



STAUDE CAPITAL 

GLOBAL VALUE FUND

30th September 2019
www.globalvaluefund.com.au

Agenda

1. Introduction – The Global Value Fund
2. What are markets pricing in? What are the second page stories?
3. The ‘Challenge’
4. Case studies
5. Appendices
6. Disclaimer



1. Introduction - The Global Value Fund (ASX: GVF)

The Global Value Fund

Our core discount capture strategy targets returns comparable with global equity markets while aiming for a significantly lower risk profile

A focus on listed securities which are undervalued relative to a defined and observable asset value

- A discount to “break-up” value

Closed-end funds (CEFs) will form the core of our investment universe

- Internationally, CEFs are a mainstream asset class, with an investable universe of >US\$500Bn

A variety of passive and active techniques are used to unlock value for our investors

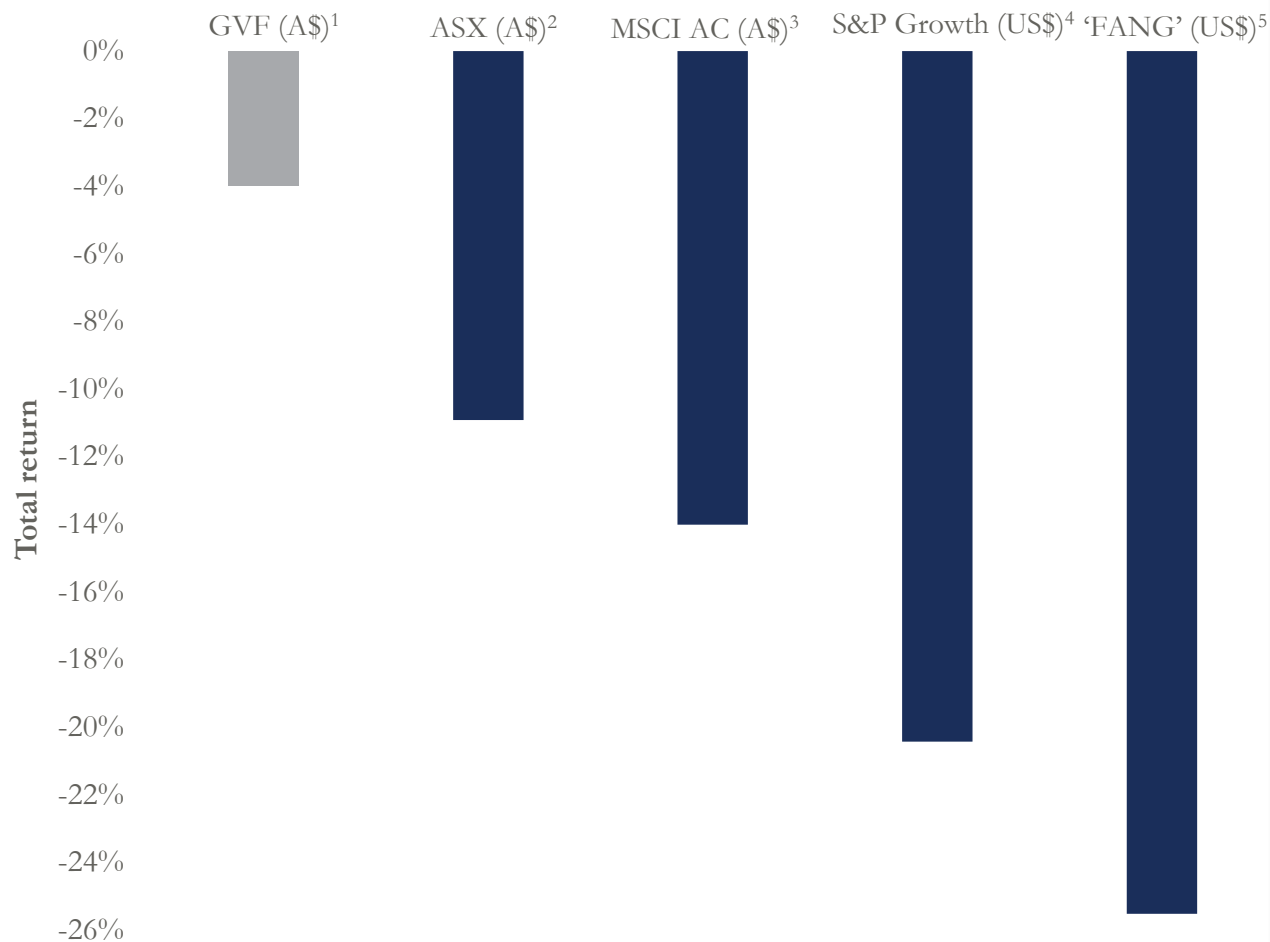
We operate on a global stage; investing around the world and across asset classes

STAUDE CAPITAL

GLOBAL VALUE FUND

December quarter market sell-off

Draw-down of GVF and selected market indices to Dec market low⁶



- 1 GVF investment portfolio.
- 2 S&P/ASX 200 Index.
- 3 MSCI All Country World Index in A\$ terms.
- 4 S&P 500 Growth Index.
- 5 NYSE 'FANG' Index.
(FANG is the acronym for four high-performing technology stocks in the market – Facebook, Amazon, Netflix and Google (now Alphabet, Inc.))
- 6 All returns are from 30th September 2018 through to 24th of December 2018.

Data source: Bloomberg LP and Staude Capital
All returns are total returns, including price and dividends.

Please note that past performance is not indicative of future returns



The Global Value Fund at a glance

ASX code: GVF
IPO Price: \$1.00
Share Price: \$1.015¹
No. Shares: 148M
Mkt Cap: \$150M
Listed: July 2014

10.5%

Annualised adjusted NTA
return since IPO²

Objective

To generate equity market like returns when measured over time, but to do so with significantly less risk than a typical global share market portfolio.

35.2

Total cents per share of
grossed up dividends
declared since IPO

Directors

Jonathan Trollip (Chair)
Chris Cuffe
Geoff Wilson
Miles Staude

8.2%

Indicated FY2020 grossed
up yield³

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

Please note that past performance is not indicative of future returns

Unless otherwise stated, data sourced from Bloomberg LP and Company reports.

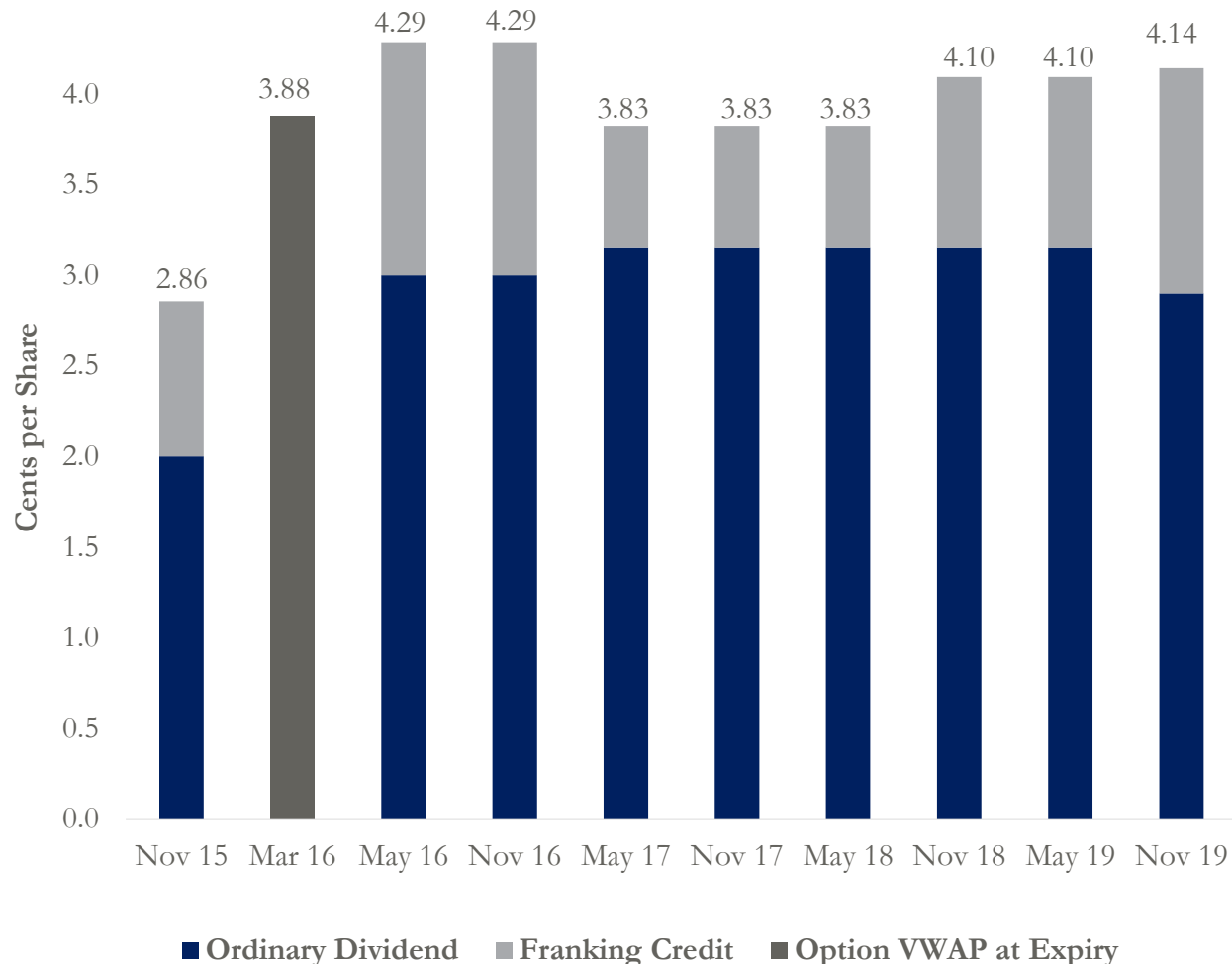
¹ Share price of GVF shares as at 30th September 2019.

² From IPO to 30th September 2019. NTA adjusted for tax paid, dividends, dilution from options exercised and other minor balance sheet items. Data source: Staude Capital

³ Based on September 2019 month end price of \$1.015/share and Company guidance for FY2020 dividends of 5.8 cents per share, 100% franked.

GVF dividend & option price history

Declared grossed up dividends and option VWAP¹ since IPO²



Current Board guidance³ is for FY2020 fully franked dividends of 5.8 cents per share

- 1 Data source: The ASX The Volume Weighted Average Price of the GVF Options (GVFO) traded from IPO to Expiry on the 10 March 2016.
- 2 Data source: Annual company reports.
- 3 FY2020 dividend guidance is not a formal declaration of dividends. The size and payment of any dividends for FY2020 will be subject to the Company having sufficient profit reserves and the dividend payment being within prudent business practices.

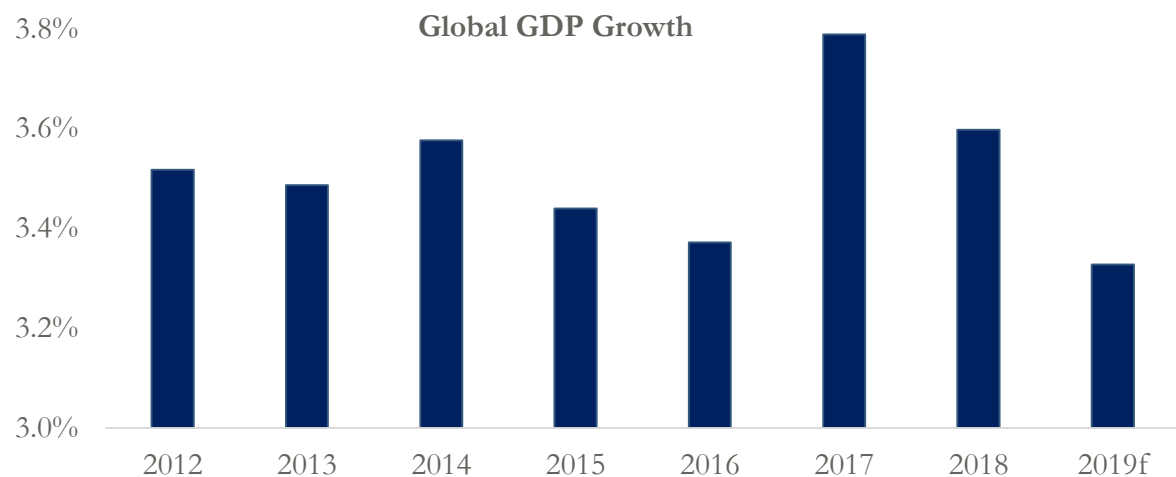
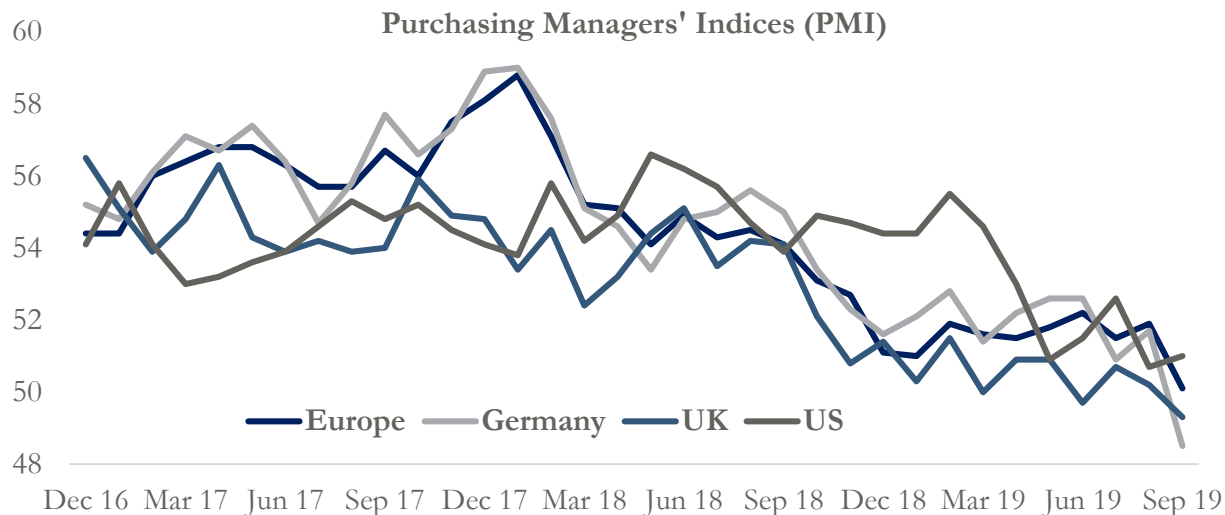
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**2. What are markets pricing in?
What are the second page stories?**

Markets pricing in a growth slow-down

Global PMIs¹. Global GDP Growth²



Economic outlook has deteriorated in most developed countries

¹ Data source: Bloomberg LP and Staude Capital as of 30th September 2019.

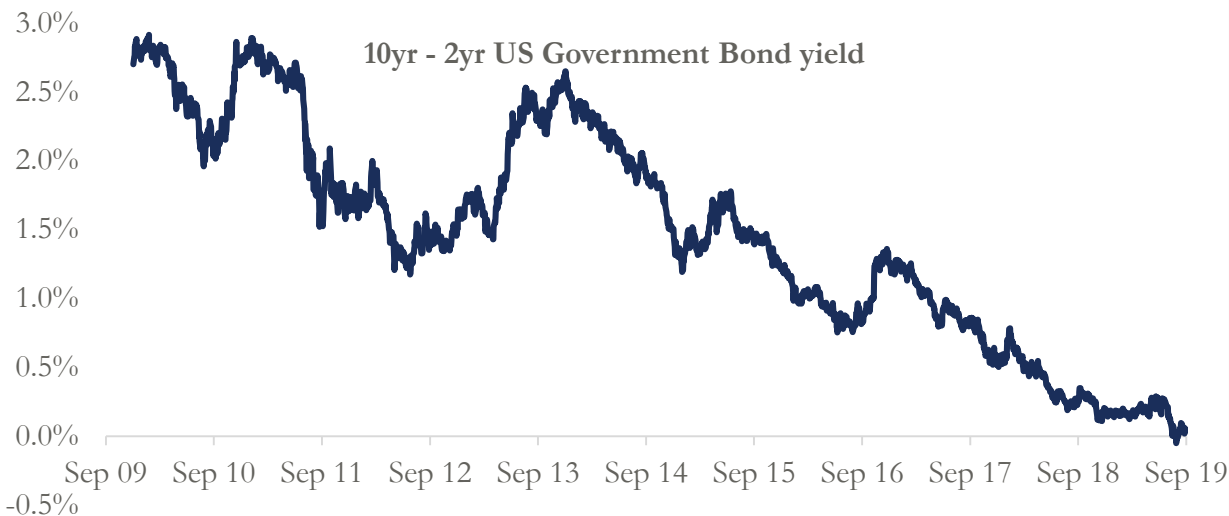
Global GDP growth has decelerated markedly over past 12 months

² Data source: The International Monetary Fund (IMF)

Please note that past performance is not indicative of future returns

Markets have rallied on bad economic news

Bad economic news as 'good' market news only lasts so long



Markets have rallied in the face of deteriorating growth, and falling earnings estimates

Data source: MSCI All Country World Index in US\$ terms.

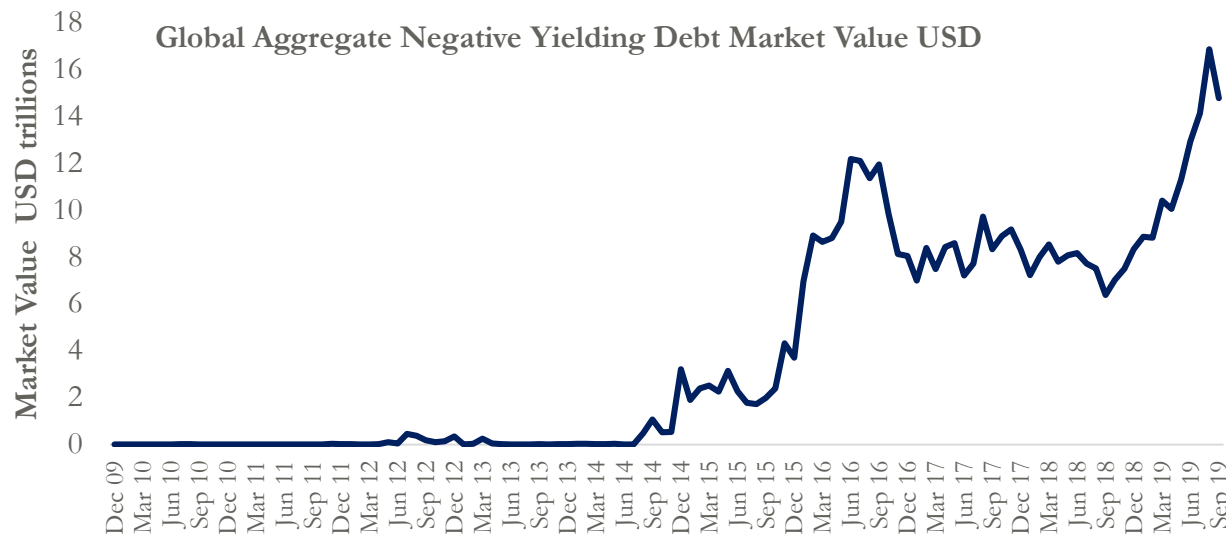
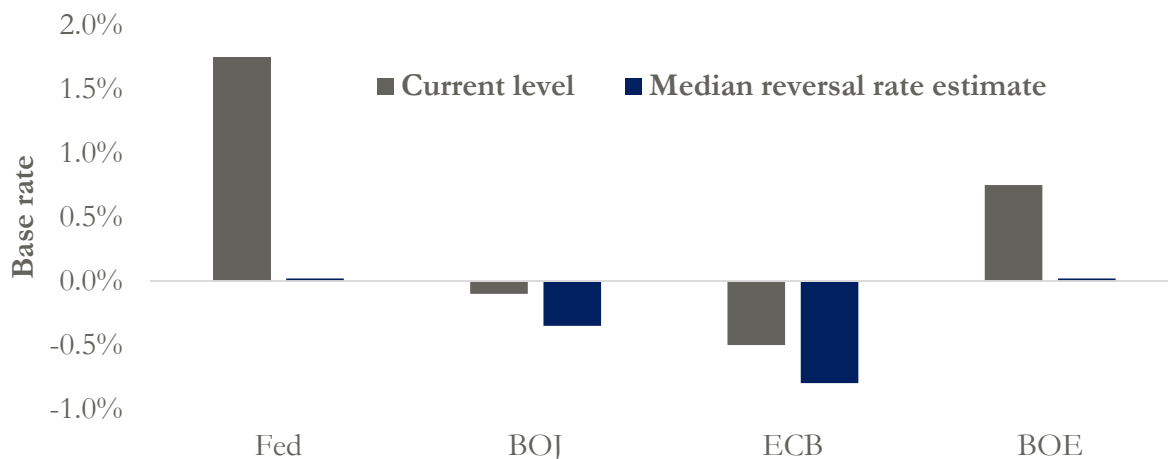
Falling interest rates push asset prices higher, but paint a bleak long-term picture

Data source: Bloomberg LP and Staude Capital as of 30th September 2019.

Please note that past performance is not indicative of future returns

Monetary policy has a saturation point

Central bank reversal rates¹. Aggregate negative yielding debt²



Central banks have limited scope to cut rates if faced with a recession...

1 An economy's reversal rate is the level at which future interest rate cuts become contractionary, instead of providing additional stimulus. Data source: Bloomberg LP and Staude Capital as of 30th September 2019.

...while their current policy settings are creating substantial market distortions

2 Bloomberg LP and Staude Capital as of 30th September 2019.

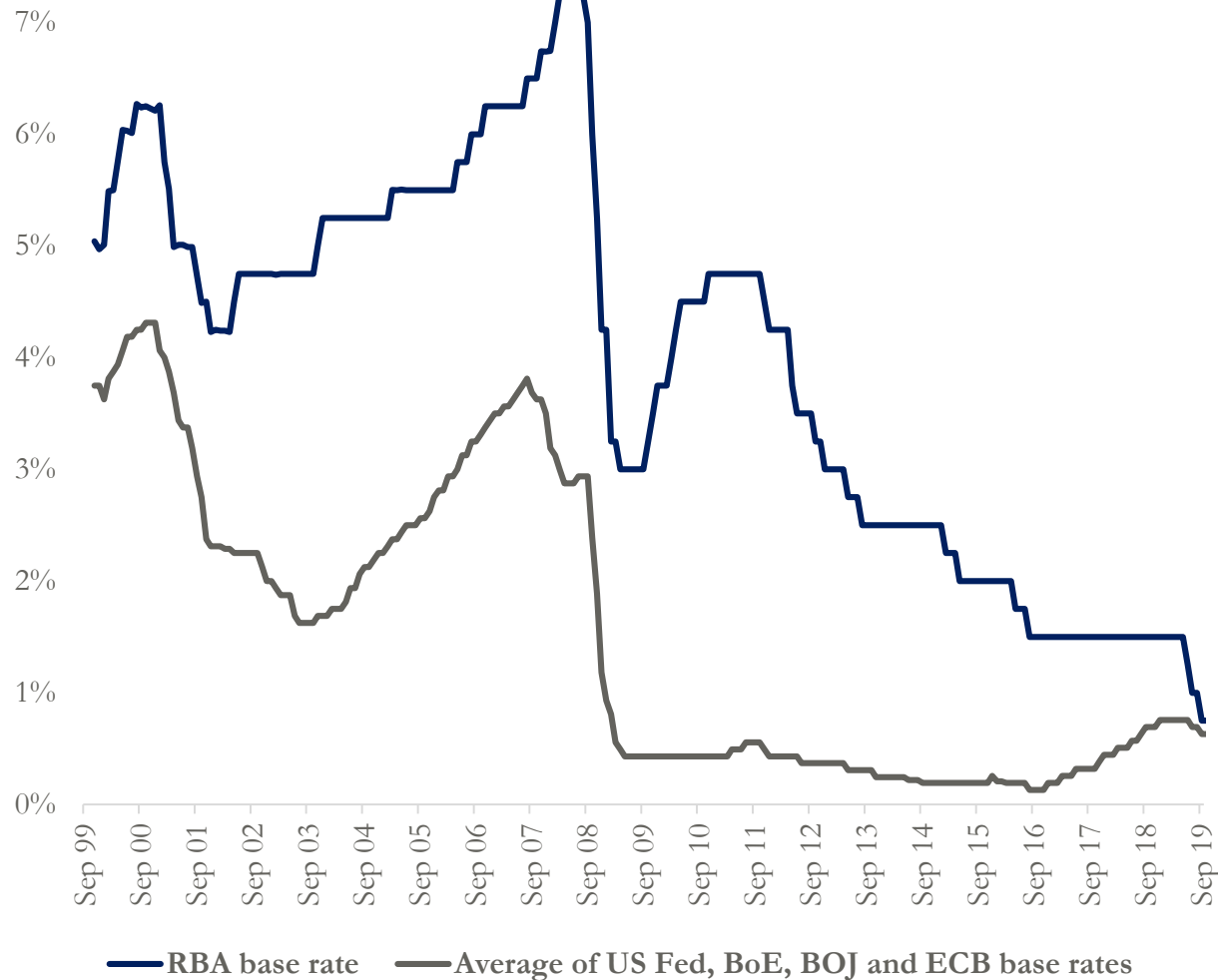
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3. The 'Challenge' (and a possible solution...)

Australia... welcome to the club

Australian interest rates have moved towards the zero bound



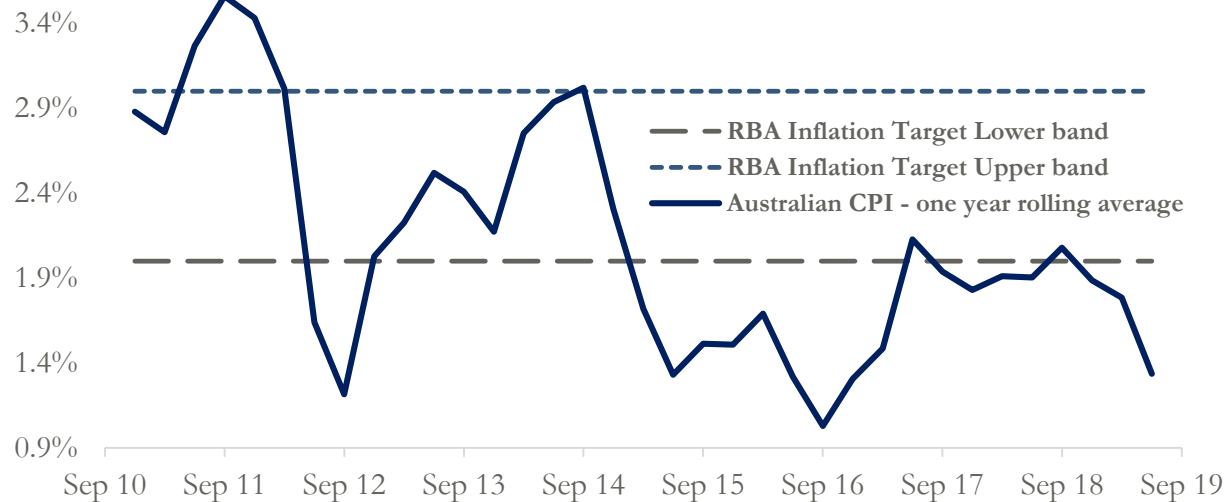
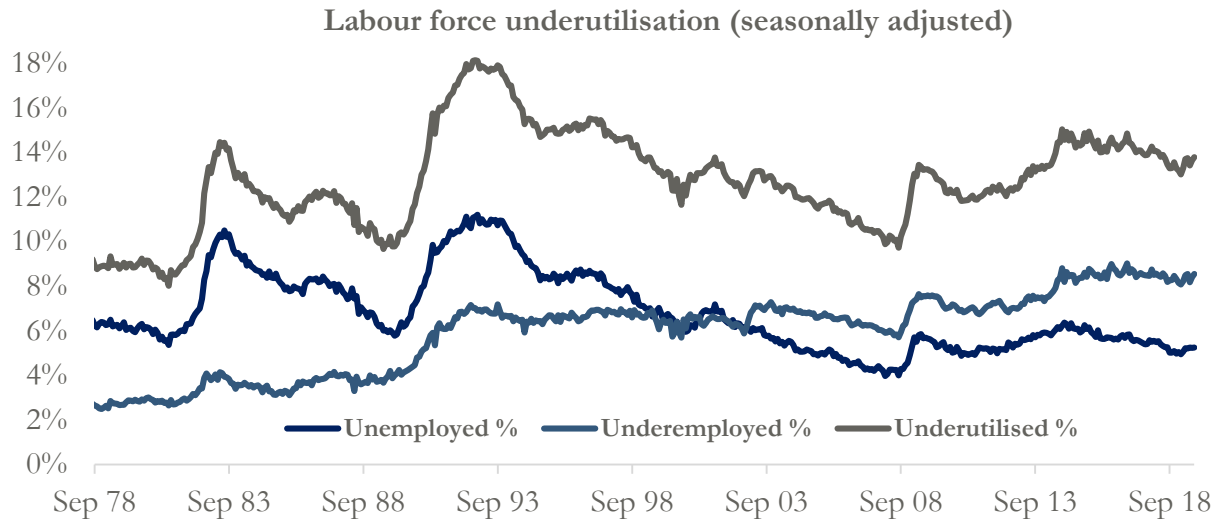
‘We are prepared to do unconventional things if circumstances warranted it. I hope we can avoid that’
RBA Governor Philip Lowe.

Data source: Bloomberg LP 30th September 2019.

Please note that past performance is not indicative of future returns

How did we get here?

The RBA is losing the fight against inflation



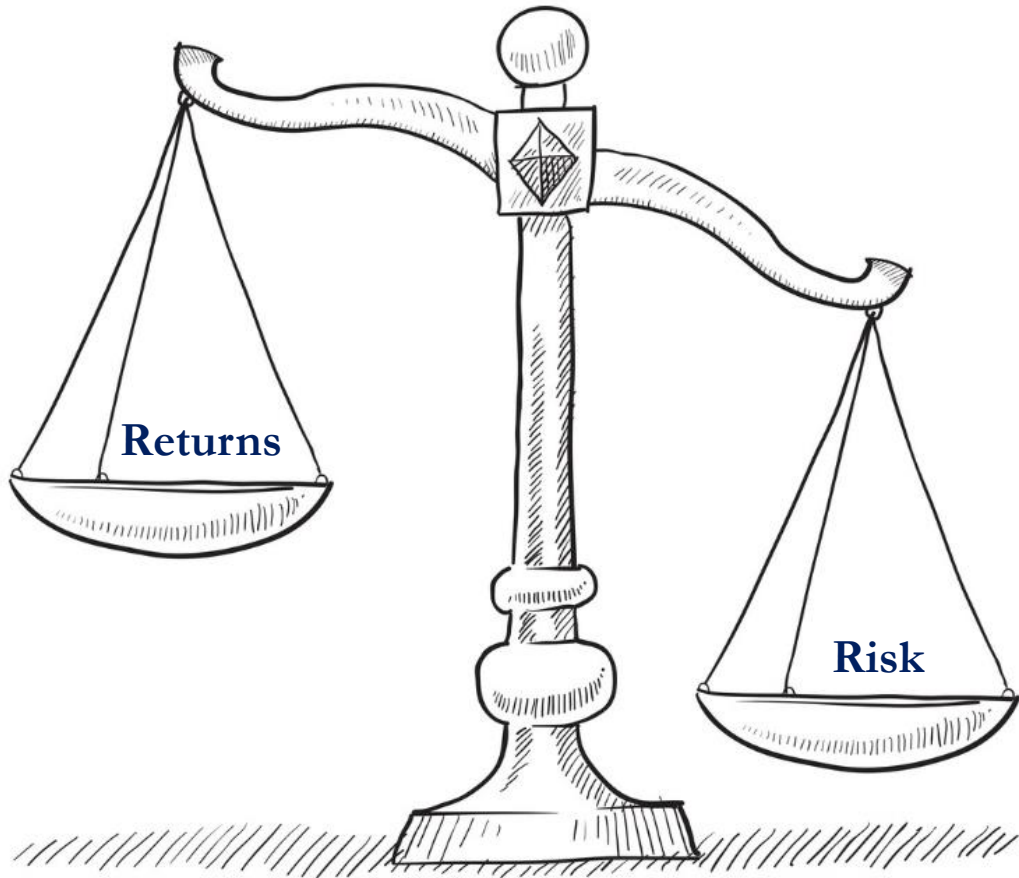
While unemployment remains low, underemployment is a growing problem

Data source: Australian Bureau of Statistics.

Please note that past performance is not indicative of future returns

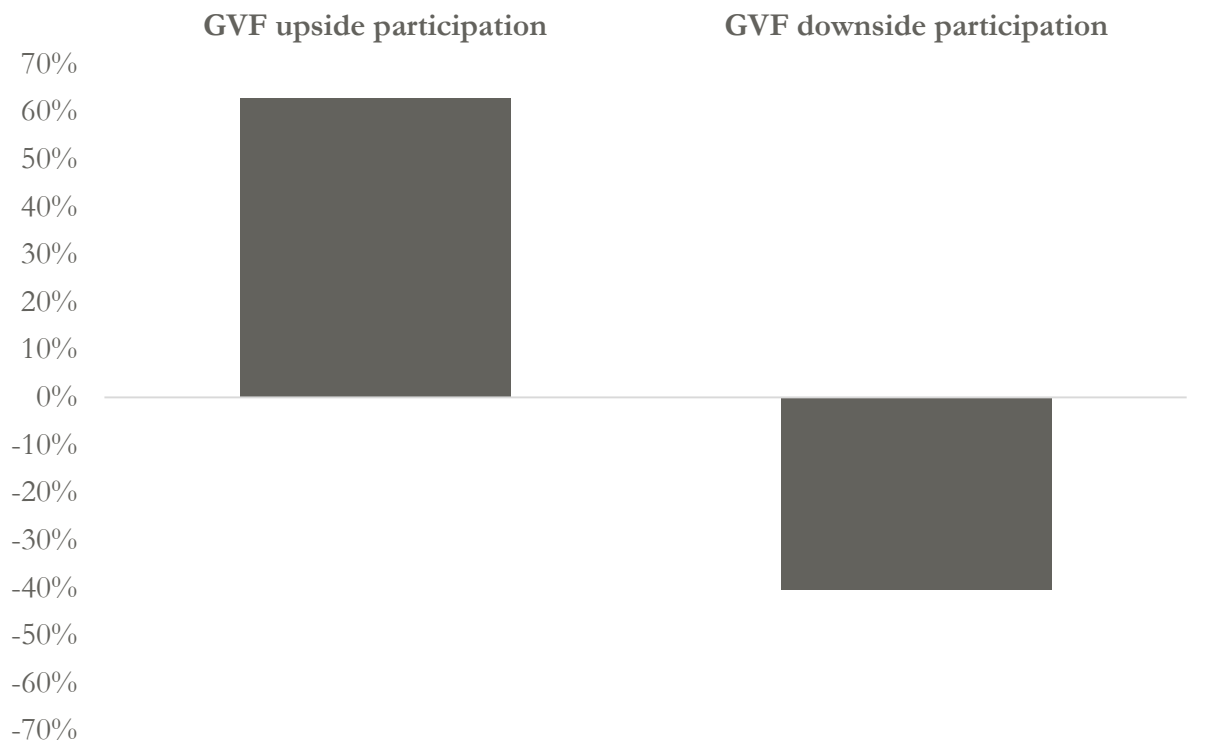
The Challenge

Expected returns have fallen, investment risks have risen



A possible solution?

GVF - global share markets upside vs. downside participation¹



Long term returns²:	10.5%	Sharpe ratio⁴:	1.4
Indicated forecast yield³:	8.2%	Realised volatility⁵:	6.4%

Since IPO, GVF has participated in 63%¹ of the upside in global share markets, but only 40%¹ of market declines

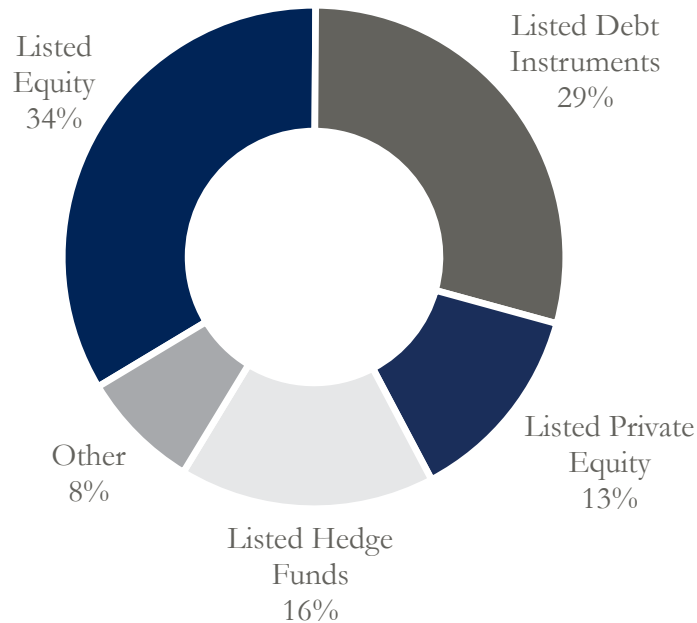
- 1 Global share markets refers to the MSCI All Country World Index in A\$ terms. Data source: Bloomberg LP and Staude Capital as of 30th September 2019.
- 2 Data source: Staude Capital. Annualised return from IPO to 30th September 2019.
- 3 Data source: Staude Capital. Yield based on 5.8c dividend and 2.4c of franking and a share price of 1.015 as of 30th September 2019.
- 4 Data source: Bloomberg LP and Staude Capital. Long term returns less Long term US LIBOR returns divided by Realised volatility.
- 5 Data source: Staude Capital. Annualised volatility of monthly returns from IPO to 30th September 2019.

Please note that past performance is not indicative of future returns

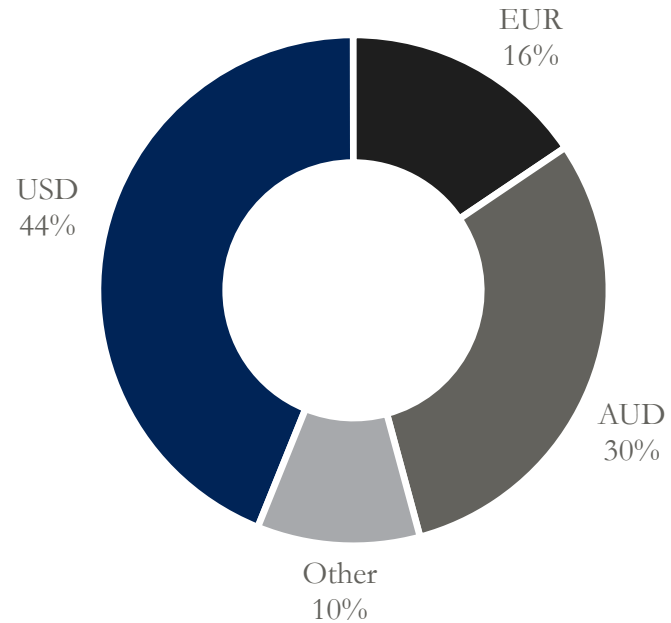


Investment Portfolio^{1,2}

Underlying Asset Classes



Underlying Currency Exposures



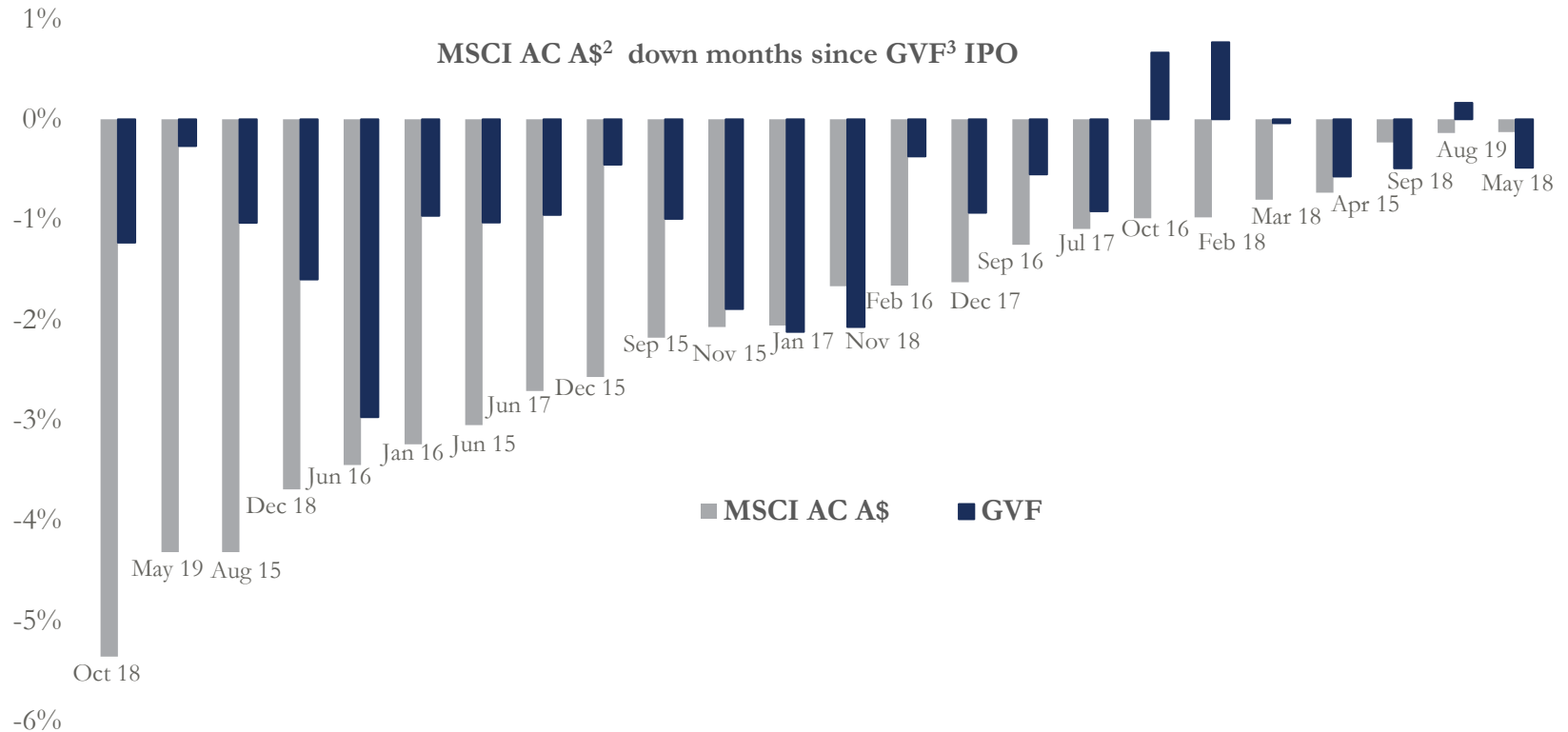
Diversification across asset classes lowers portfolio level risk

- 1 As at the 30th September, 2019.
- 2 Data source: Staude Capital.



Focus on Risk Management

GVF monthly draw downs relative to global share markets¹



Our investment philosophy places a high importance on controlling for risk, whilst seeking to generate excess market returns

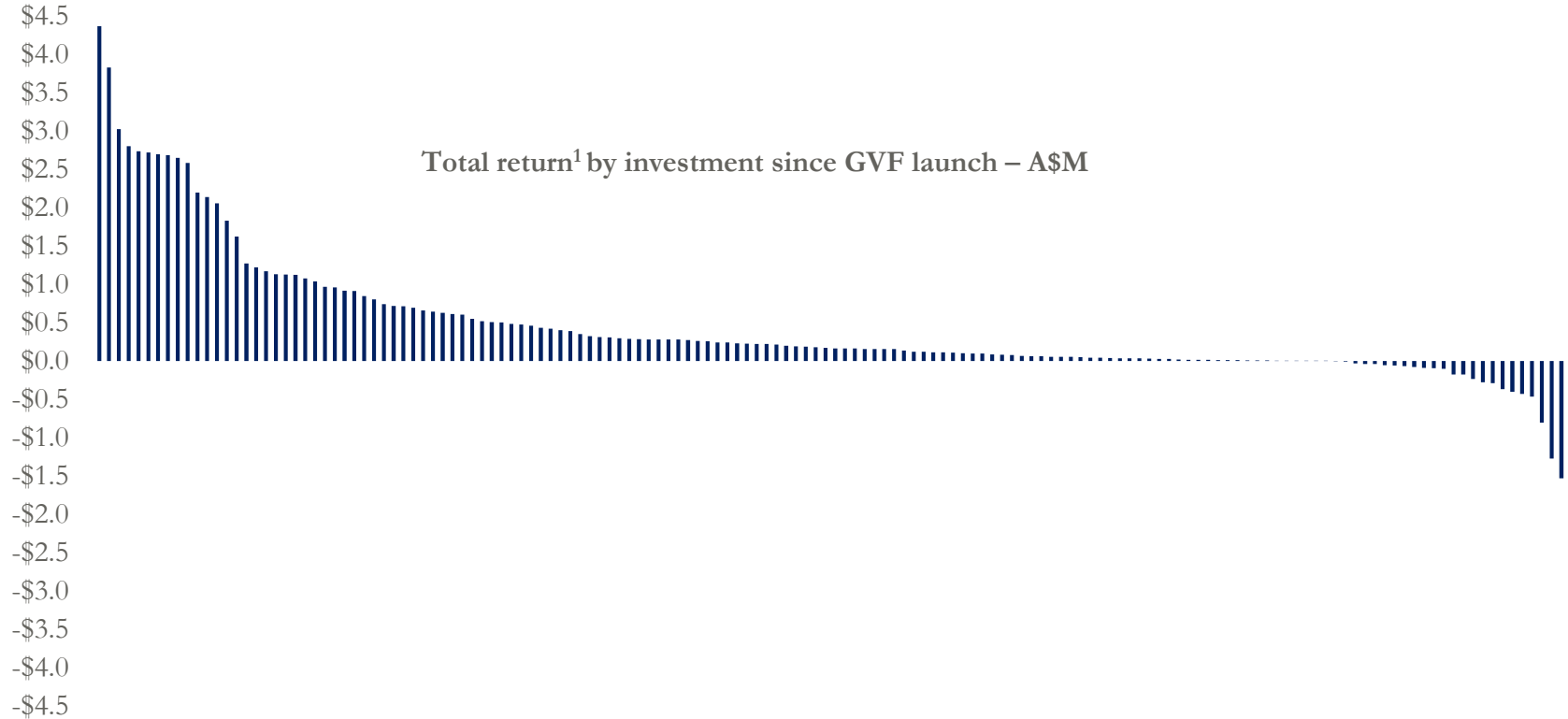
- 1 Data source: Bloomberg LP. MSCI AC (A\$) is the MSCI All Country Index in Australian dollar terms.
- 2 Data source: Bloomberg LP and Staude Capital as of 30th September 2019.

Please note that past performance is not indicative of future returns



Focus on Risk Management

Gross return by investment¹



Our investment philosophy places a high importance on controlling for risk, whilst seeking to generate excess market returns

¹ Total return by investment shows the gross A\$ PnL of every investment the fund has made since IPO, including any associated hedging activities. These figures exclude the returns from cash balances held in non-Australian currency. Gross returns are before taxes paid, expenses, management fees and dividends paid. Data sourced from Staude Capital as of 30th September 2019.

Please note that past performance is not indicative of future returns



4. Case studies

The case studies cited in this document are included for illustration purposes only and do not purport to represent all investments made by the Global Value Fund.



Case Study: Ranger Direct Lending ZDP

Corporate Activism as a debt investor

Description	Investment Rationale
<p>Ranger Direct Lending ZDP (RDLZ): Zero dividend preference share (ZDP), effectively a zero coupon bond, issued by Ranger Direct Lending, a London listed investment company which invests into debt obligations that have been originated or issued by direct lending platforms.</p> <p>Direct lending platforms are increasingly becoming an alternative source of financing in markets, particularly for small and medium sized companies and consumers.</p>	<p>There has been a rapid growth in the direct lending financing market over recent years. The thematic has attracted both a lot of new capital and a number of untested investment managers. While the investment portfolio initially performed well, in early 2017 Ranger informed the market of significant problems with its largest investment, Princeton.</p> <p>Both the ZDP's and the ordinary shares sold off heavily. We assessed that the ZDP's offered a far better risk/return profile than the ordinary shares, and bought a significant portion of the outstanding debt.</p>

Realised investment metrics	Engagement
<p>Realised IRR 9.5%</p> <p>Coverage Ratio¹ 3.1x</p> <p>Sale Premium² 5.9%</p> <p>Legal Costs³ \$0</p> <p>¹ Average over holding period</p> <p>² To accrued bond value</p> <p>³ Reimbursed by opposing side</p>	<p>We engaged with the RDL Board publicly in May 2018 on behalf of bond holders. Following this, shareholders voted to wind-up the Company.</p> <p>Our legal due diligence led us to believe that in a liquidation, the Company was obliged to repay the bonds at terminal value. GVF held 4% of the bonds outstanding, but solicited holders representing c.70% of the total issue, who handed us authority to negotiate with the Company on behalf of the group, and who agreed to share legal costs with us on a pro-rata basis.</p> <p>We negotiated a highly successful outcome for bond holders, announced in June 2019, resulting in a substantial uplift on our investment and the repayment of all incurred legal costs. As at 31st July 2019</p>

Case Study: Third Point Offshore Investors

Board Engagement: Unacceptable discount

Description

Third Point Offshore Investors (TPOU): London-listed closed-end fund (CEF) that acts as a feeder fund into a global event-driven, value-oriented hedge fund.

The manager employs a number of different investment strategies, including long/short equities (mainly US Large-Cap Stocks) & credit trading, and has delivered an impressive long-term track-record of high-quality risk-adjusted returns.

A confusing corporate structure, lack of reporting transparency and a short-term dip in performance have all been drivers for the CEF to trade on a much wider than expected discount.

Current proposition

In consultation with shareholders, a new Chairman was appointed earlier this year with a specific mandate of addressing TPOU's discount.

In September 2019, the board of TPOU announced a series of significant initiatives designed to materially reduce the discount that the CEF traded at. These included a commitment to buy back US\$200M worth of stock - approximately one quarter of all shares outstanding – over the next 3 years, unless there has been a material improvement in TPOU's rating.

At the current discount, the buyback alone is expected to add 6.9% to NAV returns over the next three years.

Realised investment metrics

Long-term annualised returns ¹	12.6%
Sharpe Ratio ²	0.9x
Future NAV uplift ³	6.9%
Discount to NAV ⁴	18%

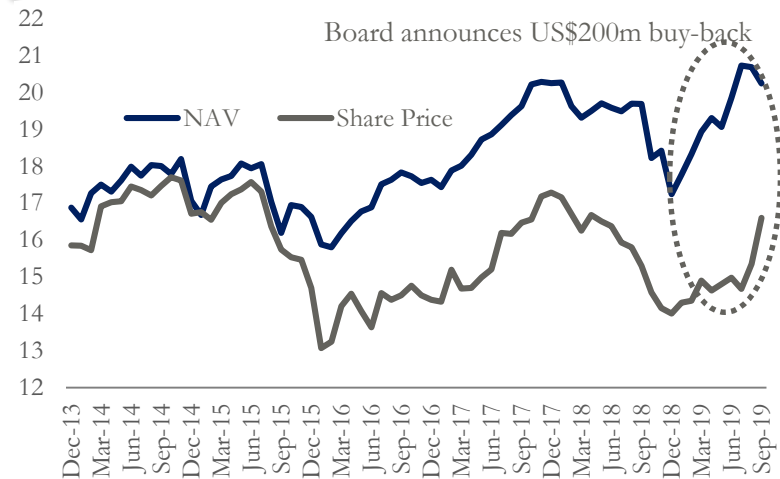
¹ Since listing on the London Stock Exchange - July 2007.

² Excess of Annualised Return over US LIBOR divided by Annualised Volatility.

³ NAV uplift from announced share buyback program at current discount to NAV.

⁴ As at 30 Sept 2019.

Engagement

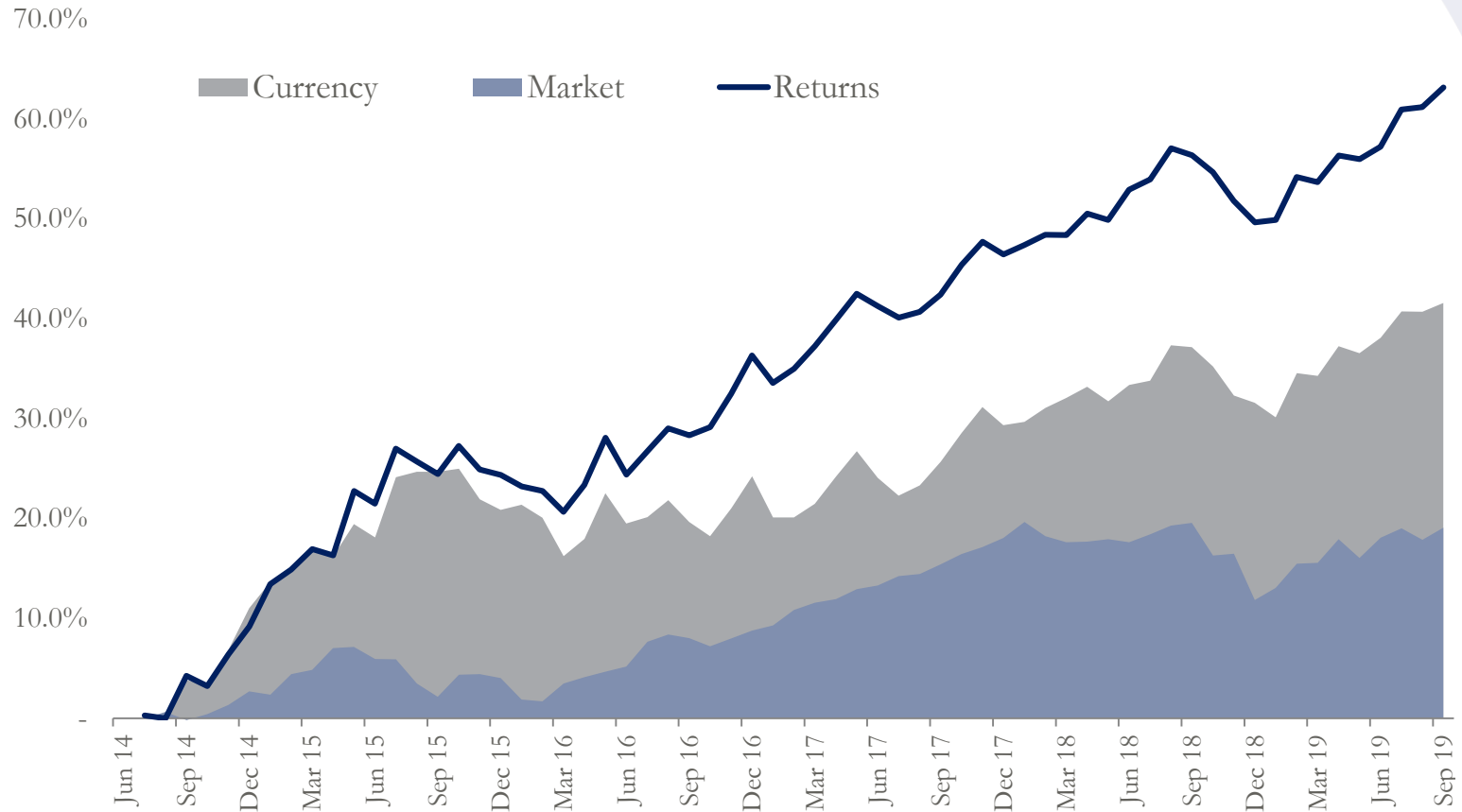




5. Appendices

GVF investment returns since IPO

Attributed by Market¹, Currency² and Returns³



1 Gross returns attributable to the market exposures of the underlying assets held by the fund.

2 Gross returns attributable to the currency exposures of the underlying assets held by the fund.

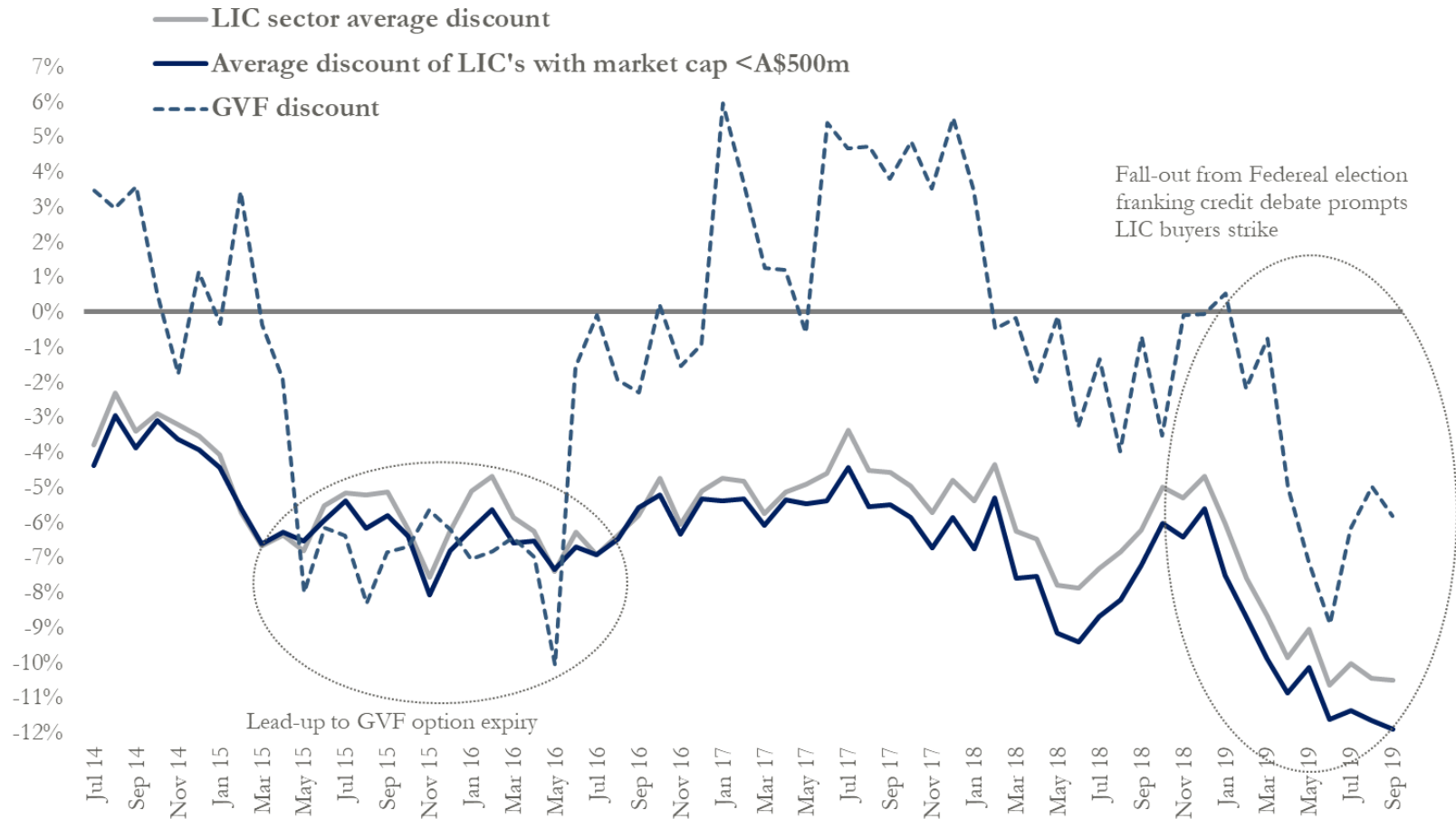
3 Net investment returns (after taxes paid, expenses, management fees, performance fees and the impact of dilution from exercised company options) .

Data sourced from Staude Capital. As at 30th September 2019.

Please note that past performance is not indicative of future returns

Discounts across the LIC sector

Federal election franking debate weighed heavily on the LIC sector



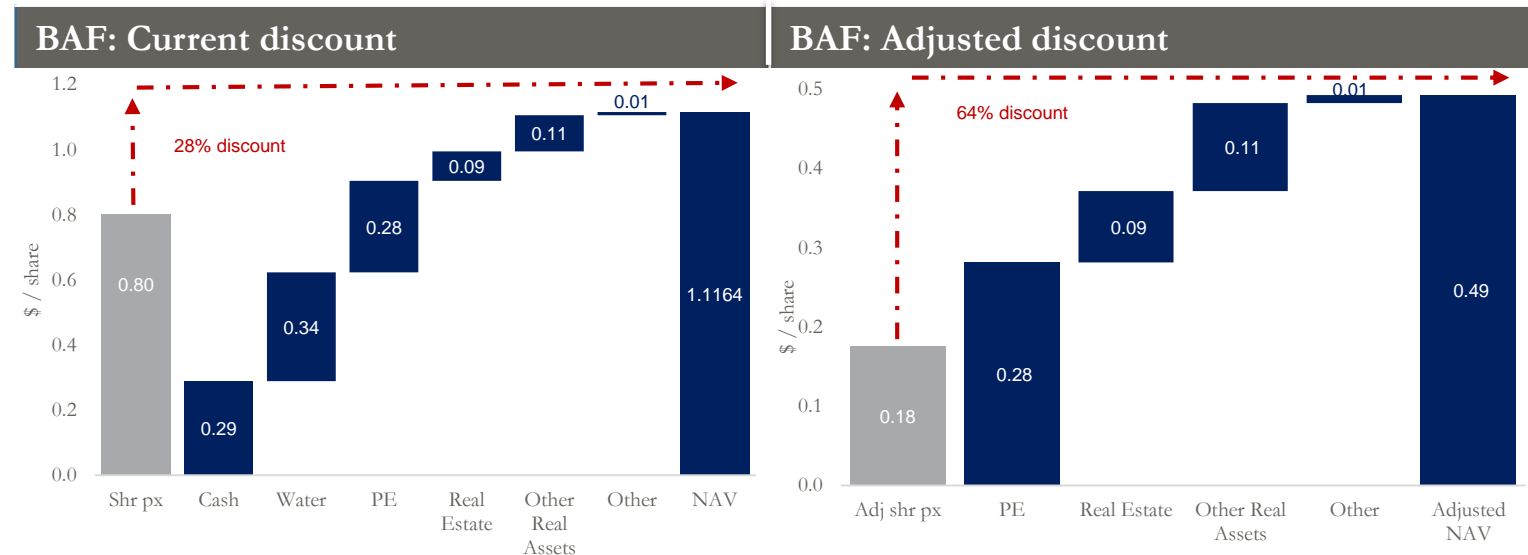
Data source: Bloomberg LP and Staude Capital as of 30th September 2019.

Please note that past performance is not indicative of future returns

Case Study: Blue Sky Alternative Access Fund

Corporate action: unlocking substantial unrealised value

Description	Current proposition
<p>Blue Sky Alternatives Access Fund (BAF): Portfolio of agricultural, alternative and private equity assets.</p> <p>GVF first invested into BAF in May 2018, following the release of highly critical short seller report, aimed at the management company, BLA.</p> <p>In the aftermath of the short-sellers report, and after extensive due diligence, GVF purchased shares in BAF as wide as a 37% discount to NTA.</p> <p>In May 2019, BLA had receivers and administrators appointed.</p> <p>In June 2019, GVF Portfolio Manager, Miles Staude, accepted an invitation to join the BAF board.</p>	<p>At today's price, if we strip out the water fund assets, cash and cash receivables, we own the rest of the BAF portfolio at c.35 cents on the dollar.</p> <p>GVF currently owns ~5% of the shares outstanding. As a director, Miles is working with the BAF board to unlock the considerable value within the company, for the benefit of all BAF shareholders.</p> <p>Despite the substantial amounts of negative press written about the Blue Sky investment business, BAF's NTA has generated a total return of 6% since GVF's initial investment.</p> <p>As at 14th October 2019</p>



Mirabella Financial Services

Best-in-class compliance and regulatory solution

- One of the largest regulatory hosts in Europe with assets under management of over US\$10Bn¹.
- Mirabella Financial Services LLP is the investment manager of the Global Value Fund and has seconded the investment team at Staude Capital to manage the Global Value Fund.
- Mirabella is wholly independent. There are no commercial links to the performance of its hosted funds and no fee sharing arrangements in place.
- By maintaining its independence in this way, Mirabella aims to provide a market leading regulatory and compliance framework, free from any conflicts of interest.

Dedicated regulatory and compliance infrastructure

Staude Capital Limited is an appointed representative of Mirabella Advisors LLP, which is authorised and regulated by the Financial Conduct Authority.

¹ Data source: Mirabella Financial Services as of August 2019.

Organisational Chart

Mirabella Financial Services
Regulatory Host

Miles Staude
Portfolio Manager & Director

Emma Davidson
Investor Relations & Director

Robert Fairbairn
James Dow
Investment Managers

Emma Beall
Middle Office & Support

Biographies



Miles Staude – Portfolio Manager & Director

Miles has over seventeen years of experience in trading, investment management and research, covering a wide range of financial markets. He is the Portfolio Manager of the Global Value Fund and serves as a Director on the Global Value Fund Board. Under Mirabella's regulatory license, Miles has overall responsibility for the GVF portfolio management team's trading and investment management activities.

Prior to founding Staude Capital, Miles spent ten years as a Portfolio Manager and Investment Analyst at Metage Capital, a London based investment management firm. Before joining Metage he spent five years as a sell-side equity analyst at RBC Capital Markets, based in both Sydney and London. Miles holds an Economics degree from the University of Sydney and is a CFA Charterholder.

Emma Davidson – Investor Relations & Director

Emma is an accomplished global investment advisor with over eighteen years of experience. She spent twelve years working in senior roles at a number of London investment banks, most recently as the UK head of cross asset sales at Citigroup. In 2011, she founded her own investment advisory boutique, Affinity Capital, which serves a range of global clients, and where she continues to serve as Chairman. Emma is responsible for the management and investor relations of Staude Capital and serves on the Staude Capital Board.

Emma was awarded the 2016 Enterprising Women of the Year Award, an annual tribute to the world's top female entrepreneurs. She has also been recognized as one of the Inspirational Women 2016: City innovators, awarded by Brummell magazine.

Biographies

Rob Fairbairn – Investment Manager

Under Mirabella's regulatory license, Robert is a member of the GVF portfolio management team. Prior to joining Staude Capital, he performed a variety of roles over a period of eight years at Metage Capital, including trading, research analysis and portfolio management.

Before Metage, Robert worked at Endeavour Capital Management, a hedge fund originating from the fixed income arbitrage department of Salomon Brothers. Robert holds a Master's degree in Structural Engineering from the University of Birmingham and is a CFA Charterholder.

James Dow – Investment Manager

Under Mirabella's regulatory license, James is a member of the GVF portfolio management team. James has over twenty years of experience in financial markets, having managed a diverse range of financial instruments in his career.

Prior to working at Staude Capital, James spent sixteen years as an Investment Manager at Metage Capital, a London based investment management firm. Before joining Metage he spent two years as an Investment Manager at Credit Suisse and four years working in various investment support roles at Buchanan Partners, a London based hedge fund manager. James is a CFA Charterholder.

Emma Beall – Middle Office and support

Emma has more than fifteen years' experience in office management and administration roles. She has successfully completed both a degree in Mathematics/Sociology from the University of Bristol and a Business and Secretarial Diploma from Lucie Clayton, a renowned finishing school in London. Since starting her career as a PA at Morgan Stanley, Emma has provided essential office management support for businesses across various sectors, including banking, housing and healthcare.

Global Value Fund Limited

Company Details

Structure Listed Investment Company

Incorporated Australia

Service Providers

Investment Manager Mirabella Financial Services

Portfolio Manager Miles Staude
Staude Capital Limited¹

Head of Corporate Affairs Emma Davidson

Registrar Boardroom Pty Limited
enquires@boardroomlimited.com.au
Tel no. 1300 737 760

Prime Broker/Custodian Credit Suisse Group

Auditor Pitcher Partners Sydney

Company Secretary Mertons Corporate Services Pty Ltd
Tel no. (03) 8689 9997

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