

## Investment Update and Net Tangible Assets

### Net Tangible Assets (NTA) per share

NTA before tax*	\$ 1.2076
NTA after tax	\$ 1.1619

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

### May review

One interesting conundrum to observe in equity markets this year is how, at a high-level, share markets have been very buoyant, despite near universal pessimism from the wider investor community. Calendar year-to-date, global share markets are up 7.7%<sup>4</sup> in US\$ terms, or 8.5% if you exclude emerging markets. Yet over this time there has been widespread concern that the second half of 2023 would see the US and the Eurozone slide into recession, while the US banking system has endured a significant systemic shock that has resulted so far in four mid-sized bank failures (including another during May, First Republic).

Explaining much of this puzzle has been the explosion of investor interest in the application of 'artificial intelligence' (AI) to the business world. Fuelling this interest has been the release of ChatGPT, an AI chatbot that has already attracted 100 million active users. While the concept of large language models (LLMs) that underpins AI has been around for some time, ChatGPT has flung open the imagination of the corporate world, with many investors believing this technology will prove to be as important as the arrival of electricity or the internet. Share markets are the perfect place for visionaries and sceptics to battle out the reality behind this new technological innovation, and to ultimately price it accordingly. For now, the visionaries clearly have the upper hand. If we exclude the contribution from the six large-cap technology stocks that have become the go-to proxies for investing into AI (Nvidia, Microsoft, Alphabet, Apple, Amazon, and Meta), global share markets are up only c.2.6% so far this calendar year. In contrast, an equally weighted basket of these six names is up 73% over the first five months of 2023. That six names, representing only c.10% of the index, can generate almost two-thirds of the 7.7% return is quite remarkable. It also goes some way to explaining the disconnect between widespread investor bearishness and positive overall market returns.

Despite the prevailing bullishness seen across share markets year-to-date, May was a relative subdued month in the markets. In US\$ terms, global share<sup>4</sup> and bond markets<sup>5</sup> fell by 1.1% and 1.9% respectively, while in Australia the local share market fell by 2.5%. In Australian dollar terms, global equity and bond markets were 0.6% higher, and 0.2% lower respectively.

May was busy month for the GVF investment team, with a number of new names added to the portfolio and a significant amount of rebalancing between existing holdings. One notable development was the announcement that Partners Group Global Income Fund (PGG), an Australian listed investment trust (LIT), would restructure in a way to remove the discount to asset backing that had persisted at this fund for some time. PGG is a GVF holding, and we were pleased to see the responsible entity take proactive steps to address this problem on behalf of investors.

### Global Value Fund Limited

ASX Code	GVF
Listed	July 2014
Shares on issue	175M
Share price (VWAP) <sup>9</sup>	\$1.10
Market cap	\$192M
Total dividends declared <sup>1</sup>	67.0 cents
Profits Reserve <sup>2</sup>	30 cents
Grossed-up yield <sup>3</sup>	8.6%

### 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 split between London and Sydney 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



## Investment Update and Net Tangible Assets. As at 31st May 2023

The GVF investment portfolio increased by 1.0% during May. The fund's discount capture strategy added 1.3% to returns during the month, while favourable currency movements added a further 0.5%. The remaining attribution of returns are explained by the Company's market exposures and operating costs.

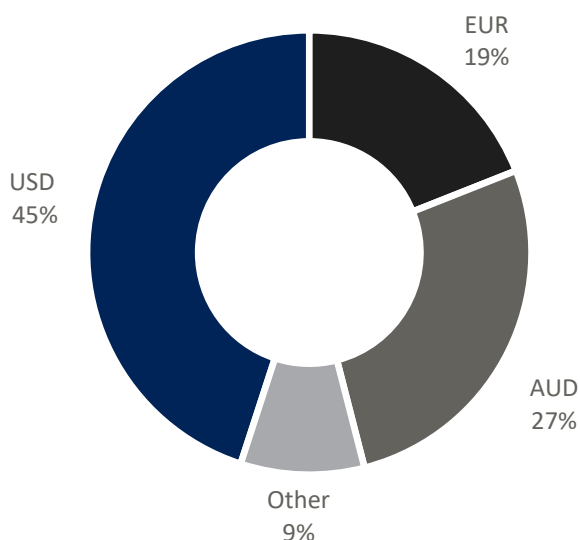
*Authorised for release by Miles Staude, Portfolio Manager and Director.*

Over the life of the Company, GVF's annualised adjusted NTA returns have been 10.7%.

### Adjusted NTA Returns<sup>6</sup>

Financial Year	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD <sup>7</sup>
FY2023	1.5%	2.3%	-0.5%	2.5%	1.0%	1.1%	0.6%	3.4%	-0.9%	2.7%	1.0%		15.6%
FY2022	2.8%	2.4%	0.5%	0.0%	2.7%	1.9%	-0.6%	-2.3%	-1.7%	1.3%	-1.7%	-2.2%	2.8%
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%

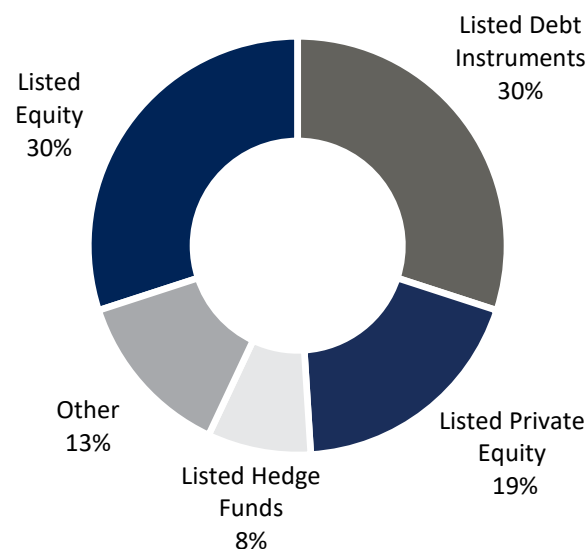
### Underlying Currency Exposures



The above chart reflects the manager's estimate of the currency exposures arising from the portfolio's underlying investments and cash balances as at 31<sup>st</sup> May.

Including emerging market currencies that are chiefly pegged to the US\$, the fund's US\$ exposure is approximately 47%.

### Underlying Asset Classes



The above chart reflects the manager's estimate of the underlying asset classes held through the fund's portfolio of investments as at 31<sup>st</sup> 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<sup>8</sup>

Holding	% NTA	Summary
Amedeo Air Four Plus	6.4%	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 pays a dividend yield of c.15% pa that is more than covered by contractual lease payments from Emirates.
Harbourvest Global Private Equity	6.1%	London-listed closed-end fund (CEF) with a diversified portfolio of private equity fund investments. Following last year's sell-off in markets, the fund trades on a wide discount to its reported asset backing, as the market has seemingly priced in write-downs that, in our view, are overly pessimistic. Even assuming conservative assumptions about underlying fund performance, we estimate the fund trades on a discount to asset backing that is unsustainable over the medium term.
Magellan Global Fund	6.1%	Australian-listed CEF which invests into large-cap, blue-chip stocks globally. Currently at a discount to asset backing of 16.1% while the fund has a very active on-market buy-back program in place.
Starwood European Real Estate Finance	5.7%	London-listed CEF with a portfolio of senior, predominantly floating rate, loans secured on commercial real estate in the UK and Europe. The fund's original terms offered a realisation opportunity at the end of 2022. In October 2022, the board proposed that this was replaced by the fund entering a managed wind down for all shareholders and the fund has subsequently moved into run-off.
KKR Credit Income	5.4%	Australian-listed CEF which invests in a highly diversified basket of predominantly floating rate global debt instruments. It currently trades at a discount to asset backing of 20.2% and has a consistent on-market buy-back program.

<sup>1</sup> Grossed up dividends of 66.67c declared from IPO at \$1 through to 15<sup>th</sup> May 2023, the HY2023 interim dividend payment date.

<sup>2</sup> The profits reserve sits at 28.46c as of 31<sup>st</sup> May 2023. This is after the semi-annual 3.3c fully franked dividend was paid on 15<sup>th</sup> May 2023.

<sup>3</sup> Based on the end of month share price (VWAP) of \$1.10 and the FY2023 dividend guidance of 6.6 cents per share, fully franked.

<sup>4</sup> All references to global share markets refer to the total return (price and dividends) of the MSCI All Country World Equity Index.

<sup>5</sup> All references to global credit markets refer to the Bloomberg Barclays Global Credit Total Return Index.

<sup>6</sup> 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.

<sup>7</sup> Refers to the full year returns for a given Financial Year, or the year-to-date returns in the current Financial Year.

<sup>8</sup> In order to protect the interests of GVF shareholders, certain large holdings may not always be publicly disclosed.

<sup>9</sup> The official closing price for GVF on 31 May was \$1.025, however this price was set on a small parcel of shares that traded in the final minutes of the day at a price that was well below where GVF shares had been trading throughout the day, and well below where the shares opened trading again on 1 June. For this reason, we believe the volume weighted average price (VWAP) over the course of the 31<sup>st</sup> is a better representation of the market price on that day. This was \$1.10.

Unless otherwise stated, source for all data is Bloomberg LP and data as of 31<sup>st</sup> May 2023.

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