

## Investment Update and Net Tangible Assets

### Net Tangible Assets (NTA) per share

NTA before tax*	\$1.0999
NTA after tax	\$1.0767

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

### November review

Global share markets<sup>2</sup> continued to rally throughout November, rising by 2.4% in US\$ terms and recording a new all-time high during the month. The tech-stock heavy US share market led the way, rising by 3.6%, itself driven by a 7.3% increase in the 'FANG' index over the month. Elsewhere, in local currency terms, European and Japanese share markets increased by 2.9% and 1.6% respectively, while most emerging markets were weaker, notably China, which fell by 1.3%. In Australia, the local share market rose by 3.3%, while in Australian dollar terms global share markets rose by 4.3%, with the latter aided by a large drop in value of the Australian dollar during the month, which fell by 1.7% in trade-weighted terms.

The moves higher for global share markets continue to be consistent with the 'bad news is good news' narrative that has propelled all risk assets for most of this calendar year. With bad (but not too bad) economic news buoying financial markets, as central banks continue to cut interest rates to support the economy. Markets are becoming increasingly confident that they can look through the current slowdown in global growth, and instead focus on the growth rebound that 2020 is now expected to bring. On balance, this assessment – that we are going through a period of softness, which central bankers have been able to contain – seems warranted. It does however make watching markets move higher seem counter-intuitive, given the constant drip-feed of negative economic news.

Consider the incoming economic data during November. Japanese third quarter growth figures came in considerably worse than expected, with annualised growth falling to just 0.2%, well below the median estimate of 0.9%. Similarly, Chinese industrial output and retail sales missed estimates during the month, while fixed-asset investment grew by just 5.2% over the first 10 months of the year, the lowest reading since records began in 1998. Germany, Europe's biggest economy, defied expectations of entering a technical recession during the third quarter, though posted annualised growth of just 0.1%, while growth across the Eurozone as a whole annualised at just 0.2% during the quarter. In Australia, where the RBA is greatly concerned by the health of the local labour market, the October labour force report showed net job creation *falling* by 19,000 during the month, well below consensus expectations of a 15,000-person net employment gain.

Yet, despite the bleak incoming economic data, global share markets rallied significantly. For markets, the most important data point during November was that the US Federal reserve cut interest rates for the third time this year, pledging to "act as appropriate to sustain the (economic) expansion".

While lower rates from the world's most important central bank are clearly supportive for risk assets in the near-term, our view remains that the most likely corollary of the 'bad news is good news' market action this year has seen is that, at some point, 'good news' starts to become 'bad news', as global growth rebounds and central banks once again try to normalise interest rates with tighter conditions.

#### Global Value Fund Limited

ASX Code	GVF
Listed	July 2014
Shares on issue	148M
Share price	\$1.075
Market cap	\$159M
FY20 indicated dividend <sup>1</sup> (fully franked)	5.8 cents
FY20 indicated gross yield (inclusive of franking)	7.7%

#### 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 Staupe, CFA**  
 Fund Manager, Global Value Fund

#### Board of Directors

**Jonathan Trollip**

Chairman

**Chris Cuffe**

Non-executive Director

**Geoff Wilson**

Non-executive Director

**Miles Staupe, CFA**

Non-executive Director



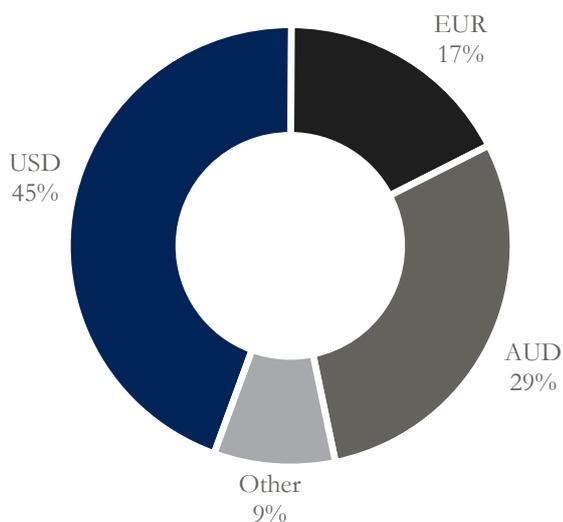
## Investment Update and Net Tangible Assets. As at 30th November 2019

Happily, however, predicting turning points in global financial markets is not within the remit of GVF. Instead, our mandate sees us holding a basket of lower-risk international assets from which we seek to actively unlock value for our investors. November was particularly successful for our approach, with our discount capture strategy adding 1% of excess returns (or alpha). During the month we exited our second largest position, JP Morgan global convertibles income fund (JGCI), via a liquidation event, realising all the underlying value we had purchased at a discount in the process. Further, two of our Australian holdings, Blue Sky Alternatives Access Fund (BAF) and Ellerston Global Investments (EGI), performed well. EGI announced that it would convert from a listed investment company (LIC) into an unlisted trust during the month, prompting a large rally in its share price. Having built our position in EGI at an average discount to asset value of 18% ahead of this announcement, we expect to now be able to realise substantially all this value through the conversion process.

Finally, while it did not have an immediate financial impact on GVF, during November we successfully exchanged our shares in Boussard & Gavaudan Holdings (BGHL), a Dutch listed closed-end fund, for equivalent units in an open-ended offering by the same manager. BGHL is one of GVF's larger holdings and we have had considerable engagement with both the manager and other shareholders over the course of this year. In consultation with its shareholders, BGHL recently announced that it would make a redeeming share class available for investors like GVF who wished to exit their holding at asset backing. The redeeming share class is subject to an initial three-year lock-up window. GVF has built its position in BGHL at an average discount to asset backing of 24% and we will realise this discount in full, along with the underlying returns of the fund itself, over the coming years.

The GVF investment portfolio increased in value by 2.4% during November. The fund's discount capture strategy added 1.0% to returns during the month while the fund's currency exposures contributed a further 1.1%. The remaining attribution of returns are accounted for by the fund's underlying market exposures and the Company's operating costs.

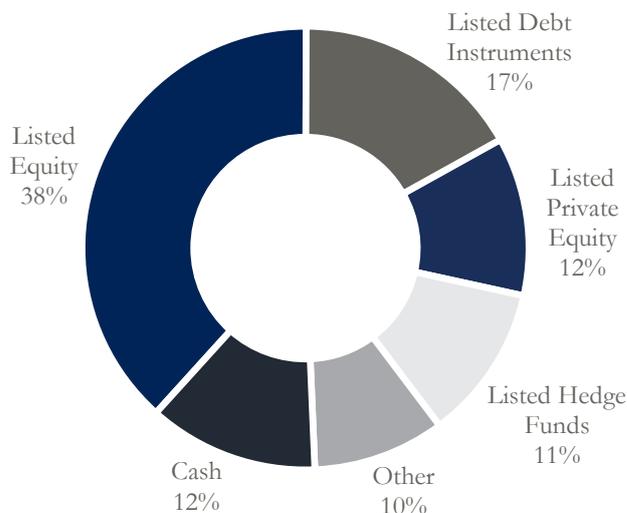
### Underlying Currency Exposures



The above chart reflects the manager's estimate of the currency exposures arising from the portfolio's underlying investments and cash balances as at 30<sup>th</sup> November.

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 30<sup>th</sup> November.

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
Polar Capital Global Financials	9.7%	London-listed CEF that invests into a diversified portfolio of large-cap global financial companies. The CEF was launched in 2013 with a fixed life that expires in May 2020, and GVF has accumulated its position at an attractive discount to NAV. Given the large and liquid shares held by the CEF, we have hedged a substantial portion of the underlying market risk, greatly improving the risk vs. reward characteristics of the investment.
Third Point Offshore USD	6.6%	London-listed CEF that acts as a feeder fund into a global event-driven, value-oriented hedge fund. The CEF currently trades on an 22.6% discount to its NAV and, under pressure from shareholders, the manager has recently enacted several positive initiatives designed to lower this discount, including a \$200M share buy-back program.
Blue Sky Alternatives Access Fund Ltd	6.1%	Australian-listed LIC that invests into a diverse portfolio of agricultural, private equity and other alternative assets. The position has been accumulated at an attractive discount to asset backing.
VPC Specialty Lending Investments	6.0%	A London-listed CEF, managed by a large US investment manager, that lends to middle market financial companies mainly in the US. The company currently trades on a 17.7% discount to NAV and is paying a yield of 10% pa based on the current share price. The company is subject to a continuation vote in 2020, at which shareholders have the right to put the company into liquidation.
Pershing Square Holdings	5.3%	London-listed CEF, managed by a well-known investment manager, that currently trades on an 28.1% discount to its NAV. The fund holds a concentrated portfolio of large capitalisation US stocks, that can be hedged at a relatively low cost, to reduce exposure to the manager's performance.

<sup>1</sup> The Board has guided that it anticipates FY20 dividend payments being at least 5.8 cents per share, 100% franked. This guidance is not a formal declaration of dividends for FY20 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> November 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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