31st May 2022

STAUDE CAPITAL
GLOBAL VALUE FUND

Investment Update and Net Tangible Assets

Net Tangible Assets (NTA) per share

NTA before tax*	$1.1768
NTA after tax	$1.1251

* The company made tax payments of $127k during May.
$ denotes Australian dollar.

May review

During May, the headline news relevant to financial markets continued to remain very bleak. In the all-important US economy, we saw; the US Fed raise interest rates by 50 basis points, its largest hike in over 20 years; annual inflation recorded at 8.3%, maintaining a forty-year high; and US mortgage rates jumping to 5.3%, their highest level since 2009. In the UK, inflation reached 9%, also a forty-year high, while the bank of England warned of the real risk that the UK will enter a recession this calendar year. In Europe, the annual rate of inflation reached 8.1%, its highest reading ever, while in China, data showed the Chinese economy contracting sharply, as shutdowns and Covid restrictions start to take a heavy toll. And of course, the largest war since WWII continues to drag on in Europe.

Unsurprisingly, financial markets continue to remain highly volatile given the backdrop we face. Having fallen by 8% in US$ terms in April, global share markets[4] fell another 5.8% during the early part of May, however by the end of the month they had regained all those losses, finishing the month up 0.1%. Bond markets[5] followed a similar path over the month, continuing to sell-off with share markets in the first few weeks, but then regaining that ground by month end. In US$ terms, they finished the month 0.5% higher.

For Australian dollar investors, the above modest returns in debt and equity markets were offset by a 1.6% rise in the A$ over the month, reversing some of the 5.6% decline seen in April. In A$ terms, global share and bond markets fell 1.5% and 1.1% respectively, while the local Australian share market fell 2.6% over the month.

Turning to the GVF portfolio, frustratingly the fund suffered a modest loss during the month, largely due to discounts widening across several key holdings. Financial year-to-date, we have enjoyed a particularly productive period for unlocking value from our investments, so some payback, particularly in softer markets, seemed overdue. At a portfolio level, the impact of widening discounts was relatively muted, though it is worth highlighting the movements in our holdings in listed private equity funds, which is an investment area we have highlighted to investors over the past year.

Having had a large and very successful exposure to listed private equity funds throughout 2021, we had begun selling down our holdings between November last year and January of this year. Across our three key positions, we exited roughly a third to a half of each holding during this period at much tighter discount levels than we had first entered the trade. February marked a significant turning point in markets (commencement of the war in Ukraine), and markets have continued to deteriorate since then (rising inflation and interest rate fears). Unsurprisingly, the discounts on these funds widened through February and March, though not to extreme levels. More recently, however, these names have widened back to the sorts of extreme discount levels we first invested into them at the start of last year. During May alone, we estimated that the discounts on our key three holdings widened by between 3% and 7% each.

Global Value Fund Limited

ASX Code	GVF
Listed	July 2014
Shares on issue	174M
Share price	$1.13
Market cap	$197M
Total dividends declared[1]	57.2 cents
Profits Reserve[2]	22 cents
Grossed-up yield[3]	8.3%

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

While some price weakness in these investments is rightly justified – anticipating weaker private equity valuations that will come through in due course – recent discount moves imply private equity write-downs of a magnitude that we view as unrealistically pessimistic. Also of note, is that the Q1 marks for the large US-listed private equity managers – a fair proxy for at least the buyout portion of these funds' portfolios — were, on average, modestly positive for the quarter (although we are being much more cautious than this in our assumptions).

Given what we see as extreme discounts in these names again, we have used recent weak prices to buy back a substantial proportion of our previous sales. And while it is frustrating to record mark-to-market losses on the holdings we did not sell before markets turned, we view this as very much stored value to be released in the year ahead.

Finally, turning to another source of stored value in the portfolio, we discussed in our March review our disappointment at the plans announced by the Responsible Entity of US Masters Residential Property Fund (URF), to sell its entire real estate portfolio at a deep discount to asset backing. We viewed the sale as highly value destructive and inferior to a number of alternative options available to shareholders. We have been heavily focused on this situation since the deal was announced in March, and thus it was pleasing to see that the deal was cancelled in May. While the share price rose by 8% over the month, we still believe the fundamental underlying value within the company is significantly higher than the current share price implies.

The GVF investment portfolio fell by 1.7% during May. The fund's discount capture strategy detracted 1.4% from performance during the month, mainly due to discounts widening on our private equity fund holdings as discussed above. In addition, the rising Australian dollar detracted a further 0.8% performance. The remaining attribution of returns are explained by the positive gains from the Company's market exposures and operating costs.

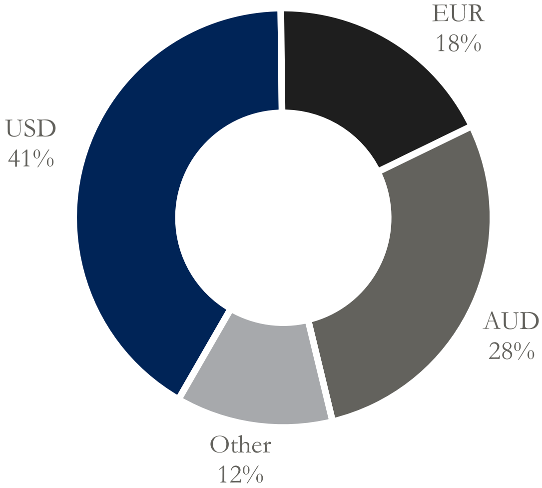
Authorised for release by Miles Staude, Portfolio Manager and Director.

Over the life of the Company, GVF's annualised adjusted NTA returns have been 10.4%.

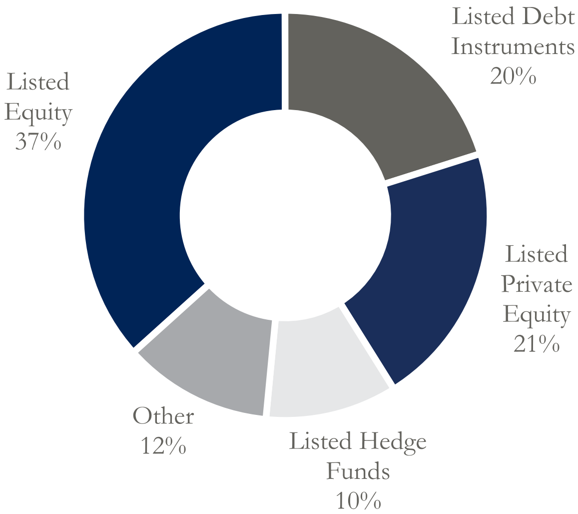
Adjusted NTA Returns[6]

Financial Year	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD[7]
FY2022	2.8%	2.4%	0.5%	0.0%	2.7%	1.9%	-0.6%	-2.3%	-1.7%	1.3%	-1.7%		**5.1%**
FY2021	1.6%	1.4%	3.2%	2.7%	5.4%	1.4%	2.7%	0.7%	0.4%	2.9%	2.0%	1.8%	**29.3%**
FY2020	2.7%	0.2%	1.4%	-0.3%	2.4%	-0.5%	3.7%	-3.5%	-13.5%	2.4%	6.0%	0.8%	**0.2%**
FY2019	0.8%	2.3%	-0.5%	-1.2%	-2.1%	-1.6%	0.2%	3.2%	-0.4%	1.9%	-0.3%	0.9%	**3.2%**
FY2018	-0.9%	0.4%	1.3%	2.3%	1.7%	-0.9%	0.7%	0.8%	0.0%	1.6%	-0.5%	2.2%	**9.1%**
FY2017	2.0%	1.9%	-0.5%	0.7%	2.7%	3.1%	-2.1%	1.1%	1.8%	2.0%	2.1%	-1.0%	**14.5%**
FY2016	4.6%	-1.0%	-1.0%	2.3%	-1.9%	-0.4%	-1.0%	-0.4%	-1.7%	2.3%	4.0%	-3.0%	**2.4%**
FY2015	0.3%	-0.3%	4.3%	-1.0%	3.1%	2.6%	3.9%	1.3%	1.8%	-0.6%	5.6%	-1.0%	**21.6%**

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 31st May.

Including emerging market currencies that are chiefly pegged to the US$, the fund's US$ exposure is approximately 46%.

The above chart reflects the manager's estimate of the underlying asset classes held through the fund's portfolio of investments as at 31st May.

Exposure to cash represents both cash balances held by the Company and the underlying cash holdings of the fund's portfolio of investments. If not separately disclosed above, 'Cash' is included in 'Other'.

Significant Holdings[8]

Holding	% NTA	Summary
Harbourvest Global Private Equity	6.1%	London-listed closed-end fund (CEF), with a diversified portfolio of private equity funds investments. The fund trades on a wide discount to its reported asset backing but owing to the lag with which private equity funds report their performance, we believe the embedded value is even greater than this.
VPC Specialty Lending Investments	5.8%	London-listed CEF, managed by a US investment manager, that predominantly lends to middle market financial companies mainly in the US. The company currently pays a yield of c.8.9% pa based on the current share price, and trades on a discount of 18.0% to NAV. In conjunction with continuation vote in 2020, and following pressure from shareholders (including GVF), the company put in place an opportunity for shareholders to realise some, or all, of their investment at NAV in 2023, if discount or performance targets are not achieved.
NB Private Equity Partners GBP	4.8%	London-listed CEF, managed by Neuberger Berman, with a diversified portfolio of private equity co-investments. The fund trades on a wide discount to its reported asset backing but owing to the lag with which private equity managers' report their performance, we believe the embedded value is even greater than this.
Amedeo Air Four Plus	4.7%	London-listed investment company that owns twelve widebody aircraft on long term leases. A special situation that GVF first invested into in 2020, Amedeo continues to offer an attractive long-term risk reward proposition. The company currently pays a dividend yield of c.16% pa that is more than covered by contractual lease payments from Emirates.
Riverstone Credit Opportunities Income	4.1%	London-listed fund managed by a specialist credit team at US-based manager Riverstone. RCOI makes senior secured direct loans to companies in the energy and energy transition space, with an increasing focus on energy sustainability linked loans. Currently trading on a 15% discount to net asset value and paying a high single-digit covered dividend yield, in 2024 the fund will offer investors an opportunity to realise their investment around asset backing.

[1] Grossed up dividends of 57.24c declared from IPO at $1 through to 13th May 2022, the HY2022 interim dividend payment date.

[2] The profits reserve sits at 22.16c as of 31st May 2022. This is after the semi-annual 3.3c fully franked dividend was paid on 13th May 2022.

[3] Based on the end of month share price of $1.13 and the FY2022 dividend guidance of 6.6 cents per share, fully franked.

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

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

[6] Adjusted NTA returns are after all fees and expenses and are adjusted for the payment of taxes, dividends, and the effects of capital management initiatives. Performance data is estimated and unaudited. Source: Staude Capital Ltd.

[7] Refers to the full year returns for a given Financial Year, or the year-to-date returns in the current Financial Year.

[8] In order to protect the interests of GVF shareholders, certain large holdings may not always be publicly disclosed.

Unless otherwise stated, source for all data is Bloomberg LP and data as of 31st May 2022.