

## Investment Update and Net Tangible Assets

### Net Tangible Assets (NTA) per share

NTA before tax*	\$1.0579
NTA after tax	\$1.0520

\* There were no tax payments made during April  
 \$ denotes Australian dollar.

### April review

Since the start of 2019, financial markets have wrestled with two competing narratives. The first posits that the US economy continues to grow above trend, while an apparent volte-face by the US Fed has now reopened the door for accommodative monetary policy to remain in place for the foreseeable future. Furthermore, through measured stimulus, policy makers in China have successfully arrested the decline in Chinese growth rates at a time when financial markets have heavily priced in the likelihood of a trade deal being concluded soon between the world's two largest economies. In short, a re-run of the [Goldilocks](#) narrative that propelled markets throughout 2017 and much of 2018. Easy monetary policy set against a backdrop of buoyant growth that is neither too fast, nor too slow. The opposing narrative forms the 'wall of worry' that markets continue to climb. It runs that current US growth rates are unsustainable. That despite a moderation in China's slow down, global growth in aggregate continues to slow. And that finally, easy monetary policy does not so much reflect a supportive backdrop for risky assets like shares, but rather paints a bleak assessment of the potential long-term prospects of heavily indebted economies in a low growth, low inflationary world.

In April, as with much of the calendar year so far, 'Goldilocks 2.0' remained firmly in the ascendency. Global share markets rose by 3.4%<sup>2</sup> on the month in US\$ terms, with the US share market rising 4.0% (and the US 'FANG' index rising 4.6%). Elsewhere European equities were unusually strong, rising 5.0%, while in Asia, the Japanese share market fell 6.4% and China rose 1.4%. In Australia, the local equity market rose by 2.4%, while in Australian dollar terms the MSCI All Country World Index increased by 4.1%.

How much longer the Goldilocks 2.0 narrative can run unchallenged will be interesting to observe, not least because the extraordinarily strong start to the year has re-set price levels for risk assets towards their all-time highs again. Further, as we wrote in [February](#), we are less sure that a trade deal between the US and China will be as easy to close as markets to-date have been anticipating.

GVF participated in four successful exits during the month, selling 6.1% of the entire portfolio into corporate actions at an average price that was 16.2% above our carrying price for these investments. We have been intimately involved in orchestrating each of these corporate events, and even after April's sales, the four positions in question continue to comprise a further 10.5% of the GVF portfolio. Over the course of the next 12 months, we expect to exit the remaining balance of each of these holdings in full, realising a similar uplift in the process. Despite this success, a widening of the discounts on other holdings offset these gains, which has been a frustrating theme for us over the past three months. Importantly, our thesis for unlocking the value underlying each of these holdings has not changed, and we continue to believe it is a matter of when, not if, the inherent value in each investment is ultimately realised.

The investment portfolio increased in value by 1.9% during April. The fund's discount capture strategy detracted 0.1% from returns during the month, while the underlying market and currency exposures of the fund added 1.7% and 0.5% respectively. The remaining attribution of returns are accounted for by the Company's operating costs.

#### Global Value Fund Limited

ASX Code	GVF
Listed	July 2014
Shares on issue	148M
Share price	\$1.005
Market cap	\$148M
FY19 indicated dividend <sup>1</sup>	6.3 cents
FY19 indicated yield	6.3%
(70% franked)	

#### 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

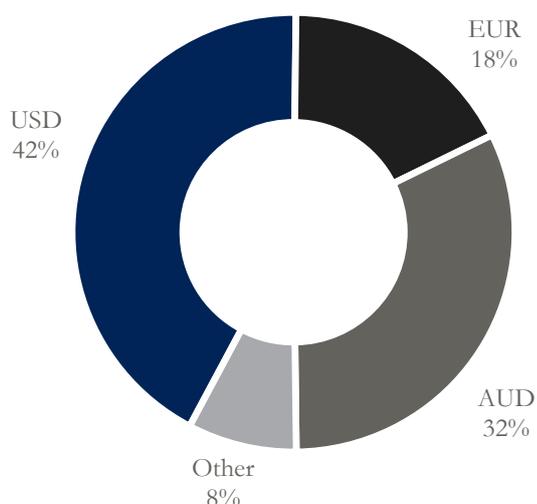
**Miles StauDe, CFA**  
 Fund Manager, Global Value Fund

#### Board of Directors

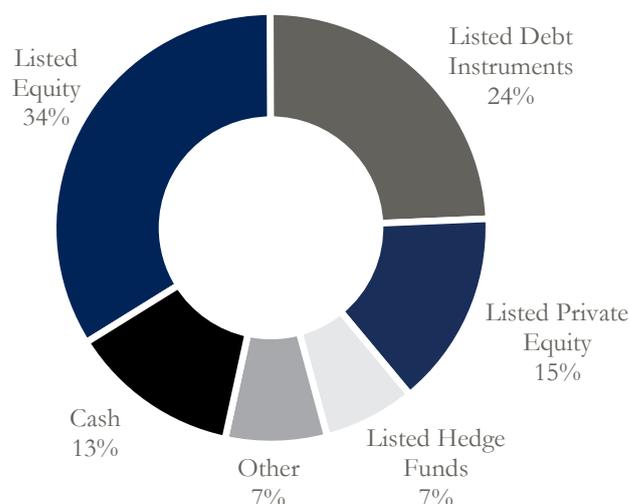
**Jonathan Trollip**  
 Chairman  
**Chris Cuffe**  
 Non-executive Director  
**Geoff Wilson**  
 Non-executive Director  
**Miles StauDe, CFA**  
 Non-executive Director



## 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 30<sup>th</sup> April.

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 30<sup>th</sup> April.

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
Undisclosed	8.7%	The manager does not believe it is in shareholders' interests to disclose this holding at this time. Please contact emma.davidson@globalvaluefund.com.au for further information.
Pershing Square Holdings	6.4%	London-listed CEF managed by a well-known investment manager. The position in this concentrated portfolio of large capitalisation US stocks was accumulated at an average discount to NAV of 23%. The underlying investments can be hedged, to reduce exposure to the manager's performance, at a relatively low cost.
Carador Income Fund	5.7%	London-listed closed-end fund (CEF) that holds a diversified portfolio of equity and mezzanine tranches of CLOs, backed by senior secured leveraged loans. The position has been accumulated at an attractive discount to asset backing and the portfolio is currently in liquidation, which will allow us to unlock the underlying value of the investment.
VPC Specialty Lending Investments	5.6%	A London-listed CEF, managed by a large US investment manager, that lends to middle market financial companies mainly in the US. Since we accumulated a position at an attractive discount to net asset value, the Board and management have initiated a number of policies that are expected to narrow the discount over time.
Blue Sky Alternative Access Fund Ltd	5.5%	Australian-listed LIC that invests into a diverse portfolio of private equity and alternative assets. The position has been accumulated at an average discount to NTA of 27%.

<sup>1</sup> The Board has guided that it anticipates FY19 dividend payments being at least 6.3 cents per share, 70% franked. This guidance is not a formal declaration of dividends for FY19 and actual dividend payments may differ to this amount.

<sup>2</sup> All references to global shares markets refer to the total return (price and dividends) of the MSCI All Country World equity index. Unless otherwise stated, source for all data is Bloomberg LP and data as at 30<sup>th</sup> April 2019.

Staupe Capital Limited is an appointed representative of Mirabella Advisers LLP, which is authorised and regulated by the Financial Conduct Authority. Mirabella Financial Services LLP is the Investment Manager of the Global Value Fund and has seconded the investment team at Staupe Capital to manage the Global Value Fund. This information is not an offer to buy or sell, or solicitation of an offer to buy or sell, any security or investment. Investors should read the Fund prospectus before making a decision to invest.

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