

Investment Update and Net Tangible Assets

Net Tangible Assets (NTA) per share

NTA before tax*	\$1.2272
NTA after tax	\$1.1653

* After tax payments of \$1.8M made during the month, equivalent to 1.0 cents per share
 \$ denotes Australian dollar.

July review

At times it seems like nothing can derail the current bullish environment share markets enjoy. July saw a collapse in bond yields, a surge in highly contagious 'Delta' Covid-19 cases around the world, and an abrupt regulatory crackdown in China. Each development on its own could have created significant headwinds for equities in less buoyant times. Yet, markets took each development in their stride, and by month end global share markets⁴ had recorded another all-time high, rising by 0.7% in US\$ terms. This positive overall return global share markets enjoyed came despite a 6.8% fall in the Chinese share market, and a 2.0% fall in the 'FAANG'⁷ index, two sectors that until recently had been key drivers behind the ongoing share market strength.

The fall in bond yields during July was particularly challenging to the narrative that has established itself in the market so far this year. Namely, that a return of inflation pressures would see yields move higher over the year ahead. The chief reason for the fall seems to be a new market angst that we may already have hit 'peak growth'. The 'reopening theme', concurrent with an expectation of a period of well-above trend growth, is now firmly established market consensus. Thus, markets are now starting to look at what happens beyond this period of economic vim. At the same time, the arrival of the Delta variant has opened the risk that expectations may already have moved too high. To say it another way, markets have started to worry that this current spurt of strong growth is as good as its going to get.

Typically, growth scares are quite negative for share markets, as the owners of companies are those most exposed to a pull-back in future growth expectations. In contrast, falling yields typically lift bonds prices. And while the share market seemed to shrug off these new growth worries, bond prices followed the more traditional playbook by rallying over the month. Over July, global credit markets⁵ outperformed global share markets, rising by 1.2%.

The final notable market development during the month was the continued weakness in the Australian dollar, which fell by 2.1% against the US\$. Iron Ore prices fell by 14.2% during July, while the escalating outbreak of the Covid Delta variant has raised significant concerns about the near-term growth outlook. Despite these headwinds, the local Australian share market rose by 1.1%, while in Australian dollar terms, global share markets and global credit markets rose 2.8% and 3.3% respectively.

The most notable portfolio development for GVF during July involved our investment in JPEL Private Equity (JPEL), a London-listed private equity fund currently in run-off. JPEL's shares rose by 22% during the month after it announced the sale of its largest holding, Swania. Swania had previously represented almost half of the company's asset value, and the announced sale has taken place at a 19% premium to its prior carrying value. The strong share price response also reflected the company's announcement that it would promptly seek to return a substantial portion of capital (approximately 50%) at asset backing.

Global Value Fund Limited

ASX Code	GVF
Listed	July 2014
Shares on issue	173M
Share price	\$1.15
Market cap	\$199M
Total dividends declared ¹	48 cents
Profits Reserve ²	22 cents
Fully franked yield ³	7.5%

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

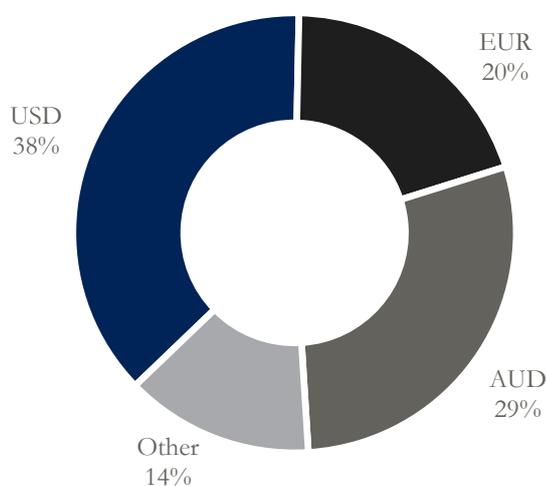
Investment Update and Net Tangible Assets. As at 31st July 2021

We added to our investment in JPEL earlier this year, participating in off-market placings below the prevailing market price, at discounts to asset backing of approximately 45%. As well as the attractive discount we were able to secure this stock at, we also believed there was additional latent value within the JPEL portfolio due to the 'lag effect' private equity funds suffer after periods of strong markets. This is a theme we discussed in detail in our [recent webinar](#) and is the thesis behind several of GVF's other large private equity investments.

The GVF investment portfolio increased in value by 2.9% during July. The fund's discount capture strategy contributed 1.7% to returns during the month, while the depreciation of the Australian dollar added a further 1.6%. The remaining attribution of returns during July are explained by the fund's underlying market exposures and the company's operating costs.

Authorised for release by Miles Staude, Portfolio Manager and Director.

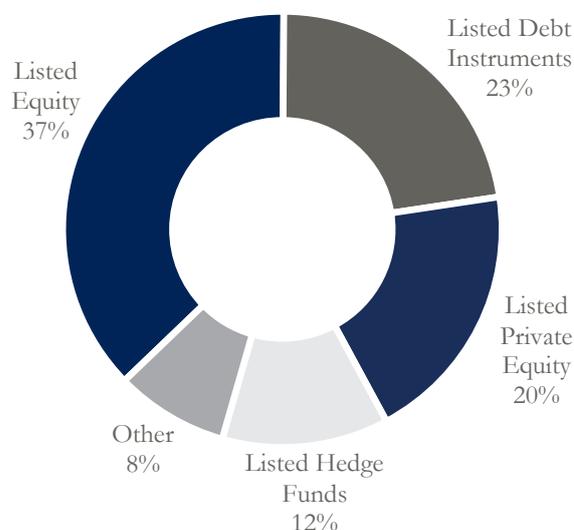
Underlying Currency Exposures



The above chart reflects the manager's estimate of the currency exposures arising from the portfolio's underlying investments and cash balances as at 31st July.

Including emerging market currencies that are chiefly pegged to the US\$, the fund's US\$ exposure is approximately 42%.

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 31st July.

Exposure to cash represents both cash balances held by the Company and the underlying cash holdings of the fund's portfolio of investments.

Significant Holdings⁶

Holding	% NTA	Summary
VPC Specialty Lending Investments	6.3%	London-listed closed-end fund (CEF), managed by a US investment manager, that predominantly lends to middle market financial companies mainly in the US. The company currently pays a yield of c.9.2% pa based on the current share price, and trades on a discount of 16.5% to NAV. In conjunction with continuation vote in 2020, and following pressure from shareholders (including GVF), the company put in place an opportunity for shareholders to realise some, or all, of their investment at NAV in 2023, if discount or performance targets are not achieved.
Harbourvest Global Private Equity	6.3%	London-listed CEF with a diversified portfolio of private equity funds investments. The fund trades on a wide discount to its reported asset backing but owing to the lag with which private equity funds report their performance, the embedded value is even greater than this.



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Third Point Investors	5.9%	London-listed CEF that acts as a feeder fund into a global event-driven, value-oriented hedge fund. The CEF currently trades on a 14.1% discount to its NAV. Under pressure from shareholders, the Board recently completed a strategic review into the fund's discount problem, putting in place several initiatives to try and improve the situation. Notwithstanding this, we believe there is shareholder support for additional measures to be taken.
Highbridge Tactical Credit Fund	5.6%	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. The fund has now entered into a managed wind-down and will return capital to shareholders over the next year. Given the current discount, the managed wind-down represents an exit approximately 2.0% above the current share price.
Ellerston Global Investments	5.3%	Australian listed investment company (LIC) that holds a portfolio of global equities. Having traded below Net Asset Value (NAV) for some time, the board implemented a restructuring of the LIC and converted the company into an open-ended trust.

¹ Grossed up dividends of 47.81c declared from IPO at \$1 through to 13th May 2021, the HY2021 interim dividend payment date.

² The profits reserve sits at 22.4c as of 31st July 2021.

³ Based on the end of month share price of 1.15 and the FY2021 dividend guidance of 6.0 cents per share, fully franked.

⁴ All references to global shares markets refer to the total return (price and dividends) of the MSCI All Country World Equity Index.

⁵ All references to global credit markets refer to the Bloomberg Barclays Global Credit Total Return Index.

⁶ In order to protect the interests of GVF shareholders, certain large holdings may not always be publicly disclosed.

⁷ A well followed share market index of high-growth technology companies.

Unless otherwise stated, source for all data is Bloomberg LP and data as of 31st July 2021.

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