Investment Review / Investment Manager's Report

Performance Review

AGT
AVI GLOBAL TRUST

JOE BAUERNFREUND

Chief Executive Officer, Chief Investment Officer

Portfolio Manager of AVI Global Trust since September 2015

Length of service:
23 years (10 years as Portfolio Manager)

During the last financial year there has been no shortage of news flow. Trump 2.0, lingering and rising inflation, escalating geo-political tension – take your pick: the world is abundant in identifiable risks and worries.

Despite this, global equity markets have delivered strong returns.

In this context, AGT delivered respectable absolute performance, with a NAV total return of +12.4% and share price total return of 15.4%. In relative terms, this was less impressive – the MSCI AC World Index (our Comparator Benchmark) returned +16.8%.

At the start of September 2025, returns for AGT were fractionally ahead of the benchmark over the financial year, however we came unstuck in the final month, underperforming by -410bps. This was a function of what we did own (most notably D'Ieteren and Gerresheimer) and what we didn't own (over half of the index return in September came from the Mag-7 and a handful of AI related stocks).

If a poor craftsman blames his tools, a poor fund manager bemoans what he doesn't own – and certainly that is not what we are doing. Rather we add this to try to contextualise performance as, over short periods of time, our concentrated and differentiated approach will suffer bouts of underperformance. This is a feature, not a bug of our strategy: differentiation is a prerequisite for long-term outperformance, and our history attests to this fact. Indeed, over the last five years your Company is ranked as the 2nd best performing Investment Trust in its peer group, with a NAV total return of +86.0%.

Returning to the financial year, D'Ieteren was the standout performer, adding +240bps to your Company's NAV. As discussed in last year's annual report, following the announcement of a special dividend by the company in September 2024, we increased our position by more than 70% (at peak becoming close to a 10% position) to take advantage of technical selling pressure and our perceived view of mispricing. Ultimately this call was proven right, as the shares re-rated upon trading ex-dividend. We believe this to be indicative of AGT's bold approach and the idiosyncratic returns it can generate.

At the other side of the ledger is Gerresheimer, which detracted -405bps. We expand upon the reasons for this in the Investment Manager's commentary, but suffice to say such dire returns do not sit well with us. The company remains at a critical juncture, and, as we always do, we are rolling up our sleeves, engaging with the board, management and other shareholders to enact change and unlock the considerable value trapped within the company.

As we have said for some time now, the parts of the market upon which we focus remain neglected by other investors. This has led to a widening of the portfolio weighted average discount over multiple years, and it now stands at -37.4%. This is wide by historic standards and a level previously observed during times of market stress – not the relatively ebullient equity environment in which we currently find ourselves.

> As we look ahead, we remain cautiously optimistic. Valuations remain highly compelling, with numerous catalysts and events across the portfolio to help narrow discounts.

In the interim report we wrote "we are also cautiously optimistic that the weight of capital retreating from the US generally, and the so-called Magnificent 7 specifically, has the potential to be a tailwind for narrowing discounts in our universe". This has yet to come to pass and only reiterates the importance of focusing on activism, corporate events and catalysts, as a means to generate returns for us.

In this context, the opportunity set across all parts of our investment universe remains highly compelling and the competition for capital for new and existing ideas remains intense.

Performance Review continued

One particularly exciting area of opportunity is South Korea, which now accounts for 8% of NAV. Our lesson from Japan is that there will likely be many false dawns and disappointments along the way. The potential prize, however, is great, and we believe that nimble, focused, bottom-up fundamental investors, with experience of actively engaging with companies are best positioned to capture this.

In order to fund the investments in South Korean names, we have continued to recycle capital. During the financial year we exited successful investments in Apollo, FEMSA and Reckitt where discounts had narrowed, whilst we also cut our losses in IAC and Softbank. We have also realised capital selectively in Japan, which now accounts for 19% of the portfolio.

As we look ahead, we remain cautiously optimistic. Valuations remain highly compelling, with numerous catalysts and events across the portfolio to help narrow discounts. On an underlying basis we see strong NAV growth potential, which in the long term will form the bedrock of our returns. Our history – which is now over 40 years as manager of AGT – suggests that these two facts stand us in good stead to generate attractive long-term returns.

EQUITY PORTFOLIO VALUE BY MARKET CAPITALISATION*

	2025 %	2024 %
<£1 billion	34	37
>£1 billion – <£5 billion	30	20
>£5 billion – <£10 billion	15	10
>£10 billion	21	33

Weighted Average Discount*:

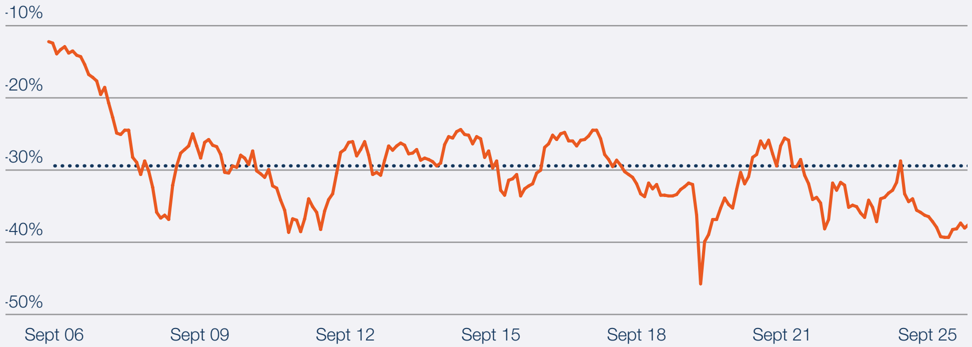
-37.4%

Annualised NAV 10 Year Total Return per Share*:

+12.5%

* For definitions, see Glossary on pages 110 to 114.

PORTFOLIO WEIGHTED AVERAGE DISCOUNT*



Solstad Maritime: 8.3% of Aker's ASA's NAV

Source / Solstad

CUCKOO HOLDINGS

Investing Off the Beaten Track

In South Korean homes, there's a sound which marks the moment when rice has reached cooking completion and dinner is ready to be served: the distinctive two-note call of the Cuckoo bird.

Founded in 1978 as SungKwang Electronics, Cuckoo was originally an OEM supplier to LG, Phillips and Panasonic, building up deep manufacturing expertise and quality, before launching its own "Cuckoo" rice cooker product range in 1998. Cuckoo's rice cookers have become synonymous with the bird's memorable call to the dinner table, and the company has transformed itself into one of South Korea's most iconic appliance brands.

AVI first invested into Cuckoo Holdings (Cuckoo) in July 2025, a Korean-listed, electronics-appliance focused holding company, controlled by the Koo family.

Cuckoo offers many of the qualities that AVI looks for in holding companies, with significant asset backing through a net cash position and investment property, a listed stake in an equity affiliate – Cuckoo Homesys – worth 24% of market cap, and a lowly implied valuation on its stub – Cuckoo Electronics – a high-quality, unlisted home appliance business.

Today, Cuckoo Electronics continues to manufacture its iconic rice cookers, boasting an extraordinary 80% domestic volume market share, competing only against small South Korean and Chinese manufacturers, having displaced all other major competitors. Crucially, Cuckoo's premium rice cookers (£300–800) make up c. 60% of the company's rice cooker sales volumes and generate an impressive 15%+ operating margin. The company's successful premiumisation strategy has spurred revenue growth of +10% YoY over the last five years. Cuckoo's Electronics' financial track-record is enviable, with minimal capex requirements leading to high free-cash flow generation and a strong return on invested capital.

Outside of its domestic stronghold, Cuckoo Electronics has been delivering strong international growth, now representing 25% of company revenues, with 30%+ YoY growth in Vietnam and USA, as the company's strong brand equity spreads overseas.

Despite the company's underlying quality, Cuckoo has just one local broker covering the name and zero English disclosure. With a complex holding company structure and low investor awareness, Cuckoo Electronics trades at just 4x EBIT*, versus close peers at 12x.

We believe that the ongoing Value-Up corporate governance reforms in South Korea will drive a direct incentive for the Koo family to close the discount at which its shares trade. Until this occurs, we take comfort in the company's stable profitability and free cash conversion, affording us patience while we wait for the corporate governance reforms of the current government administration to take effect.

* Refer to Glossary on pages 110 to 114.

Source / Cuckoo