

## Investment Update and Net Tangible Assets

### Net Tangible Assets (NTA) per share

NTA before tax*	\$1.1348
NTA after tax	\$1.1061

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

### January review

January began as December ended, with financial markets continuing to rally strongly. The key headline that markets were primed for was a consummation of a 'phase one' trade deal between the US and China – with both countries intimating that a deal was now finalised and would soon be signed. Beyond the prospect of a de-escalation in the growth sapping trade-war, markets also continue to be supported by a tailwind of much easier monetary conditions. The final six months of 2019 saw significant interest rate cuts at the key central banks around the world, with the stimulative impact of these likely to be working their way through the real economy for some time to come.

While the US and China did formally sign a phase one trade deal as hoped, the revelation of an outbreak of a new coronavirus emanating out of Wuhan, China, abruptly derailed the monotony of risk assets continually moving higher. As the scale and severity of the virus became better understood, the final few weeks of January were overshadowed by a rapid re-assessment of the growth outlook, particularly in sectors heavily exposed to China.

Having risen by 2.5% during the month before the virus outbreak, global share markets<sup>2</sup> ended the month 1.1% lower. China sensitive asset classes fared much worse than this. Notably the price of Oil fell 15.6% over the month, while the Australian dollar fell by 4.7% in value against the US dollar. Due to Chinese New Year celebrations, the Chinese equity markets were closed throughout the final few weeks of January, however futures contracts on the FTSE China index pointed to the Chinese share market falling by 11.1% over the month.

In tandem with the reversal in global risk appetite, safe-haven assets such as government bonds rallied, as markets moved future interest rate expectations lower in anticipation of weaker growth ahead. The yield on the benchmark US government 10-year bond fell by 0.41% over the month, pushing prices 2.5% higher. In Australia, the yield on the local 10-year government bond had fallen back below the symbolic 1% level by month end.

January was another active month for GVF. The fund successfully exited three holdings and also participated in five corporate actions, selling 2.7% of the total portfolio into corporate events. These events took place at a weighted average exit level that was 16.7% above our carrying prices for these investments. On the other side of the ledger, GVF opened three new positions, two of which were substantial investments for the fund. As we are an on-going buyer in each of these names, we will refrain from discussing these new investments at this time. The fund also continued to add to existing names at favourable levels, ending the month 103.2% invested.

GVF's investment portfolio increased in value by 3.7% during January. The large fall in the Australian dollar over the month was an important driver of these returns, but the headline impact of the currency depreciation runs the risk of overshadowing what

#### Global Value Fund Limited

ASX Code	GVF
Listed	July 2014
Shares on issue	148M
Share price	\$1.095
Market cap	\$162M
FY20 indicated dividend <sup>1</sup> (fully franked)	5.8 cents
FY20 indicated gross yield (inclusive of franking)	7.6%

#### 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 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**

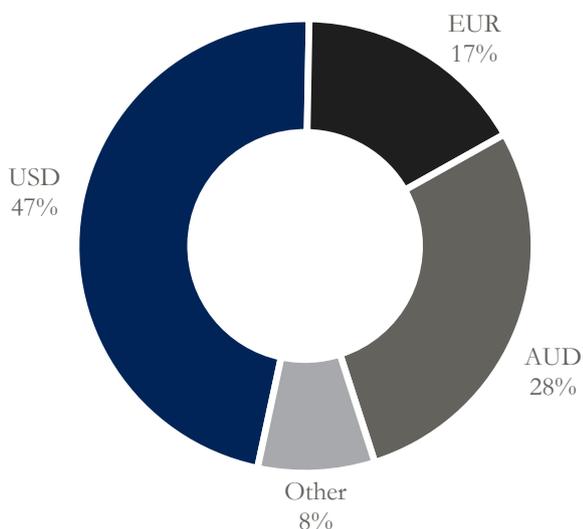
Non-executive Director

**Miles StauDe, CFA**

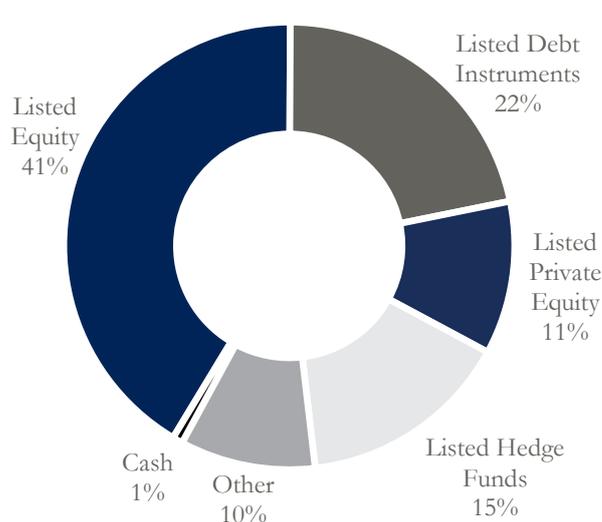
Non-executive Director

was also a very successful month for our core strategy of unlocking value. The fund's discount capture strategy added 1.1% to returns during January, a meaningful level of monthly outperformance. Adding to these gains, the underlying currency exposures of the fund added a further 3.3% to returns. The remaining attribution of returns are accounted for by the fund's underlying market exposures and the Company's operating costs.

### 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 31<sup>st</sup> January.

Including emerging market currencies that are chiefly pegged to the US\$, the fund's US\$ exposure is approximately 50%.

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> January.

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	9.0%	London-listed closed-end fund (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	7.1%	London-listed CEF that acts as a feeder fund into a global event-driven, value-oriented hedge fund. The CEF currently trades on a 20.3% 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.
VPC Specialty Lending Investments	6.1%	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 14.9% discount to NAV and is paying a yield of c.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.
Blue Sky Alternatives Access Fund Ltd	5.8%	Australian listed investment company (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.



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Pershing Square Holdings	5.2%	London-listed CEF managed by a well-known investment manager, that currently trades on a 26.6% discount to its NAV. The fund holds a concentrated portfolio of large capitalisation US stocks that can be hedged at a relatively low cost.
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<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 31<sup>st</sup> January 2020.

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. This document is not suitable for distribution into the EEA.**