June 2021

Investment Objective: To achieve capital growth through a focused portfolio of investments, particularly in companies whose share prices stand at a discount to estimated underlying net asset value.

HEADLINES

KKR

Despite very strong returns from our investment in KKR, we continue to believe the company is attractively priced and remains a compelling investment opportunity.

Read more below

Oakley Capital Investments

Oakley's share price increased by +10%, and the company announced two interesting portfolio-level transactions.

Read more below

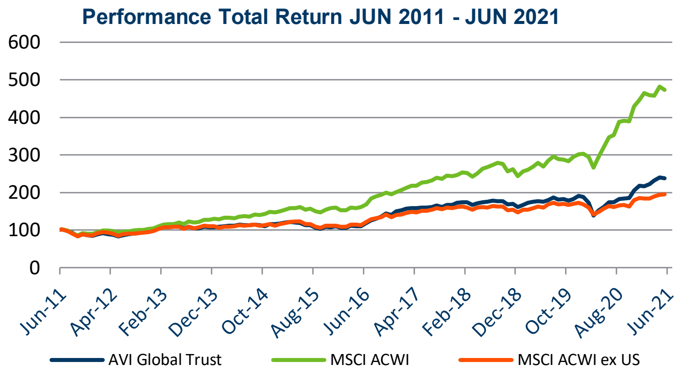
Exor

When AGT first invested in EXOR in 2016, a key part of our investment case was the undervaluation of FCA (now Stellantis). Today, almost five years later, Stellantis continues to form a major part of our thesis.

Read more below

PERFORMANCE
(Figures to 30 June 2021)

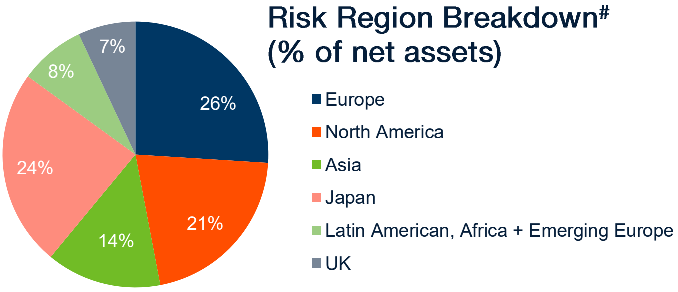
Share Price (pence)	969.0
NAV (pence)	1060.6
Premium / (Discount)	-8.6%



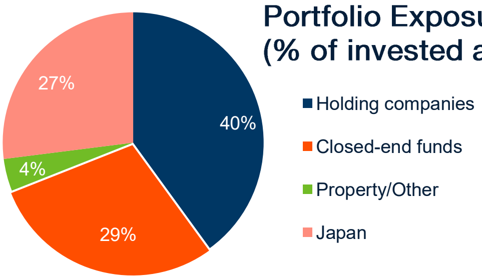
	Month	Fiscal Yr* to date	Calendar Yr to date
AGT NAV[1]	2.0%	32.1%	12.5%
MSCI ACWI Ex US[3]	2.2%	19.5%	8.0%
MSCI ACWI[1]	4.3%	20.5%	11.1%

THE FUND

Risk Region Breakdown[#] (% of net assets)



Portfolio Exposure (% of invested assets)



Top Ten Equity Holdings

Holding	%
Japan Special Situations**	14.7
Oakley Capital Investments	6.9
Third Point Investors	6.0
Pershing Square Holdings	5.1
EXOR	5.0
KKR	4.9
Fondul Proprietatea	4.9
Sony	4.8
Christian Dior	4.7
Nintendo	3.6
TOTAL	60.6

[#]AVI estimate. Previously, this breakdown was calculated by assigning one region to each portfolio company held by AGT. From the 31-Dec-16 newsletter onwards, this is calculated using the estimated multi-regional exposure for each portfolio company. For listed underlying holdings, the country of listing is used; for unlisted underlying holdings, the exposure is typically assigned according to the country where a majority of sales are made.

MANAGER'S COMMENT

AVI Global Trust (AGT)'s NAV gained +2.0% in May. A widening of the portfolio discount (26% to 27%) hampered returns, while sterling weakness provided a tailwind. Contributors included the Japan Special Situations basket, Oakley Capital Investments, and KKR. Detractors included Symphony International, doValue, and EXOR.

KKR **Share Price: +6%** **NAV: 0%** **Discount: -15%**

KKR's shares are now up +46% over 2021. Despite this bringing the total return on our position - acquired in the first half of last year - up to +140% (a more muted +113% in GBP), we believe KKR has an extended runway ahead of mid-teens AUM and earnings growth and we still see considerable upside in the position. The company's Investor Day earlier this year and subsequent Q1 results confirmed the business is firing on all cylinders with assets under management at the end of the first quarter standing +77% higher than a year prior. While this figure was boosted by the acquisition of life insurer Global Atlantic, organic growth of +30% is indicative of KKR's advantaged position within an industry itself benefitting from robust secular tailwinds. We expect annuity provider Global Atlantic, in which KKR now has a 61% stake, to accelerate KKR's growth even further over the coming years as a source of low-cost liabilities. Crucially, the acquisition means permanent capital now accounts for a third of AUM, providing even greater stability and visibility to fee revenues.

KKR's moves to grow its platform beyond traditional private equity have paid off, with 57% of AUM growth between 2010 and 2020 derived from businesses that did not exist ten years ago. While private equity now accounts for ~40% of total AUM (down from ~75% upon listing in 2010), even that figure understates the actual level of diversification with the private equity platform now spread across Asian, European, longer-dated "Core" funds, as well as specialist growth equity (healthcare and technology) funds, in addition to the original US business. These fund-raising efforts and rapid deployment have led to record levels of embedded gains both in terms of unrealised carried interest and balance sheet investments gains, and should translate to elevated levels of income from these sources over the next few years. We value KKR on a sum-of-the-parts basis, and believe the company's most valuable "part" - fee-related earnings (i.e. from base management fees) – has been made even more valuable by changes made earlier this year to the compensation structure that will see a heavier compensation load instead placed on carried interest.

Oakley Capital Investments **Share Price: +10%** **NAV: 0%** **Discount: -10%**

Oakley Capital Investments (OCI)'s share price continued its strong run in June, up +10% and bringing the headline discount from 18% to 10%. As we noted in May's newsletter, OCI's last NAV is over six months old, and as such does not capture any NAV growth over the last six months. The 'real' discount is likely wider than the official 10% number. AGT first initiated a position in OCI in 2018 at a discount of 35%, since when it has benefitted from a combination of strong NAV growth and significant discount tightening.

In portfolio news, Oakley announced two interesting transactions during June. The first was that Ekon (5% of NAV), the Spanish ERP business, had acquired Primavera, a Portuguese provider of business management software. The two companies will combine to become one of the largest business software providers in the Iberian Peninsula, serving 55,000 customers. The group will aim to grow both through organic channels (product development, market expansion) and M&A.

The second transaction was the sale from Fund III of ACE Education (f.k.a. AMOS; 3% of NAV), the French provider of tertiary education in subjects such as sports management and hospitality. Oakley first invested in ACE in 2017, over which time it earned a 27% IRR and 2.1x multiple on invested capital (gross of fees). As part of the deal, Oakley's Origins fund will invest in ACE, meaning that OCI will retain exposure to the tune of 1% of NAV.

MANAGER'S COMMENT

EXOR Share Price: -3% NAV: 0% Discount: -41%

We initiated an investment in EXOR in December 2016, with a key element of the thesis at the time being the undervaluation of FCA (now Stellantis, 28% of EXOR's NAV). Now, almost five years later, Stellantis continues to form a major part of our investment thesis. There are, in our view, several reasons to be excited about the company's prospects:

1. Following the merger, Stellantis is targeting €5 billion of annual cost synergies over the medium-term. For context, Stellantis is expected to earn operating profits of €11 billion in 2021. If the synergies are achieved – and our view is that the CEO, Carlos Tavares, has a credible track record in this regard – they will significantly add to profitability.
2. Stellantis held an "Electric Vehicle Strategy Day" in early July, highlighting that it would invest €30 billion over five years in electric vehicle development. By 2025 Stellantis will have a 100% electrified portfolio across 4 battery electric vehicle ("BEV") platforms. The merger and scale that it brings means that management believe they can do this c.30% more efficiently than peers, with plans for capex and R&D spending to total 8% of sales. In our view the market continues to under-appreciate Stellantis' EV strategy, on both an absolute and relative basis, and we view the EV day as an important initial step in changing the narrative.
3. During the strategy day, management also indicated that long-term operating margins are now expected to be in the double-digits – previous guidance had been for 5.5-7.5% margins. Achieving this will likely make Stellantis the most profitable traditional automaker in the world.

Despite the above, Stellantis trades a 25-35% discount to Ford and GM on a PE and EV/EBIT basis. The common push back for a long time has been their EV strategy. We believe it is becoming increasingly hard for the market to ignore the progress here, although we are aware that it might take until next year's capital markets day, and more details on the North American EV pickup launch, to drive a re-rating. We view 4x EBIT as very good value for the potentially most profitable auto maker, run by an excellent management team and controlled by two families likely to prioritise shareholder returns.

CNH Industrial (19% of EXOR's NAV)'s plans to split the company into separate "on-highway" and "off-highway" businesses continues to progress, and will hopefully shine a light on the attractive agriculture business. CNH recently announced the acquisition of Raven Industries for USD2 billion, which should help it to improve its precision-farming offering, and thus compete better with key rival John Deere. A stronger competitive position, combined with a supportive demand backdrop and higher commodity prices (leading to higher farm incomes), bodes well for CNH's profitability. We estimate that CNH trades on a material discount to a sum-of-the-parts model, suggesting potential upside both from earnings growth and a multiple revaluation.

EXOR trades on a 41% discount to NAV – unusual at a time when many of its European holding company peers trade at narrow discounts or even premia. We believe this is excessively wide given EXOR's track record of value creation, and the attractive prospects for NAV growth that we have highlighted. We note, further, the recent investment in Christian Louboutin, which is indicative of the type of higher-quality asset in which the company will invest in the future. As the impression dissipates that EXOR is a sleepy, industrial, cyclical holding company, we expect the discount will narrow.

Third Point Investors Share Price: +4% NAV: +2% Discount: -12%

As readers may be aware, we have been engaging with the Board of Third Point Investors (TPOU) in order to address the wide discount (five-year average: 20%) at which TPOU trades. Our open letter to the Board of TPOU as well as the requisition notice calling for an EGM can be found on AGT's website.

STATISTICS

Contributors / Detractors (in GBP)

Largest Contributors	1-month contribution bps	Percent of NAV
Japan Special Situations**	77	14.7
Oakley Capital	69	6.9
KKR	42	4.9
Third Point Investors	38	6.0
Fondul Proprietatea	29	4.9

Largest Detractors	1-month contribution bps	Percent of NAV
Symphony International Holdings	-23	1.9
doValue	-23	0.0
EXOR	-17	5.0
VNV Global	-14	1.8
Pershing Square Holdings	-12	5.1

	% 1 mo	% 1 yr	% 3 yr	% 5 yr	% 10 yr
Share Price TR[2]	0.0	44.1	37.3	115.2	132.5
Net Asset Value TR[1]	2.0	41.4	36.7	102.2	134.8
MSCI ACWI ex US TR[3]	2.2	21.4	25.1	63.6	97.5
MSCI ACWI TR[1]	4.3	24.6	43.7	91.4	198.7
Fiscal Yr Net Returns (%)	**2020**	**2019**	**2018**	**2017**	**2016**
Price[1]	2.0	-0.4	12.0	18.7	34.3
Net Asset Value[1]	0.0	2.1	10.0	18.8	31.0
MSCI ACWI ex US (£)[3]	-1.8	4.5	4.7	15.8	27.4
MSCI ACWI[1]	5.3	7.3	12.9	14.9	30.6

Capital Structure	
Ordinary Shares	116,003,133
Shares held in Treasury	12,251,928
4.184% Series A Sterling Unsecured Note 2036	£30,000,000
3.249% Series B Euro Unsecured Note 2036	€30,000,000
2.930% Unsecured Note 2037	€20,000,000
JPY Revolving Credit Facility#	¥9,000,000,000
Gross Assets/Gearing	
Gross Assets	£1.2bn.
Debt at fair value (gross)	£146.4m.
Gearing (net)[4]	4.9%

1 Source: Morningstar. All NAV figures are cum-fair values.
2 Source: Morningstar. Share price total return is on a mid-to-mid basis, with net income re-invested.
3 From 1st October 2013 the lead benchmark was changed to the MSCI ACWI ex US (£) Index. The investment management fee was changed to 0.7% of net assets and the performance related fee eliminated.
4 Fair value of net debt divided by net assets at fair value.
* AVI Global Trust financial year commences on the 1st October. All figures published before the fiscal results announcement are AVI estimates and subject to change.
** A basket of 14 stocks: Daiwa Industries, Fujitec, Kato Sangyo, Konishi, NS Solutions, Pasona Group, Sekisui Jushi, SK Kaken, Teikoku Sen-I, Toagosei, Digital Garage, DTS, Bank of Kyoto, Hazama Ando.
# Libor + 1.025%. Capacity ¥9,000,000,000.

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The share price can be found in The Times.

Information may be found on the following websites:
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IMPORTANT INFORMATION

All figures are as at the period under review unless otherwise stated. All sources Asset Value Investors Ltd ("AVI") unless otherwise stated. AVI is authorised and regulated by the Financial Conduct Authority of the United Kingdom (the "FCA") and is a registered investment adviser with the Securities and Exchange Commission of the United States. While AVI is registered with the SEC as an investment adviser, it does not comply with the Advisers Act with regard to its non-U.S. clients. This document does not constitute an offer to buy or sell shares in AVI Global Trust plc (the "Trust"). The contents of this message are not intended to constitute, and should not be construed as, investment advice. Potential investors in the Trust should seek their own independent financial advice. AVI neither provides investment advice to, nor receives and transmits orders from, investors in the Fund.