

GLOBAL VALUE FUND LIMITED

ABN 90 168 653 521

**Appendix 4D
Interim Report
for the half-year ended 31 December 2014**

Half-year report

This half-year ended report is for the reporting period from 1 July 2014 to 31 December 2014.

Results for announcement to the market *	31 December 2014
	\$
Revenue from ordinary activities	6,257,083
Profit before tax for the period	5,022,415
Profit from ordinary activities after tax attributable to members	3,526,244

** The amount and percentage up or down from previous periods are not disclosed as this is the first half-year reporting period for the Company.*

Dividends

There were no dividends paid or proposed during the period.

Dividend reinvestment plan

The Directors have implemented a dividend reinvestment plan ("plan"). The terms of the plan in respect of each cash dividend from time to time declared by the Directors and due and payable to participating shareholders are set out in the plan booklet available on the Company's website.

Net tangible assets per Share *	31 December 2014
- before tax	\$1.07
- after tax	\$1.04

** Not adjusted for outstanding options*

Outlook

The Company has steadily invested the proceeds from the IPO as opportunities have presented themselves. At the end of December 2014 the portfolio was 76% invested and the Manager expects the portfolio to reach full investment in the coming months. The underlying holdings of the Company consist of a portfolio of carefully selected global assets, all trading at significant discounts to their intrinsic value. With the portfolio starting to take shape now, the Manager is optimistic about the outlook given the opportunity set underlying the fund. The Company is also considering opportunities over time to increase funds under management in a way which benefits existing shareholders by generating economies of scale and without decreasing net tangible asset per share.

This report is based on the half-year interim report which has been subject to an independent review by the Auditors, Moore Stephens Sydney. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2014 Annual Financial Report.

Global Value Fund Limited

ABN 90 168 653 521

Interim Report for the half-year ended 31 December 2014

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Corporate Directory

Directors	Jonathan Trollip Chris Cuffe Geoffrey Wilson Miles Staude	Chairman & Independent Director Independent Director Director Director
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Secretary	Mark Licciardo
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Investment Manager	Metage Capital Limited 2 nd Floor, 210 High Holborn London WC1V 7EU United Kingdom
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Registered Office	Global Value Fund c/o Mertons Corporate Services Pty Limited Level 7, 330 Collins Street Melbourne Victoria 3000 Telephone: (03) 8689 9997
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Auditor	Moore Stephens Sydney Level 15, 135 King Street Sydney NSW 2000 Telephone: (02) 8236 7700
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Share Register	Boardroom Pty Limited Level 7, 207 Kent Street Sydney NSW 2000 Telephone: (02) 9290 9600 Fax: (02) 9279 0664
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Stock Exchange	Australian Securities Exchange (ASX) ASX Code: Global Value Fund Ordinary Shares (GVF) Global Value Fund Options (GVFO)
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Directors' Report

The Directors of Global Value Fund Limited ("the Company") present their report together with the financial report of the Company for the half-year ended 31 December 2014.

Global Value Fund Limited is a company limited by shares and is incorporated in Australia.

Directors

The following persons held office as Directors during the period or since the end of the period and up to the date of this report:

Jonathan Trollip	Chairman & Independent Director
Chris Cuffe	Independent Director
Geoffrey Wilson	Director
Miles Staude	Director

Principal Activity

The Company has been established with a view to provide investors with the opportunity to invest in global financial markets through a carefully constructed portfolio of financial assets trading at a discount to their underlying value. The investment manager Metage Capital Limited ("the Manager") specialises in buying discounted assets and in employing proprietary systems and strategies designed to capture the intrinsic value of its investments.

The proposition gives investors the opportunity to invest in an actively managed portfolio that does not attempt to replicate standard financial indices. Rather, the Company's approach is designed to seek to provide superior risk-adjusted returns compared to more traditional forms of international equity investing.

No change in this activity is anticipated in the future.

Review of Operations

The Company was incorporated on 20 March 2014 and did not conduct any operations for the year ended 30 June 2014. The Company was admitted to the Official List of ASX Limited on 18 July 2014. Official quotation of the Company's securities commenced on 21 July 2014. The Company issued 54,961,600 fully paid ordinary shares at an issue price of \$1.00 and 54,961,600 options each exercisable at \$1.00 expiring on 17 March 2016.

The Company's investment portfolio comprises mainly equities and closed ended funds that are listed on various international exchanges as well as cash deposits denominated in domestic and foreign currencies.

Investment operations over the half-year ended 31 December 2014 resulted in an operating profit before tax of \$5,022,415 and an operating profit after tax of \$3,526,244.

Asset backing for each ordinary share at 31 December 2014 after tax amounted to \$1.04 per share. Asset backing for each ordinary share at 31 December 2014 before tax amounted to \$1.07.

Dividend

The Directors have not declared a dividend for the reporting period ending 31 December 2014.

Events occurring after the reporting period

The Directors are not aware of any other events subsequent to balance date that would materially affect the half-year financial report.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

This report is made in accordance with a resolution of the Board of Directors.


Jonathan Trollip
Chairman

Sydney
24 February 2015

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Sydney NSW 2000

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Sydney, NSW 2001

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Auditor's Independence Declaration to the Directors of Global Value Fund Limited

As lead auditor for the review of Global Value Fund Limited for the period ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Global Value Fund Limited during the period.



Moore Stephens Sydney
Chartered Accountants



Scott Whiddett
Partner

Dated in Sydney this 24th day of February 2015.

Global Value Fund Limited
Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2014

Statement of profit or loss and other comprehensive income

Half-year ended
31 December 2014

\$

Investment income from ordinary activities

Net realised gains on investments	934,430
Net unrealised gains on investments	3,221,966
Net realised gains on foreign currency transactions	716,180
Net unrealised gains on foreign currency transactions	1,068,854
Interest income	93,900
Dividend income	221,753
Total income	<u>6,257,083</u>

Expenses

Management fees	(367,255)
Performance fees	(589,984)
Administration fees	(49,539)
Brokerage expense	(60,864)
Accounting fees	(15,000)
Share registry fees	(21,100)
Interest expense	(22,638)
Tax fees	(1,500)
Directors' fees	(37,500)
Legal fees	(1,981)
Secretarial fees	(15,998)
ASX fees	(25,091)
Audit fees	(10,000)
Other expenses	(16,218)
Total expenses	<u>(1,234,668)</u>

Profit before income tax **5,022,415**

Income tax expense (1,496,171)

Profit for the period after income tax **3,526,244**

Other comprehensive income for the period, net of tax -

Total comprehensive income for the period **3,526,244**

Cents

Earnings per share for profit attributable to the ordinary equity holders of the Company:

Basic earnings per share	6.94
Diluted earnings per share	6.86

The above Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

Global Value Fund Limited
Statement of Financial Position
For the half-year ended 31 December 2014

Statement of financial position

		As at	
	Notes	31 December	30 June
		2014	2014
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		24,707,908	1
Trade and other receivables		67,762	-
Financial assets at fair value through profit or loss	3	34,553,119	-
Other current assets		41,094	-
Total current assets		59,369,883	1
Non-current assets			
Deferred tax assets		142,303	-
Total non-current assets		142,303	-
Total assets		59,512,186	1
Liabilities			
Current liabilities			
Trade and other payables		749,011	-
Current tax liabilities		179,470	-
Total current liabilities		928,481	-
Non-current liabilities			
Deferred tax liabilities		1,307,575	-
Total non-current liabilities		1,307,575	-
Total liabilities		2,236,056	-
Net assets		57,276,130	1
Equity			
Issued capital	5	53,749,886	1
Profits Reserve	6	3,526,244	-
Total equity		57,276,130	1

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Global Value Fund Limited
Statement of Changes in Equity
For the half-year ended 31 December 2014

Statement of changes in equity

	Notes	Contributed Equity \$	Profits Reserve \$	Retained Profits \$	Total equity \$
Balance at 1 July 2014		1	-	-	1
Profit for the period		-	-	3,526,244	3,526,244
Transactions with owners in their capacity as owners:					
Costs of issued capital, net of tax	5	(353,333)	-	-	(353,333)
Shares issued under IPO	5	54,084,718	-	-	54,084,718
Shares issued on options exercised	5	18,500	-	-	18,500
Transfer to profits reserve	6	-	3,526,244	(3,526,244)	-
Balance at 31 December 2014		53,749,886	3,526,244	-	57,276,130

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of cash flows

	31 December 2014 \$
Cash flows from operating activities	
Proceeds from sale of financial assets	12,097,511
Purchase of financial assets	(42,494,233)
Dividends received	177,127
Interest received	81,835
Management fees paid	(296,970)
Interest paid	(13,969)
Realised foreign exchange gains	716,180
Payments for other expenses	<u>(226,183)</u>
Net cash (outflow) from operating activities	<u>(29,958,702)</u>
Cash flows from financing activities	
Share issue transaction costs, gross of tax	(505,463)
Shares issued on initial public offering	54,084,718
Shares issued on options exercised	<u>18,500</u>
Net cash inflow from financing activities	<u>53,597,755</u>
Net increase in cash and cash equivalents	23,639,053
Cash and cash equivalents at the beginning of the period	1
Effects of foreign currency exchange rate changes on cash and cash equivalents	<u>1,068,854</u>
Cash and cash equivalents at end of period	<u>24,707,908</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these interim financial statements are set out below.

Global Value Fund Limited allotted 54,961,600 shares at \$1.00 per share on 14 July 2014. The Company was admitted to the official list on 18 July 2014 and official quotation of the securities on the ASX commenced on 21 July 2014, when the Company began its operations.

Basis of preparation

These interim financial statements for the half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial statements have been prepared on an accrual basis, and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

These interim financial statements were authorised for issue on 24 February 2015.

Material accounting policies adopted in the preparation of this interim financial report are presented below:

(a) Financial instruments

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, trade date accounting is adopted, which is equivalent to the date that the Company commits to purchase or sell the assets. Financial instruments are initially measured at fair value. Transaction costs related to instruments classified "at fair value through profit or loss" are expensed to the profit or loss immediately.

(ii) Classification and subsequent measurement

Investments such as shares in publicly listed and unlisted companies, exchange traded call and put options and investments in fixed interest securities are subsequently measured at fair value and are presented in the profit or loss on a liquidity basis. The Company may short sell securities. Short sales or borrowed stock are classified as a financial liability and are revalued to fair value through the profit or loss.

(iii) Financial assets at fair value through profit or loss

Financial assets are classified "at fair value through the profit or loss" when they are held for trading for the purpose of short-term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in the profit or loss in the period in which they arise.

(iv) Derivative Instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the profit or loss.

(v) Fair value

Fair value is determined based on current market prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions and reference to similar instruments.

(vi) Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party, whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit or loss.

(b) Revenue and other income

Dividend income is recognised in the profit or loss on the day on which the relevant investment is first quoted on an "ex-dividend" basis and is presented net of any withholding taxes.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset net of any withholding taxes.

1 Summary of significant accounting policies (continued)

(c) Foreign currency

The financial statements of the Company are presented in Australian Dollars (A\$), which is the Company's functional and presentation currency.

Foreign currency transactions during the year are translated into Australian Dollars at the exchange rate at the transaction date. At each reporting date, assets and liabilities denominated in foreign currency are retranslated at the rates prevailing at the reporting date. Foreign exchange gains or losses resulting from the settlement of foreign denominated assets and liabilities will be recognised in profit and loss. Net exchange gains and losses arising on the revaluation of investments will be included in net gains or losses on investments.

(d) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised as temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted for each jurisdiction. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

(e) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), unless GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Statement of Financial Position.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Trade receivables

Trade and other receivables relate to outstanding settlement as well as accrued income in relation to interest and dividends receivable. Trade receivables are generally due for settlement within 30 days.

(h) Trade and other payables

These amounts represent liabilities for outstanding settlements as well as services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised costs and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

1 Summary of significant accounting policies (continued)

(i) Share capital

Ordinary shares will be classified as equity. Costs directly attributable to the issue of ordinary shares will be recognised as a deduction from equity, net of any tax effects.

(j) Profits reserve

A profits reserve has been created representing an amount allocated from retained earnings that is preserved for future dividend payments.

(k) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial period adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares (Eg options on issue and in the money)

(l) New and revised accounting requirements applicable to the current half-year reporting period

The Directors have considered the implications of other new or amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

2 Dividends

No dividends were declared during the half-year ended 31 December 2014.

3 Fair value measurements

The Company measures and recognises its financial assets at fair value through profit or loss ("FVTPL") on a recurring basis.

(a) Fair value hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

(i) Recognised fair value measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value at 31 December 2014.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements				
Financial assets at FVTPL				
Held for trading	34,123,899	429,220	-	34,553,119
Total financial assets	34,123,899	429,220	-	34,553,119

There were no transfers between levels for recurring fair value measurements during the period.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Recognised fair value measurements

The Company also has a number of assets and liabilities which are not measured at fair value, but for which fair values are disclosed.

The carrying amounts of trade and other receivables and payables are assumed to approximate their fair values due to their short-term nature.

4 Segment information

The Company has only one reportable segment. The Company is engaged solely in investment activities, deriving revenue from dividend income, interest income and from sale of its investments.

The Company continues to have foreign exposure as it invests in companies which operate internationally.

5 Issued capital

(a) Share capital

	31 December 2014 No.	31 December 2014 \$
Ordinary shares	54,980,101	53,749,886

(b) Movements in ordinary share capital

	Number of shares	Application price	\$
Opening balance	1	\$1.00	1
Shares issued under IPO	54,961,600	\$1.00 *	54,084,718
Options exercised for \$1.00 per share	18,500	\$1.00	18,500
Cost of issued capital, net of tax	-		(353,333)
Closing balance	<u>54,980,101</u>		<u>53,749,886</u>

On 14 July 2014, the Company issued 54,961,600 fully paid ordinary shares under the initial public offering at an application price of \$1.00 per share.

*Under the offer, Retail Applicants who were not part of the WAM Priority Offer or the General Offer paid a service fee of 2.75 cents per share to their broker. The issue price of shares allotted for Retail Applicants was \$0.9725 per share.

On 14 July 2014, as part of the initial public offering of the Company, 54,961,600 options were issued to acquire ordinary shares in the Company at an exercise price of \$1.00. The options can be exercised at any time on or before 17 March 2016. The options give the shareholders the right but not the obligation to subscribe for shares in GVF at \$1.00 per share. The options can be exercised in full or in part. The options are currently trading on the ASX under the code GVFO.

	31 December 2014 \$
6 Profits reserve	
Profit Appropriation Reserve	<u>3,526,244</u>
Movement in profit appropriation reserve	
Balance as at beginning of the period	-
Transfer from retained earnings	<u>3,526,244</u>
Balance as at the end of the period	<u><u>3,526,244</u></u>

7 Events occurring after the reporting period

The Directors are not aware of any other events subsequent to balance date that would materially affect the half-year financial report.

8 Contingent assets, liabilities and commitments

There are no material outstanding material contingent assets and liabilities or commitments as at 31 December 2014.

Directors' declaration

In accordance with a resolution of the Directors of Global Value Fund Limited, the Directors of the Company declare that:

- (a) the financial statements and notes, as set out on pages 4 to 12 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) In the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.


Jonathan Trollip
Chairman

Sydney
24 February 2015

**Independent Auditor's Review Report
To the members of Global Value Fund Limited
A.B.N. 90 168 653 521**

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Sydney NSW 2000

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Report on the Half-year Financial Report

We have reviewed the accompanying period financial report of Global Value Fund Limited (the Company), which comprises the statement of financial position as at 31 December 2014, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of Global Value Fund Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Global Value Fund Limited's financial position as at 31 December 2014 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Global Value Fund Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Independence

In conducting our review, we have complied with the applicable independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Global Value Fund Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the period ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Moore Stephens Sydney
Chartered Accountants



Scott Whiddett
Partner

Dated in Sydney, this 24th day of February 2015.