

COMPANY PURPOSE

The Company is an investment trust. Its investment objective is to achieve capital growth through a focused portfolio of mainly listed investments, particularly in companies whose shares stand at a discount to estimated underlying net asset value.

BUSINESS MODEL



STRATEGY

Our strategy is to seek out-of-favour companies whose assets are misunderstood by the market or under-researched, and which trade significantly below their intrinsic value. Often, we engage actively with management in order to provide suggestions for improvements that we believe could help narrow the discount or improve operations, thus releasing value for shareholders.



INVESTMENT APPROACH

As an investment trust, the Company's most important relationship is with the Investment Manager.

The Company's assets are managed by Asset Value Investors Limited ('AVI'). AVI aims to deliver superior returns and specialises in finding companies that for a number of reasons may be selling on anomalous valuations.

The Investment Manager has the flexibility to invest around the world and is not constrained by any fixed geographic or sector weightings. No more than 10% of the Company's investments may be in unlisted securities. AVI's investment philosophy is described in more detail on page 17 of the Annual Report and the Company's Investment Policy is set out on page 38.



KEY PERFORMANCE INDICATORS ('KPIs')

The Company uses KPIs as an effective measurement of the development, performance or position of the Company's business, in order to set and measure performance reliably. These are net asset value total return, discount to net asset value and ongoing charges.

KEY PERFORMANCE INDICATORS

DISCOUNT*

30 September 2019	30 September 2018
10.9%	8.5%

NAV TOTAL RETURNS TO 30 SEPTEMBER 2019*

1 Year	10 Years (Annualised)
2.1%	8.4%

ONGOING CHARGES RATIO*

2019	2018
0.85%	0.87%

OTHER KEY STATISTICS

NET ASSET VALUE PER SHARE*

30 September 2019	30 September 2018
852.61p	841.95p

NUMBER OF INVESTMENTS

43
(of which 18 are held in Japanese Special Situations – see pages 14 and 15)

TOP TEN INVESTMENTS REPRESENT

49.0%
of portfolio*

ESTIMATED PERCENTAGE ADDED TO NET ASSET VALUE PER SHARE FROM BUYBACKS*

2019	2018
0.1%	0.4%

FONDUL PROPRIETATEA

Hidroelectrica, a Romanian hydroelectricity company, is one of your Company's largest underlying holdings.

Nature of business
Closed-end fund

4.0%
% of portfolio*



S.P.E.E.H.
Hidroelectrica S.A

* For definitions, see Glossary on pages 89 to 92.