

The top ten equity investments make up 49% of the portfolio\*, with underlying businesses spread across a diverse range of sectors and regions.



## PERSHING SQUARE HOLDINGS

|  |                            |
|--|----------------------------|
| <b>Nature of business</b><br>Closed-end Fund | <b>Valuation</b><br>£92.7m |
| <b>% of portfolio</b><br>9.2%                | <b>Discount</b><br>-27.3%  |

A Euronext-listed closed-end fund managed by a high-profile activist manager. The fund owns a concentrated portfolio of quality US companies. Pershing trades on a 27% discount to NAV, which we regard as unsustainably wide for a portfolio of large-cap, liquid securities, particularly given the manager's activist strategy.

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## OAKLEY CAPITAL INVESTMENTS

|  |                            |
|--|----------------------------|
| <b>Nature of business</b><br>Closed-end Fund | <b>Valuation</b><br>£54.4m |
| <b>% of portfolio</b><br>5.4%                | <b>Discount</b><br>-29.3%  |

A London-listed fund which invests in the private funds run by Oakley Capital, a UK-based private equity firm. Oakley owns a portfolio of fast-growing businesses in the consumer, education and TMT sectors. Its process focuses on complex deals (e.g. carve-outs), which avoids the auction process, sourced by a network of entrepreneurs who believe in the Oakley philosophy. We believe the discount will narrow as Oakley continues to generate NAV outperformance, and adopts improved standards of corporate governance.

Source / Time Out Group plc

All discounts are estimated by AVI as at 30 September 2019, based on AVI's estimate of each company's net asset value. Refer to Glossary of pages 89 to 92.

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



## EUROCASTLE INVESTMENT

|  |                            |
|--|----------------------------|
| <b>Nature of business</b><br>Closed-end Fund | <b>Valuation</b><br>£43.0m |
| <b>% of portfolio</b><br>4.2%                | <b>Discount</b><br>-9.7%   |

A Euronext-listed closed-end fund whose main assets include a portfolio of Italian non-performing loans ('NPLs') and doValue, an Italian third-party servicer of NPLs. We see multiple layers of value in Eurocastle Investment, including a 10% discount to NAV, a cheap valuation for doValue, and a conservative discount rate used to value the portfolio of NPLs.

Source / doValue S.p.A.



## JARDINE STRATEGIC

|  |                            |
|--|----------------------------|
| <b>Nature of business</b><br>Family-backed Holding Company | <b>Valuation</b><br>£41.4m |
| <b>% of portfolio</b><br>4.1%                              | <b>Discount</b><br>-39.7%  |

An Asian holding company which holds interests in Jardine Matheson, Hongkong Land, Jardine Cycle & Carriage, Dairy Farm and Mandarin Oriental by way of a cross shareholding between Jardine Matheson and Jardine Strategic. The group structure, which is controlled by the Keswick family, provides broad exposure to Asian businesses at an attractive discount to the value of their listed underlying holdings.

Source / Exchange Square in Hong Kong



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**THIRD POINT OFFSHORE INVESTORS**

|  |                            |
|--|----------------------------|
| <b>Nature of business</b><br>Closed-end Fund | <b>Valuation</b><br>£49.8m |
| <b>% of portfolio</b><br>4.9%                | <b>Discount</b><br>-17.9%  |

A London-listed closed-end fund run by well-known activist Daniel Loeb. The fund invests in both long and short equity and credit, with a long equity bias. The fund trades on a discount of 18%, which we view as unsustainably wide given Loeb's reputation as an activist investor.

Source / Nana Kofi Acquah / Nestlé



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**SONY CORP**

|   |                            |
|---|----------------------------|
| <b>Nature of business</b><br>Asset-backed Company | <b>Valuation</b><br>£48.9m |
| <b>% of portfolio</b><br>4.8%                     | <b>Discount</b><br>-36.3%  |

A Japanese holding company with four "crown-jewel" businesses: Gaming, Music, Pictures and Images & Sensors. Despite these attractive businesses, Sony trades on a discount of 36% to our estimate of NAV. We believe this reflects the complexity of the conglomerate structure, which obscures the value on offer and creates misconceptions. There are several ways to unlock this value and tighten the discount to NAV.

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**EXOR**

|  |                            |
|--|----------------------------|
| <b>Nature of business</b><br>Family-backed Holding Company | <b>Valuation</b><br>£46.1m |
| <b>% of portfolio</b><br>4.5%                              | <b>Discount</b><br>-31.4%  |

EXOR is an Italian-listed holding company run by the Agnelli family, which traces its roots back to the formation of FIAT in 1899. It has exposure to four main assets, three of which are listed: Fiat Chrysler Automobile, Ferrari and CNH Industrial, and one unlisted: PartnerRe. The Agnelli family has a strong history of value creation and, by aligning your capital with theirs, we believe there is a good prospect of achieving outsized returns.

Source / New Holland Agriculture



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**FONDUL PROPRIETATEA**

|  |                            |
|--|----------------------------|
| <b>Nature of business</b><br>Closed-end Fund | <b>Valuation</b><br>£40.9m |
| <b>% of portfolio</b><br>4.0%                | <b>Discount</b><br>-24.5%  |

A Bucharest- and London-listed closed-end fund originally set up to provide restitution to Romanian citizens whose property was seized by the Romanian Communist government. Fondul provides exposure to some of Romania's most attractive utility and infrastructure assets, including Hidroelectrica, ENEL's Romanian distribution subsidiaries, Bucharest Airport and OMV Petrom. The fund pays an 8% dividend yield and offers the potential for several corporate events to unlock value and help narrow the 24% discount.

Source / OMV Petrom S.A.



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**SYMPHONY INTERNATIONAL**

|  |                            |
|--|----------------------------|
| <b>Nature of business</b><br>Closed-end Fund | <b>Valuation</b><br>£39.8m |
| <b>% of portfolio</b><br>3.9%                | <b>Discount</b><br>-40.8%  |

A London-listed closed-end fund whose main assets include a stake in Minor International, a Thai group focused on hotels, restaurants and retail; a joint venture that owns a valuable bank of land in Bangkok; and a stake in Christian Liaigre, a luxury furniture retailer. The 41% discount is extraordinarily wide for a London-listed closed-end fund and we believe several options exist to tighten it.

Source / nhow Rotterdam



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**TETRAGON FINANCIAL**

|  |                            |
|--|----------------------------|
| <b>Nature of business</b><br>Closed-end Fund | <b>Valuation</b><br>£39.6m |
| <b>% of portfolio</b><br>3.9%                | <b>Discount</b><br>-46.2%  |

A Euronext- and London-listed closed-end fund investing in a multi-asset portfolio with exposure to CLO equity, hedge funds and real estate. Tetragon wholly owns, or has substantial stakes in, the asset managers that manage its portfolio, and the ultimate IPO of this asset management business is likely to release some of the value found in the company's 46% discount to NAV.

Source / Tetragon Financial Group Ltd