Susan Noble
Chairman

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Overview of the Year

The financial year to September 2019 was a challenging period and our investments were buffeted by the effects of the US-China trade war, unrest in Hong Kong, slowing global economic growth and the fear of recession. Closer to home, the continuing uncertainty over Brexit has affected the economy and the stock market. The shares hit a low point on Christmas Eve before staging a substantial recovery in the first quarter of 2019. Overall, the recovery continued into the second half of our financial year, albeit again with some volatility, and we ended the financial year with the NAV total return showing a modest gain over 12 months.

Our managers were able to deliver a positive overall return over the year in difficult markets and despite some severe headwinds. The key message, which is described in more detail in the Investment Manager's Review, is that underlying value in the portfolio has increased noticeably while share prices overall have not kept pace. In particular, the strategic move into Japan in recent years has built a store of value, while in other parts of the world we have experienced some notable successes this year. Your Board spends a large part of its time reviewing investments with the Investment Manager and we remain encouraged by the continuing focus on fundamental value.

In this year's Annual Report, recognising that this is an important topic for many investors, we have expanded the description of our approach to Environmental, Social and Governance ('ESG') factors.

As a Board we strive to be transparent and we have decided that henceforth we will report performance compared with the version of our benchmark index which accounts for any tax which cannot be reclaimed. Shareholders should be aware that our Investment Manager's investment process is not influenced by the composition of the benchmark index as they focus on the prospects for individual companies and the value in the share price. The effect of the change is minor, and is explained further on page 4.

Our Investment Manager is obliged under the current regulatory regime to produce a set of statistics and a Key Information Document ('KID'). Others have written extensively on the subject and our trade body, the AIC, issued a document on the subject of KIDs entitled "Burn Before Reading". We have a particular issue in that to the extent that the portfolio is invested in other investment companies, the Investment Manager is obliged to add the running costs of those companies when reporting our own running costs. In our view, this amounts to unequal treatment as, for example, we do not have to report head office costs of conglomerates or property companies. As a Board, we believe that the way costs are restated impacts the marketing of the Company and puts us at a disadvantage compared with many other investment companies. While we are naturally in favour of full transparency of costs, we do not believe that this was the outcome which the regulation was designed to produce.

Income and Dividend

Our revenues were very strong this year, particularly in the second half of the accounting year. As a consequence, we have been able to increase total dividends for the year by 26.9%.

The Board has elected to propose a final dividend of 14.5p per share for the year. If approved by shareholders at the Annual General Meeting, the total dividends for the accounting year including the interim dividend of 2.0p per share already paid will be 16.5p per share. It is the Board's intention to rebalance the dividend payments by increasing the next interim dividend and potentially reducing the next final dividend.

The Company has either maintained or increased its total annual dividends for the past 30 years, and expects to continue to do so in the future. As I have stated previously, the Company's primary objective is to seek returns which may come from any combination of increases in the value of underlying investments, a narrowing of discounts to underlying asset value and distributions by investee companies. We do not set an income target for our Investment Manager as this could unnecessarily constrain their freedom to act.

Debt Structure and Gearing

Your Board regularly reviews the funding structure of the Company and in recent years we introduced long-term Sterling and Euro debt at what we considered to be attractive interest rates. We also consider shorter-term debt to be more flexible and we announced in April 2019 that the Company had entered into an agreement with Scotiabank Europe PLC for a Japanese Yen 4.0bn revolving credit facility for a period of three years. The facility was equivalent to £27.7m on that date.

The facility was drawn down in full and funds were partly used in a refinancing exercise to repay the Company's £15m $8\frac{1}{8}$% Debenture Stock, with the balance deployed by the Investment Manager in further investments in Japanese equities. The Debenture Stock was due to mature in 2023 and the total cost of redeeming this debt early was £19.9m including accrued interest. While the cost of redemption initially reduced the NAV per share by 0.1% (or 0.8p per share) with debt at fair value, the refinancing exercise is expected to reduce the total annual interest by approximately £930,000 (or 0.8p per share), based on current short-term interest rates for the revolving credit facility.

Following the refinancing exercise, the Company's weighted average interest on all borrowings reduced to 2.9%, compared with 4.3% before the refinancing. Borrowing in Japanese Yen also provides a natural hedge against exchange rate fluctuations for our Japanese investments, as does borrowing in Euros when matched with European investments.

During the year, we also cancelled 13.5m shares held in treasury.

Discount

Your Board continues to believe that it is in the best interests of shareholders to use share buybacks with the intention of limiting any volatility in the discount. During the accounting year under review, some 1.7m shares were bought back, and this had a small beneficial effect on NAV per share for continuing shareholders. We intervened when the Board believed that the discount was unnaturally wide and intend to continue to follow this approach.

Board

The Board regularly discusses the skills and experience which Directors bring to the Company and we have a long-term plan for orderly succession which naturally evolves over time.

Steven Bates duly retired as a Director following the Annual General Meeting on 19 December 2018, having served for 12 years.

Graham Kitchen was appointed as a Director with effect from 1 January 2019. Graham was Global Head of Equities at Janus Henderson Investors until March 2018, having joined in 2005. Prior to that, he held senior positions in fund management at Threadneedle Investments and Invesco as a UK Fund Manager. Graham is a non-executive director of the Mercantile Investment Trust plc and of Invesco Perpetual Select Trust plc. He also provides investment advice to a small number of charities.

Company Name

The Board regularly reviews feedback both from existing shareholders and those who may buy shares in the future. After lengthy consideration of a number of alternatives, the Board decided to change the name of the Company to AVI Global Trust plc in May 2019.

Over its long history, the Company's name has made reference to the scope of its investment mandate, having launched in July 1889 as the Transvaal Mortgage, Loan & Finance Company Limited, and being renamed on three occasions since then as it has evolved. Over the past 30 years, the Company has developed a global reach and the new name, we believe, more accurately reflects where we invest and how the assets are managed. An investment trust's "customers" are, in effect, its shareholders, and this initiative was driven by a desire both to have a name which more accurately reflects what we do and better to appeal to new investors.

Outlook

The challenges which I set out above continue unabated. The macro-economic situation remains difficult. The trade war between the US and China is affecting economic growth in both countries and, by extension, the rest of the world's economy and equity markets. Political tension remains high, not least in Europe. At the time of writing, the UK is dealing with an uncertain outcome of the Brexit process and now also an unscheduled general election. While most of your Company's assets are located overseas and so the direct effect of political uncertainty in the UK is limited largely to exchange rate volatility, we are acutely aware of the risks of investing in such a difficult environment.

It is important that the Investment Manager looks through the background turbulence and seeks to make money for our shareholders by finding and exploiting good value. As set out in the Investment Manager's Review, we have not been immune to circumstances this year, but the level of value in the portfolio does appear to us exceptional. This value ranges from discounted investments in many well-known companies to the particular opportunity which a changing approach to corporate governance in Japan presents. In addition, the Investment Manager has increased the level of cash in the portfolio, which is being carefully deployed into increasing stakes in existing investments and new opportunities. Your Board believes that the store of value in the portfolio provides both some security in challenging times and the opportunity for attractive returns over the longer term.

Susan Noble
Chairman
11 November 2019