

Part 2A of Form ADV: Firm *Brochure*, dated December 2018

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This brochure provides information about the qualifications and business practices of Asset Value Investors Limited ("AVI" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at 44 (0)20 7659 4800 or info@assetvalueinvestors.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about AVI also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

Since the date of the last brochure, December 2017, there have been no material changes.

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Item 4 – Our Advisory Business

Asset Value Investors Limited (“AVI” or the “Firm”) is a majority employee-owned asset management company. Our primary goal is to achieve the long-term growth of our Client's capital through the management of a global stock portfolio. We strive to be a premier investment firm providing consistently superior performance by identifying valuation anomalies and focusing on investing where the market price does not reflect the estimated intrinsic value.

Our value oriented and low risk investment approach, which has been in place for over 30 years, is to find undiscovered value among high quality assets.

AVI - investment philosophy

- Buy companies on substantial discounts to net asset value
- Investment holding companies on wide discounts
- Companies with a strong balance sheet and good quality of underlying assets
- Seek anomalies
- Under-researched situations
- Situations where the underlying assets are not recognized or are misunderstood by the market

AVI currently manages on a discretionary basis approximately \$1.2 billion of regulatory assets as of the date of this brochure. The Firm was established in 1985 under UK law and is principally owned by its staff and Goodhart Partners LLP.

The Firm provides discretionary investment management for various pooled investment vehicles (the “Funds”) both foreign and domestic and segregated accounts. AVI also maintains an advisory agreement with one client for the provision of investment advice (Funds and other entities or persons advised by AVI hereinafter the “Client” or collectively the “Clients”). AVI generally does not tailor its advice to the individual needs of Clients, although the Firm is flexible with Clients in segregated accounts.

Items 5 and 6 – Fees and Compensation

AVI generally receives a management fee based on assets under management. AVI's fees are generally not negotiable. However, the Firm may charge lesser fees to a particular Fund investor based upon AVI's relationship with the investor, assets invested by the investor, the timing of the investment, and other factors deemed relevant by the Firm. Fees are included in the NAV calculation and are generally deducted from the Funds on a monthly basis.

AVI also receives a specified management fee from each segregated account and advisory Client pursuant to the investment management agreement.

AVI does not currently enter into performance-based fee arrangements.

Clients may also expect to pay custodian fees in connection with the Funds as well as incur brokerage and other transaction costs, discussed in Item 12 below.

Item 7 - Types of Client

AVI's Clients consist of collective investment vehicles and segregated accounts. Minimum subscription amounts are disclosed in the Funds' offering documents which can be found on AVI's website.

U.S. Clients investing in AVI's Funds are generally required to invest a minimum of \$5 million at the inception of their relationship with the Firm. The minimum amount for a segregated account is generally \$50 million. The Firm may increase and/or waive this requirement in its sole discretion.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

AVI's investment strategy and analysis concentrate on finding undiscovered value among high quality assets, including:

- **Discounts to underlying value**

AVI is interested in finding anomalous valuations. These can be secular (lasting for a number of years, e.g. discounts on closed funds and investment holding companies) or cyclical (an opportunity to take advantage of concerns over short-term industry factors).

- **The purchase of assets that are of high intrinsic quality**

This is a subjective judgment, but essentially implies assets for which there would normally be a ready demand, even in less favourable conditions.

- **Economic Value**

The underlying assets must offer appreciation potential. Historically stock market experience suggests this is best achieved by purchasing securities selling on relatively low price earnings multiples equating to high pre-tax returns on the initial investment. Wide discounts can provide this cheap access; for example, if a quoted company selling on a p/e of 15 is a constituent asset of an investment holding company selling on a 33% net of tax discount, this equates to a 15% return pre-tax.

- **Portfolio activity**

The discipline of investing with reference to discounts helps to clarify risk / reward ratios. If we do not expect a catalyst to help achieve net asset value, we will analyse whether, if the stock has been bought on a discount of 40%, it is still attractive on a discount of, say, 20%. If not, we recycle assets into a wider discount security, subject always to asset quality and appreciation potential.

- **Diversification of risk**

AVI often buys the securities of companies owning diversified portfolios. They may be investment holding companies owning a concentrated portfolio (in which case a number need to be owned) or closed-end funds with highly diversified portfolios. This approach limits security specific risk.

- **Corporate activity / constructive engagement**

AVI has been involved in many discussions with Boards and Management to increase shareholder value by simple measures such as buy-backs and unitisations. Such activity always aims to be constructive and not confrontational.

- **Stock market psychology**

The amplitude of stock trading ranges is often underestimated by investors. We try to take advantage both of periods of enthusiasm to sell, and times when simple lack of

investor interest or despondency rules, to look for buying opportunities. We act positively by seeing and acting on such opportunities, rather than operating a passive approach to stocks and sectors. Moreover, if our bottom-up stock picking approach suggests a lack of good opportunities, this can dictate a measure of liquidity in our funds, which on rare occasions, such as 2000 and 2001, was a significant percentage of our assets under management.

It should be noted that investing in securities involves a risk of loss as well as gain, which Clients should be prepared to bear. Past performance is not a guide to the future and prices of investments may rise as well as fall. Investors may not get back the full amount invested. Investing in AVI's portfolios involve general risks – market risk, volatility, foreign exchange market risk, emerging markets risks – that are comprehensively disclosed in the fund offering memoranda. The following are certain material risks involved in the Firm's investment strategy. This list does not purport to be a complete enumeration or explanation of the risks involved in such strategy.

- **Non-U.S. Securities**

The securities comprising the Client Portfolios will include securities of non-U.S. issuers. Investing in securities of non-U.S. governments and non-U.S. companies involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States Government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

- **Non-Diversification**

The Client Portfolios will not necessarily be diversified among geographic areas, types of securities, or a wide range of issuers or industries. Accordingly, each Client Portfolio may be subject to more rapid change in value than would be the case if it were required to maintain a wide diversification among industries, geographic areas, types of securities and issuers.

- **Special Situations**

Each Client Portfolio may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Client Portfolio of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Client Portfolio may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Client Portfolio may invest, there is a potential risk of loss by the Client Portfolio of its entire investment in such companies.

- **Liquidity**

Each Client Portfolio generally invests in companies listed on a recognized stock exchange however some of these companies may become liquidity constrained i.e. average daily market volumes are relatively low compared to the size of the position held. In these situations there might be a delay in exiting the position and therefore a delay in returning monies to Clients.

Item 9 - Disciplinary Information

AVI has paid administrative fines for late disclosures in relation to threshold notifications. Full disclosure has also been submitted to the Securities and Exchange Commission in Part 1A of AVI's Form ADV and can be verified at www.adviserinfo.sec.gov.

Item 10 - Other Financial Industry Activities and Affiliations

AVI generally does not maintain a business relationship with any third party that creates a material conflict of interest. However, AVI is the investment adviser to several funds which may create a potential conflict of interest between the Firm and the best interests of each of its Clients. AVI has written policies and procedures, such as allocation and best execution, which are designed to manage, monitor and mitigate any such potential or actual conflict. AVI always acts in the best interest of its Clients.

AVI has an affiliation with Goodhart Partners LLP ("Goodhart") who has entered into a distribution agreement to promote AVI's investment strategy for the purpose of attracting new Clients.

Neither AVI nor any of its management persons have any other relationship or arrangement that is material to or causes a conflict with AVI's advisory business or to its Clients.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

AVI has adopted a compliance manual that includes a Code of Ethics (the "Code"), which sets forth standards of business conduct for the Firm and its' Supervised Persons (all employees, Access Persons and others designated by AVI's Chief Compliance Officer ("CCO")). The Code is based on the principle that the Firm and its Supervised Persons have a fiduciary duty to act in the best interests of AVI's Clients.

The duties of Supervised Persons under the Code are summarised below:

Supervised Persons are required to submit to the CCO an initial and annual report listing their securities holdings and a quarterly report of transactions. All personal securities transactions, other than those specifically exempted by the Code, are pre-approved by the CCO or his delegate.

The Code sets forth record keeping requirements and the responsibilities of the CCO with respect to review of personal securities transactions, personal holdings and trading reports and monitoring compliance with the Code. The Code also outlines policies for sanctioning Supervised Persons who violate the Code.

Supervised Persons are not permitted to undertake personal account dealing in any securities held in Client Portfolios.

Supervised Persons are also subject to restrictions on participating in initial public offerings and private placements and the right of the Firm to require them to disgorge any profits from a transaction deemed, after the event, to conflict with Client interests.

Supervised persons must comply with U.S. federal securities laws, certify that they have read and understand the Code and report any violations of the Code to the CCO. The Code sets forth limitations on Supervised Persons giving and receiving gifts as well as political contributions. Supervised Persons may not solicit gifts from any party with whom we conduct or could conduct business.

Supervised Persons are prohibited from trading either in their personal accounts or Client accounts on the basis of material non-public information.

A copy of the Code is available to Clients and prospective clients upon request.

Item 12 - Brokerage Practices

AVI is the investment adviser to several funds which may create a potential conflict of interest between the Firm and the best interests of each of its Clients. AVI has written policies and procedures, such as allocation and best execution, which are designed to manage, monitor and mitigate any such potential or actual conflict.

Brokerage Selection

AVI generally assumes responsibility for selecting brokers and dealers for the execution of securities transactions recommended on behalf of its Clients. The Firm is not affiliated with any broker/dealers and does not execute securities transactions as a principal or have custody of Client assets. Accordingly, the Firm selects unaffiliated third-party broker/dealers to execute all Client transactions as permitted by applicable law and described in more detail below. The Firm does not enter into directed brokerage arrangements with Clients.

In selecting brokers, the Firm takes all reasonable steps to obtain the best possible result ("best execution") for Clients when executing an order. The best possible result is not limited to execution price but can also be determined by:

- Quality of execution
- The nature and character of the relevant markets on which the transactions will be executed
- Access to Firm management
- The broker's execution experience, integrity and credit-worthiness
- Operational efficiency

The Firm ordinarily reviews its active broker list on a periodic basis and assesses each broker on a combination of factors including those listed above. Where issues arise or expectations are not met, the Firm may meet with the brokers to review the relationship and the services being provided.

The Firm currently does not enter into "soft dollar" arrangements and generally does not seek to do so.

AVI does elect to cross transactions internally. This will usually be for the purpose of reducing transaction costs or rebalancing Client investment portfolios. This normally occurs where inflows from one Client coincide with outflows from another Client for which the Firm also acts as an adviser. In the event that the Firm causes one Client to purchase securities from or sell securities to another Client, the Firm uses its best efforts to mitigate potential conflicts of interest by causing the transaction to occur at the then prevailing market price of the applicable securities and by considering the interests of all Clients that are parties to the transaction. The Firm may use unaffiliated third-party brokers to facilitate these cross

transactions and/or execute such cross transactions "off-exchange" without using a broker. No commissions are paid when the cross trades are executed "off-exchange" and no additional fees are payable to the Firm.

Allocation of Investment Opportunities

AVI endeavours to act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities among its Clients. When the Firm determines that it would be appropriate and feasible for more than one Client to participate in an investment opportunity, the Firm may place combined orders for all such Clients simultaneously and, if the order is not filled at the same price, the Firm will average the prices paid over a particular trading day or such longer period consistent with the accumulation or disposition of a particular position. Similarly, if an order is placed on behalf of more than one Client and the order cannot be fully executed under prevailing market conditions, the Firm will allocate the trade execution among different Clients on a basis that the Firm deems equitable. This is normally achieved by pro-rating actual trade executions among Clients in accordance with the total number of shares outstanding on each Client's order and rounding such executions to reflect minimum trading sizes, minimum allocations necessary to avoid undue costs being realized by clients (such as transaction and foreign exchange costs triggered by certain allocations having a de minimis value) and efficiencies inherent in trade reporting. Situations may occur where a Client could be disadvantaged because they participated in the aggregate order.

The Firm anticipates that the substantial majority of its trade executions will be allocated between Clients in a pro-rata manner.

Item 13 - Review of Accounts

AVI provides investment advice to its Clients, and AVI's portfolio manager and operations staff are responsible for monitoring performance and execution of purchases and sales on behalf of Clients. The portfolio manager reviews the portfolio on a daily basis and operations staff reconcile Client accounts on a regular basis. Fund clients receive a monthly statement detailing their investment and also receive a monthly Fund newsletter as appropriate. Separate managed account clients will receive a statement on at least a quarterly basis directly from their appointed Custodian.

Item 14 - Client Referrals and Other Compensation

AVI has entered into a distribution agreement with Goodhart Partners LLP to promote the Firm's investment strategies to prospective investors and Clients. The Firm directly compensates Goodhart Partners LLP if any prospective investors and Clients decide to invest.

Item 15 – Custody

AVI does not have custody of Client assets as defined by Rule 206(4)-2 of the Investment Advisers Act of 1940. Further, AVI is not authorised by the UK Financial Conduct Authority to hold Client assets and independent custodians have been engaged for such purposes.

Item 16 – Investment Discretion

As investment adviser to Client accounts, AVI is granted the discretionary authority in the relevant organizational documents and/or investment management agreements to determine which securities and the amounts of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Client account.

When selecting securities and determining amounts, AVI observes the investment policies, limitations and restrictions of the Clients for which it advises. Investment guidelines and restrictions must be provided to AVI in writing.

Item 17 - Voting Client Securities

The Firm considers it to be of paramount importance when assessing proxy voting responsibilities on behalf of its Clients to recognize the fiduciary responsibility it assumes in acting as investment adviser. The Firm also recognizes the need to exercise its proxy voting obligations with a view of enhancing its Clients' long term investment values. To help achieve its objectives, it is AVI's policy, subject to the considerations described below, to use its best efforts to vote proxies arising on all shares held on behalf of its Clients.

The Firm has a commitment to evaluate and vote proxy issues in the best interests of its Clients. The Firm will generally vote proxy proposals, amendments, consents or resolutions relating to Client securities, including interests in private investment funds, if any, (collectively, "proxies") in accordance with the following guidelines:

- The Firm will generally support a current management initiative if our view of the Issuer's management is favourable;
- The Firm will generally vote to change the management structure of an Issuer if it would increase shareholder value;
- The Firm will generally vote against management if there is a clear conflict between the Issuer's management and shareholder interest;
- In some cases, even if the Firm generally supports an Issuer's management, there may be some corporate governance issues that would lead the Firm to vote against management; and
- The Firm may abstain from voting proxies when it is determined that the cost of voting the proxy exceeds the expected benefit to our Clients.

Generally, all proxies are evaluated and voted on a case-by-case basis, considering each of the relevant factors set forth above. The Firm, in all cases, will vote for any proposals that we believe will be most advantageous to our Clients.

There may be times in which conflicts may arise between the interests of a Client and the interests of the Firm. The Firm will always strive to address such conflicts in the best interests of the Client. If a perceived material conflict of interest arises in connection with a proxy vote, AVI may resolve such perceived material conflicts of interest as follows:

- The Firm may delegate the voting decision for such proxy proposal to an independent third party;
- The Firm may delegate the voting decision to an independent committee of partners, members, directors or other representatives of the Client, as applicable;
- The Firm may inform the Client of the conflict of interest and obtain consent to (majority consent, in the case of a fund) vote the proxy as recommended by the Firm; or
- The Firm may obtain approval of the decision from AVI's CCO

If an independent third party or a committee is utilised in making a decision to vote on a proxy, the Firm will submit the proxy to such third party or committee for a decision. The

Firm will execute the proxy in accordance with such third party or committee's decision and update AVI's proxy recordkeeping.

The Firm does not take positions outside of the portfolios it manages and therefore does not anticipate a situation where there would be a conflict between maximizing long-term investment returns for Clients and the interests of the Firm or its Supervised Persons. If such a situation should arise, the senior management will independently review and evaluate the proxy proposal and the circumstances surrounding the conflict to determine the vote, which will be in the best interest of the Client. Records of AVI's Proxy Voting Policy and voting history are available from the Firm upon request.

Item 18 – Financial Information

AVI has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.