STAUDE CAPITAL
GLOBAL VALUE FUND

Investment Update and Net Tangible Assets

Net Tangible Assets (NTA) per share

NTA before tax*	$1.0031
NTA after tax	$1.0016

* There were no substantive tax payments made during June
$ denotes Australian dollar.

June review

Financial markets firmed further in June, as governments and central banks around the world continued to announce large stimulus packages designed to cushion their economies from the effects of the Covid-19 pandemic. Adding to this, markets seem to be increasingly confident that, while severe, the current downturn should be relatively short-lived. Whether this view turns out to be correct or not, is shaping up to be the defining issue across all financial markets over the coming months.

In US$ terms, global stock markets[2] registered a 3.2% increase during June, while global credit markets[3] rose 1.9%. The most noticeable moves were in financial markets tied to China, where encouraging economic signals have been emerging, and in Europe, where a range of new stimulus packages were announced. In response to the former, Chinese and emerging market equities rallied by 6.1% and 7.4% respectively over the month, while commodities and commodity currencies also rose strongly. Notably the Australian dollar moved 3.5% higher during the month. Meanwhile, a series of large stimulus programs announced in Europe were the catalyst for European share markets to rise by 4.7%. In Australia, the local share market rose by 2.6%, while in Australian dollar terms, the large rise in the A$ over the month greatly dampened international investing returns. In A$ terms, global share markets fell by 0.3%, while global credit markets fell 1.6%.

The GVF portfolio continues to see considerable activity. The fund successfully exited six positions during the month, including one of our largest holdings that we exited through a corporate event which took place 6.9% above our carrying price. Meanwhile, we opened one new position and added considerably to many of our existing names at very favourable levels.

June was also an eventful month for one of our larger holdings, VPC Specialty Lending (VSL), where we have been compelled to run a significant activist campaign over the past two months. As discussed in our HY2020 review, here, this trust faced a periodic continuation vote in June 2020, and given the discount to asset backing, we expected a substantial drive from the manager and the board to address the discount in the run-up to this vote.

Frustrated by a lack of appropriate engagement by the VSL board, particularly when VSL's shares fell to a 50% discount to asset backing in April, we privately approached the chairman to put forward our own suggestions, and to attempt to find a set of proposals that would work for all shareholders.

Disappointingly, the board ignored our overtures and came forward with its own set of measures that, in our view, were woefully inadequate to address the problems that the company faced. Undeterred, we began a substantial campaign, both privately and publicly, designed to force the board to bring forward new proposals for shareholders to vote on. We also campaigned to change the composition of the VSL board, which we now believed was serving its shareholders poorly. Amongst

Global Value Fund Limited

ASX Code	GVF
Listed	July 2014
Shares on issue	148M
Share price	$0.92
Market cap	$136M
FY20 indicated dividend[1] (fully franked)	5.8 cents
FY20 indicated gross yield (inclusive of franking)	9.0%

Company overview

The Global Value Fund (ASX: GVF) is a listed investment company that provides shareholders with the opportunity to invest globally through a portfolio of securities purchased at a discount to their underlying asset value. By capturing this discount for its investors, the manager aims to provide an alternative source of market outperformance compared to more common stock selection strategies.

It is the Board's intention to pay regular dividends so long as the Company is in a position to do so.

Investment Manager

The portfolio management team is based in London and has considerable experience in finding international assets trading at a discount to their intrinsic value and in identifying, or creating, catalysts to unlock this value.

Investment Management

Miles Staude, CFA
Fund Manager, Global Value Fund

Board of Directors

Jonathan Trollip
Chairman
Chris Cuffe
Non-executive Director
Geoff Wilson
Non-executive Director
Miles Staude, CFA
Non-executive Director

other public and private letters, we published a public reaction to the board's proposals on 29 May, which can be read here, and which, if you have the time, you will find to be a rather pugnacious read.

Following our pressure, a significantly better outcome was finally achieved. On 10 June the board announced markedly improved terms for VSL shareholders, including a full exit at asset backing if VSL does not achieve an investment return of 24% over the next three years. Pleasingly, the company also announced that one of its directors would soon be standing down from the board.

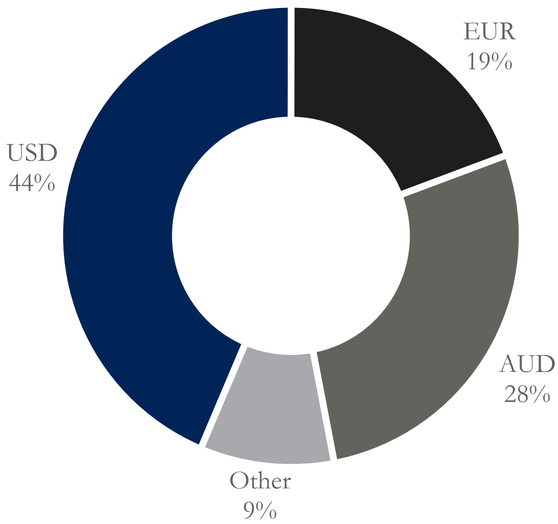
This positive outcome was reflected in the VSL share price which, from the time of our first engagement in April, has rallied by 51.5% in total return terms to the end of June. As at the end of June, VSL still trades on a 25% discount to its NAV and, in our view, the board's new and more demanding targets still imply significant upside for the VSL share price over the next few years.

The GVF investment portfolio increased in value by 0.8% during June, with the fund's discount capture strategy adding 1.9% to returns over the month. The strong performance from this strategy drove a positive overall gain for the month, despite the large rise in the A$, as the fund's underlying currency exposures detracted 2.1% from performance. Elsewhere, the fund's market exposures added 1.2% to performance, while the remaining attribution of returns are accounted for by the Company's operating costs. The fund was 108.4% invested at the end of June.

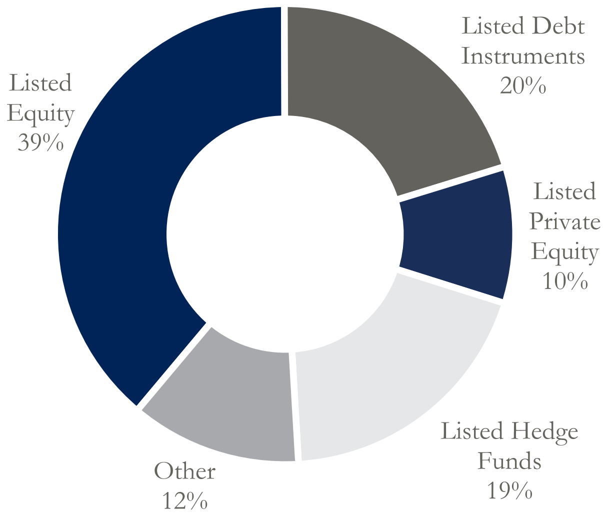
As a final comment, it is worth noting that over the past three months GVF's discount capture strategy has generated gross portfolio returns of 9.3%. This has more than offset the 8.7% loss that the strategy suffered in March, when a lack of liquidity and extreme panic dominated the markets that we invest into. As we have discussed in our past few monthly updates, over very short periods of time – such as the month of March this year - we have limited control over the discounts to asset backing that our holdings trade at. Given some time however, we do have significant control over this factor, as the catalysts that we work to put in place are brought to bear. From a portfolio point of view, what has been encouraging over these past three months is not just that we have managed to recoup the value lost during March relatively quickly. But rather, that we have also heavily recycled the portfolio into a new, much more exciting universe, at the same time. This means that despite the fact that we have now recovered all of our lost ground, the see-through value within our portfolio today is considerably greater than it was before the market sell-off began.

Authorised for release by Miles Staude, Portfolio Manager and Director.

Underlying Currency Exposures



Underlying Asset Classes



The above chart reflects the manager's estimate of the currency exposures arising from the portfolio's underlying investments and cash balances as at 30th June.

Including emerging market currencies that are chiefly pegged to the US$, the fund's US$ exposure is approximately 45%.

The above chart reflects the manager's estimate of the underlying asset classes held through the fund's portfolio of investments as at 30th June.

Exposure to cash represents both cash balances held by the Company and the underlying cash holdings of the fund's portfolio of investments.

Top Five Holdings

Holding	% NTA	Summary
Highbridge Tactical Credit Fund	7.1%	London-listed closed-end fund (CEF) which acts as a feeder-fund into a market-neutral credit hedge fund run by Highbridge Capital Management, a leading global hedge fund firm based in New York. Calendar year-to-date the fund has returned 6.3%, however the discount on the fund has widened materially recently, and currently sits at 14.3%. The fund has a discontinuation vote in Q1 2021 at which point shareholders have the right to put the fund into a managed wind-down. Given the size of the current discount, a managed wind-down would represent an exit approximately 17% above the current share price.
Third Point Offshore USD	6.7%	London-listed CEF that acts as a feeder fund into a global event-driven, value-oriented hedge fund. The CEF currently trades on a 25.9% discount to its NAV and, under pressure from shareholders, the manager has recently enacted several positive initiatives designed to lower this discount, including a $200M share buy-back program.
Ellerston Global Investments	6.3%	Australian listed investment company (LIC) that invests in global equities. Having traded below Net Asset Value for some time, the board decided that the best way to address the company's discount was to convert the fund into an open-end trust. We expect this scheme to be implemented later this year.
Henderson Alternative Strategies Trust	5.6%	A London-listed CEF that invests into a range of hedge funds, equities and alternative asset class funds. The directors of the company have said they will call a shareholder meeting at which they will propose realising the company's assets and returning cash to shareholders. GVF has acquired its position in this CEF at an attractive discount to asset value.
Pershing Square Holdings	5.4%	London-listed CEF managed by a well-known investment manager that currently trades on a 31.3% discount to its NAV. The fund holds a concentrated portfolio of large capitalisation US stocks. Calendar year-to-date the fund has generated a 28.9% investment return, substantially outperforming the US share market into which PSH invests.

[1] The Board has guided that it anticipates FY20 dividend payments being at least 5.8 cents per share, 100% franked. This guidance is not a formal declaration of dividends for FY20 and actual dividend payments may differ to this amount.

[2] All references to global shares markets refer to the total return (price and dividends) of the MSCI All Country World Equity Index.

[3] All references to global credit markets refer to the Bloomberg Barclays Global Aggregate Credit Total Return Index.

Unless otherwise stated, source for all data is Bloomberg LP and data as at 30th June 2020.

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Past performance is not an indicator of future returns. This document is not suitable for distribution into the EEA.

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