

## Investment Update and Net Tangible Assets

### Net Tangible Assets (NTA) per share\*

NTA before tax	\$1.1737
NTA after tax	\$1.1210

\* NTA figures are not adjusted for outstanding options. Adjusting for outstanding options the diluted NTA before tax would be A\$1.0921/shr.

### June review

Global equity markets gave back much of their year-to-date gains during June. The MSCI All Country index fell by 3.1% in Australian dollar terms, driven by falls in the US (1.9%), Europe (3.9%), the UK (6.4%) and Australia (5.4%). Share markets in the developing world were also weak during the month, most notably in China where the broad-based CITIC 300 index fell by 7.2%, after having been up by as much as 11% during the first few weeks of the month.

As June progressed markets became increasingly focused on the Greek tragicomedy - where voters were asked to reject a debt restructuring which was no longer on offer, from creditors who knew they could not be repaid – and a significant correction in the Chinese share market, a correction which continued into the first weeks of July.

While both events warrant consideration, they overshadowed positive developments during the month that probably deserved more attention. Most notable of these was a positive 0.5% upward revision to US Q1 GDP estimates (a revision equivalent to around one third of annual Greek GDP).

There was a significant positive development at the fund's largest holding during the month. HSBC China Dragon Fund announced that it was considering a number of measures designed to address the deep discount to net asset backing which the fund has been trading at for a number of years. These measures include a one-off tender offer for 20% of the fund's outstanding shares at a significant premium to the current share price; along with a change in the mandate of the fund to allow it to undertake annual tender offers thereafter. Pleasingly we expect these initiatives to allow us to unlock a significant portion of the underlying value in this investment.

Given the recent correction in the Chinese share market it is worth highlighting that while the fund has investments exposed to the Chinese equity market, the manager has entered into contracts that hedge (or neutralise) most of the equity market exposure associated with these investments. A breakdown of the fund's underlying currency and asset class exposures is shown on the following page. The manager estimates that the portfolio's underlying net exposure to the Chinese equity market was 3.6% as at the 30th of June. The largest underlying exposure of the fund remains its exposure to the US\$.

The investment portfolio decreased by 1% during June. The fund's discount capture strategy added 0.4% to returns during the month, though this was more than offset by Australian dollar strength and falling equity markets during the month. The fund was 98% invested at the end of June.

### Global Value Fund Limited

ASX Code	GVF
Listed	July 2014
Shares on issue	66M
Share price	\$1.025
Market cap	\$67.3M
Options outstanding	58M
Option exercise price	\$1.00
Options expire	March 2016

### 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 a regular fully-franked dividend once the Company is in a position to do so.

### Investment Manager

Metage Capital is a London based investment manager with 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

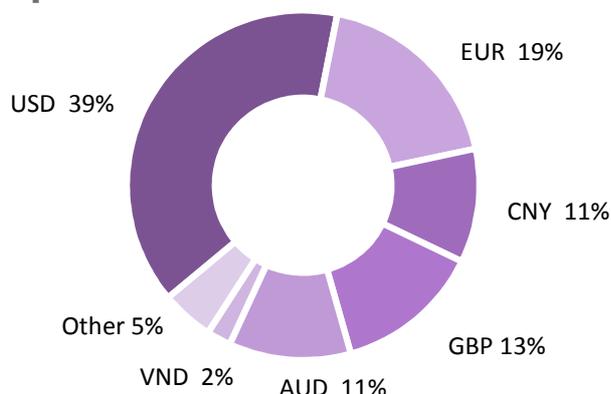
**Miles Staude, CFA**  
Fund Manager, Global Value Fund  
**Metage Capital**  
Investment Team

### Board of Directors

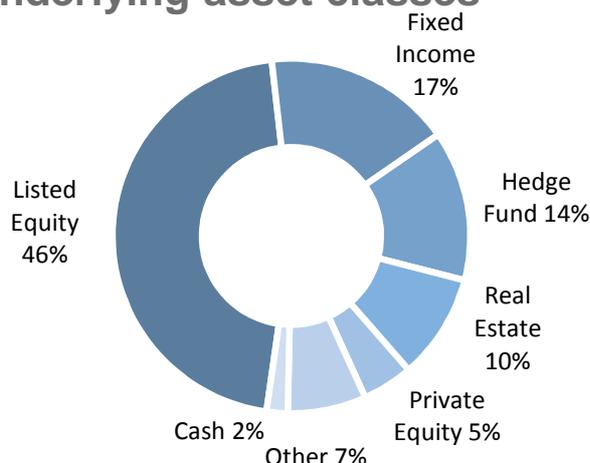
**Jonathan Trollip**  
Chairman  
**Chris Cuffe**  
Non-executive Director  
**Geoff Wilson**  
Non-executive Director  
**Miles Staude, CFA**  
Non-executive Director



## 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 the 30<sup>th</sup> of June.

Including emerging market currencies that are chiefly pegged to the US\$ (such as CNY), the fund's US\$ exposure is approximately 54%.

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

While the portfolio currently has a number of investments exposed to the domestic Chinese equity market, the manager has entered into contracts that hedge (or neutralise) most of the underlying equity market exposure associated with these investments. This greatly reduces the risk that a correction in the Chinese share market would have an adverse impact on the GVF portfolio.

The manager estimates that the portfolio's underlying net exposure to the Chinese equity market was 3.6% as at the 30<sup>th</sup> of June.

## Top Five Holdings

Holding	% NTA	Summary
HSBC China Dragon Fund	11.9%	Hong Kong listed closed-end fund (CEF) investing in a diversified portfolio of Chinese equities. The position has been accumulated at an average discount to net asset value of wider than 25%.
Boussard & Gavaudan Holdings	7.2%	Amsterdam-listed CEF that acts as a feeder fund into the BG Master Fund, a Europe-focused multi-strategy hedge fund. The BG Master Fund is the flagship fund for Boussard & Gavaudan, a French fund management firm with c. €1.7 billion of FUM. The position was acquired at a discount in excess of 21%. The manager is committed to an active share buyback program which should serve to reduce the discount.
CQS Diversified Fund	6.5%	CQS Diversified is a London listed closed-end fund providing access to open-ended hedge funds run by the same manager. Shareholders have recently voted to liquidate the fund and we expect to receive the proceeds by the end of July.
Pacific Alliance China Land	6.0%	AIM-listed CEF investing in Chinese property-related assets and loans with significant structural downside protections built into its investment holdings. Recent move into realisation provides catalyst for elimination of discount.
Vinaland Limited ZDP	5.1%	A GBP zero-dividend preference share (ZDP) offering an attractive fixed return over the period to December 2016, heavily collateralised by the assets of an AIM-listed CEF. Various mechanisms exist to enhance the credit of the ZDP and there is additional upside from the likelihood of early repayment at an above market price.