31st July, 2017

STAUDE CAPITAL
GLOBAL VALUE FUND

# Investment Update and Net Tangible Assets

## Net Tangible Assets (NTA) per share

| | |
|---|---|
| NTA before tax* | $1.0891 |
| NTA after tax | $1.0834 |

* This is after a $0.2M tax payment made during July, equivalent to 0.2 cents per share

$ denotes Australian dollar

## July review

Global share markets continued to make gains during July, with most major developed market equity indices registering gains. The MSCI All Country World Index rose 2.8%, registering a new all-time high. In local currency terms, US and European share markets rose 2.1% and 0.5% respectively, while the Japanese share market fell 0.5%. In Australia, the local equity market was unchanged, while in Australian dollar terms, the MSCI All Country World Index fell 1.1%.

It has now been eighteen months since global share markets, as measured by the MSCI All Country World Index (in US dollar terms), have experienced a monthly fall of greater than 2%, a streak that has not been repeated anytime in the last 20 years. By any measure, recent history has been remarkably positive for global share markets, and after a period like this, complacency would seem to be the biggest risk facing both personal and professional share market investors.

While global share markets continue to enjoy a golden period, other financial markets face much greater levels of volatility. During July, some of the most noticeable financial market moves were seen in the currency markets. Over the month, the US dollar index fell by 2.9%, as a high-profile failure by the Republican controlled US senate to pass a repeal of the Obama administrations health care laws drove US dollar losses. The Australian dollar rose by 3.8% during July, driven higher by both US dollar weakness and RBA commentary which was more positive than expected.

During the month, the fund opened two new positions and substantially exited one. We also significantly added to our holding in DW Catalyst Fund ahead of an Extraordinary General Meeting convened to vote on the liquidation of the company. Subsequent to the end of July, this vote was passed and the company will now be wound down and its capital returned to shareholders.

The investment portfolio decreased in value by 0.9% during July. The fund's discount capture strategy added 0.7% to returns during the month while the rising Australian dollar detracted 2.1% from performance. The remaining attribution of returns are accounted for by underlying market movements and operating costs.

This calendar year to the end of July, the Australian dollar has risen by 10.7% against the US dollar. A significant move which has adversely impacted the GVF investment portfolio by 5.5%. Despite this challenging headwind, our investment strategy has generated positive returns every month, delivering gross returns of 6.8% over the same period.

A list of GVF's current top five holdings is shown on the following page, along with a breakdown of the fund's underlying currency and asset class exposures. The fund was 105% invested at the end of July.

### Global Value Fund Limited

| | |
|---|---|
| ASX Code | GVF |
| Listed | July 2014 |
| Shares on issue | 121M |
| Share price | $1.14 |
| Market cap | $138M |
| Dividend prior 12 mths (74% franked) | 6.15 cents |

### 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.

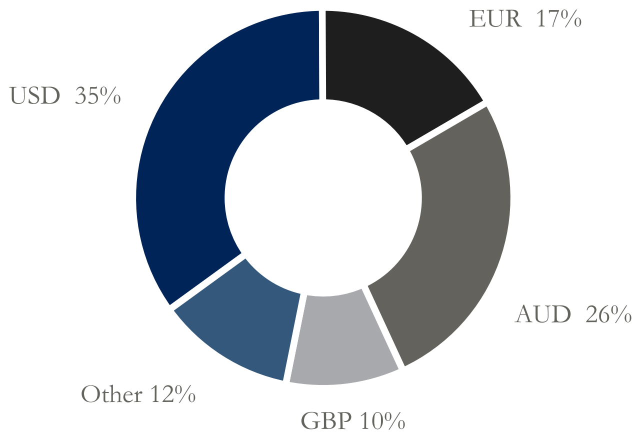
### Investment Management

**Miles Staude, CFA**
Fund Manager, Global Value Fund

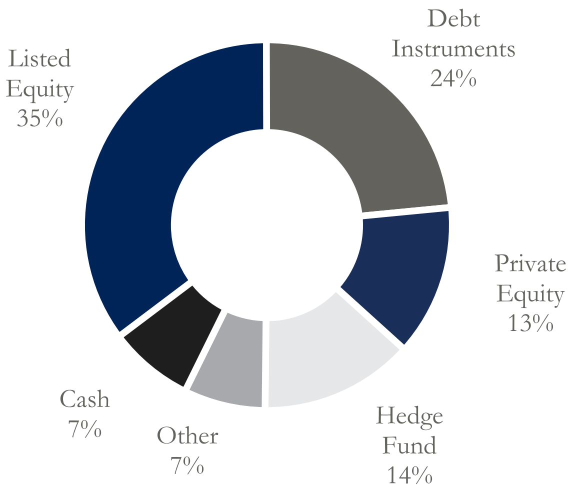
### Board of Directors

**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 the 31st of July.

Including emerging market currencies that are chiefly pegged to the US$, the fund's US$ exposure is approximately 44%.

The above chart reflects the manager's estimate of the underlying asset classes held through the fund's portfolio of investments as at the 31st of 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 |
|---|---|---|
| DW Catalyst Fund | 9.1% | London listed closed-end fund (CEF) that acts as a feeder fund into a US$2.3bn multi-strategy credit fund spun out from Brevan Howard. The position has been accumulated at an average discount to net asset value of greater than 10%. In August 2017 shareholders voted to wind up the company and return capital progressively throughout 2018. |
| Jupiter Dividend and Growth | 7.0% | London listed CEF investing in FTSE UK All-share securities. The Fund has a fixed life and liquidates in November 2017. |
| Third Point Offshore Investors | 6.2% | London listed CEF that acts as a feeder fund into a global event-driven, value-oriented hedge fund. The position has been accumulated at an average discount to net asset value of greater than 18%. |
| Carador Income Fund | 5.8% | London-listed CEF that holds a diversified portfolio of equity and mezzanine tranches of CLOs, backed by senior secured leveraged loans. We expect to be able to unlock value from this investment via a near-term corporate action. |
| Undisclosed | | The manager does not believe it is in shareholders' interests to disclose this holding at this time. |

Source for all data: Bloomberg LP. All data as at 31st July 2017.



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