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 opposite 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 4.1% of AGT's NAV. One of Aker ASA's holdings is Aker BP, a Norwegian Oil & Gas company, which accounts for 51.2% 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 alongside is an indication of the degree of diversification of the portfolio.

Look-through companies	Underlying look-through weight	Parent company	Look-through holding sector
Universal Music Group	Vivendi, Bolloré	6.7%	Movies and Entertainment
Belron	D'Ieteren Group	4.3%	Specialised Consumer Service
Online Operations	Entain	4.0%	Casinos and Gaming
Rohto Pharmaceutical Operating Business	Rohto Pharmaceutical	4.0%	Personal & Beauty Products
Starling	Chrysalis Investments	3.7%	Diversified banks
Containment Solutions	Gerresheimer AG	3.3%	Health Care Equipment
REA Group	News Corp	3.1%	Interactive Media & Service
Emitel	Cordiant Digital Infrastructure	2.6%	Television Broadcasting
Dow Jones	News Corp	2.5%	Publishing
LVMH	Christian Dior	2.2%	Apparel, Accessories and Luxury Goods
Delivery Systems	Gerresheimer AG	2.2%	Health Care Equipment
Aker BP ASA	Aker ASA	2.1%	Oil and Gas Exploration and Production
CRA	Cordiant Digital Infrastructure	2.0%	Infrastructure
Electronics	Dai Nippon Printing	2.0%	Electronic Components
Wacom Operating Business	Wacom	1.8%	Specialty Retail
Frasers Retail Operations	Frasers Group	1.8%	Specialty Retail
Tokyo Gas Operating Business	Tokyo Gas	1.8%	Gas Utilities
Smart Pension	Chrysalis Investments	1.2%	Application Software
Moulded Glass	Gerresheimer AG	1.1%	Metal, Glass and Plastic Containers
Klarna	Chrysalis Investments	1.1%	Transaction and Payment Processing Services

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.

Look-through companies	Geography	Estimated % of News Corp's portfolio	Sector
REA Group	Oceania	43.2%	Interactive Media and Services
Dow Jones	Global	34.9%	Publishing
Harper Collings Publishing	Global	9.6%	Publishing
Move Inc	North America	5.7%	Internet Services and Infrastructure
Other	Global	6.6%	Miscellaneous

Investment Review / Portfolio Review continued

Contributors

01. D'Ieteren Group

Holding Company

% of net assets[1]
6.5%

Discount
-49%

% of investee company
1.0%

Total return on position FY25 (local)[2]
18.3%

Total return on position FY25 (GBP)
21.4%

Contribution (GBP)[3]
240bps

ROI since date of initial purchase[4]
32.6%

C

D'Ieteren was the standout performer adding +240bps to NAV, with the position returning +21% including £35m of dividends received.

In last year's annual report, we discussed the company's announcement of an extraordinary €74 per share special dividend, equivalent to nearly 40% of the company's then market cap. Selling pressure from tax-sensitive, domestic investors – who faced Belgian tax rates of up to 30% vs. AGT's 10% net rate – pushed the share price down from €226 to a low of €188. During this period, we increased our position by more than 70% at an average price of just under €200 per share. This made D'Ieteren the largest position in the portfolio at a more than 9% weight on 9 December 2024, when the shares closed at €200 per share. On 10 December 2024, the company traded ex-dividend of the €74 per share special dividend, yet closed the day at €160 i.e. some +27% above the implied ex-dividend price of €126. We believe that this series of events highlights AGT's high conviction-led approach and the idiosyncratic returns it can generate.

Despite strong performance we continue to see attractive upside underpinned by Belron (70% of NAV). In May 2025 we attended D'Ieteren's capital markets day, which included a presentation from Belron's new(ish) CEO, Carlos Brito. The day served to highlight the company's continued long growth runway, stemming from increased windshield complexity and ADAS recalibration, as well as opportunities for growth. Management guide that this should translate to mid-to-high-single-digit revenue growth through to 2028. The continued positive sales mix effect should drive margins above 25%, resulting in ~12% annual growth in operating profit.

D'Ieteren shares currently trade at €159, which represents a -49% discount to our estimated NAV. In October 2024, we saw a transaction between Belron minority shareholders which valued the company at a €32bn enterprise value ("EV"). This pegs D'Ieteren's 50% equity stake at €221 per D'Ieteren share. We believe that this puts a line in the sand for future, more meaningfully sized transactions in Belron's equity.

Notably, we believe that investors are underestimating the clear signposts from the capital markets day towards a Belron IPO – which we believe would help to narrow D'Ieteren's discount.

The combination of strong NAV growth prospects and a potential narrowing of D'Ieteren's, still very wide, discount bode well for future returns.

1 For definitions, see Glossary on pages 110 to 114.
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 110 to 114 for further details.

TVH Parts: 9.0% of D'Ieteren's NAV

Source / TVH

Investment Review / Portfolio Review continued

Contributors continued

02. Aker ASA

Holding Company

% of net assets[1]
4.1%

Discount
-12%

% of investee company
1.1%

Total return on position FY25 (local)[2]
55.2%

Total return on position FY25 (GBP)
62.8%

Contribution (GBP)[3]
232bps

ROI since date of initial purchase[4]
89.1%

C

Having been one of the largest detractors from performance in the last two financial years, Aker was the second largest contributor to returns in 2025. Over the course of the year, shares in Aker returned +59% on a total return basis, which was split roughly evenly between NAV growth (+31%) and discount narrowing (from 25% to 12%). The +5% appreciation of the Norwegian Krone versus sterling added a further polish to returns.

Starting with the NAV, the largest contributor was Aker BP, the Norwegian oil and gas exploration and production company, which accounts for 51% of Aker's NAV. Shares in Aker BP returned +25%, standing in stark contrast to a -9% decline in the oil price over the period. Performance at the Johan Sverdrup oil field has continued to exceed expectations, assuaging prior investor concerns and helping support the heavy lifting of the current capex cycle, as Aker BP remains one of the few Western oil companies investing for growth. Indeed, in February 2025 the company issued encouraging new long-term guidance.

Management expects production to increase from 439k barrels per day in 2024 to 525k in 2028 and then remain above 500k into the 2030s. Whilst oil prices remain relatively depressed currently, and the outlook murky, we believe a long-dated production schedule and industry leading production will prove themselves to be highly valuable as we move through the decade. Combined with a current dividend yield of 10%, the prospects for Aker BP and in turn Aker's NAV appear compelling.

As well as this, it has been a busy period elsewhere in Aker's portfolio. As we wrote in the interim report, the company has made a concerted effort to unlock value and realise capital from smaller assets in the portfolio, such as the sale of Aker BioMarine's Feed Ingredients business.

In 2025, capital allocation has also been more front footed – most notably in August the company announced Stargate Norway – a JV with NuScale and OpenAI to build a renewable-powered data centre in Narvik, Northern Norway.

Whilst we remain sceptical about the vast build out of AI-related infrastructure and the capital cycle, from Aker's perspective the capital outlay is modest at c.2% of NAV.

More meaningful, however, has been the impact on Aker's shares, which rose +9% on the day of the announcement. Since this point, we have seen a continued narrowing of the discount, which has gone from 25% a year ago to 12% today. We have taken advantage of this and reduced the position by about a quarter in recent months (and indeed by more following the end of the financial year).

We continue to be attracted by the controlling shareholders' track record of value creation and the assets the company owns. The narrowing of the discount tempers our enthusiasm, and this has been reflected in the reduced position size. The company's history and our own trading history suggests that the future path of the discount will be volatile and we will endeavour to exploit this if the opportunity arises.

1 For definitions, see Glossary on pages 110 to 114.
2 Weighted returns adjusted for buys and sells over the year.
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4 Figure quoted in GBP terms. Refer to Glossary on pages 110 to 114 for further details.

Source / Aker Solutions ASA

Investment Review / Portfolio Review continued

Contributors continued

03. Chrysalis Investments

Closed-ended Fund

% of net assets[1]
8.3%

Discount
-29%

% of investee company
15.4%

Total return on position FY25 (local)[2]
28.6%

Total return on position FY25 (GBP)
28.6%

Contribution (GBP)[3]
208bps

ROI since date of initial purchase[4]
48.6%

C

Chrysalis was the third largest contributor to NAV in FY25, adding +208bps.

Over the period, Chrysalis' shares generated a total return on the position of +29% for AGT, driven by a +17% appreciation in the NAV and a tightening of the discount from -36% to -29%.

Readers of our newsletters will recall that AVI first initiated the position in Chrysalis in January 2024, with an investment case predicated on the following four factors.

Firstly, Chrysalis traded at an abnormally wide 48% discount to a heavily written-down NAV, which we felt provided some downside protection to the lofty valuations seen in the private tech space in 2021. Chrysalis' portfolio had also become increasingly concentrated with its top five holdings, accounting for 69% of NAV, all being mature companies and (mostly) performing strongly. We felt that there were multiple credible prospects for liquidity events offering significant potential for carrying value uplifts.

And, finally, a new capital allocation policy had been agreed upon by shareholders, promising £100m of buybacks (24% of the prevailing market cap), which would be triggered once cash reserves from exits reached £50m.

It is therefore pleasing for us that Chrysalis' contribution has been driven by the very factors which first attracted us to the company.

Firstly, two exits in quick succession meant that Chrysalis hit the £50m cash buffer threshold, commencing its £100m buyback programme. This started on 30 September 2024, with the company spending c. £83m over the financial year, to purchase some 83m of its own shares, at a weighted average discount of -35%. Secondly, the NAV/share return of +17% over FY25 has been led by (1) a +49% write-up in the valuation of Starling Bank, driven by the strong fundamentals underpinning the business, and (2) a +14% markup in Klarna, which listed on 10 September 2025 on the New York Stock Exchange.

Following the company's write-up over the course of 2025, Starling Bank now represents 44% of Chrysalis' NAV.

From AVI's research on the company, including meeting with current management and ex-employees, it is our belief that Starling Bank boasts the characteristics of a best-in-class, digital-first neobank, but with the added optionality of a tangible SaaS† offering through the Engine Platform. Starling's banking operations were built from the ground-up as a digital-first business. This not only drives significant cost advantages compared to incumbent UK high-street banks, but it has enabled Starling to develop and launch new products far more quickly as a result. Being digital-first, Starling's customer acquisition cost is only £40 versus £250 for traditional banks – with their numerous high-street branches to pay for – and the customer payback period is only 2.5 months. This low-cost operational model also generates far superior returns, boasting a ROTE†† of c. 45% (assuming NAV net of excess capital) versus UK peers at 17%. Starling's banking business is also the perfect case study for the company's SaaS offering, the Engine platform being built on the exact architecture that Engine offers to new potential clients –100% API††† uptime, zero customer downtime, and the industry-leading Net Promoter Score. We believe that the Engine platform represents a compelling growth opportunity, with management targeting c. £100m in ARR†††† within two years. Admittedly, Engine has just two clients to date, Salt Bank in Romania and AMP Bank in Australia, which contributed just c. £9m in fee revenue in FY25. However, Starling management recently disclosed that they have signed a "Globally Systematic Financial Institution" for a deal potentially worth £50m ARR, with an additional five deals still "in discovery".

At the current carrying value, AVI estimates Chrysalis' position in Starling Bank to be worth £3.3bn, or c. 3.2x trailing book value. This compares to 1x for the UK incumbent banks. Although this is a premium multiple, we believe that Starling's exceptional unit economics and growth potential more than justify it. Should we see Engine formally announce new major clients, we believe there could be significant further upside.

Elsewhere, we remain excited by Chrysalis' position in recently listed Klarna (13% of NAV), and believe that the market continues to undervalue the company relative to its primary peer, Affirm. This is despite Klarna being the number one global player in Buy-Now-Pay-Later financing, leveraging its fixed-term bank deposit-driven funding model to extend its short duration loan-book to consumers.

Chrysalis closed the period at a -29% discount to its NAV. We continue to engage with the board on the company's future strategy, AGT owning over 12% of the company.

1 For definitions, see Glossary on pages 110 to 114.
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 110 to 114 for further details.
† Software as a Service.
†† Return on tangible equity. For definition, see Glossary on pages 110 to 114.
††† For definition, see Glossary on pages 110 to 114.
†††† Annual Recurring Revenue. For definition, see Glossary on pages 110 to 114.

Investment Review / Portfolio Review continued

Contributors continued

04. Apollo Global Management

Holding Company

% of net assets[1]
N/A*

Discount
N/A*

% of investee company
N/A*

Total return on position FY25 (local)[2]
42.1%

Total return on position FY25 (GBP)
49.3%

Contribution (GBP)[3]
202bps

ROI since date of initial purchase[4]
166.0%

C

Despite only being held for little more than the first two months of the financial year, Apollo ("APO") was one of the largest contributors with a share price increase of +47% in GBP over this short period. Buoyed first by stellar Q3 2024 results and then – just a day later – by a US election result that poured rocket fuel on the US financials sector as a whole – and the alternative asset managers (AAMs) in particular – on optimism around a revival of deal activity and the prospect of a more benign regulatory environment.

We believe APO's share price led the post-election charge amongst its peers for two specific reasons. Firstly, there had been growing concerns that its life insurance business, Athene, (more accurately described as Retirement Services), might become subject to increased regulatory oversight given an increasing media focus on "private equity owned insurers". While even this label is highly misleading, suggesting as it does that insurers like Athene either sit within limited life funds – they do not – and/or that their balance sheets are loaded with private equity investments managed by their owner – in most cases, certainly in Athene's, they are not – the fact is that the election result reduced the probability of tightened regulation to close to zero.

Secondly, the change in administration raised the prospects of alternative investments being allowed into the $12trn 401(k) US pension market. While there were no legal restrictions on such pension plans investing in private assets, fears of litigation had prevented any such moves to date. We note that a subsequent executive order in August 2025 unequivocally laid the grounds for removing "the regulatory burdens and litigation risk" around such investments.

With its experience in retirement services, via its ownership of Athene, and having been first to identify what Rowan terms the "Fixed Income Replacement Opportunity" (replacing a portion of the ~$40trn public investment grade market with private investment grade credit), APO is arguably the best placed of all its peers to capitalise on an opening up of the 401(k) market.

We bought APO in 2021, at a time when we believed the AAM sector was misunderstood and undervalued; when valuations for balance sheet heavy companies like APO and KKR (note AGT also owned KKR for four years up until mid-2024) within the sector were overly penalised; and when APO's share price was suffering from the scandal around former CEO Leon Black's links to Jeffrey Epstein. Our thesis was that the market viewed the companies as levered plays on financial markets when, in fact, the bulk of their value resides in their high-quality, visible, recurring, and predictable streams of fee-related earnings derived from management fees charged on long duration capital.

In the specific case of APO, there were also concerns ahead of its merger with its sister company, Athene. Life insurance businesses are, understandably, often lowly rated by the market. But the reasons why they are so – unpredictable liabilities with tail risks (e.g., long-term care) and hard-to-hedge liabilities such as Variable Annuities – simply do not apply to Athene which has a highly focused business model predominantly centred on fixed annuities.

As such, Athene can be looked at as effectively a spread-lending business, earning a spread between the rates paid on annuities and the yields earned on its investments. Its fixed income portfolio (95% of total assets) is 96% investment-grade, with Athene seeking to earn a return premium from complexity and illiquidity rather than from taking duration or additional credit risk and targeting a mid-to-high-teens return on equity. 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, an increasing proportion of Athene's growth was likely to be funded by third-party "sidecar" vehicles.

While consensus estimates of forward earnings increased over our holding period, the bulk of returns came from multiple expansion as the market favourably reassessed the company's earnings quality and the duration of its growth opportunity.

With our view and that of the market much more aligned, we sold our position in December 2024, just after the announcement of APO's inclusion in the S&P 500. This long-awaited event was met with a disappointing reaction by the market, perhaps because the shares being on the cusp of inclusion for so long meant it was more priced in than we had assessed. We were still pleased with overall returns of +166% and an IRR of +41% over our three-and-a-half year holding period vs. +28% / +9% for the MSCI ACWI and +42% / +13% for the S&P 500. We note that, at the time of writing, Apollo's shares sit -27% below where we sold the last of our holding. We continue to monitor Apollo and the wider peer group as part of our investment universe.

1 For definitions, see Glossary on pages 110 to 114.
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 110 to 114 for further details.
* The Company no longer had a position in this investment as at 30 September 2025.

Investment Review / Portfolio Review continued

Contributors continued

05. Toyota Industries

Asset-backed Special Situation

% of net assets[1]
1.8%

Discount
-37%

% of investee company
0.1%

Total return on position FY25 (local)[2]
51.9%

Total return on position FY25 (GBP)
47.9%

Contribution (GBP)[3]
153bps

ROI since date of initial purchase[4]
25.0%

C

Toyota Industries was AGT's fifth largest contributor over the financial year, adding +153bps to NAV. The investment delivered strong returns following Akio Toyoda's proposal for Toyota Industries to be taken private, vindicating our long-held thesis that the market was fundamentally mispricing the value trapped within the Toyota Group's complex cross-shareholding structure.

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 the Toyota Industries stub, due to the outsized value of the Toyota Group cross-shareholdings, which accounted for 93% of the company's then market cap. We were also attracted to the company's dominant market position as the number one supplier of forklift trucks (30% global share) and auto AC compressors (50% share globally), with long-term growth potential in logistics solutions from the continued expansion of e-commerce.

It was our opinion at the time that Toyota's management were under significant pressure to correct the company's lowly valuation and capital inefficiencies. This followed the requests made by the Tokyo Stock Exchange for companies trading under 1x book value to disclose value improvement plans, as well as the mounting scrutiny from Toyota shareholders, as evidenced by the Toyota Motor Chairman's historically low approval rating of 72% in 2024 (or just 57% if excluding Toyota Group companies).

Our thesis materialised in April 2025, when initial reports began circulating that Akio Toyoda, Chairman of Toyota Motor and grandson of Toyota's founder, wanted to take Toyota Industries private in a rumoured $42bn transaction – one of the largest such deals in history. The potential proposal represented a seismic shift for Japanese corporate governance, with Toyota long seen as the ultimate symbol of resistance to reform.

However, the outcome was not without disappointments.

The formal offers then arrived some six weeks later at just ¥16,300 per share ($33bn), representing an 11% discount to the prevailing market price and a lowly +23% premium to the undisturbed share price. This offer reflects the risks of insider-led transactions rather than competitive auction processes. The deal, while still addressing the cross-shareholding issues that had long frustrated value-oriented investors, prioritised the interests of the Toyota founding family and group companies over minority shareholders. The offer came in well below what we felt was a fair value for Toyota Industries, with the AVI estimate nearer ¥20,000 per share (a c.+50% premium from the undisturbed price).

Given the material re-rating in the shares when the potential deal was first leaked, we took the decision at the time to reduce our stake by 50%, cutting our weighting from 4% to 2% of AGT's NAV by the end of June 2025. This allowed us to crystallise substantial gains at a premium to the eventual tender offer price, while maintaining exposure to what we believe remains one of the most significant corporate governance stories in modern Japan.

We continue to believe that the Toyota Industries deal will be remembered as a watershed moment for Japanese corporate governance, demonstrating that even the most entrenched resistance to reform can ultimately yield to sustained activist pressure and changing market dynamics.

Although we remain disappointed by the pricing and structure of the deal as it stands, the investment in Toyota Industries exemplifies how AVI's approach of patient capital deployment into mispriced situations, where there is room to engage constructively with management teams, can provide real catalysts to unlock significant trapped value. Over the course of our investment, we have earned an IRR/ROI† of +20%/+25%.

Source / Gorodenkoff via Shutterstock

1 For definitions, see Glossary on pages 110 to 114.
2 Weighted returns adjusted for buys and sells over the year.
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4 Figure quoted in GBP terms. Refer to Glossary on pages 110 to 114 for further details.
† Internal Rate of Return/Return on Investment.

Investment Review / Portfolio Review continued

Detractors

06. Gerresheimer AG

Holding Company

% of net assets[1]
3.8%

Discount
-62%

% of investee company
4.1%

Total return on position FY25 (local)[2]
-50.3%

Total return on position FY25 (GBP)
-48.2%

Contribution (GBP)[3]
-405bps

ROI since date of initial purchase[4]
-48.2%

D

Gerresheimer ("GXI"), the German conglomerate, was the largest detractor from your Company's performance, costing -405bps, with a return of -48% in GBP.

By way of reminder, we started building a position in GXI in late 2024 and early 2025. At the time, our thesis was simple: GXI offers exposure to a leading player in the oligopolistic pharmaceutical primary packaging market, with high barriers to entry and attractive growth prospects. However, these merits were not reflected in the group's stock market valuation, with the company trading at a significant discount to our estimated NAV. We saw numerous paths to unlock value, most notably through the strategic review of its Moulded Glass division, but were also encouraged by reported private equity interest in the entire business.

Whilst the investment thesis was simple, our experience has been anything but. In June 2025, the company issued a third effective profit warning within the last nine months, with it becoming apparent that internal controls and tracking of the business performance were poor, further damaging the relationship and credibility that the company had with the investment community. In response, we published a public letter to the supervisory board which made three main recommendations in order to restore and protect value: 1) the need for new financial leadership; 2) an accelerated exit of Moulded Glass; 3) the establishment of a capital allocation committee.

Since this point, two of our three demands have been addressed: the CFO has been replaced and GXI has publicly committed to exit Moulded Glass. We view these as important steps in the right direction and have been encouraged by our early conversations with the new CFO Wolf Lehmann. As we saw it, the company has considerable self-help potential, a strong path ahead to unlock value, with private equity interest in the company having dissipated.

However, this progress and optimism was de-railed by news in September 2025 when BaFin, the German regulator, announced an investigation into Gerresheimer, leading to a further setback in the share price. In a so-called Special Matter Audit the question relates to the treatment of certain Bill & Hold contacts and whether revenue was correctly recognised in 2024, or whether in fact it should have been recognised in 2025. Whilst this appears to be a discrete issue, affecting c.2% of revenues, investors have not unreasonably run for the hills, with little tolerance for a management team and supervisory board that have shown themselves to be at best incompetent. In our view this only reinforces the need for wholesale changes, with the reputation of the company severely damaged.

With that said, there remains much to like about Gerresheimer.

The core Containment Solutions and Delivery Systems business remains the jewel in the crown, supplying mission critical but low proportion of total cost products into end markets with attractive secular growth prospects. Over the last half decade, the business has continued to move up the value chain toward High Value Solutions which, all else being equal, should be conducive to better growth, margins and valuation multiples. At present none of this is reflected in the share price, which embeds a significant discount of 7.8x NTM EV/EBITDA† / 7.7x PE versus peers at 19.1x / 26.6x. At current prices one is paying an EV to Net Plant Property & Equipment multiple of just 1.9x – a fact that likely cannot escape peers who trade 5–10x or even certain customers such as Novo Nordisk, for whom GXI's dual chamber CagriSema syringe is of the utmost importance.

In order to arrest the decline and unlock the considerable latent value we continue to actively engage with the board, management and other shareholders. Returns to date have been dismal but we are optimistic of improvements to come and will be working hard to secure them.

Source / Gerresheimer

1 For definitions, see Glossary on pages 110 to 114.
2 Weighted returns adjusted for buys and sells over the year.
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4 Figure quoted in GBP terms. Refer to Glossary on pages 110 to 114 for further details.
† Next Twelve Months. For definition, see Glossary on pages 110 to 114.

Investment Review / Portfolio Review continued

Detractors continued

07. Rohto Pharmaceutical

Asset-backed Special Situation

% of net assets[1]
4.2%

Discount
-51%

% of investee company
1.6%

Total return on position FY25 (local)[2]
-23.6%

Total return on position FY25 (GBP)
-26.1%

Contribution (GBP)[3]
-167bps

ROI since date of initial purchase[4]
-18.4%

D

Rohto Pharmaceutical ("Rohto") was the second largest detractor, reducing performance by -167bps with a return on our position of -26% over the period (GBP).

Rohto is Japan's leading skincare and eye-drop manufacturing company. Our investment thesis centres on the company's combination of high-quality fundamentals and an attractive valuation, as Rohto continues to trade at a meaningful discount to global cosmetic peers, despite a strong track record of consistent revenue growth and mid-teens operating margins.

AVI believes that Rohto's undervaluation is driven by the focus on non-core businesses, misleading investor relations communication, and lower allocation to shareholder returns than peers. Specifically, management needs to reallocate its R&D† spending from the low-profit prescription drug business and regenerative medicine business, towards its high-value, high market share product lines, such as skin care products.

We initiated a position in Rohto in June 2024, and in the early stages of our engagement we privately sent constructive letters and presentations to management. However, we were only able to meet with one board member. As such, in April 2025, we launched a public campaign titled 'Awakening Rohto', which is available to view on our website. The 100-page presentation seeks to highlight the robustness of the core skincare and eye drops businesses, while articulating the need for management to quantitatively justify ongoing investment in the medical segment.

Within the cosmetics market, Rohto was not alone in seeing its share price decline, with close peers returning -25% on average over the twelve-month period. This decline can be partly attributed to the slowdown in the Chinese market, while for Rohto specifically, core skincare brand Melano CC saw a slowdown in sales due to heightened competition from private brands and South Korean manufacturers entering the market.

Investors' concerns about Rohto's future growth potential were somewhat alleviated by the FY2025 first quarter earnings announcement in August, with revenue rising +20% YoY†† while operating profit fell modestly by -1% YoY, beating consensus guidance. Full-year guidance remained unchanged, with revenue forecast to grow by +8% YoY and operating profit to increase by +2%. The share price rose +14% in the day following the announcement, with market confidence rising particularly due to the recovery of core brands in the cosmetics segment, as domestic sales for the brand Hada Labo improved.

In a sign of improving shareholder communication, shortly after our financial year end in October, the company for the first time held a meeting for shareholders and investors to discuss the business strategy and brand portfolio, with the Chairman, CEO, and an external director making presentations. AVI believes that this was a result of the pressure on management to quantitatively explain the future strategy.

Going forward, AVI will continue our constructive engagement with management, and we remain optimistic about the outlook for the cosmetics business and future growth potential overseas in both cosmetics and OTC††† eye care. We will push Rohto to provide more granular and quantitative disclosure on the medical business segment, specifically regarding a timeline for becoming profitable and whether the investment meets the cost of capital.

To date, the investment has generated an ROI of -18%, and our engagement continues unabated to unlock the substantial upside to the intrinsic value.

Source / Rohto Pharmaceutical Co., Ltd.

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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 110 to 114 for further details.
† Research & Development.
†† Year-on-Year.
††† Over The Counter.

Investment Review / Portfolio Review continued

Detractors continued

08. IAC

Holding Company

% of net assets[1]
N/A*

Discount
N/A*

% of investee company
N/A*

Total return on position FY25 (local)[2]
-22.2%

Total return on position FY25 (GBP)
-20.0%

Contribution (GBP)[3]
-70bps

ROI since date of initial purchase[4]
-50.4%

D

During the period we exited the position in IAC, which detracted -70bps.

What started out as a small and highly successful investment (predicated on the spin-off of Vimeo) became a much larger and painful investment. Returns were both a function of terrible NAV performance and significant discount widening (selling on an average -42% discount vs. an average purchase on a -29% discount).

In terms of the NAV performance, we made two mistakes. In the case of Angi we mistook operational complexity for a moat, and the business found it much harder than we anticipated to grow both sides of its marketplace. In the case of Dotdash Meredith, both we and IAC management were culpable of mistaking cyclical forces for secular. The growth rates Dotdash achieved in 2021/22 were unsustainable and were cyclical in nature, not secular. In turn, Meredith was unable to deliver on the high targets set out at the time of the merger with Dotdash.

Over time we also became more cautious about management and the widening gap between their words and actions (e.g. the lack of share buybacks from 2021 to 2025). With hindsight this inaction should have offered us more of warning sign.

That said, taking a step back, it serves as a great reminder of the powers of diversification and portfolio management. As Howard Marks says, "diversification allows investors to dare to be wrong." This is important as invariably we will make mistakes from time to time but in such a way that the portfolio returns are not excessively damaged. It is inevitable that we will make more mistakes in the future, but we hope that they will be different ones.

1 For definitions, see Glossary on pages 110 to 114.
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 110 to 114 for further details.
* The Company no longer had a position in this investment as at 30 September 2025.

MGM Resorts: 42% of IAC's NAV

Source / MGM Resorts International

Investment Review / Portfolio Review continued

Detractors continued

09. Christian Dior

Holding Company

% of net assets[1]
2.2%

Discount
-18%

% of investee company
0.0%

Total return on position FY25 (local)[2]
-14.3%

Total return on position FY25 (GBP)
-11.0%

Contribution (GBP)[3]
-62bps

ROI since date of initial purchase[4]
67.7%

D

Christian Dior ("CDI") – the French-listed mono-holding company through which the Arnault family control LVMH – was a meaningful detractor. Over the course of the period, shares in CDI declined by -24%, which was entirely driven by a decline in the NAV, with the discount largely unchanged at 18%.

Since LVMH was momentarily crowned Europe's first $500bn company in the spring of 2023, the business has faced a plethora of issues that have curtailed growth, reduced margins and led to material cuts to earnings estimates.

Generally speaking, the business has suffered a cyclical post COVID normalisation, following a period of unprecedentedly strong growth (from 2018 to 2022 the all-important Fashon & Leather Goods ("F&LG") business saw organic growth of +200%). This normalisation has been exacerbated by the increased importance of new/occasional customers, who are more aspirational in nature compared to prior cycles, as interest rates and reduced wealth impaired spending power.

At the same time, we have seen a prolonged slowdown in the Chinese economy (with the Chinese cluster accounting for more than 30% of industry revenues). This has also coincided with the end of a period of super-normal growth for Dior, in which revenues and operating profits grew from ~€2.6bn and ~€500m respectively in 2018 to ~€8.6bn and ~€3.4bn in 2023. (We estimate that, despite Dior accounting for less than one tenth of F&LG EBIT† at the start of the period it accounted for somewhere between a quarter and a third of the growth). Finally, there is a sense of design fatigue across Louis Vuitton and Dior, as well as excessive price taking without commensurate innovation.

As well as material cuts to earnings expectations, LVMH shares suffered a significant de-rating as many investors have questioned whether the issues facing the luxury goods sector generally and LVMH specifically were structural rather than cyclical. At the nadir in June 2025, LVMH shares traded at just 14x 2025e EV/EBIT†† and 20x 2025e PE††† (5.3% FCF†††† yield) and a significant 34% discount to our estimated sum-of-the-parts[1].

We used this period of weakness to bolster our position, viewing the above issues as temporary in nature. To date this has been well rewarded – with the shares up by +22% from the point at which we added. We continue to see further upside because we believe that, as in past cycles, LVMH will likely emerge stronger as the leader in a structurally attractive industry, with good growth prospects, margins and high returns on capital. This bodes well for future NAV growth, with room for Christian Dior's discount to narrow if and when the mono-holding structure is collapsed, acting as a further kicker.

1 For definitions, see Glossary on pages 110 to 114.
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 110 to 114 for further details.
† Earnings Before Interest and Tax.
†† Enterprise Value.
††† Price to Earnings ratio.
†††† Free Cash Flow.

Source / Pakphipat Charoenrach via Getty Images

Investment Review / Portfolio Review continued

Detractors continued

10. Softbank Group Corp

Asset-backed Special Situation

% of net assets[1]
N/A*

Discount
N/A*

% of investee company
N/A*

Total return on position FY25 (local)[2]
-9.0%

Total return on position FY25 (GBP)
-7.3%

Contribution (GBP)[3]
-40bps

ROI since date of initial purchase[4]
-6.9%

D

Our hedged position in Softbank Group detracted -0.53% over the period.

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

We initiated the position in June 2024. At the time of investment, the discount had blown back out to levels last seen during the COVID sell-off, close to 60%. However, given the lofty valuations of Softbank's listed underlying holdings, such as ARM Holdings, 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 allowed us to get full equity exposure without making the same capital outlay as holding the shares directly and minimised margin requirements due to netting.

Using this combination of long and short total return swaps also allowed us to get the full benefit from any discount narrowing, while protecting us from downside risk in names where we were not comfortable in their valuations.

While we believed new investments and substantial share buybacks were not mutually exclusive, given the company's strong balance sheet, our conviction in the thesis waned as it became clear that management's priority was overwhelmingly to preserve as much capacity as possible for new AI-related investments. We believed that this decision would impact management's ability to conduct share buybacks and narrow Softbank's wide discount. As a result, we sold our shareholding in April 2025.

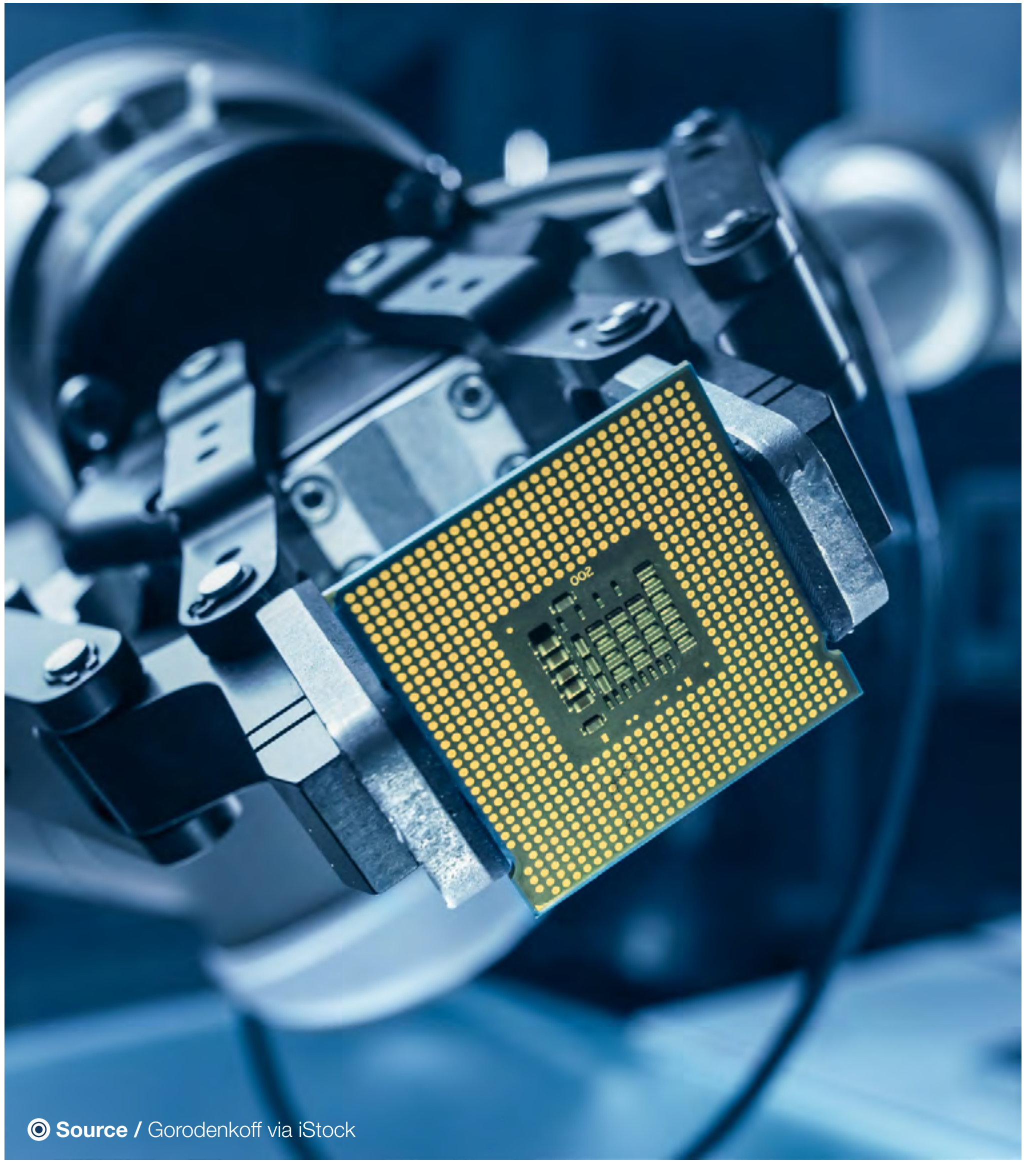
1 For definitions, see Glossary on pages 110 to 114.

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 110 to 114 for further details.

* The Company no longer had a position in this investment as at 30 September 2025.



Source / Gorodenkoff via iStock