

Investment Update and Net Tangible Assets

Net Tangible Assets (NTA) per share

NTA before tax	\$1.0813
NTA after tax	\$1.0775

\$ denotes Australian dollar.

May review

Global share markets were mixed during May with the MSCI All Country World Index rising by just 0.1% in US\$ terms. US equity markets performed strongly, rising 2.4%, however this was offset by falls of 1.4% and 1.2% respectively in European and Japanese share markets. In Australia, the local equity market rose by 1.1%, while in Australian dollar terms, the MSCI All Country World Index decreased by 0.1%.

GVF recorded a notable, if somewhat bittersweet, success during May. In 2017, seeking to take advantage of a trading opportunity, the Company invested into a reinsurance fund called Blue Capital Alternative Income. The reinsurance industry can be thought of as analogous to the high-yield bond market. Reinsurers earn high single-digit yields in return for underwriting the rare risk of substantial industry-wide insurance losses. One of the advantages of investing into the reinsurance industry is that its returns are largely uncorrelated to those of the general market, making such investments a great diversifier for investment portfolios. Famously, it is also one of Warren Buffet's favourite investment areas, with his reinsurance operations having generated a substantial portion of Berkshire Hathaway's historical profits.

Unfortunately, 2017 proved to be one of the worst loss years on record for the reinsurance industry. Three US hurricanes in the Gulf of Mexico and a series of devastating bushfires throughout California caused significant financial losses for the industry. Because of the pay-outs due on these natural catastrophes, GVF suffered a meaningful loss on its investment in Blue Capital.

Despite these losses, GVF's ability to engage in shareholder activism to unlock value can provide it with a unique fall-back position in circumstances where investments do not unfold the way we initially hope. After our original loss, we added considerably to the position at highly attractive levels and began a campaign to wind the fund up. We have spent much of this year engaging with the Board and other shareholders and in April we published an open letter to the market (a copy of which can be viewed [here](#)) ahead of a key shareholder vote. Despite having originally resisted our calls, the Board announced in May that it would put forward proposals to liquidate the company and return shareholder capital back to investors. Once this liquidation process is complete we expect to erase all our previous losses on this investment.

A hard truth of investing is that all investment strategies incur losses. It would be nice to report that a lot of time and energy had gone into generating a new and successful investment for the fund. Instead, we have been able to use our skillset to earn back for investors the historical losses suffered from a (thankfully rare) situation where an investment had performed poorly.

The investment portfolio decreased in value by 0.5% during May. The fund's discount capture strategy added 0.8% to returns during the month, while adverse currency movements detracted 1.2% from performance. The remaining attribution of returns was accounted for by favourable underlying market movements and operating costs.

Global Value Fund Limited

ASX Code	GVF
Listed	July 2014
Shares on issue	147M
Share price	\$1.08
Market cap	\$159M
FY18 indicated dividend ¹	6.3 cents
FY18 indicated yield	5.8%
(50% 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

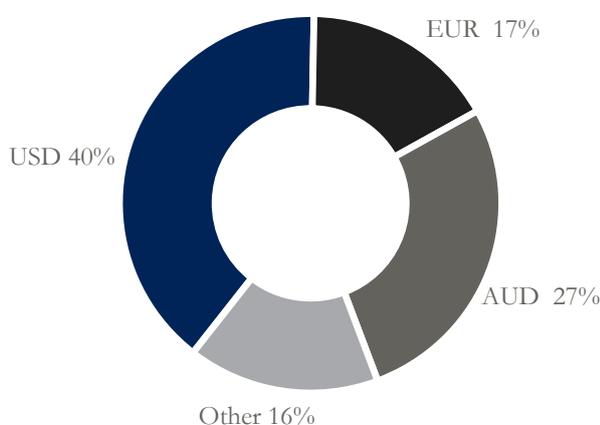
Miles StauDe, CFA
Fund Manager, Global Value Fund

Board of Directors

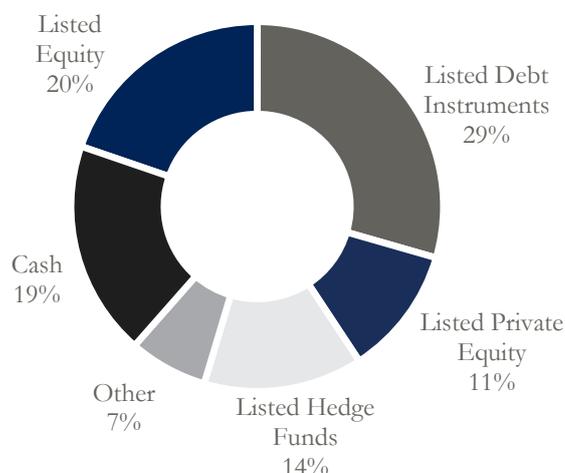
Jonathan Trollip
Chairman
Chris Cuffe
Non-executive Director
Geoff Wilson
Non-executive Director
Miles StauDe, CFA
Non-executive Director



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 31st May.

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

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

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
Pershing Square Holdings	8.8%	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.
Deutsche Multi-Market Income Trust	5.3%	A New York listed CEF with a diversified corporate bond portfolio, mainly concentrated in the United States. The Fund is in the process of liquidating and expects to return capital to shareholders no later than December 2018. GVF has accumulated its position at an attractive discount to NAV.
Undisclosed		The manager does not believe it is in shareholders' interests to disclose this holding at this time.
Pacific Alliance China Land Ltd (AIM)	5.0%	London-listed Chinese real-estate CEF in liquidation. All of the Company's real estate assets have been sold and it is now in the process of repatriating its Renminbi cash balances out of China and returning its capital to shareholders. The position has been accumulated at an average discount to NAV of 20.1%.
Frontier Market Small Cap SICAV	4.6%	An open-ended fund that invests in a diverse portfolio of Eastern European and Russian small capitalisation companies. The position has been acquired at a level which the manager believes offers a highly compelling risk/return profile.

¹ The Board has guided that it anticipates FY18 dividend payments being at least 6.3 cents per share, 50% franked. This guidance is not a formal declaration of dividends for FY18 and actual dividend payments may differ to this amount.

Unless otherwise stated, source for all data is Bloomberg LP and data as at 31st May 2018.

Staude 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 Staude 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.

Past performance is not an indicator of future returns.