,788	24,753
<b>Net cash outflow from financing activities</b>	<b>(32,618)</b>	<b>(45,143)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>44,365</b>	<b>(63,236)</b>
<b>Reconciliation of net cash flow movements in funds:</b>		
Cash and cash equivalents at beginning of year	4,231	67,274
Exchange rate movements	1	193
Increase/(decrease) in cash and cash equivalents	44,365	(63,236)
<b>Increase/(decrease) in net cash</b>	<b>44,366</b>	<b>(63,043)</b>
<b>Cash and cash equivalents at end of year</b>	<b>48,597</b>	<b>4,231</b>
Dividends received	27,372	20,369
Interest paid	5,531	4,533
Interest received	2,711	3,409

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



## Financial Statements / Notes to the Financial Statements

1

**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 conflicts in Ukraine and the Middle East 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 2025, the impact on future cash flows as a result of this through to September 2029. 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 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 current year, the Company has applied a number of amendments to UK-adopted international standards that are mandatorily effective for an accounting period that begins on or after 1 October 2023.

In accordance with an amendment to IAS1, Presentation of Financial Statements, the Company now discloses its material accounting policy information instead of significant accounting policies. The updates incorporated:

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

There are amendments to IAS/IFRS that will apply from 1 October 2024 as follows:

- Classification of liabilities as current or non-current (Amendments to IAS 1);
- Non-current liabilities with Covenants (Amendments to IAS 1); and
- Supplier Finance Arrangements – Amendments to IAS7 and IFRS7.

The Company intends to adopt the Standards in the reporting period when they become effective. The adoption of these Standards impact the Company's accounting policy disclosures, with revised presentations and additional disclosures to the Financial Statements.

**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.



## Financial Statements / Notes to the Financial Statements continued

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### 1. General information and accounting policies continued

#### Critical accounting judgements and key sources of estimation uncertainty continued

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; the recognition of expenses between capital and revenue; 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 are no further significant judgements or estimates in 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 (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 expiry, realised gains and losses are also recognised in the Statement of Comprehensive Income as capital items. Cash flows relating to the derivatives underlying security are reflected within the revenue account. Cost of financing derivatives is allocated in accordance with the Company's accounting policy, with 70% charged to capital and 30% charged to revenue.

#### 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 within trade receivables, prepayments and other debtors 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.

#### 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.



## 1. General information and accounting policies *continued*

### **Income** *continued*

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 and Revolving Credit Facility**

The non-current liabilities and revolving credit facility are valued at amortised cost. Costs in relation to arranging the finance have been capitalised and are amortised over the term of the finance. The amortised cost is the par value less the amortised costs with exchange difference on the principal amounts to be repaid reflected. Any gain or loss arising from changes in the exchange rates are 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.

### **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.



## Financial Statements / Notes to the Financial Statements continued

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## 2. Income

	2024 £'000	2023 £'000
<b>Income from investments</b>		
UK dividends	1,852	296
Overseas dividends	22,657	21,544
Income from fixed interest securities	–	240
	<b>24,509</b>	<b>22,080</b>
<b>Other income</b>		
Deposit interest	2,784	3,005
Total return swap dividends*	(480)	(416)
Exchange losses on receipt of income**	(210)	(421)
Interest received on corporation tax refunds	–	202
	<b>26,603</b>	<b>24,450</b>
Capital dividend***	<b>3,153</b>	–
	<b>29,756</b>	<b>24,450</b>

\* Net income (paid)/received on underlying holdings in Total return swaps.

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

\*\*\* Dividend received is attributed to a distribution of capital.

## 3. Investment management fee and other expenses

	2024 Revenue return £'000	2024 Capital return £'000	2024 Total £'000	2023 Revenue return £'000	2023 Capital return £'000	2023 Total £'000
<b>Management fee</b>	<b>2,283</b>	<b>5,328</b>	<b>7,611</b>	<b>2,067</b>	<b>4,824</b>	<b>6,891</b>
<b>Other expenses:</b>						
Directors' emoluments – fees	201	–	201	190	–	190
Auditor's remuneration – audit	61	–	61	54	–	54
Marketing	605	–	605	573	–	573
Printing and postage costs	76	–	76	69	–	69
Registrar fees	96	–	96	95	–	95
Custodian fees	77	–	77	83	–	83
Depositary fees	126	–	126	123	–	123
Advisory and professional fees	487	–	487	360	–	360
Costs associated with dividend receipts	21	–	21	18	–	18
Irrecoverable VAT	89	–	89	32	–	32
Regulatory fees	119	–	119	98	–	98
Directors' insurances and other expenses	77	–	77	87	–	87
	<b>2,035</b>	<b>–</b>	<b>2,035</b>	<b>1,782</b>	<b>–</b>	<b>1,782</b>

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

	2024 Revenue return £'000	2024 Capital return £'000	2024 Total £'000	2023 Revenue return £'000	2023 Capital return £'000	2023 Total £'000
<b>Loan notes and revolving credit facility interest</b>						
4.184% Series A Sterling Senior Unsecured Loan Notes 2036	377	879	1,256	375	876	1,251
3.249% Series B Euro Senior Unsecured Loan Notes 2036	246	575	821	254	593	847
2.93% Euro Senior Unsecured Loan Notes 2037	149	347	496	152	354	506
1.38% JPY Senior Unsecured Loan Notes 2032	168	393	561	188	439	627
1.44% JPY Senior Unsecured Loan Notes 2033	100	233	333	20	46	66
2.28% JPY Senior Unsecured Loan Notes 2039	9	22	31	–	–	–
JPY Revolving credit facility	80	187	267	62	144	206
Total return swap interest	455	1,061	1,516	282	659	941
	1,584	3,697	5,281	1,333	3,111	4,444
<b>Amortisation</b>						
4.184% Series A Sterling Senior Unsecured Loan Notes 2036	–	7	7	–	7	7
3.249% Series B Euro Senior Unsecured Loan Notes 2036	–	5	5	–	5	5
2.93% Euro Senior Unsecured Loan Notes 2037	–	7	7	–	8	8
1.38% JPY Senior Unsecured Loan Notes 2032	–	18	18	–	18	18
1.44% JPY Senior Unsecured Loan Notes 2033	–	5	5	–	1	1
JPY Revolving credit facility	17	40	57	48	112	160
	17	82	99	48	151	199
<b>Bank interest</b>						
Bank debit interest	1	2	3	–	–	–
Total	1,602	3,781	5,383	1,381	3,262	4,643
<b>Exchange gains in Loan Notes*</b>	–	6,008	6,008	–	6,135	6,135

\* Revaluation of Euro and JPY Loan Notes.



## Financial Statements / Notes to the Financial Statements continued

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## 5. Taxation

	Year ended 30 September 2024			Year ended 30 September 2023		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
<b>Analysis of charge/(credit) for the year</b>						
Overseas tax suffered*	1,741	2,715	4,456	1,638	–	1,638
Withholding tax received previously written off	–	–	–	(29)	–	(29)
Corporation tax refund**	–	–	–	(2,430)	–	(2,430)
<b>Tax charge/(credit) for the year</b>	<b>1,741</b>	<b>2,715</b>	<b>4,456</b>	<b>(821)</b>	<b>–</b>	<b>(821)</b>

\* 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 (2023: lower) than the standard rate of corporation tax in the UK of 25% (2023: 22%). The differences are explained below:

	Year ended 30 September 2024			Year ended 30 September 2023		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
<b>Profit before taxation</b>	<b>20,683</b>	<b>126,430</b>	<b>147,113</b>	<b>19,220</b>	<b>114,096</b>	<b>133,316</b>
Profit before taxation multiplied by the standard rate of corporation tax of 25% (2023: 22%)	5,171	31,608	36,779	4,229	25,101	29,330
Effects of the non-taxable items:						
– UK dividends that are not taxable	(334)	–	(334)	(65)	–	(65)
– Foreign dividends that are not taxable	(5,611)	(788)	(6,399)	(4,648)	–	(4,648)
– Non-taxable investment gains	–	(33,097)	(33,097)	–	(26,880)	(26,880)
– Irrecoverable overseas tax	1,741	2,715	4,456	1,638	–	1,638
– Withholding tax received previously written off	–	–	–	(29)	–	(29)
– Corporation tax refunds	–	–	–	(2,430)	–	(2,430)
– Current period tax losses not utilised	686	2,088	2,774	484	1,779	2,263
– Corporate interest restriction	80	189	269	–	–	–
– Offshore income gains	8	–	8	–	–	–
<b>Tax charge/(credit) for the year</b>	<b>1,741</b>	<b>2,715</b>	<b>4,456</b>	<b>(821)</b>	<b>–</b>	<b>(821)</b>

At 30 September 2024, the Company had management expenses of £105,307,000 (30 September 2023: £96,478,000), a non-trade loan relationship deficit of £25,688,000 (30 September 2023: £23,688,000) and carried forward disallowed interest expense of £7,883,000 (30 September 2023: £6,805,000) that are potentially available to offset future taxable revenue. A deferred tax asset of £34,719,000 (30 September 2023: £31,743,000), 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 for approval as an Investment Trust Company.



## 6. Dividends

	2024 £'000	2023 £'000
<b>Amounts recognised as distributions to equity holders in the year:</b>		
Final dividend for the year ended 30 September 2023 of 2.30p (2022: 2.10p) per Ordinary Share	10,484	10,258
Special dividend for the year ended 30 September 2023 of 0.20p (2022: none) per Ordinary Share	912	–
Interim dividend for the year ended 30 September 2024 of 1.20p (2023: 1.20p) per Ordinary Share	5,367	5,701
	<b>16,763</b>	<b>15,959</b>

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.

	2024 £'000	2023 £'000
Interim dividend for the year ended 30 September 2024 of 1.20p (2023: 1.20p) per Ordinary Share	5,367	5,701
Proposed final dividend for the year ended 30 September 2024 of 2.55p (2023: 2.30p) per Ordinary Share	11,195*	10,514
Special dividend for the year ended 30 September 2024 of nil (2023: 0.2p) per Ordinary Share	–	914
	<b>5,367</b>	<b>17,129</b>

\* Based on shares in circulation on 12 November 2024.

## 7. Earnings per Ordinary Share

The earnings per Ordinary Share is based on the Company's net profit after tax of £142,657,000 (2023: net profit of £134,137,000) and on 450,758,728 (2023: 478,739,622) 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 2024			30 September 2023		
Basic and diluted	Revenue	Capital	Total	Revenue	Capital	Total
Net profit (£'000)	18,942	123,715	142,657	20,041	114,096	134,137
Weighted average number of Ordinary Shares			450,758,728			478,739,622
Earnings per Ordinary Share (pence)	4.20	27.45	31.65	4.19	23.83	28.02

There are no dilutive instruments issued by the Company (2023: none).



## Financial Statements / Notes to the Financial Statements continued

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## 8. Investments held at fair value through profit or loss

	30 September 2024				30 September 2023				
	Equities £'000	Unrealised derivatives asset £'000	Unrealised derivatives liabilities £'000	Total £'000	Equities £'000	Debt securities £'000	Unrealised derivatives asset £'000	Unrealised derivatives liabilities £'000	Total £'000
<b>Financial assets held at fair value</b>									
Opening book cost	983,849	–	–	983,849	888,954	20,893	–	–	909,847
Opening investment holding gains/(losses)	160,910	2,174	(20,873)	142,211	97,477	1,466	–	–	98,943
Opening fair value	1,144,759	2,174	(20,873)	1,126,060	986,431	22,359	–	–	1,008,790
Movement in the year:									
Purchases at cost	751,187	–	–	751,187	472,751	39,655	–	–	512,406
Sales/Close – Proceeds	(812,627)	6,502	–	(806,125)	(443,380)	(60,041)	(4,624)	–	(508,045)
– realised gains/(losses) on sales and close of total return swaps	198,441	(6,502)	–	191,939	65,525	(507)	4,624	–	69,642
(Decrease)/increase in investment holding gains	(76,085)	(1,568)	16,459	(61,194)	63,432	(1,466)	2,174	(20,873)	43,267
<b>Closing fair value of investments</b>	<b>1,205,675</b>	<b>606</b>	<b>(4,414)</b>	<b>1,201,867</b>	<b>1,144,759</b>	<b>–</b>	<b>2,174</b>	<b>(20,873)</b>	<b>1,126,060</b>
Closing book cost	1,120,850	–	–	1,120,850	983,849	–	–	–	983,849
Closing investment holding gains/(losses)	84,825	606	(4,414)	81,017	160,910	–	2,174	(20,873)	142,211
<b>Closing fair value</b>	<b>1,205,675</b>	<b>606</b>	<b>(4,414)</b>	<b>1,201,867</b>	<b>1,144,759</b>	<b>–</b>	<b>2,174</b>	<b>(20,873)</b>	<b>1,126,060</b>

## Financial assets and liabilities held at fair value

	30 September 2024 £'000	30 September 2023 £'000
Equities	1,205,675	1,144,759
Total return swaps – asset	606	2,174
Total return swaps – liability	(4,414)	(20,873)
	<b>1,201,867</b>	<b>1,126,060</b>
	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
<b>Transaction costs</b>		
Cost on acquisitions	724	457
Cost on disposals	631	350
	<b>1,355</b>	<b>807</b>
<b>Analysis of capital gains/(losses)</b>		
Gains on sales/close out of financial assets	191,939	69,642
Movement in investment holding (losses)/gains for the year	(61,194)	43,267
<b>Net gains on investments</b>	<b>130,745</b>	<b>112,909</b>

The Company received £806,125,000 (2023: £508,045,000) from investments sold in the year. The book cost of these investments when they were purchased was £614,186,000 (2023: £438,403,000). 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 thirteen interests amounting to an investment of 3% or more of the equity capital of investee companies which are set out in the Investment Portfolio on pages 14 and 15.



## 9. Trade receivables, prepayments and other debtors

	2024 £'000	2023 £'000
Total return swaps	606	2,174
<b>Trade receivables, prepayments and other debtors</b>		
Sales for future settlement	–	3,271
Cash collateral receivable	23,113	39,325
Tax recoverable	627	456
Prepayments and accrued income	2,259	2,585
VAT recoverable	28	37
<b>Total trade receivables, prepayments and other debtors</b>	<b>26,027</b>	<b>45,674</b>

Cash collateral receivable is cash held at Jefferies International Limited 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

	2024 £'000	2023 £'000
Cash at bank	13,597	4,231
Liquidity account	35,000	–
	<b>48,597</b>	<b>4,231</b>

## 11. Current liabilities

	2024 £'000	2023 £'000
Total return swaps	4,414	20,873
<b>Trade payables, accruals and short-term borrowings</b>		
Purchases for future settlement	–	1,303
Amounts owed for share buybacks	13	3
Management fees	–	573
Interest payable	859	648
Other payables	523	871
<b>Total trade payables, accruals and short term borrowings</b>	<b>1,395</b>	<b>3,398</b>
<b>Total current liabilities</b>	<b>5,809</b>	<b>24,271</b>



## Financial Statements / Notes to the Financial Statements continued

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## 11. Current liabilities continued

## Revolving credit facility

The unsecured revolving credit facility with Scotiabank Europe Plc for a JPY8.0bn (£41,700,000) (the facility) was terminated at the end of its contracted life on 26 September 2024. It was repaid on 10 September 2024 and no drawings were made after that date. The facility when in existence consisted of a multi-currency facility with drawings available in Japanese Yen, Pounds Sterling, US Dollars and Euros.

The interest charged was 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);
- 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 were charged at 0.35% and any undrawn portion above this were charged at 0.30%.

Under the terms of the facility, the covenant required net assets not to be less than £300m and the adjusted net asset coverage to borrowings not 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.

\*\* If TONAR was less than 0% it was deemed to be 0%.

	At 30 September 2024		At 30 September 2023	
	¥'000	£'000	¥'000	£'000
Opening balance	–	–	–	–
Proceeds from amounts drawn	16,000,000	82,957	8,000,000	49,144
Repayment	(16,000,000)	(81,423)	(8,000,000)	(44,359)
Exchange rate movement	–	(1,534)	–	(4,785)
Total	–	–	–	–

## 12. Non-current liabilities

	2024 £'000	2023 £'000
4.184% Series A Sterling Senior Unsecured Loan Notes 2036	29,927	29,920
3.249% Series B Euro Senior Unsecured Loan Notes 2036	24,902	25,960
2.93% Euro Senior Unsecured Loan Notes 2037	16,549	17,250
1.38% JPY Senior Unsecured Loan Notes 2032	41,558	43,761
1.44% JPY Senior Unsecured Loan Notes 2033	23,413	24,658
2.28% JPY Senior Unsecured Loan Notes 2039	26,022	–
Total	162,371	141,549



## 12. Non-current liabilities continued

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 Senior Unsecured Loan Notes due 15 January 2036

€30,000,000 3.249% Series B Euro Senior 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

The Company issued further Loan Notes on 12 September 2024:

¥5,000,000,000 2.28% JPY Senior Unsecured Loan Notes due 12 September 2039

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
<b>Allotted, called up and fully paid</b>		
Ordinary Shares of 2p each (2023: 2p)		
Balance at beginning of the year	507,774,638	10,155
Ordinary Shares bought back and cancelled	(20,112,011)	(402)
Balance at end of the year	487,662,627	9,753
<b>Treasury shares</b>		
Balance at beginning of the year	45,600,956	
Balance at end of the year	45,600,956	
<b>Total Ordinary Share capital excluding treasury shares</b>	<b>442,061,671</b>	

At 30 September 2024, 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 2024, 20,112,011 Ordinary Shares of 2p were bought back for cancellation for an aggregate consideration of £43,967,000 (2023: 29,277,886 shares for aggregate consideration of £56,668,000).

The allotted, called up and fully paid shares at 30 September 2024 consisted of 487,662,627 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 was 442,061,671 as at 30 September 2024.

## 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 2024		30 September 2023	
	NAV per Ordinary Share Pence	Net asset value attributable £'000	NAV per Ordinary Share Pence	Net asset value attributable £'000
Basic and diluted	251.71	1,112,725	223.08	1,031,018

Net asset value per Ordinary Share is based on net assets and on 442,061,671 Ordinary Shares (2023: 462,173,682), being the number of Ordinary Shares in issue excluding Treasury Shares at the year-end.



## Financial Statements / Notes to the Financial Statements continued

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## 15. Financial instruments and capital disclosures

**Investment objective and policy**

The Company's investment objective and policy are detailed on page 52.

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.

**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 conflicts in Ukraine and the Middle East 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 £1,204,157,000 (2023: £1,142,936,000) decreased or increased by 20%, then it would have had an adverse/positive impact on the Company's capital return and equity of £240,831,000 (2023: £228,587,000).

As at 30 September 2024, £1,518,000 (2023: £1,823,000) 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 2024 would have decreased the net assets attributable to the Company's shareholders by £304,000 (30 September 2023: £365,000); 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 £35,073,000 (2023: £47,448,000).

The currency exposure is as follows:

	GBP £'000	USD £'000	EUR £'000	JPY £'000	NOK £'000	SEK £'000	Total £'000
<b>Currency risk</b>							
<b>At 30 September 2024</b>							
Other receivables	611	23,476	627	1,313	–	–	26,027
Cash and cash equivalents	48,597	–	–	–	–	–	48,597
Other payables	(679)	(118)	(371)	(227)	–	–	(1,395)
Total return swaps	–	(3,808)	–	–	–	–	(3,808)
4.184% Series A Sterling Senior Unsecured Loan Notes 2036	(29,927)	–	–	–	–	–	(29,927)
3.249% Series B Euro Senior Unsecured Loan Notes 2036	–	–	(24,902)	–	–	–	(24,902)
2.93% Euro Senior Unsecured Loan Notes 2037	–	–	(16,549)	–	–	–	(16,549)
1.38% JPY Senior Unsecured Loan Notes 2032	–	–	–	(41,558)	–	–	(41,558)
1.44% JPY Senior Unsecured Loan Notes 2033	–	–	–	(23,413)	–	–	(23,413)
2.28% JPY Senior Unsecured Loan Notes 2039	–	–	–	(26,022)	–	–	(26,022)
Currency exposure on net monetary items	18,602	19,550	(41,195)	(89,907)	–	–	(92,950)
Investments held at fair value through profit or loss – equities	392,664	259,661	291,864	215,730	41,267	4,489	1,205,675
Total net currency exposure	411,266	279,211	250,669	125,823	41,267	4,489	1,112,725



## 15. Financial instruments and capital disclosures continued

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

### 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 2024 £'000	At 30 September 2023 £'000
Exposure to floating interest rates		
Cash collateral receivable from broker	23,113	39,325
Cash and cash equivalents	48,597	4,231



## Financial Statements / Notes to the Financial Statements continued

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## 15. Financial instruments and capital disclosures continued

	30 September 2024		30 September 2023	
	Book cost £'000	Fair value £'000	Book cost* £'000	Fair value £'000
4.184% Series A Sterling Senior Unsecured Loan Notes 2036	29,927	26,103	29,920	25,051
3.249% Series B Euro Senior Unsecured Loan Notes 2036	24,902	23,119	25,960	22,158
2.93% Euro Senior Unsecured Loan Notes 2037	16,549	14,671	17,250	13,936
1.38% JPY Senior Unsecured Loan Notes 2032	41,558	40,203	43,761	40,584
1.44% JPY Senior Unsecured Loan Notes 2033	23,413	22,623	24,658	22,757
2.28% JPY Senior Unsecured Loan Notes 2039	26,022	26,377	–	–
Total	162,371	153,096	141,549	124,486

\* 2023 figures updated for consistency.

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 £71,710,000 (2023: £43,556,000) cash and cash equivalents, the assets are readily realisable. 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
<b>At 30 September 2024</b>						
4.184% Series A Sterling Senior Unsecured Loan Notes 2036	(1,255)	(1,255)	(1,255)	(8,786)	(31,883)	(44,434)
3.249% Series B Euro Senior Unsecured Loan Notes 2036	(811)	(811)	(811)	(5,676)	(26,175)	(34,284)
2.93% Euro Senior Unsecured Loan Notes 2037	(488)	(488)	(488)	(3,413)	(18,345)	(23,222)
1.38% JPY Senior Unsecured Loan Notes 2032	(575)	(575)	(575)	(44,578)	–	(46,303)
1.44% JPY Senior Unsecured Loan Notes 2033	(338)	(338)	(338)	(25,483)	–	(26,497)
2.28% JPY Senior Unsecured Loan Notes 2039	(594)	(594)	(594)	(4,160)	(29,034)	(34,976)
Total return swap liabilities	(4,032)	(382)	–	–	–	(4,414)
Other payables	(1,395)	–	–	–	–	(1,395)
	(9,488)	(4,443)	(4,061)	(92,096)	(105,437)	(215,525)

	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
<b>At 30 September 2023</b>						
4.184% Series A Sterling Senior Unsecured Loan Notes 2036	(1,255)	(1,255)	(1,255)	(8,786)	(33,138)	(45,689)
3.249% Series B Euro Senior 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 Notes 2032	(606)	(606)	(606)	(47,559)	–	(49,377)
1.44% JPY Senior Unsecured Loan Notes 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)



## 15. Financial instruments and capital disclosures continued

### 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 £75,231,000 (2023: £52,079,000).

### 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.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss at 30 September 2024				
Equity investments	1,204,157	–	1,518	1,205,675
Total return swap assets	–	606	–	606
	1,204,157	606	1,518	1,206,281

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss at 30 September 2023				
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

### Fair value of Level 3 investments

	30 September 2024 £'000	30 September 2023 £'000
Opening fair value of investments	1,823	25,431
Acquisition	–	583
Sales – proceeds	(61)	(21,715)
Realised gains/(losses) on equity sales	33	(1,687)
Movement in investment holding losses	(277)	(789)
Closing fair value of investments	1,518	1,823

Investments classified within Level 3 are reviewed on a regular basis by the Manager. As observable prices are not available for these investments, the Manager has used appropriate valuation techniques to derive the fair value. The Manager considers the appropriateness of the valuation model inputs, as well as the valuation result using various methods and techniques generally recognised as standard.

\* Moody's credit ratings.



## Financial Statements / Notes to the Financial Statements continued

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## 15. Financial instruments and capital disclosures continued

## 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 103.

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.

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 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Loan Notes	–	(153,096)	–	(153,096)
Total return swap liabilities	–	(4,414)	–	(4,414)
	–	(157,510)	–	(157,510)

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)

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 53 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 64.

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 but the Directors are proposing that shareholders adopt a revised Investment Policy at the AGM to be held on 19 December 2024.

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 2024 £'000	At 30 September 2023 £'000
<b>Total return swaps</b>		
Current assets	606	2,174
Current liabilities	(4,414)	(20,873)
<b>Net value of derivatives</b>	<b>(3,808)</b>	<b>(18,699)</b>

The gross positive exposure on total return swaps as at 30 September 2024 was £58,296,000 (30 September 2023: £70,934,000) and the total negative exposure of total return swaps was £53,100,000 (30 September 2023: £46,986,000). The liabilities are secured against assets held with Jefferies International Limited. The collateral held as at 30 September 2024 was £23,113,000 (30 September 2023: £39,325,000).

## 17. Contingencies, guarantees and financial commitments

At 30 September 2024, 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 90. At the year-end, £nil was outstanding due to Directors (2023: £nil).

The transaction pursuant to the IMA with AVI is set out in the Report of the Directors on page 56. Management fees for the year amounted to £7,611,000 (2023: £6,891,000).

As at the year-end, the following amounts were outstanding in respect of management fees: £nil (2023: £573,000).

## 19. Post balance sheet events

Since the year-end, the Company has bought back 3,025,000 Ordinary Shares with a nominal value of £60,500 at a total cost of £6,966,000.



## 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](http://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](http://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 2024. This gives the following figures:

Leverage Exposure	Commitment	
	Gross Method	Method
Maximum Limit	150%	130%
Actual Level	121%	111%



## 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 30 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:

- Review of the Half Year Report for the period to 31 March 2024, 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;
- Commission a detailed review of the risk register which resulted in a simplified register which provides a higher level of focus on key risks;
- 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 61;
- Consideration of a statement by the Directors on the long-term viability of the Company. That statement can be found on page 61;
- Recommendation of a final dividend for the year ended 30 September 2024 and an interim dividend for the period to 31 March 2024;
- Review of special dividends received in the year to determine their allocation to the revenue or capital account in the Statement of Comprehensive Income;
- Review of the measures it should take in order to comply with the FRC's Minimum Standard for Audit Committees and updates to its terms of reference and meeting agendas to ensure that the Committee meets the responsibilities set out in the Minimum Standard;
- 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: 99.87% of the equity investment portfolio at the year-end can be verified against daily market prices and observable price movements. The remaining 0.13% 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 investments: 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 conflicts in Ukraine and the Middle East, geopolitical and economic challenges around the world, supply shortages, inflationary pressures and how the level of demand for the Company's shares may affect the discount.
- Compliance with the Companies Act and Listing Rules: Reports on compliance are received and reviewed at each quarterly Board meeting.



## Other Reports / Report of the Audit Committee continued

### Significant Areas of Focus continued

- **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.

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. During the year under review the Audit Committee decided to make a provision against an amount of withholding tax that has remained due for over nine years.

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 conflicts in Ukraine and the Middle East, the impact of Consumer Duty in respect of cost disclosures, developments in the investment trust sector and consolidation in the wealth managers sector 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 17 to 19.

### Internal Controls continued

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.

### 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 2023 audit concluded that the audit process had worked well, and that the key matters had been adequately addressed by the auditors. 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.



### 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 2024 is his second as Audit Partner and it is the second 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 2024 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 noted that the proportion of audits that were inspected and found to require "no more than limited improvements" had decreased noticeably compared with the previous year, and 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 £61,000 (2023: £54,000). Of the total fees, the fees for audit services were £61,000 (2023: £54,000). 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 2024 was £nil (2023: £nil). The Audit Committee is satisfied that BDO was independent on appointment and remains independent.

### Reappointment 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 2024 with the provisions of the CMA Order.

### Calum Thomson

Audit Committee Chairman

12 November 2024



## 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 2024	Purpose of reward	Operation
Annual fee	All Directors	£35,500	For commitment as Directors of a public company	Determined by the Board at its discretion (see Note 1)
Additional Fee	Chairman of the Board	£20,000	For additional responsibility and time commitment	Determined by the Board at its discretion (see Note 1)
Additional Fee	Chairman of the Audit Committee	£5,500	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 2024.

\* 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 19 December 2024.

### 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 2024 to £55,000 (previously £53,000) per annum for the Chairman and £35,500 (previously £34,000) per annum for other Directors. The additional fee payable to the Chairman of the Audit Committee was increased from £5,000 to £5,500 and the additional fee paid to the Senior Independent Director remained unchanged at £2,500 per annum.

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 was approved by shareholders at the AGM held on 20 December 2022 and a non-binding Ordinary Resolution adopting the Directors' Report on Remuneration Implementation for the year ended 30 September 2023 was approved by shareholders at the AGM held on 20 December 2023. 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	99.49%
Against - % of votes cast	0.29%
At Chairman's discretion - % of votes cast	0.22%
Total votes cast	130,123,120
Number of votes withheld	418,975

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

### Single Total Figure Table (audited information)

Name of Director	Fees paid (£)		Taxable benefits (£)*		Total (£)		Percentage change (%) <sup>1</sup>			
	2024	2023	2024	2023	2024	2023	2023 - 2024	2022 - 2023	2021 - 2022	2020 - 2021
Graham Kitchen	54,250	47,664	566	467	54,816	48,131	13.8	56.3 <sup>3</sup>	5.2	3.4
Anja Balfour	34,750	33,000	2,953	5,514	37,703	38,514	5.3	8.2	5.2	3.4
Neil Galloway	34,750	33,000	—	—	34,750	33,000	5.3	8.2	5.2	—
June Jessop <sup>2</sup>	34,750	25,000	3,720	2,404	38,470	27,404	39.0	—	—	—
Calum Thomson	42,500	40,500	1,124	864	43,624	41,364	4.9	8.0	10.3 <sup>4</sup>	3.4
Susan Noble <sup>5</sup>	—	11,026	—	267	—	11,293	—	—	5.6	3.9
	201,000	190,190	8,363	9,516	209,363	199,706				

\* Reimbursement of travel expenses.

<sup>1</sup> 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.

<sup>2</sup> Appointed 1 January 2023.

<sup>3</sup> Mr Kitchen was appointed as Chairman with effect from 20 December 2022 and since then received the additional fee for this function.

<sup>4</sup> Mr Thomson was appointed as Senior Independent Director with effect from 16 December 2021 and since then received the additional fee for this function.

<sup>5</sup> Retired 20 December 2022.



### 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

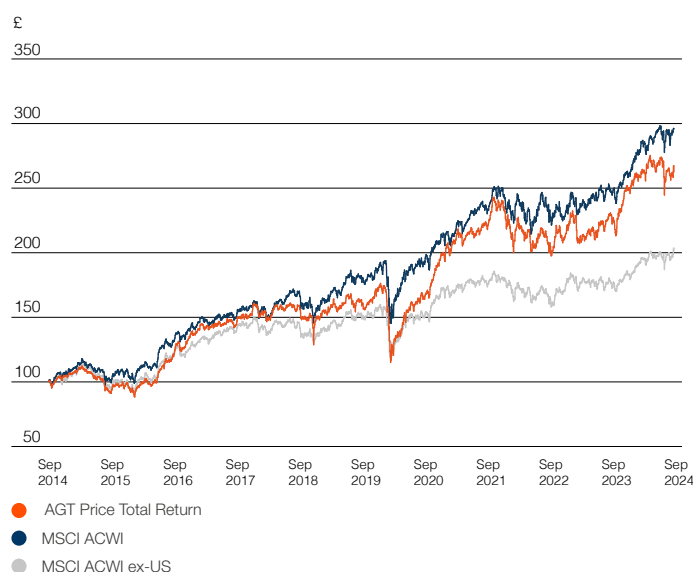
Taxable benefits – Article 100 of the Company's Articles of Association provides that Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings.

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 2024



### Relative Importance of Spend on Pay

The table below shows the proportion of the Company's income spent on pay.

	2024	2023	Difference
Spend on Directors' fees*	£201,000	£190,000	5.8%
Management fee and other expenses	£9,645,000	£8,673,000	11.2%
Distribution to shareholders:			
(a) dividends	£16,763,000	£15,959,000	5.0%
(b) share buybacks	£43,967,000	£56,668,000	(22.4%)

\* 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 2024 (or date of retirement if earlier or date of appointment, if later) are shown in the table below:

	Ordinary Shares	
	2024	2023
Graham Kitchen	109,500 <sup>1</sup>	109,500
Anja Balfour	36,500	36,500
Neil Galloway	40,000	25,000
June Jessop	45,000	28,000
Calum Thomson	44,490	44,490

<sup>1</sup> Includes 33,250 shares held by Jane Kitchen as at 30 September 2024 (as at 30 September 2023: 33,250).

There have been no changes to Directors' interests between 30 September 2024 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 2024:

- (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

12 November 2024



## Other Reports / Independent Auditor's Report

For the year ended 30 September 2024



### 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 2024 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 2024 which comprise 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 material accounting policy information. 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 including tenders and reappointments is two years, covering the years ended 30 September 2023 to 30 September 2024. We remain 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 the going concern in light of economic and market conditions by reviewing the information used by the Directors in completing their assessment;
- Assessing the appropriateness of the Directors' assumptions and judgements made by comparing the prior year forecasted costs to the actual costs incurred to check that the projected costs are reasonable;
- Assessing the projected management fees for the year to check that it was in line with the current assets under management levels and the projected market growth forecasts for the following year;
- Assessing the appropriateness of the Directors' assumptions and judgements made in their base case and stress tested forecasts including consideration of the available cash resources relative to forecast expenditure and commitments; and
- Challenging the Directors' assumptions and judgements made in their forecasts including performing an independent analysis of the liquidity of the portfolio.

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	2024	2023
Valuation and ownership of quoted investments	✓	✓
<b>Materiality</b>	<b>Company financial statements as a whole</b> £11.1m (2023: £9.8m) based on 1% (2023: 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
<p><b>Valuation and ownership of quoted investments</b></p> <p>Refer to page 85 (Audit Committee Report), page 68 (Accounting policy) and pages 78 to 82 (Financial disclosures)</p> <p>The investment portfolio at the year-end comprised of quoted equity investments amounting to £1,204m.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>We responded to this matter by testing the valuation and ownership of the whole portfolio of quoted investments. We performed the following procedures:</p> <ul style="list-style-type: none"> <li>Confirmed the year-end bid price was used by agreeing to externally quoted prices;</li> <li>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;</li> <li>Recalculated the valuation by multiplying the number of shares held per the statement obtained from the custodian by the valuation per share;</li> <li>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</li> <li>We also considered the completeness, accuracy and clarity of investment-related disclosures against the requirements of relevant accounting standard.</li> </ul> <p><b>Key observations:</b></p> <p>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.</p>

#### 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	2024	2023
<b>Materiality</b>	£11.1m	£9.8m
<b>Basis for determining materiality</b>	1% of Net assets	
<b>Rationale for the benchmark applied</b>	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.	
<b>Performance materiality</b>	£8.3m	£7.3m
<b>Basis for determining performance materiality</b>	75% of materiality	
<b>Rationale for the percentage applied for performance materiality</b>	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

#### Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £555k (2023: £490k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.



## Other Reports / Independent Auditor's Report continued

For the year ended 30 September 2024

### 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.

<b>Going concern and longer-term viability</b>	<ul style="list-style-type: none"> <li>• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 61; and</li> <li>• The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 61.</li> </ul>
<b>Other Code provisions</b>	<ul style="list-style-type: none"> <li>• Directors' statement on fair, balanced and understandable set out on page 62;</li> <li>• Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 17;</li> <li>• The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 86; and</li> <li>• The section describing the work of the Audit Committee set out on page 85.</li> </ul>

### 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.

<b>Strategic Report and Directors' Report</b>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.</li> </ul> <p>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.</p>
<b>Directors' remuneration</b>	<p>In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
<b>Matters on which we are required to report by exception</b>	<p>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:</p> <ul style="list-style-type: none"> <li>• adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or</li> <li>• 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</li> <li>• certain disclosures of Directors' remuneration specified by law are not made; or</li> <li>• we have not received all the information and explanations we require for our audit.</li> </ul>

### 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 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 meeting 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 their Investment Trust Status.

#### Fraud

We assessed the susceptibility of the financial statement to material misstatement including fraud.

Our risk assessment procedures included:

- Enquiry with the Investment Manager, the Administrator and those charged with governance regarding any known or suspected instances of fraud;
- Review of minutes of meeting 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 could 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:

- In addressing the risk of management override of control, we:
  - Performed a review of estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias;
  - Considered the opportunity and incentive to manipulate accounting entries and target tested relevant adjustments made in the period end financial reporting process;
  - Reviewed for significant transactions outside the normal course of business; and
  - Performed a review of unadjusted audit differences, if any, for indications of bias or deliberate misstatement.

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](http://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

12 November 2024



## 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 Fifth Annual General Meeting of AVI Global Trust plc will be held at 11 Cavendish Square, London W1G 0AN at 11.00am on Thursday, 19 December 2024 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 2024 together with the Strategic Report and the Reports of the Directors and Auditor.
2. To approve a final ordinary dividend of 2.55p per Ordinary Share.
3. To re-elect Anja Balfour as a Director of the Company.
4. To re-elect Neil Galloway as a Director of the Company.
5. To re-elect June Jessop as a Director of the Company.
6. To re-elect Graham Kitchen as a Director of the Company.
7. To re-elect Calum Thomson as a Director of the Company.
8. To re-appoint BDO LLP as the Company's Auditor.
9. To authorise the Audit Committee to determine the Auditor's remuneration.
10. To approve the Directors' Report on Remuneration Implementation for the year ended 30 September 2024.
11. That the proposed new investment policy, as detailed in the Annual Report and Financial Statements and a copy of which is initialled by the Chairman for the purpose of identification and production at the annual general meeting, be and is hereby approved and adopted with effect from 19 December 2024 as the Company's investment policy in place of its existing investment policy.
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 146,345,557 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 21,951,833 Ordinary Shares being approximately 5% of the equity share capital in issue as at 12 November 2024, 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 65,811,596;
  - (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:  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

12 November 2024



## Shareholder Information / Notice of Annual General Meeting continued

### 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 Tuesday, 17 December 2024. 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 going to Equiniti's Shareview website, [www.shareview.co.uk](http://www.shareview.co.uk), and logging in to your Shareview Portfolio. Once you have logged in, simply click 'View' on the 'My Investments' page and then click on the link to vote and follow the on-screen instructions. If you have not yet registered for a Shareview Portfolio, go to [www.shareview.co.uk](http://www.shareview.co.uk) and enter the requested information. It is important that you register for a Shareview Portfolio with enough time to complete the registration and authentication processes.

To be valid, the appointment of a proxy electronically must be made by 11.00am on Tuesday, 17 December 2024. 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 Tuesday, 17 December 2024 (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 12 November 2024, the Company's issued share capital consisted of 484,637,627 Ordinary Shares, carrying one vote each, of which 45,600,956 were in treasury. Therefore, the voting rights in the Company as at 12 November 2024 equate to a total of 439,036,671 votes. Treasury shares represented 9.41% of the issued share capital as at 12 November 2024.

### 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](http://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 Tuesday, 17 December 2024. 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. Proximity

If you are an institutional investor you may be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proximity, please go to [www.proximity.io](http://www.proximity.io). Your proxy must be lodged by 11.00am on Tuesday, 17 December 2024 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proximity'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](mailto:agm@aviglobal.co.uk) or by post to AVI Global Trust PLC, Link Company Matters Limited, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

#### 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](http://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.



## Shareholder Information / Shareholder Information

### 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](http://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](http://www.aviglobal.co.uk).

### Provisional Financial Calendar 2024/2025

- December 2024 Annual General Meeting
- January 2025 Final dividend paid on Ordinary Shares
- May 2025 Announcement of half year results
- June 2025 Interim dividend paid on Ordinary Shares
- November 2025 Announcement of annual results
- November 2025 Posting of Annual Report
- December 2025 Annual General Meeting



## Shareholder Information / Glossary

**ADS**

ADS, or American depositary shares, are shares in non-US companies, held by US banks, that are traded on major US markets. These can be bought and traded freely by investors and help give foreign companies access to a broader investor base.

**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 2024	30 September 2023	
Closing NAV per share (p)	253.81	226.77	a
Dividends paid out (p)	49.20	45.50	b
Benefits from reinvesting dividends (p)	136.51	117.34	c
Adjusted NAV per share (p)	439.52	389.61	d = a + b + c
Opening NAV per share (p)* – June 1985	5.94	5.94	e
Annualised NAV total return (%)	11.6%	11.5%	$((d/e) ^ (1/39.25)) - 1$

**Algorithmic trading**

A trading strategy in which trading orders are executed using automated pre-programmed instructions accounting for variables such as time, price, and volume.

**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.

**AUM**

AUM, or assets under management, is the total market value of the investments managed by a firm or fund, on behalf of its investors.

**Bps/Basis points**

One basis point is 0.01% (one hundredth of one per cent).

**CAPEX**

Capex, or capital expenditure, is the money a corporate entity spends to buy, maintain, or improve its fixed asset base – buildings, land, factories, equipment, etc.

**Carry trade**

A carry trade is a strategy that involves borrowing funds at a lower interest rate and investing in assets which provides a higher rate of return.

**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 on the day that the relevant securities first trade ex-dividend. 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	SGD	INR	CAD
Pounds Sterling	Euro	US Dollar	Swedish Krona	Japanese Yen	Norwegian Krone	Singapore Dollar	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 231.0p (2023: 202.0p) from the NAV per share (with debt at fair value) of 253.8p (2023: 226.8p) and is usually expressed as a percentage of the NAV per share, 9.0% (2023: 10.9%). 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.

**EV/EBITDA**

The ratio of enterprise value (EV) to EBITDA. EV is a measure of a company's total value, often used as a more comprehensive alternative to market capitalisation. It includes the market value of a company's equity, its debt and any cash or cash equivalents on its balance sheet.



## Shareholder Information / Glossary continued

**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 14.6% (2023: 13.7%) represents borrowings of £162,371,000 (2023: £141,549,000) expressed as a percentage of shareholders' funds of £1,112,725,000 (2023: £1,031,018,000). Using debt at fair value, gross gearing is 13.6% (2023: 11.9%).

Net gearing, which accounts for cash balances and uses debt at par value, is 8.0% (2023: 11.0%). Using debt at fair value, net gearing is 7.1% (2023: 7.4%).

The gross and net gearing reconciliation calculations are provided below:

	2024 £'000	2023 £'000	
<b>Gross Gearing (Debt at Par)</b>			
Debt	(162,371)	(141,549)	a
NAV	1,112,725	1,031,018	b
Gross Gearing	14.6%	13.7%	=a/b
<b>Net Gearing (Debt at Par)</b>			
Current Assets (inc. Cash)	74,624	52,079	a
Current Liabilities	(1,395)	(3,398)	b
Debt (£'000)	(162,371)	(141,549)	c
Net Debt (£'000)	(89,142)	(92,868)	d=a+b+c
NAV (£'000)	1,112,725	1,031,018	e
Net Gearing	8.0%	9.0%	=d/e
<b>Gross Gearing (Debt at fair value)</b>			
Debt	(153,096)	(124,487)	a
NAV	1,122,000	1,048,080	b
Gross Gearing	13.6%	11.9%	=a/b
<b>Net Gearing (Debt at fair value)</b>			
Current Assets (inc. Cash) (£'000)	74,624	52,079	a
Current Liabilities (£'000)	(1,395)	(3,398)	b
Debt at Fair Value (£'000)	(153,096)	(124,487)	c
Net Debt (£'000)	(79,867)	(75,806)	d=a+b+c
NAV at Fair Value (£'000)	1,122,000	1,048,080	e
Net Gearing	7.1%	7.2%	=d/e

The current values of the Loan Notes and revolving credit facility consist of the following:

	30 September 2024							30 September 2023					
	2036 GBP loan £'000	2036 EUR loan £'000	2037 EUR loan £'000	2032 JPY loan £'000	2033 JPY loan £'000	2039 JPY loan £'000	Total £'000	2036 GBP loan £'000	2036 EUR loan £'000	2037 EUR loan £'000	2032 JPY loan £'000	2033 JPY loan £'000	Total £'000
Value of issue	30,000	22,962	17,526	49,516	24,802	26,828	171,634	30,000	22,962	17,526	49,516	24,802	144,806
Unamortised issue costs	(73)	(56)	(90)	(143)	(43)	(41)	(446)	(80)	(61)	(97)	(162)	(48)	(448)
Exchange movement	–	1,996	(887)	(7,815)	(1,346)	(765)	(8,817)	–	3,059	(179)	(5,593)	(96)	(2,809)
Amortised book cost	29,927	24,902	16,549	41,558	23,413	26,022	162,371	29,920	25,960	17,250	43,761	24,658	141,549
Fair value	26,103	23,119	14,671	40,203	22,623	26,377	153,096	25,051	22,158	13,936	40,584	22,757	124,487
Redemption value	28,392	27,536	17,885	44,087	24,870	29,349	172,119	28,869	26,960	17,292	39,577	26,291	138,989



**Gearing (APM) continued**

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 £9,275,000 (2023: increase by £17,062,000). The fair value is lower than the amortised cost (face value less capitalised costs) due to increased market interest rates.

The fair value of the Company's Loan Notes at the year-end was £153,096,000 (2023: £124,487,000). 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 Loan Notes, decreasing the liability and therefore increasing net assets by approximately £13,300,000 (2023: £10,800,000), all other factors being equal. A 1% decrease would increase the fair value of the Loan Notes, increasing the liability and therefore decreasing net assets by approximately £18,900,000 (2023: £12,000,000).

**Internal Rate of Return (IRR)**

The IRR is a measure of the total return on an investment taking account of the amount and timing of all amounts invested and amounts realised. The IRR is expressed as an annualised percentage. The use of IRR enables different investments with differing cash flow profiles to be compared on a like for like basis.

**M&A**

Mergers and acquisitions

**Market cap/capitalisation**

The total market value of a company's shares – that is the share price multiplied by the number of shares in issue.

**Multiple/compression/expansion**

The "multiple" is a comparison between the market capitalisation of a company and a fundamental quantity, typically earnings. If the multiple expands, the ratio of market capitalisation to earnings increases, whereas if it contracts the ratio decreases

**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 "Effect of reinvesting 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%.

	Page	30 September 2024	30 September 2023	
<b>NAV total return over 1 year</b>				
Closing NAV per share (p)		253.81	226.77	a
Dividends paid out (p)	73	3.70	3.30	b
Effect of reinvesting dividends (p)		0.43	0.19	c
Adjusted NAV per share (p)		257.94	230.26	d = a+b+c
Opening NAV per share (p)*		226.77	199.76	e
NAV total return (%)		13.7%	15.3%	+ (d/e)-1
<b>NAV total return over 10 years (annualised)</b>				
Closing NAV per share (p)		253.81	226.77	a
Dividends paid out		30.04	28.94	b
Effect of reinvesting dividends (p)		20.56	18.34	c
Adjusted NAV per share (p)		304.41	274.05	d = a + b + c
Opening NAV per share (p)*		114.70	109.92	e
Annualised NAV total return (%)		10.2%	9.6%	$((d/e) ^ (1/10)) - 1$

**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 £1,112,725,000 (2023: £1,031,018,000) by the number of Ordinary Shares in issue excluding Treasury Shares of 442,061,0671 (2023: 462,173,682) at the year-end.



## Shareholder Information / Glossary continued

### 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 £9,275,000 (2023: £17,062,000 increase). This is calculated by the original NAV of £1,112,725,000 (2023: 1,031,018,000) less the debt at amortised cost £162,371,000 (2023: £141,549,000), adding back the debt at fair value £153,096,000 (2023: £124,487,000). The adjusted NAV (debt at fair value) is £1,122,000,000 (2023: £1,048,080,000) divided by the number of Ordinary Shares in issue excluding Treasury Shares of 442,061,671 (2023: 462,173,682) 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 253.81p (2023: 226.77p).

### Ongoing Charges Ratio (APM)

The Company's Ongoing Charges Ratio (formerly disclosed as the Expense Ratio) represents the annualised expenses (excluding finance costs and certain non-recurring items) of £9,583,000 (2023: £8,655,000) (being investment management fees of £7,611,000 (2023: £6,891,000) and other expenses of £2,034,000 (2023: £1,782,000) less non-recurring expenses of £62,000 (2023: £18,000)) expressed as a percentage of the average daily net assets of £1,100,968,000 (2023: £1,010,898,000) during the year as disclosed to the London Stock Exchange. Not all listed investment management companies are now disclosing their gross costs and so it is not possible to produce a comprehensive summary of the running costs of closed end funds in AGT's portfolio of investments.

### % 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 £18,942,000 (2023: £20,041,000) by the weighted average of Ordinary Shares (excluding shares in issue) during the year 450,758,728 (2023: 478,739,622). Capital earnings per share is calculated by dividing capital profit for the year of £123,715,000 (2023: profit of £114,096,000) by the weighted average of Ordinary Shares (excluding shares in issue) during the year 450,758,728 (2023: 478,739,622).

### Shares Bought Back

The Company may repurchase its own shares, reducing the number of 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 the NAV per share from buybacks of 0.4% (2023: 0.6%) 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 9.6% (2023: 10.1%).

	30 September 2024	30 September 2023	
Weighted average discount of buybacks	9.6%	10.1%	a
Percentage of shares bought back	4.4%	6.0%	b
NAV accretion from buyback	0.4%	0.6%	(a * b) / (1 - b)

### 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 "Effect of reinvesting dividends" line.

Share price total return over 1 year	Page	30 September 2024	30 September 2023	
Closing price per share (p)		231.00	202.00	a
Dividends paid out (p)	73	3.70	3.30	b
Effect of reinvesting dividends (p)		0.06	0.10	c
Adjusted price per share (p)		234.76	205.40	d = a+b+c
Opening price per share (p)		202.00	179.00	e
Share price total return (%)		16.3%	14.8%	= (d/e) - 1

### Small cap

A small-cap stock is a company whose market capitalisation is between \$250m to \$2bn.

### TOPIX

The Tokyo Stock Price Index is a capitalisation-weighted Japanese index which lists all firms in the Prime Market.

### 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.



### Total Return Swap

A total return swap is a financial contract between two parties, whereby each party agrees to “swap” a series of cash flows. 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. For further explanation on our position in Softbank Group, please refer to page 33.

### 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.

### 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 450,758,728.

\* The opening NAV per share is restated for the share split.



## Shareholder Information / Company Information

### 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](http://www.aviglobal.co.uk)

#### Directors

Graham Kitchen (Chairman)  
Anja Balfour  
Neil Galloway  
June Jessop  
Calum Thomson

#### Secretary

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No. 28203

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#### Corporate Broker

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#### Auditor

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#### Investment Manager and AIFM

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#### Registrar and Transfer Office

Equiniti Limited  
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Spencer Road  
Lancing  
West Sussex BN99 6DA  
Registrar's Shareholder Helpline  
Tel. 0371 384 2490

Lines are open 8.30am to 5.30pm,  
Monday to Friday.

Registrar's Broker Helpline  
Tel. 0906 559 6025

Calls to this number cost £1 per minute from a BT landline, other providers' costs may vary. Lines are open 8.30am to 5.30pm, Monday to Friday.

#### Depository

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