Strategic Report / Investment Portfolio continued

REVISITING VIVENDI

The names Bolloré and Vivendi will sound familiar to long-term followers of AVI Global.

Having re-established a position in Bolloré in 2023, in 2024 we reinitiated a position in Vivendi.

At the time, Vivendi had just emerged from a process in which the historic sprawling media conglomerate split itself into four separately listed business: Canal+, Havas, Louis Hachette and Vivendi.

The last piece – Vivendi – remained home to a 10% listed stake in Universal Music Group ("UMG"), which accounted for c.90% of NAV, as well as a small collection of other (almost entirely) listed assets, and net debt. We started to build a position on the day of the split in December 2024, and continued to add to the position throughout 2025 such that Vivendi is now your company's third largest position at 7.2% of NAV.

In July 2025, the French Market Regulator (the "AMF") ruled that Bolloré is deemed to have effective control of Vivendi and as such is obligated to make a mandatory offer within six months. This follows an April 2025 court ruling that asked the AMF to revisit the case and the circumstances of the Vivendi split in 2024. In turn, Vivendi and Bolloré are currently appealing the Court of Cassation, and Bolloré has also appealed the AMF ruling itself. It is our understanding that the appeals processes should run until December 2025 and that a dual-track process of cooperation with the AMF will occur in the interim.

The AMF ruling states that, in the event of an offer, Bolloré must offer a "fair price", with two key areas of debate being the treatment of central corporate costs and whether or not a "fair" holding company discount is warranted.

We do not intend to profess any great precision into exactly how these two issues will be treated but instead highlight the 2017 at-NAV offer from the Arnault family for Christian Dior SE as a case study for the AMF ensuring fair value is offered.

All told we believe the prospects for a buyout offer that is at or close to NAV is meaningfully higher than they were just a short while ago – which all else equal should result in a narrower discount.

In the meantime, we garner exposure to UMG – a high-quality business that has underperformed its potential in stock market terms since its 2021 IPO and now trades at less than 20x PE (net of listed stakes). As we look into 2026, with the benefit of streaming 2.0 deals and faster growth, there is a strong case that the market will start to reward this with a higher multiple, reflective of the company's unique asset base and its potential to sustain growth over the long-term underpinned by greater monetisation of music assets.

In many ways, Vivendi can be thought of as a quintessential AVI stock: 1) through UMG it offers exposure to a high quality and growing business, where we think that the prospects for NAV growth are appealing; 2) it trades at an inordinately wide discount of more than 40%; 3) there are firm catalysts that have the potential to narrow the discount and unlock value.

These ingredients make us optimistic for prospective returns.

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