AVI Global Trust

Differentiated, value-based global equity strategy

Investment companies
Global equities

20 August 2026

AVI Global Trust (AGT) provides investors with a differentiated, attractively valued global equity exposure. Manager Joe Bauernfreund at Asset Value Investors (AVI) seeks quality assets that are trading at a discount to their intrinsic value, which have an identifiable catalyst to enable value to be realised. He is finding opportunities across AGT's range of asset classes: holding companies, closed-end funds and asset-backed special situations. While the pull-back in absolute and relative performance due to the US attack on Iran in the last month of the trust's H126 was disappointing, future prospects look encouraging. AGT's portfolio is trading at around a 40% discount to NAV, which is towards the wider end of the historical range and comparable to other periods of market stress, such as during the global financial crisis or the COVID pandemic. AGT's long-term average portfolio valuation is around a 30% discount to NAV.

AGT's H126 results presentation, 16 June 2026

Source: AGT

Why consider AGT?

Bauernfreund heads up AVI's investment team, which benefits from a proprietary, custom-built database and decades of specialist expertise, in the search for high-quality undervalued assets that are often embedded within complex structures. These businesses may be mispriced due to corporate complexity, poor corporate governance or being overlooked by investors, while the catalysts for improvement may include corporate change, better capital allocation or engagement with shareholders and other interested parties.

AGT has a clearly defined engagement policy; the manager favours constructive criticism, but will employ a more forceful approach when necessary. Bauernfreund avoids value traps, zombie companies and quick-profit arbitrage situations. Instead, he takes stakes in companies and works with their management teams to achieve a narrower discount. Engagement with the misunderstood companies is an integral part of the investment process as it can be a significant catalyst for improved shareholder returns.

The trust's unique investment approach means its portfolio looks very different to those of its peers in the AIC Global sector. Perhaps the most obvious example is AGT's c 19% South Korean exposure (the MSCI AC World Index comparator benchmark weighting is c 3% with 63% in just two names). The trust's South Korean exposure is more diverse; the manager has identified a range of opportunities in the country, along with a catalyst for revaluation that is starting to come through.

Price		**262.00p**
Market cap		**£1,034m**
Total assets		**£1,148m**
NAV		284.8p

[1]NAV at 18 August 2026.

Discount to NAV		8.0%
Current yield		1.7%
Shares in issue		394.8m
Code/ISIN		AGT/GB00BLH3CY60
Primary exchange		LSE
AIC sector		Global
Financial year end		30 September
52-week high/low	272.5p	239.5p
NAV high/low	292.5p	262.0p
Net gearing		2.1%

[1]Net gearing at 31 July 2026.

Fund objective

AGT's investment objective is to achieve capital growth through a focused portfolio of investments, particularly in companies whose shares stand at a discount to estimated underlying net asset value.

Bull points

- During his tenure, the manager has generated double-digit NAV total returns.
- Differentiated portfolio of undervalued assets.
- Progressive dividend policy despite a primary capital growth focus.

Bear points

- AGT investors need a long-term view as value strategies can take time to crystallise.
- Key person risk, as the manager has been instrumental in the trust's success.
- Performance can deviate markedly versus the broader global market due to the nature of the trust's strategy.

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AVI Global Trust is a research client of Edison Investment Research Limited

AGT: Seeking areas overlooked by other investors

Bauernfreund notes that equity markets have been buoyant; in some cases reaching all-time highs. However, when compared to history, markets are very concentrated in terms of stock market leadership, with AI beneficiaries as the dominant investment theme. This environment offers plenty of opportunities to find overlooked, attractively valued securities.

Company discounts began to widen before interest rates started to rise. The manager explains that this is partly a function of concentrated markets. Also, he considers that markets are being quite inefficient in shaking off bad macroeconomic news. If there is a market sell-off, Bauernfreund believes that the trust's valuation should provide something of a buffer.

Finding opportunities in South Korea

AGT's value approach ensures a very differentiated exposure compared with traditional global equity funds. A notable difference is AGT's meaningful exposure to South Korea, where many companies are assigned a much lower valuation than their global peers due to concerns around corporate governance, geopolitical risks and limited foreign ownership.

In early 2024, the voluntary Corporate Value-Up Programme was launched by the South Korean government to try to tackle the 'Korea discount'. However, Bauernfreund believes the real catalyst for change to unlock the value in South Korean stocks was the election of President Lee Jae Myung in June 2025. This has led to capital flowing into the market. Samsung Electronics and SK Hynix are the two large-cap names and are beneficiaries of the AI boom. They have experienced huge profit growth and are the main drivers of the South Korean market, which trebled in three years. There are many undervalued companies further down the market capitalisation spectrum; hence, the manager has been building up AGT's South Korean exposure and South Korean equity discounts have started to narrow.

H126 highlights (ending 31 March)

- Performance – AGT's NAV total return of -5.0% versus the benchmark's +2.1% total return was disappointing, with the NAV in absolute positive territory and modestly negative in relative terms for the first five months of the period. Prior to the March 2026 US/Iran conflict, market leadership was starting to broaden away from large-cap technology stocks, with a return to a greater focus on company fundamentals and valuations. Interestingly, at the end of February 2026 AGT's NAV and share price hit all-time highs. Unsurprisingly, the Middle East conflict led to higher oil and gas prices and increased market volatility.
- Revenue and dividends – H126 revenue earnings of 2.52p per share were 8.4% lower than 2.75p per share in H125. The interim dividend is unchanged at 1.50p per share. In the absence of unforeseen circumstances, the board intends to pay out an FY26 total dividend of 4.50p per share, which is in line with the FY25 annual distribution. While AGT's primary objective is capital growth, the board recognises that investors value a flat-to-rising income stream.
- Share buybacks – when AGT's discount widens, the board repurchases AGT's shares where it considers this to be in shareholders' best interests. In H126, c 10.3m shares (2.4% of the share base) were bought back, adding 0.2% to NAV for continuing shareholders.
- Ongoing charges ratio – 0.89% in H126, which was 4bp higher than 0.85% in H125.

Recent development

On 4 August 2026, AVI's board announced a proposed acquisition by Pacific Asset Management, which is a London-based, multi-boutique asset manager and part of Pinnacle Investment Management. The deal is subject to certain conditions, including regulatory approval. There will be no change to AVI's role as the trust's AIFM, nor to AGT's investment team, investment objective, philosophy and process, and management fees. AVI will retain its brand and operate as an independent boutique within Pacific, providing AVI with access to a broader distribution network and to Pacific's operational and technology platform.

Current portfolio positioning

The trust is broadly diversified as its c 40 holdings bring exposure to many underlying businesses. At the end of July 2026, AGT's top 10 holdings made up 53.2% of the portfolio, which was a lower concentration compared with 57.7% 12 months earlier. Six positions were common to both periods.

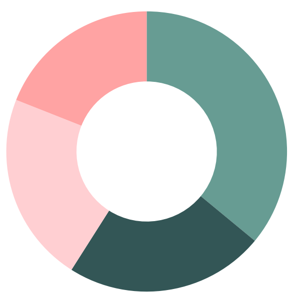
There are some private equity funds in AGT's top 10 holdings. The manager considers that private equity trust discounts are unjustified. He believes that the level of pessimism on carrying values is too high, and that NAVs are more realistic than expected, due to data available in the secondary market. The manager is finding opportunities with private equity funds trading on 30–40% discounts. This is largely due to low activity levels in terms of exits after 2021 (which provide liquidity to limited partners in unlisted private equity funds and are the ultimate validation of portfolio valuations), concerns around debt refinancing and prospective portfolio returns following the normalisation of the interest rate environment since 2022 after the near-zero period, and, more recently, negative sentiment towards private equity software exposure due to the threat of AI disruption.

Exhibit 1: AGT's top 10 holdings at 31 July 2026 (%)

Company	Business	31-Jul-26	31-Jul-25
D'Ieteren Group	Holding company	7.2	6.7
Mitsubishi Logistics	Asset-backed special situation	6.5	N/A
Jardine Matheson Holdings	Holding company	5.7	N/A
Samsung C&T	Holding company	5.6	N/A
Harbourvest Global Private Equity	Closed-end fund	5.4	5.0
Chrysalis Investments	Closed-end fund	5.2	8.2
News Corp A	Holding company	4.9	6.9
Exor	Holding company	4.6	N/A
Vivendi	Holding company	4.3	7.3
Oakley Capital Investments	Closed-end fund	3.8	5.3
Top 10		**53.2**	**57.7**

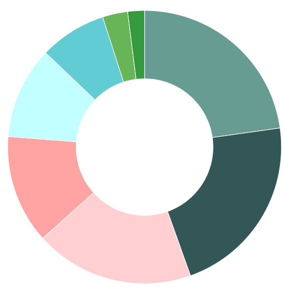
Source: AGT, Edison Investment Research. Note: N/A where not in end July 2025 top 10.

Exhibit 2: Portfolio breakdown (% of invested assets) at 31 July 2026



Source: AGT, Edison Investment Research. Note: Numbers subject to rounding.

Exhibit 3: Look-through geographic exposure (% of NAV) at 31 July 2026



Source: AGT, Edison Investment Research. Note: Numbers subject to rounding.

AGT's portfolio breakdown by assets and geography at the end of July 2026 are shown in Exhibits 2 and 3. A full year-on-year analysis is unavailable due to some classification changes over the period. However, there are some interesting insights to note. South Korea is now broken out separately and made up a meaningful close to 20% of the portfolio at 31 July 2026.

By geography, in the 12 months to the end of July 2026, AGT's Europe ex UK exposure declined by a meaningful 16.0pp, which was partially offset by a 7pp higher Japanese allocation.

Examples of recent transactions

Japan-listed **Rohm** (6963) is a recent addition to the portfolio. It is a vertically integrated semiconductor component manufacturer, whose core businesses is transitioning to a more favourable industry segment. Rohm also owns a stake in Toshiba (unlisted), which has a meaningful holding in Kioxia (a largest-listed Japanese company specialising in flash memory and solid state drives; 2018 spin-off from Toshiba).

The manager considers there are multiple ways to unlock shareholder value at Rohm, which was originally a resistor company and is now a power operating company, whose products are used in data centres for safety and efficiency applications, including silicon carbide in next-generation AI servers. Overall, Rohm's business is less cyclical than historically and the company has a partnership with Nvidia, which could support a more stable profits stream, in addition to a cyclical upswing in earnings. While Rohm's headline valuation does not look especially inexpensive, Bauernfreund believes that the market is overlooking the value of the company's Toshiba stake, which he calculates at around two-thirds of Rohm's market capitalisation. In addition, he suggests that investors are underestimating the value of Toshiba due to its operational improvements ahead of a potential 2028 relisting on the Tokyo Stock Exchange. The manager is also finding hidden value in Kioxia. Historically, flash memory has been highly cyclical, but increased demand, coupled with the company's meaningful cost advantage, is supportive of sustainably higher margins.

Bauernfreund sees around 50% upside to Rohm's share price, which is not dependent on a single catalyst. He cites Rohm as a good example of one of AGT's Japanese holdings: a company with good assets and an overcapitalised balance sheet, trading on a wide discount and offering a good opportunity for patient capital.

The remaining holding in **Cordiant Digital Infrastructure** (CORD) was sold following increased liquidity due to inclusion in UK indices. Originally purchased in February 2024, CORD generated an 85% return on investment and a 40% internal rate of return (IRR) versus the benchmark return of 36% and 18% IRR. Over the holding period, CORD's discount to NAV narrowed from 43% to 18%. The stock was purchased on a misunderstood comparison with a troubled peer, Digital 9 Infrastructure, which in reality is a much weaker company than CORD in terms of balance sheet, acquisition discipline, portfolio characteristics and management quality. As investors began to focus on CORD's low valuation versus the quality of its assets, its discount started to narrow. While the manager saw further upside in CORD, he saw better upside opportunities elsewhere and the stock was sold.

Performance: Double-digit long-term absolute returns

There are now just nine funds in the AIC Global sector, following a variety of mandates. AGT is one of the smaller companies and offers a unique value-based strategy, so a direct comparison with its peers is not possible.

A superficial look at the total returns within the sector shows that AGT's NAV is ahead of the peer group average over the last five years, but recent underperformance has had a negative impact; when we initiated coverage of AGT in late February 2026, the trust was ahead of the sector averages over one, three, five and 10 years.

It has the highest ongoing charges ratio, but to be fair is up against some of the largest trusts, which have significant scale benefits, with an ability to spread their fixed costs over a large base. AGT currently has one of the highest levels of gearing (but remains moderate versus a broader range of trusts) and, despite having a capital growth focus, the trust has an average dividend yield.

Exhibit 4: AIC Global sector at 18 August 2026

% unless stated	Market cap (£m)	NAV TR 1Y	NAV TR 3Y	NAV TR 5Y	NAV TR 10Y	Discount	Ongoing charge	Performance fee	Net gearing	Dividend yield
AVI Global Trust	1,034.4	2.3	38.5	39.4	162.1	(7.7)	0.9	No	104	1.7
Alliance Witan	5,062.6	13.6	46.1	48.0	173.6	(5.2)	0.5	No	106	2.1
Bankers Investment Trust	1,377.0	25.5	61.9	53.7	184.0	(9.1)	0.5	No	105	1.8
Brunner Investment Trust	663.5	20.7	54.6	58.4	188.1	(10.6)	0.6	No	104	1.7
F&C Investment Trust	6,368.8	22.5	68.9	64.0	207.7	(9.4)	0.5	No	108	1.2
Lindsell Train Investment Trust	112.4	(24.5)	(26.8)	(41.8)	40.3	(21.7)	0.8	Yes	100	5.0
Mid Wynd Int'l Investment Trust	210.2	4.7	20.1	7.2	127.1	(1.8)	0.6	No	100	1.1
Monks Investment Trust	2,462.9	13.9	59.1	21.7	203.6	(5.1)	0.4	No	108	0.1
Scottish Mortgage Investment Trust	15,232.7	32.1	102.3	15.3	419.9	(8.2)	0.3	No	107	0.3
Average (9 trusts)	**3,613.8**	**12.3**	**47.2**	**29.5**	**189.6**	**(8.8)**	**0.6**		**105**	**1.7**
SMT rank	**6**	**8**	**7**	**5**	**7**	**4**	**1**		**6**	**5**

Source: Morningstar, Edison Investment Research. Note: TR, total return. Performance at 17 August 2026.

Exhibit 5: Five-year discrete performance data (%)

12 months ending	Share price	NAV	MSCI AC World	MSCI AC World ex US	UK All-Share
31/07/22	1.6	2.1	2.7	(2.7)	5.5
31/07/23	3.2	6.3	7.3	7.8	6.1
31/07/24	27.2	20.8	17.8	10.5	13.5
31/07/25	8.6	8.7	13.0	12.0	12.1
31/07/26	(0.4)	0.6	20.5	26.9	21.6

Source: LSEG Data & Analytics. Note: All figures are total return in pounds sterling.

AGT's H126 NAV and share price total returns of -5.0% and -6.7% respectively trailed the benchmark's +2.1% total return. As noted earlier, AGT's portfolio was hurt by increased market volatility in March 2026, following the start of the US/Iran war. During that month, the trust's NAV declined by 9.8% and the portfolio weighted-average discount widened from 38% to 42%, providing a further performance headwind. These high discounts tend to occur during periods of market stress and generally do not persist. AGT's performance was hurt by its geographic exposure, with the above-market South Korean allocation accounting for more than half of the H126 underperformance. In Exhibit 6, we highlight the trust's largest positive and negative performance contributors in H126.

During the period, Tokyo Industries exited the portfolio following a revised takeover bid, and the Gerresheimer position was sold as the manager considers the investment thesis has changed.

Exhibit 6: AGT's largest H126 performance contributors

Name	Asset class	% of net assets	Discount (%)	% of investee company	H126 TR % (local)	H126 TR % (£)	H126 contribution (bp)	ROI since purchase (%)
Positive								
Jardine Matheson	Holding company	6.0	31	0.4	13.2	15.1	68	38.4
Tokyo Gas	Asset-backed spec sit	2.9	37	0.2	41.5	33.9	66	37.1
HD Hyundai	Holding company	2.0	41	0.2	46.2	30.8	65	56.9
Tokyo Industries	Asset-backed spec sit	0.0	nm	0.0	8.8	8.0	62	15.3
Symphony Int'l Holdings	Closed-end fund	2.6	46	15.7	23.0	23.5	49	41.4
Negative								
Vivendi	Holding company	5.0	49	3.3	(40.0)	(40.0)	(297)	(30.2)
Chrysalis Investments	Closed-end fund	8.0	48	15.9	(32.0)	(32.0)	(254)	1.2
News Corp	Holding company	7.0	46	1.0	(17.1)	(15.4)	(106)	9.9
Gerresheimer	Holding company	0.0	nm	0.0	(29.0)	(29.1)	(99)	(62.8)
EXOR	Holding company	4.6	57	0.4	(13.5)	(13.3)	(83)	21.6

Source: AGT, Edison Investment Research

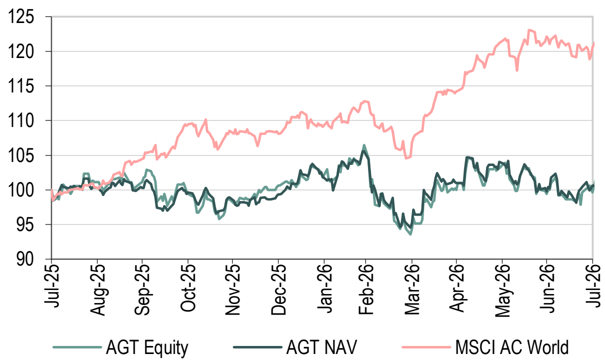
Exhibit 7 shows AGT's relative returns. Performance has been difficult in recent months, which has had a negative impact on the trust's longer-term performance record. However, despite this pull-back, AGT has still delivered double-digit NAV and share price total returns over the last decade and continues to outperform the MSCI ex-US Index and the UK market over this period.

Exhibit 7: Share price and NAV total return performance, relative to indices (%)

	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Price relative to MSCI AC World	1.5	(5.6)	(11.4)	(17.4)	(14.2)	(18.5)	(15.5)
NAV relative to MSCI AC World	2.2	(5.6)	(10.6)	(16.5)	(17.6)	(18.9)	(18.5)
Price relative to MSCI AC World ex US	1.2	(6.0)	(11.1)	(21.5)	(12.3)	(12.5)	9.6
NAV relative to MSCI AC World ex US	1.9	(6.0)	(10.3)	(20.7)	(15.8)	(12.9)	5.7
Price relative to UK All-Share	(3.4)	(5.7)	(9.2)	(18.1)	(11.0)	(16.7)	22.1
NAV relative to UK All-Share	(2.7)	(5.7)	(8.4)	(17.2)	(14.6)	(17.1)	17.7

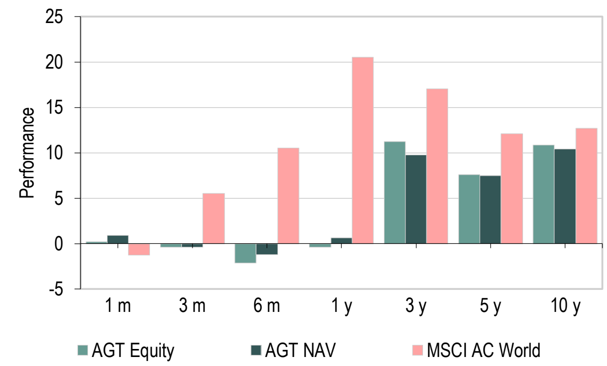
Source: LSEG Data & analytics, Edison Investment Research. Note: Data to end July 2026.

Exhibit 8: Price, NAV and index total return performance, one year rebased



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 9: Price, NAV and index total return performance (%)



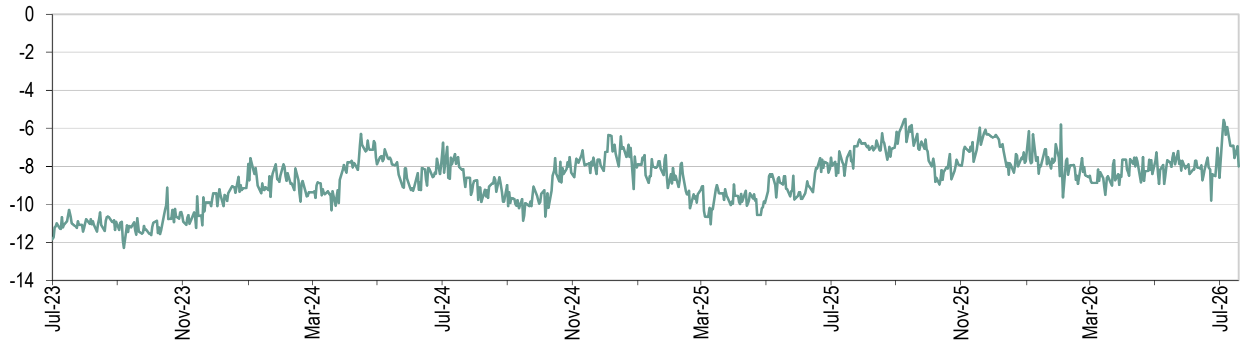
Source: LSEG Data & Analytics, Edison Investment Research. Note: Three-, five- and 10-year numbers annualised.

Valuation: Range-bound discount

Over the last three years, AGT has traded in a broad range of c 6–12% discounts. Its current 8.0% share price discount to cum-income NAV is below the 8.6%, 8.9% and 9.3% average discounts over the last three, five and 10 years respectively.

The board believes that, over time, AGT's discount can narrow, especially in a more stable macroeconomic environment. In the meantime, it selectively buys back the trust's shares during periods when the discount widens; in H126, repurchases led to a 2.4% reduction in the trust's share base.

Exhibit 10: AGT's discount, last three years (%)



Source: LSEG Data & Analytics, Edison Investment Research

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