

## Investment Update and Net Tangible Assets

### Net Tangible Assets (NTA) per share

NTA before tax*	\$1.0778
NTA after tax	\$1.0612

\* GVF traded ex-entitlement to a 2.9 cent fully franked dividend on 30 September 2019, the company also made tax payments of \$0.4M during September.

\$ denotes Australian dollar.

### September review

Global financial markets firmed during September, with further rounds of central bank easing at the European, US and Chinese Central Banks all announced during the month. While these actions were largely anticipated by the market, the delivery of further rounds of monetary stimulus appears to have moderated the heightened market fears created by August's escalation of the trade conflict between the US and China.

Global share markets<sup>2</sup> rose by 2.1% by US\$ terms, with notably strong performances in Japan and Europe, which rallied by 5.8% and 3.5% respectively in local currency terms. In Australia, the local share market rose by 1.8%, while in Australian dollar terms, global share markets rose by 1.8%.

While global equity markets generally firmed during the month, bond prices eased, with most key benchmark interest rates recovering some of their August falls. Notably, the yield on the benchmark 10-year Australian government bond moved back above 1%, though this still represents an extraordinarily low level by any historical standard.

GVF enjoyed several successes during September. The most significant of these was the announcement by the board of Third Point Offshore Investors (TPOU) to undertake a series of initiatives designed to materially reduce the large discount to NAV that its shares trade at. Included in these initiatives was a commitment to buy back up to US\$200M worth of stock over the next three years, representing roughly a quarter of the outstanding shares on issue. The announcement underpinned an 8% rally in the share price over the month. TPOU is one of GVF's largest holdings and we, along with other investors, have been actively engaged with its board for some time. Under the stewardship of its new Chairman, Steve Bates, our view is that the fund is finally taking the steps that are required to address problems that it has faced for some time. Despite the large share price rally during the month, the fund continues to trade on a c.18% discount to NAV, and we continue to see further upside from these levels.

Elsewhere, GVF participated in three corporate actions during the month, selling 7.3% of the total portfolio into corporate events which took place at a weighted average exit level that was 5.6% above our carrying prices for these investments. GVF also opened one new position during the month and continued to add to several existing holdings at favourable levels.

The investment portfolio increased in value by 1.4% during September. The fund's discount capture strategy added 1.1% to returns during the month, while the underlying returns from the fund's diversified portfolio of international assets contributed a further 0.8%. The remaining attribution of returns are accounted for by the fund's underlying currency exposures and the Company's operating costs.

#### Global Value Fund Limited

ASX Code	GVF
Listed	July 2014
Shares on issue	148M
Share price	\$1.015
Market cap	\$150M
FY20 indicated dividend <sup>1</sup> (fully franked)	5.8 cents
FY20 indicated gross yield (inclusive of franking)	8.2%

#### 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**

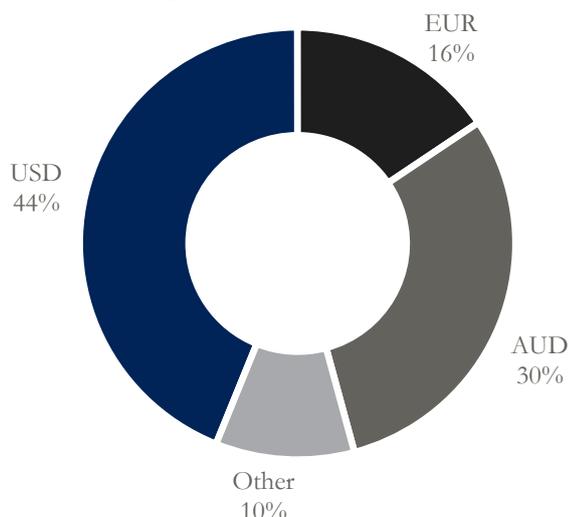
Non-executive Director

**Miles Staupe, CFA**

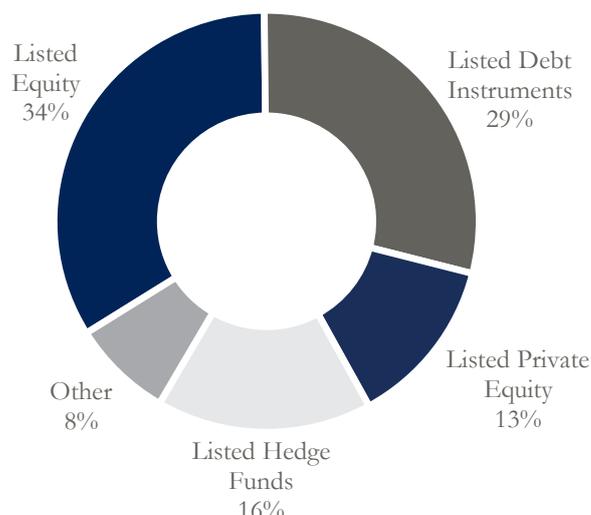
Non-executive Director



## 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 30<sup>th</sup> September.

Including emerging market currencies that are chiefly pegged to the US\$, the fund's US\$ exposure is approximately 46%.

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> September.

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
Highbridge Multi Strategy Fund	9.4%	London-listed closed-end fund (CEF) which acts as a feeder-fund into a multi-strategy global hedge fund run by Highbridge Capital Management, a leading global hedge fund firm based in New York. The fund seeks to deliver consistent risk-adjusted returns with low volatility and low beta to equity and credit markets. Following a change in investment direction by the manager, the fund is allowing shareholders the option to realise their holding at net assets value.
Polar Capital Global Financials	8.8%	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	7.0%	London-listed CEF that acts as a feeder fund into a global event-driven, value-oriented hedge fund. The CEF currently trades on an 18% 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.
NB Global Floating Rate Income Fund (LSE)	6.6%	London-listed CEF that holds an actively managed portfolio of senior secured floating rate loans. The position has been accumulated at an attractive discount to asset backing, a portion of which we expect to capture through a near-term corporate event.
Pershing Square Holdings	5.6%	Dutch-listed CEF managed by a well-known investment manager. The CEF currently trades on a 27% discount to its net asset value, which currently comprises a portfolio of just nine publicly listed large-cap US stocks. The Pershing investment portfolio has returned 55% year-to-date, greatly outpacing the return of the S&P500 index.

<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.



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

Unless otherwise stated, source for all data is Bloomberg LP and data as at 30<sup>th</sup> September 2019.

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**Past performance is not an indicator of future returns. This document is not suitable for distribution into the EEA.**