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Graham Kitchen  
Chairman

### Overview of the year

Having emerged from restrictions intended to minimise the effects of the Covid-19 pandemic in 2022, the world entered a period of heightened geopolitical tensions. The two combined led to higher levels of inflation and, as a result, interest rates not seen for over a decade, albeit arguably more “normal”. Central bankers continue to try to walk a fine line in attempts to control inflation while not raising interest rates to a level which stifles economic growth. As our Investment Manager mentions in their report, the developed world in particular has been forced to move on from a period when the cost of capital was kept artificially low.

I said at the half-year stage that our Investment Manager was seeing a range of investment opportunities and over the year many of those opportunities bore fruit. Against a difficult economic and political background, it is pleasing to report a NAV total return<sup>1</sup> of 15.3%, which was both a strong absolute return and notably higher than our benchmark index.

### Comparator benchmark index

There is no benchmark index which closely matches our Investment Manager’s approach and investment philosophy. Nevertheless, we are aware that some (but by no means all) shareholders measure returns compared with an index. For the past several years our benchmark has been the MSCI AC World ex-US Index, reflecting the fact that when we adopted that benchmark AGT had no direct exposure to the USA and relatively little indirect exposure. Over the last few years our exposure to the USA, especially considering our underlying exposure, has increased. How we measure AVI’s performance has been a regular subject of discussion by the Board and we have now concluded that the MSCI AC World Index (that is, the version of the index including the USA) is the most appropriate comparator benchmark.

In making this change, it is important for shareholders to recognise that we are still unlikely, nor is the investment manager targeting, to have similar weightings in the Company’s portfolio to those in the index and that this change of benchmark will not affect in any way the approach to investing or the investments in the portfolio. I set out below our performance versus the new and previous comparator benchmarks. We will continue to report performance against both for historic reference. Having taken the considered decision to make this benchmark change, we expect this to remain our benchmark going forward.

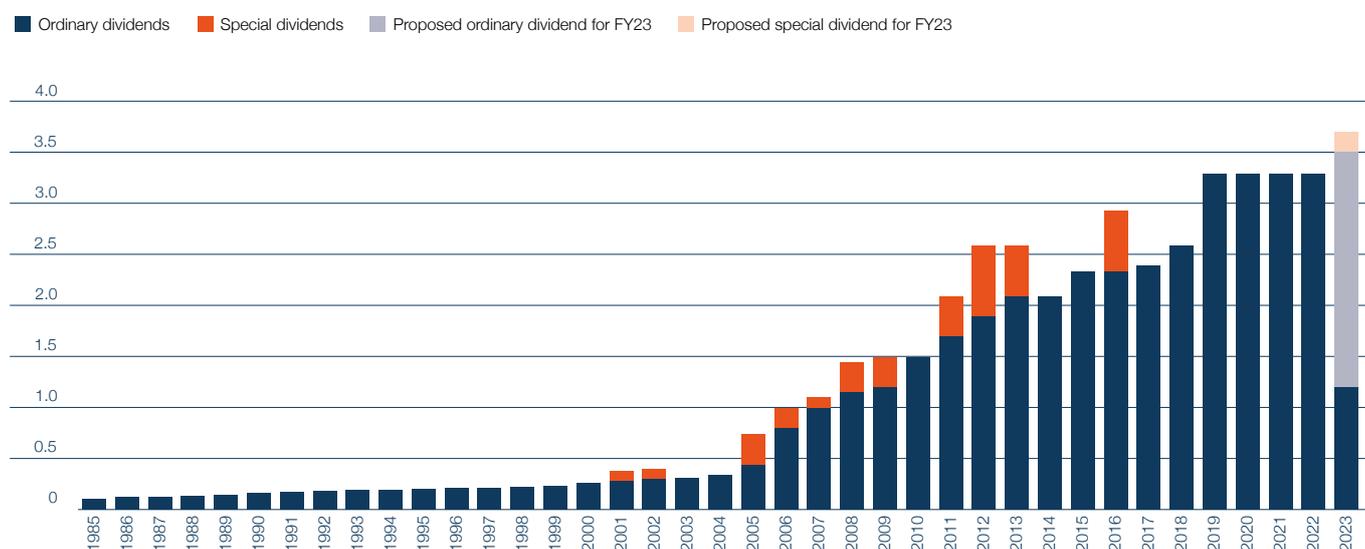
Total return (£)	1 year	5 years
AVI Global Trust NAV	+15.3%	+48.7%
MSCI AC World Index	+10.5%	+41.1%
MSCI AC World ex-US Index	+10.1%	+21.3%

### Revenue and dividend

Revenue earnings for the year under review were 4.19 pence per share. At the half year stage we paid an interim dividend of 1.2 pence per share, which was the same as last year. The proposed final dividend is 2.3 pence per share. This year’s income includes elements of revenue that the Directors consider to be one off and we have therefore decided to pay a special dividend of 0.2 pence per share. The one off increase in revenue includes refunds of previously charged taxes and interest on cash. The total ordinary dividend for the year will therefore be 3.5 pence per share, an increase of 6% compared with the previous year’s total of 3.3 pence and the total including the special dividend will be 3.7 pence. The Board recognises that a dividend which is steady and able to rise over time is attractive to many shareholders but, as we have consistently said, the portfolio is managed primarily for capital growth.

<sup>1</sup> See Glossary.

### Dividend track-record (£)\*



\* Restated for Share Split.

## Strategic Report / Chairman's Statement continued

**GENERATING SIGNIFICANT SHAREHOLDER VALUE**

Through equity market cycles, AGT has encountered many challenges and risen above them each time, generating significant shareholder value along the way.

**Why should I include AVI Global Trust into my portfolio?****Unconstrained**

AGT's index agnostic approach allows for investments to be made in areas of the market that are often overlooked by other funds, typically due to their unconventional structures, size, or liquidity. These areas can include listed family holding companies and listed private equity, which over time have been shown to deliver excess returns.

**Unique & Diversified**

AVI's unique approach of investing in holding companies, closed-ended funds and asset-backed special situations differentiates us from other funds, with portfolio holdings unlikely to be found elsewhere. Through these unconventional structures, AGT gains exposure to multiple underlying companies, providing both sector and geographic diversification benefits.

**Track Record of Outperformance**

Through an unconstrained and unique investment philosophy, AGT has been able to outperform its comparator benchmark over the long run. Since 1985, AGT's average annual performance has been +11.5% vs +9.1% for the comparator benchmark\*.

**Dividend Payments**

Over the past ten years, the ordinary dividends paid by AGT to shareholders have grown by +74%. The level of income may vary and AGT has occasionally paid special dividends, as it is proposing this year.

\* Official comparator benchmark is the MSCI ACWI (£).

Read more about our history on our website: [www.assetvalueinvestors.com/agt/about-the-trust/history/](http://www.assetvalueinvestors.com/agt/about-the-trust/history/)

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**Gearing**

On 25 July 2023, we completed an agreement to issue Japanese Yen (JPY) 4.5bn fixed rate unsecured debt, for a term of ten years. The annual interest rate on the debt is 1.44%. The debt is denominated in JPY and was equivalent to approximately £25m when issued. In recent years the Company has issued several tranches of debt at attractive interest rates and our Investment Manager uses gearing flexibly to take advantage of investment opportunities. As well as providing funding at an attractive rate of interest, borrowing in Japanese Yen provides a natural hedge against exposure to the currency, as the borrowing offsets some of the exposure to JPY in the portfolio.

As at 30 September 2023 net gearing, with debt at fair value, was 7.4%.

**Share price rating and marketing**

AGT has a substantial marketing budget and the Board works closely with AVI as it seeks to generate demand for the shares. Each month AVI produces an informative fact sheet which is available on our website and I encourage you to register on the site to receive these when they are published. AVI is also active in the media – both traditional and increasingly social media – as we seek to promote our investment proposition to a growing investor base. We were pleased that our team's efforts were rewarded with the accolade of "Best Report and Accounts" in its category in the AIC's annual shareholder communications awards in September 2023.

Our shares traded at a persistent discount which, at the end of September 2023, stood at 10.9%. We continue to use share buybacks when the discount is unnaturally wide and when the Board believes that buying back shares is in the best interests of shareholders. This is also an approach that our Investment Manager encourages for many of our investee companies. At times when the market was volatile this has meant buying back shares on most days and, during the 12 months under review, 29 million shares were bought back, representing 6% of the shares in issue as at the start of the period. As well as benefiting shareholders by limiting the discount at which they could sell shares if they so wish, buying back shares at a discount also produced an uplift in value to the benefit of continuing shareholders, by approximately 0.6%.

Read more about our history on our website

Despite the impact of our share buybacks and the excellent investment performance by your Company we are caught by the unintended consequences on the investment trust industry of recent regulatory pronouncements relating to Consumer Duty. You will no doubt have read in the press that a number of online investment platforms are assessing the cost of investing in companies such as ours by seeking to include the underlying charges of any funds held in our portfolio of investments in their assessment of the costs of investing in your Company. This in our view is a misleading approach as we believe that the costs included within our underlying investments are already factored into the assessment of the fair value of those investments. The performance of the underlying assets is then fairly reflected in the performance of your Company which is shown net of costs within the control of your Board (i.e., the expense ratio which we set out under Key Performance Indicators on page 12). Your Board and AVI are actively involved in discussions with the Treasury, the regulators and the AIC to ensure that investment trusts are considered on an equal basis to other forms of investments and so that investors are able to make a fair and balanced decision in deciding on which type of investment to make. It would also seem completely illogical that the interpretation of the new Consumer Duty regulations and the assessment of value should lead to a restriction in investors ability to invest in some investment trusts.

**The Board**

My predecessor Susan Noble retired at the Annual General Meeting in December 2022 and this is my first annual report as Chairman. The Company thrived under Susan's leadership and the Board would like to record our thanks to her. We have enjoyed working with her and wish her well in her future endeavours.

Following Susan's retirement, June Jessop was appointed as a non-executive Director with effect from 1 January 2023. June was previously Senior Business Manager at Stewart Investors and a member of the EMEA Management Committee of First Sentier Investors (of which Stewart Investors is a sub-brand). June has spent her entire career in financial services, gaining broad experience in portfolio management, client relationship, business development and, latterly, general management roles. She has been an investment manager for institutions, charities and private clients, including managing assets of an investment trust and investing in closed-end funds on behalf of clients. My colleagues and I are delighted to welcome June to the Board. She brings a wealth of experience in both managing assets and in the management of investment businesses. Her skills complement those of the other Board members and we look forward to working with her.

### Annual General Meeting

I am pleased to be able to invite all shareholders to attend our AGM at 11 Cavendish Square on Wednesday 20 December 2023. We do recognise that some shareholders may be unable to attend the AGM, and if you have any questions about the Annual Report, the investment portfolio or any other matter relevant to the Company, please write to us either via email at [agm@aviglobal.co.uk](mailto:agm@aviglobal.co.uk) or by post to The Company Secretary, AVI Global Trust PLC, 6th Floor, 65 Gresham Street, London, EC2V 7NQ.

If you are unable to attend the AGM, I urge you to submit your proxy votes in good time for the meeting, following the instructions enclosed with the proxy form. If you vote against any of the resolutions, we would be interested to hear from you so that we can understand the reasons behind any objections.

### Outlook

The geopolitical and economic environment are undoubtedly challenging and the world is likely to be unstable for some time. This provides excellent investment opportunities and in their report AVI speak of valuations last seen at the time of the global financial crisis. While progress is unlikely to be straightforward, given the resources at our Investment Manager's disposal and the opportunities that they perceive, we look forward to the future with optimism and continue to believe that, over the long term, AVI will deliver attractive returns to AGT's shareholders.

**Graham Kitchen**  
Chairman

9 November 2023