

## Investment Update and Net Tangible Assets

### Net Tangible Assets (NTA) per share

NTA before tax*	\$1.0191
NTA after tax	\$1.0128

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

### July review

In US dollar terms, most asset classes recorded healthy gains during July. Supporting the moves higher were announcements of further rounds of government stimulus (including in Australia, 'Jobkeeper 2.0') and positive news regarding the race to secure an effective Covid-19 vaccine. With regards to the latter, Moderna Inc. announced in mid-July that the Covid-19 vaccine that it is working on was shown to produce antibodies in all of the patients it tested in an initial safety trial. While this on its own does not guarantee the treatment will be an effective vaccine, it clears an important early hurdle on the way to that goal. The news of Moderna's success was one of the key drivers for the overall market gains seen during the month.

While most asset classes rallied in July, the one important exception to this was the US dollar. July saw the US dollar index fall by 4.2%, its largest monthly drop in ten years. Relative to other major economies, the US has seen a much more severe deterioration in its fiscal position as the country has battled to contain Covid-19. Following the large unfunded tax cuts that President Trump enacted into law, the US government's budget was already on a dangerous path. Added to this now (notably in an election year) has been incredible government largess to fight the pandemic - currently five out of every six unemployed persons in the US are earning more money on unemployment benefits than they were in their prior job. Accordingly, in a very short period of time the US fiscal position has become dire. According to the IMF, US debt to GDP will reach 146% by the end of 2021, which is roughly 10% above where Italy's level was at the start of 2020 - noting that Italy's bulging debt levels have been a source of much market angst in recent years. Finally, further weighing on the dollar has been the commitment by the US Fed to undertake unlimited QE, which requires much more monetary printing than most other major currency blocks have signed up to.

In aggregate then, the stars have aligned to paint a very negative backdrop for the US\$ for the foreseeable future, though how much of this is already now in the price is unclear. As the world's only reserve currency, a bearish environment for the US dollar has far-reaching implications. One of the most immediately noticeable of these has been a surge in investors' interest in gold, the price of which rallied by 10.9% over the month.

In Australian dollar terms, global equity<sup>2</sup> and credit markets<sup>3</sup> rose by 1.8% and 0.6% respectively, with a 3.5% rise in the Australian dollar during the month muting local currency returns. In Australia, the local share market rose by 0.5%.

The GVF investment portfolio continues to be very active, as our investment universe is still providing us with a much richer opportunity set than we typically find. The fund participated in eight corporate actions during the month, unlocking a considerable amount of underlying value in the process. We also successfully exited two investments during July and began building stakes in two new names.

### Global Value Fund Limited

ASX Code	GVF
Listed	July 2014
Shares on issue	148M
Share price	\$0.96
Market cap	\$142M
FY20 indicated dividend <sup>1</sup> (fully franked)	5.8 cents
FY20 indicated gross yield (inclusive of franking)	8.6%

### 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**

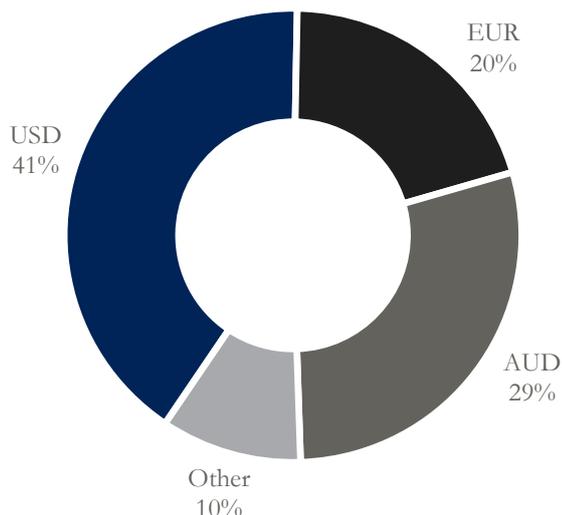
Non-executive Director

## Investment Update and Net Tangible Assets. As at 31st July 2020

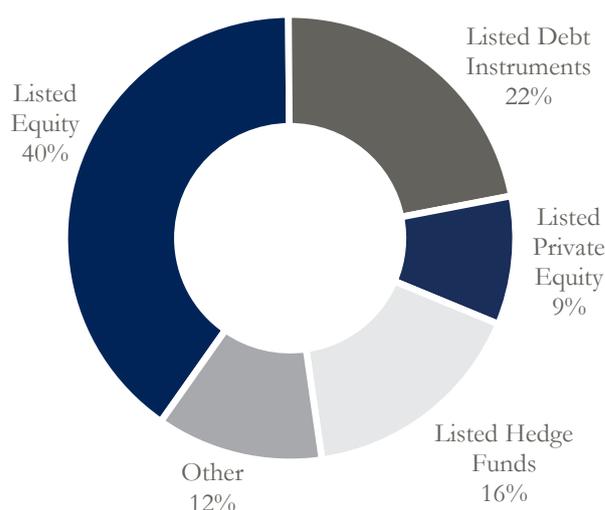
The GVF investment portfolio increased in value by 1.6% during July, with the fund's discount capture strategy adding 1.9% to returns. As in June, the strong performance from our investment strategy was able to offset the large rise in the A\$ over the month, with the fund's underlying currency exposures detracting 1.3% from performance. Elsewhere, the fund's market exposures added 1.5% to returns, with the remaining attribution of returns for the month accounted for by the Company's operating costs. The fund was 110.3% invested at the end of July.

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 31<sup>st</sup> July.

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 31<sup>st</sup> July.

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
Ellerston Global Investments	8.1%	Australian listed investment company (LIC) that holds a portfolio of global equities. Having traded below Net Asset Value (NAV) for some 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.
Highbridge Tactical Credit Fund	7.3%	London-listed closed-end fund (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 8.8%, however the discount on the fund has widened materially recently, and currently sits at 15.4%. 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.
Third Point Offshore USD	6.6%	London-listed CEF that acts as a feeder fund into a global event-driven, value-oriented hedge fund. The CEF currently trades on a 26.9% 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.

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Blue Sky Alternative Access Fund Ltd	5.5%	Australian 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. GVF's portfolio manager, Miles Staude, serves on the Board of BAF and has been actively involved in the design of a new corporate strategy for the Company. This new strategy is intended to close the large discount to asset backing that the company's shares trade at and it is expected to be implemented following a shareholder EGM that is being held 8 September 2020.
NB Global Floating Rate Income Fund (LSE)	5.4%	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, most of which we expect to capture through a near-term corporate event.

<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.

<sup>3</sup> All references to global credit markets refer to the Bloomberg Barclays Global Aggregate Credit Total Return Index.

Unless otherwise stated, source for all data is Bloomberg LP and data as at 31<sup>st</sup> July 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.**