

A responsible approach



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.

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%

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

Diversity of Workforce:



	2024 Number	2024 %
● Male	15	62.5
● Female	9	37.5

We maintain a corporate website containing a wide range of information of interest to investors and stakeholders: www.aviglobal.co.uk



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.



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* 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.

Investment Review / A Responsible Approach continued

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%

100%*

Voted against management:

17%

17%

Voted with management:

83%

83%

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

** As at 30/09/2024

ENGAGEMENT BREAKDOWN*

Governance:

76%

76%

Social:

14%

14%

Environmental:

10%

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/

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