31st January 2022

STAUDE CAPITAL
GLOBAL VALUE FUND

Investment Update and Net Tangible Assets

Net Tangible Assets (NTA) per share

NTA before tax*	$1.2675
NTA after tax	$1.1993

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

January review

During the final months of 2021, higher-risk asset classes had remained relatively well-behaved in the face of the rapid shift in the markets' perception of inflation risk, and thus the future path of interest rates. In January, however, the shoe finally dropped, with markets suffering a significant correction. At the worst point during the month, global share markets[4] had fallen by 8% is US$ terms, though they ended the month 4.9% lower. Meanwhile, global bond markets fell by 3.0%[5] over the period, though notably leveraged loans[10] (an important asset class exposure for GVF), were 0.4% higher in both Europe and the US. In Australia, the local share market fell by 6.4%, though a 2.7% fall in the Australian dollar over the month mitigated the falls seen by global investors when measured in Australian dollars. Thus, global share and bond markets fell 2.3% and 0.3% respectively over the month, when measured in A$ terms.

Driving these steep falls was a sharp jump in near-term interest rates, as investors began to price in a much quicker and more aggressive tightening cycle from central banks seeking to tame rapidly rising inflation. Notably, over the course of the month, US 1-year interest rates more than doubled, rising from 0.38% to 0.77%. More dramatic than the falls seen at index levels, was the damage that was done across large swaths of the FANG[9] landscape. Notably, Netflix, one of the titular members of the FANG acronym, and a poster child for the high-growth disruptive technology business models, fell by 29% over the month, with similar falls seen at a number of other high-profile technology companies like Peloton (-24%), and Snap (-31%).

The GVF portfolio is constructed with the aim of being able to weather market corrections like that seen in January reasonably well, and it was therefore pleasing to see the portfolio decline by a modest 0.6% over the month. The premise of the GVF approach is essentially to hunt for opportunities in lower-risk asset classes, where we can unlock significant amounts of value so as to boost the overall return expectations from our investments. Our chief method of risk management is thus diversification across a wide range of opportunities that, in aggregate, help us to exhibit a low correlation to traditional asset classes, like shares and bonds.

A good example of this in January was GVF's investment in Riverstone Credit Opportunities Income (RCOI). RCOI provides senior secured loans to borrowers in the energy space – initially in the oil & gas sector (where Riverstone as a firm has long specialised) but increasingly in the renewable or 'energy transition' space. These loans are privately structured, carry a high all-in rate of interest, and are relatively short term, with structural incentives to encourage the borrower to repay early as a further way to mitigate risk.

GVF first invested in RCOI a year ago, attracted by an extremely wide discount of c.30% to asset backing, despite the company having significant cash at the time. RCOI has some interesting features that provide a backstop to realising this large discount over time – the main one being a redemption opportunity that will be offered

Global Value Fund Limited

ASX Code	GVF
Listed	July 2014
Shares on issue	174M
Share price	$1.18
Market cap	$205M
Total dividends declared[1]	53 cents
Profits Reserve[2]	26 cents
Fully franked yield[3]	8%

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

at asset backing in 2024. This provides the fund with a strong pull-to-par effect as this date approaches. During January, bucking the global market trend, RCOI shares were up 2.9%.

Another idiosyncratic investment is Amedeo Air Four Plus (AA4). As noted in the last monthly report, shares in AA4 started 2022 well, and in fact ended the month up 12.5% in total return terms as the company declared its first dividend under the newly reinstated dividend policy. The reinstated dividend, described by the AA4 Chairman as a 'baseline' level, represents an attractive c.16% yield on the month-end share price, with room to grow this as the outlook for international air travel and its lessees becomes even more certain. Combining this dividend with what we consider to be conservative residual value assumptions on the fund's aircraft assets – where in many cases we are simply assuming contractual end-of-lease payments – we believe AA4 shares continue to offer the prospect of an attractive high teens annual return for several years. As such, even after the recent strong performance, AA4 remains an important holding for GVF.

Offsetting the gains mentioned above, our largest detractor during January was our holding in Third Point Investors Limited (TPOU). TPOU continues to remain a high conviction holding for us, and a position that has generated very strong returns over the past 12-months. However, over January the fund suffered from both poor underlying performance and a widening of its discount.

The GVF investment portfolio decreased in value by 0.6% during January. The fund's discount capture strategy detracted 0.3% from performance over the month, while adverse market movements negatively impacted performance by a further 2%. These detractors were offset by the gains generated from the falling Australian dollar over the month.

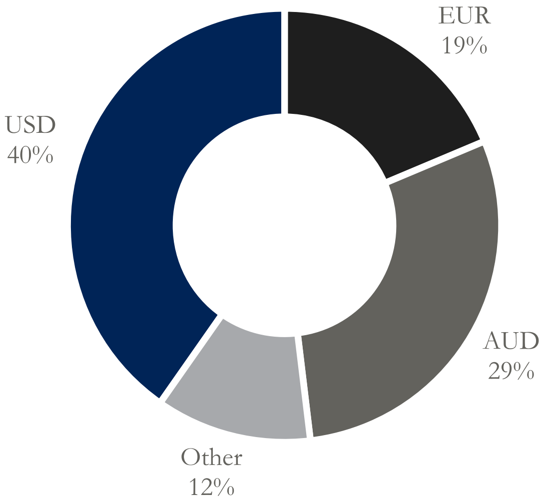
For reference, over the life of the Company, our annualised adjusted NTA returns have been 11.6%.

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

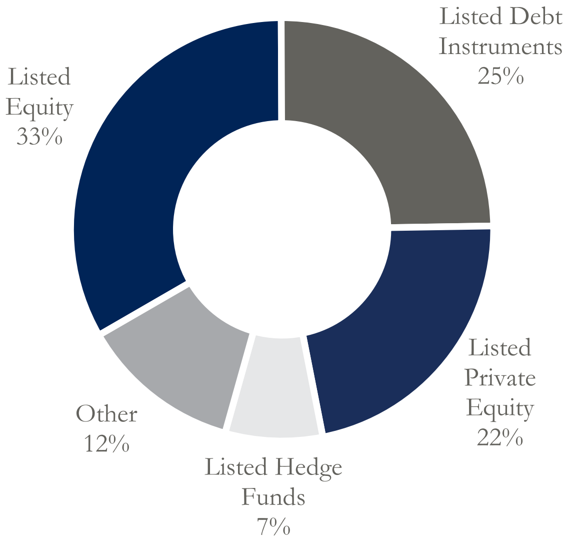
Adjusted NTA Returns[6]

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%						**10.0%**
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 January.

Including emerging market currencies that are chiefly pegged to the US$, the fund's US$ exposure is approximately 44%.

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

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	7.9%	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	6.0%	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.8.7% pa based on the current share price, and trades on a discount of 17.6% 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.
Third Point Investors	5.8%	London-listed CEF, that acts as a feeder fund into a global event-driven, value-oriented hedge fund. The CEF currently trades on a 16.0% discount to its NAV. Under pressure from shareholders, last year the Board completed a strategic review into the fund's discount problem, putting in place several initiatives to try and improve the situation. Notwithstanding this, we believe there is shareholder support for additional measures to be taken.
Empiric Student Property	5.0%	London-listed REIT, invested in a portfolio of UK student accommodation. The business model of student accommodation is such that it was particularly disrupted by the pandemic in the short-term, and as a result ESP currently trades at a large discount to asset backing. However, the asset class enjoys a number of long-term structural tailwinds – as evidenced by M&A in the sector – and ESP is well-placed to ride out short-term disruption.
UK Mortgages	4.8%	London-listed CEF that aims to deliver stable income returns from securitised portfolios of UK residential mortgages. The shares currently generate a 6.8% yield and GVF has accumulated its

stake an attractive discount to asset backing. If the Company's shares are not trading at or above the Company's NAV by December 2022, a managed wind down will be implemented.

[1] Grossed up dividends of 52.52c declared from IPO at $1 through to the FY2021 final dividend.

[2] The profits reserve sits at 25.6c as of 10 February 2022.

[3] Based on the end of month share price of $1.18 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.

[9] A well followed share market index of high-growth technology companies.

[10] As measured by the S&P US and European Leveraged Loan indices.

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