

Investment Update and Net Tangible Assets

Net Tangible Assets (NTA) per share

NTA before tax*	\$0.9394
NTA after tax	\$0.9557

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

April review

It is hard to believe that a little over three months ago, share markets were at all-time highs, and that for businesses and the consumer almost all of the available real-time economic data was about as positive as it could be. Possibly the most important of these economic data points was that in the United States - the dominant driver of global share market returns in recent years - unemployment had hit a fifty year low, falling to 3.5%. Fast forward to today and the conditions could not be more reversed. April saw a total of 20.5 million Americans lose their job, taking US unemployment to an 80-year high. Meanwhile, virtually all of the real-time economic data is now signalling maximum pessimism for both the consumer and for businesses.

At face value then, financial market movements in April seem somewhat counter-intuitive. Share markets recorded substantial gains during the month, with other higher-risk asset classes following suit. Global stock markets² registered a 10.7% increase in US\$ terms, a move primarily driven by the strength of the US share market and its dominant technology sector, which has benefited greatly from the global lock-down in place. The US share market rose by 12.8% over the month, while outside of the US, gains were more modest. In local currency terms, European and Japanese share markets were both 6.7% higher. In credit markets, US high-yield bonds rose by 3.4%, while US and European leveraged loan indices increased by 4.5% and 8.3% respectively. In tandem with the lift in risk assets, the Australian dollar rose by 6.2% over the month, which in a historical context is one of the largest monthly increases on record. In Australia, the local share market rose by 8.8%, while in Australian dollar terms global share markets rose by 4.2% - with the strength of the Australian dollar offsetting much of the broader global market gains.

While April's positive market moves may seem counter-intuitive in the face of an onslaught of negative economic news, in part it reflects a developing debate within the market. Is there now enough information available to fully price the economic damage the pandemic will bring? If investors have confidence that the worst is behind them, they can often stomach considerable amounts of near-term bad news. Equity markets represent the present value of all future cash flows, from now until the end of time. With a tidal wave of government and central bank stimulus arriving, one school in the market today is looking through the near-term lost earnings, believing they see substantial longer-term value. The challenge with this view, of course, is that the scale of the economic challenge that lies ahead seems far from easily quantifiable today. As the opposing sides to this debate draw their lines, it is instructive to note that much of the optimism seen in equity markets during April is yet to be reflected across debt markets, where a more cautious tone continues to drive security pricing.

April saw considerable activity in the GVF portfolio. The fund participated in eight corporate actions, selling 10.2% of the total portfolio into corporate events which took place at a weighted average exit price that was 6.4% above our carrying prices for these investments. Including these exits, gross portfolio turnover was 14.9% of NAV

Global Value Fund Limited

ASX Code	GVF
Listed	July 2014
Shares on issue	148M
Share price	\$0.94
Market cap	\$139M
FY20 indicated dividend ¹ (fully franked)	5.8 cents
FY20 indicated gross yield (inclusive of franking)	8.8%

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

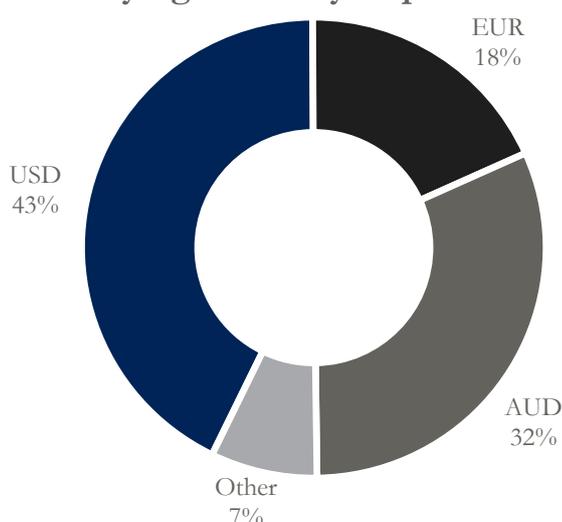
Non-executive Director

during the month. The investing environment remains highly constructive for our strategy, and we continue to be very active, both in terms of adding to our portfolio and in undertaking due diligence on a range of new names that have appeared on our radar. Beyond the raw portfolio metrics, we also opened two new activist engagements during the month. These engagements involve significant holdings of ours, which are currently trading at deep discounts to their underlying value. If we are successful in our efforts here, both positions have the potential to add meaningfully to GVF's returns over the course of the coming year.

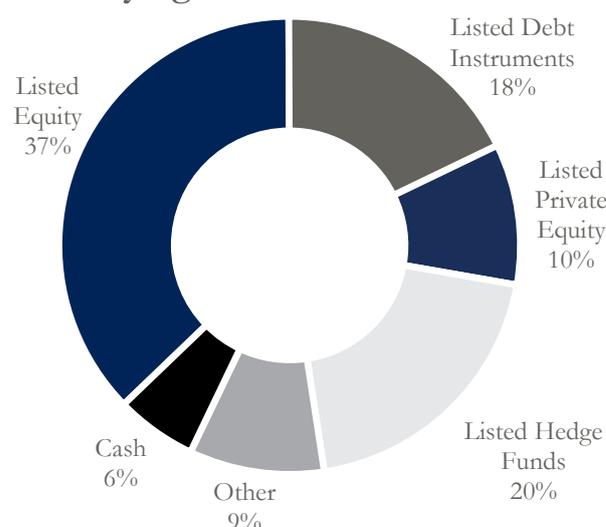
The GVF investment portfolio increased in value by 2.4% during April. The fund's discount capture strategy added 2.5% to returns, while underlying market exposures added a further 4.2%. These returns were offset by the steep rise in the Australian dollar during the month, which detracted 4.2% from portfolio performance. The remaining attribution of returns are accounted for by the Company's operating costs.

Authorised for release by Miles Staude, Portfolio Manager and 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 30th April.

Including emerging market currencies that are chiefly pegged to the US\$, the fund's US\$ exposure is approximately 43%.

The above chart reflects the manager's estimate of the underlying asset classes held through the fund's portfolio of investments as at 30th April.

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
Third Point Offshore USD	6.9%	London-listed CEF that acts as a feeder fund into a global event-driven, value-oriented hedge fund. The CEF currently trades on a 28.4% 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.
Highbridge Tactical Credit Fund	6.3%	London-listed CEF which acts as a feeder-fund into a market-neutral credit hedge fund run by Highbridge Capital Management, a leading global hedge fund firm based in New York. Calendar year-to-date the fund has returned +1.8%, however the discount on the fund has widened materially recently, and currently sits at 15.6%. The fund has a discontinuation vote in Q1 2021 at which point shareholders have the right to put the fund into a managed wind-down. Given the size of the current discount, a managed wind-down would represent an exit approximately 18% above the current share price.



Investment Update and Net Tangible Assets. As at 30th April 2020

Pershing Square Holdings	5.8%	London-listed CEF managed by a well-known investment manager that currently trades on a 33.9% discount to its NAV. The fund holds a concentrated portfolio of large capitalisation US stocks. Calendar year-to-date the fund has generated a +17.3% investment return, substantially outperforming the US share market into which PSH invests.
Ellerston Global Investments	5.6%	Australian listed investment company (LIC) that invests in global equities. Having traded below Net Asset Value for some long time, the board decided that the best way to address the company's discount was to convert the fund into an open-end trust. We expect this scheme to be implemented later this year.
Blue Sky Alternatives Access Fund Ltd	5.5%	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 a significant discount to asset backing.

¹ 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.

² 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 30th April 2020.

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