

Investment Update and Net Tangible Assets

Net Tangible Assets (NTA) per share

NTA before tax*	\$1.0357
NTA after tax	\$1.0466

* This is after the deduction of tax payments of \$0.5M the company made during December
 \$ denotes Australian dollar.

December review

December rounded out one of the worst quarters for growth sensitive financial assets on record. Global share markets² fell by 7.0% on the month in US\$ terms, taking their fall over the final quarter of 2018 to 12.8%. The falls were most pronounced in the market sectors that have led the recent bull market run, with the tech-stock heavy Nasdaq index falling 9.4% on the month and 17.3% on the quarter. In-line with the markets re-assessment of the global growth outlook, the yield on the benchmark 10-year US bond fell by 30bp, a substantial re-pricing of the outlook for forward interest rates. The price of the US 10-year bond, which moves inversely to the movement of interest rates, rose by 2.1% on the month. In Australia, the local equity index was the only major market not to record substantial losses in December, falling by just 0.1% on the month, though it still recorded an 8.2% fall on the quarter. In Australian dollar terms, global share markets finished the month down 3.7%, though were down by as much as 7.9% at one point during the month.

Since peaking at the end of September, financial markets have moved to price in a much less optimistic outlook for the global economy in 2019/20 than had previously been expected throughout most of 2018. In China, economic growth has continued to slow despite numerous rounds of incremental stimulus, while in Europe, the forward-looking data continues to deteriorate. Finally, in the US, the effects of the highly stimulative, but one-time only, Trump tax cuts are beginning to fade, with US growth in 2019 now expected to slow noticeably compared to 2018. In aggregate, much of the air has now come out of the 'synchronised global upswing' narrative that propelled risk assets higher throughout 2017 and much of 2018. We highlighted our concerns about the outlook for risk assets based on these reasons during our [shareholder presentations](#) in November of last year.

The GVF investment portfolio decreased in value by 1.6% during December, with the fund's discount capture strategy detracting 1.0% from returns during the month. The negative return from our investment strategy during the month was disappointing. It was largely driven by a meaningful widening on the discount of two of GVF's larger investments over December. Both holdings are now in formal run-off, and we have high confidence that we will receive the underlying asset value of these investments progressively over the course of 2019. As both are in run-off however, they have relatively illiquid trading now and are prone to exaggerated price moves during a large market sell-off. As such, over the course of 2019, we expect to both recoup December's losses from these investments, as well as enjoy an uplift from the original discount that we were holding these investments at.

While it was a disappointing month for our discount capture strategy, it was pleasing to see the broader portfolio behaving as we would wish it to during a period of substantial market stress. Over the final quarter of 2018, the GVF investment portfolio fell by 4.8%, while for CY2018 as a whole the portfolio generated a positive 2.4% return. For comparison, over these same periods, global share markets in A\$ terms have returned -10.4% and +0.5% respectively.

Global Value Fund Limited

ASX Code	GVF
Listed	July 2014
Shares on issue	148M
Share price	\$1.035
Market cap	\$153M
FY19 indicated dividend ¹	6.3 cents
FY19 indicated yield	6.1%
(70% franked)	

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.

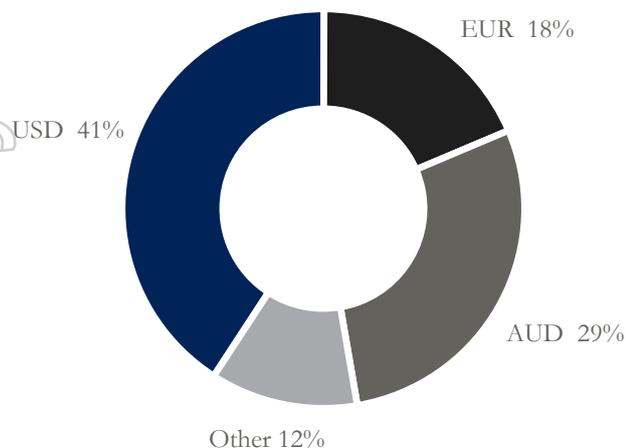
Investment Management

Miles StauDe, CFA
 Fund Manager, Global Value Fund

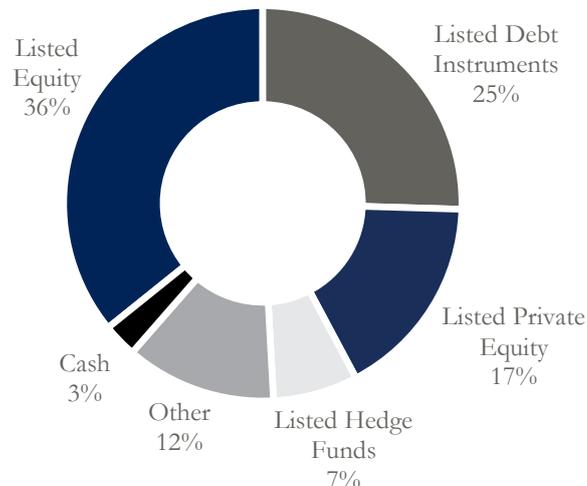
Board of Directors

Jonathan Trollip
 Chairman
Chris Cuffe
 Non-executive Director
Geoff Wilson
 Non-executive Director
Miles StauDe, CFA
 Non-executive Director

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 31st December.

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 31st December.

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
Carador Income Fund	7.6%	London-listed closed-end fund (CEF) that holds a diversified portfolio of equity and mezzanine tranches of CLOs, backed by senior secured leveraged loans. The position has been accumulated at an attractive discount to asset backing and portfolio is currently in liquidation, which will allow us to unlock the underlying value of the investment.
Asia Pacific Fund	6.5%	A US listed CEF that is in the process of liquidation and has sold all its holdings. Having acquired the position at an attractive discount to asset backing, and with the capital to be distributed shortly, we believe it offers a compelling risk vs. return profile.
Pershing Square Holdings	6.4%	London-listed CEF managed by a well-known investment manager. The position in this concentrated portfolio of large capitalisation US stocks was accumulated at an average discount to NAV of 23%. The underlying investments can be hedged, to reduce exposure to the manager's performance, at a relatively low cost.
Blue Capital Global Reinsurance	6.3%	Bermudan incorporated global reinsurance fund. The fund is in liquidation, with the majority of investor capital expected to be returned in the first half of 2019. The position has been accumulated at an average discount to NAV of 11%.
Lazard World Trust	6.1%	London-listed CEF that holds a diversified portfolio of listed funds. Shareholders have voted to liquidate the Fund and a managed wind-up is in process.

¹ The Board has guided that it anticipates FY19 dividend payments being at least 6.3 cents per share, 70% franked. This guidance is not a formal declaration of dividends for FY19 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 31st December 2018.

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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