

Part 2A of Form ADV: Firm *Brochure*, dated November 1, 2012

**Asset Value Investors Limited
25 Berkeley Square
London W1J 6HN
44 020 7659 4800
info@assetvalueinvestors.com
www.assetvalueinvestors.com**

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

There have been no material changes since December 1, 2011, the date of the last brochure.

Table of Contents

Item 1 – Cover Page.....	1
Item 2 – Material Changes	2
Item 3 – Table of Contents	3
Item 4 – Our Advisory Business	4
Item 5 – Fees and Compensation	4
Item 6 – Performance-based Fees and Side-by-Side Management	4
Item 7 – Types of Clients.....	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	5
Item 9 – Disciplinary Information	6
Item 10 – Other Financial Industry Activities and Affiliations.....	6
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	6
Item 12 – Brokerage Practices	7
Item 13 – Review of Accounts	8
Item 14 – Client Referrals and Other Compensation.....	8
Item 15 – Custody	9
Item 16 – Investment Discretion	9
Item 17 – Voting Client Securities	9
Item 18 – Financial Information	10

Item 4 – Our Advisory Business

Asset Value Investors Limited ("AVI" or the "Firm") is an 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 distinct value oriented and low risk investment approach, which has been in place for nearly 25 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 \$2.1 billion as of the date of this brochure. The Firm was established in 1985 under UK law and is primarily owned by John Pennink.

The Firm provides discretionary investment management for various pooled investment vehicles (the "Funds") and segregated accounts, both foreign and domestic (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.

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 \$100 million. The Firm may increase and/or waive this requirement in its sole discretion.

Items 5 and 6 – Performance-based Fees

AVI generally receives a management fee based on assets under management. In some limited cases, AVI may also receive an annual performance fee, calculated on each series of shares on an annual basis of the Net Asset Value of each Fund subject to a customary "high water mark" provision. AVI's fees are generally not negotiable. However, the Firm may charge lesser fees to Clients based upon AVI's relationship with the Client investing in the Fund, assets invested by the Client in the Fund, the timing of the Client's investment in the Fund, and other factors deemed relevant by the Firm.

Performance based fee arrangements may create an incentive for AVI to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. AVI has procedures designed and implemented to ensure that all Clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among Clients.

Fees are included in the NAV calculation and are generally deducted from the funds on a monthly basis and invoiced from segregated accounts on a quarterly basis.

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.

AVI is the investment adviser to several funds and segregated accounts, 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.

Item 7 - Types of Clients

AVI's clients consist of collective investment vehicles and institutional segregated accounts.

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 unfavourable 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.

Item 9 - Disciplinary Information

AVI has no material legal, regulatory or disciplinary events to disclose. AVI has paid administrative fines for late disclosures. 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 receive compensation directly or indirectly or maintain a business relationship with any third party that creates a material conflict of interest. However, AVI is the investment adviser to several funds and segregated accounts, 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.

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 her 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 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

Brokerage Selection

AVI generally assumes responsibility for selecting brokers and dealers for the execution of securities transactions recommended on behalf of its Funds or segregated accounts. 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 although, 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
- Availability and quality of research products and services
- 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

Research services may include information or analysis relating to companies, sectors, countries and other services that may assist The Firm in its investment decision. The Firm may consider the availability and quality of research products and services provided by a broker in selecting which brokers to use in executing Client orders. 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 more frequently 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 may 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."

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 may 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. Where the Firm determines that this pro rata allocation methodology may not be in a Client's best interest or the best interests of all Clients, the Firm may, in its reasonable discretion, make an adjustment to the pro-rata allocation.

Item 13 - Review of Accounts

AVI provides investment advice to the Funds as well as segregated accounts. AVI's portfolio managers and operations staff are responsible for monitoring performance and execution of purchases and sales on behalf of the Funds and segregated accounts. The portfolio managers review the portfolio on a daily basis and the operations staff reconcile the accounts on a regular basis.

Item 14 - Client Referrals and Other Compensation

AVI does not directly or indirectly compensate any third party for client referrals or other economic benefit.

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 Services Authority to hold Client assets and has engaged an independent custodian for such purposes.

Item 16 – Investment Discretion

As investment adviser to the client portfolios, 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. The Firm believes that both are generally compatible with good corporate governance as this generally provides the best operating environment for each underlying portfolio company to cope with competitive commercial pressures. 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 supports an Issuer's management, there may be some corporate governance issues that the Firm believes should be subject to shareholder approval; 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.

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.

There may be times in which conflicts may arise between the interest of the client and the interest 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 investors or account 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

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. AVI's management may also determine whether the conflict of interest will be disclosed to Clients and whether to obtain their consent prior to voting and whether to obtain guidance from third parties. Records of AVI's Proxy Voting Policy and voting history are available from the Firm upon request.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide certain financial information or disclosures about AVI's financial condition. 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.