

STAUDE CAPITAL   

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GLOBAL VALUE FUND

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# Agenda:

- 1. Introduction**
- 2. The Global Value Fund**
- 3. March 2018 Capital Raising**
- 4. Case studies**



# The Global Value Fund at a glance

ASX code: GVF  
Offer Price: \$1.10  
VWAP pre-offer: \$1.13<sup>1</sup>  
No. Shrs: 121M  
Mkt Cap: \$140M  
Listed: July 2014

## 12.2%

Annualised adjusted NTA  
return since IPO<sup>2</sup>

## Objective

To generate equity market like returns when measured over time, but to do so with significantly less risk than a typical global share market portfolio.

## 22.5

Total cents per share of  
grossed up dividends  
declared since IPO

## Directors

Jonathan Trollip (Chair)  
Chris Cuffe  
Geoff Wilson  
Miles Staude

## 6.7%

Indicated FY2018 grossed  
up yield<sup>3</sup>

It is the Board's intention to pay regular dividends so long as the Company is in a position to do so

**Please note that past performance is not indicative of future returns.**

Unless otherwise stated, data sourced from Bloomberg LP and Company reports.

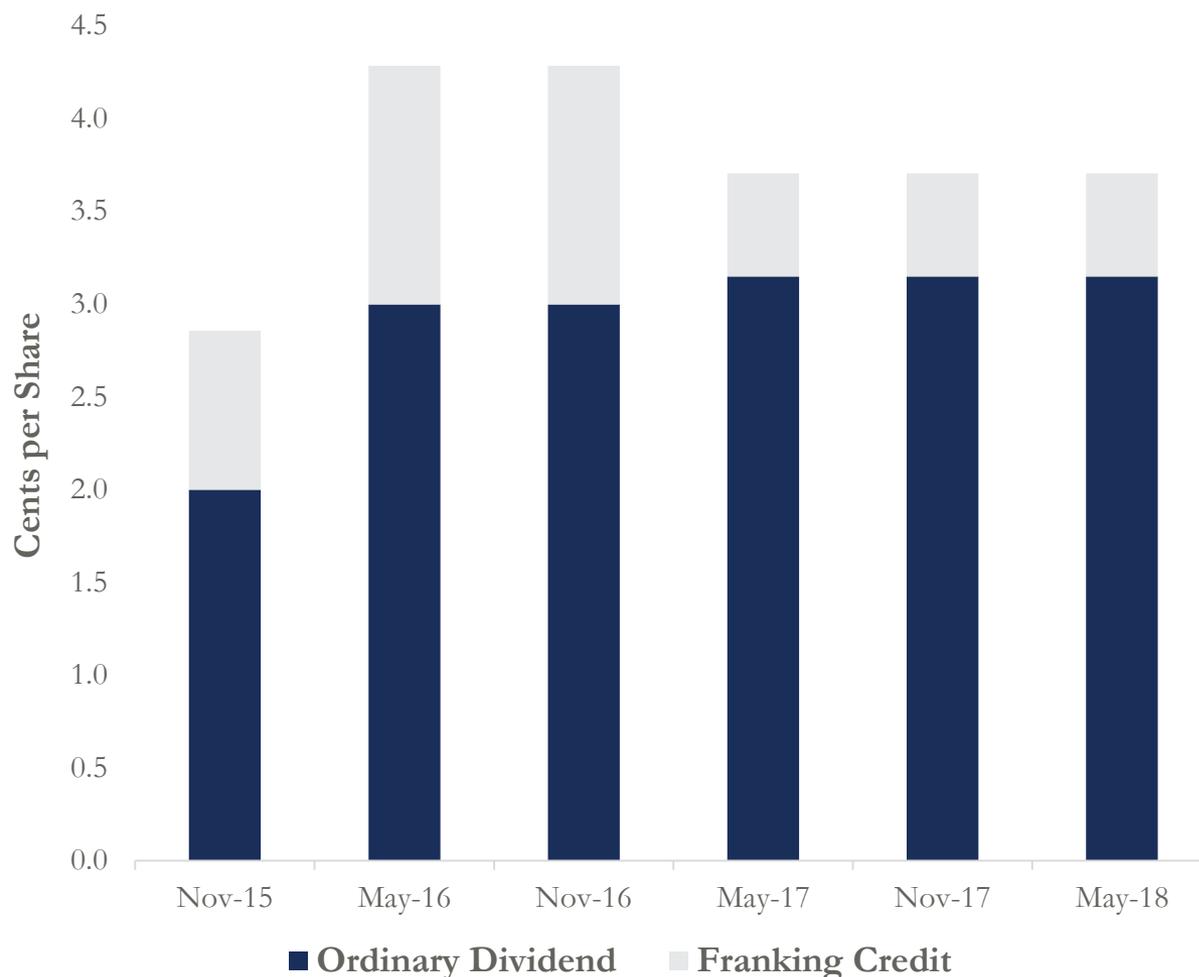
<sup>1</sup> Volume weighted average price of GVF shares over the 30 trading days before the offering announcement.

<sup>2</sup> From IPO to Dec 2017. NTA adjusted for tax paid, dividends, dilution from options exercised and other minor balance sheet items. Source: Staude Capital

<sup>3</sup> Based on the New Issue price of \$1.10/share and Company guidance for FY2018 dividends of 6.3 cents per share, 50% franked.

# GVF dividend history

Declared dividends and franking credits since IPO<sup>1</sup>



**Current Board guidance<sup>2</sup> is for FY2018 dividends of 6.3 cents per share, 50% franked**

- 1 Data source: Company reports.
- 2 Comprising a declared 1H 2018 dividend of 3.15 cents per share, 50% franked, and Board guidance of a 2H 2018 dividend of 3.15 cents per share, 50% franked. The 2H 2018 dividend guidance is not a formal declaration of dividends. The size and payment of any final dividend for FY2018 will be subject to the Company having sufficient profit reserves and the dividend payment being within prudent business practices.

Please note that past performance is not indicative of future returns



## **2. The Global Value Fund**

# The Global Value Fund

**Our core discount  
capture strategy  
targets returns  
comparable with global  
equity markets while  
aiming for a  
significantly lower risk  
profile**

A focus on listed securities which are undervalued relative to a defined and observable asset value

- A discount to “break-up” value

Closed-end funds (CEFs) will form the core of our investment universe

- Internationally, CEFs are a mainstream asset class, with an investable universe of >US\$400Bn

A variety of passive and active techniques are used to unlock value for our investors

**We operate on a  
global stage;  
investing around  
the world and  
across asset classes**

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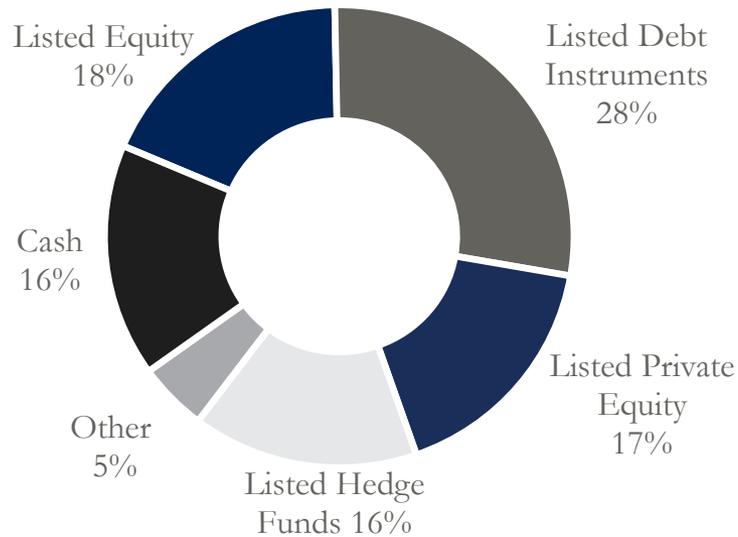
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**GLOBAL VALUE FUND**

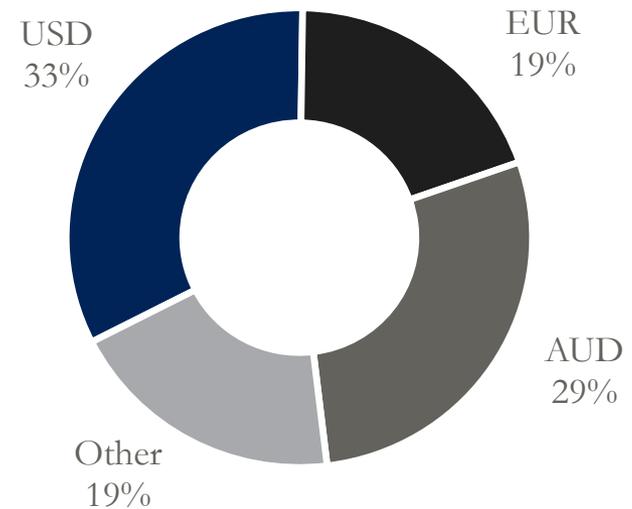


# Investment Portfolio<sup>1,2</sup>

## Underlying Asset Classes



## Underlying Currency Exposures

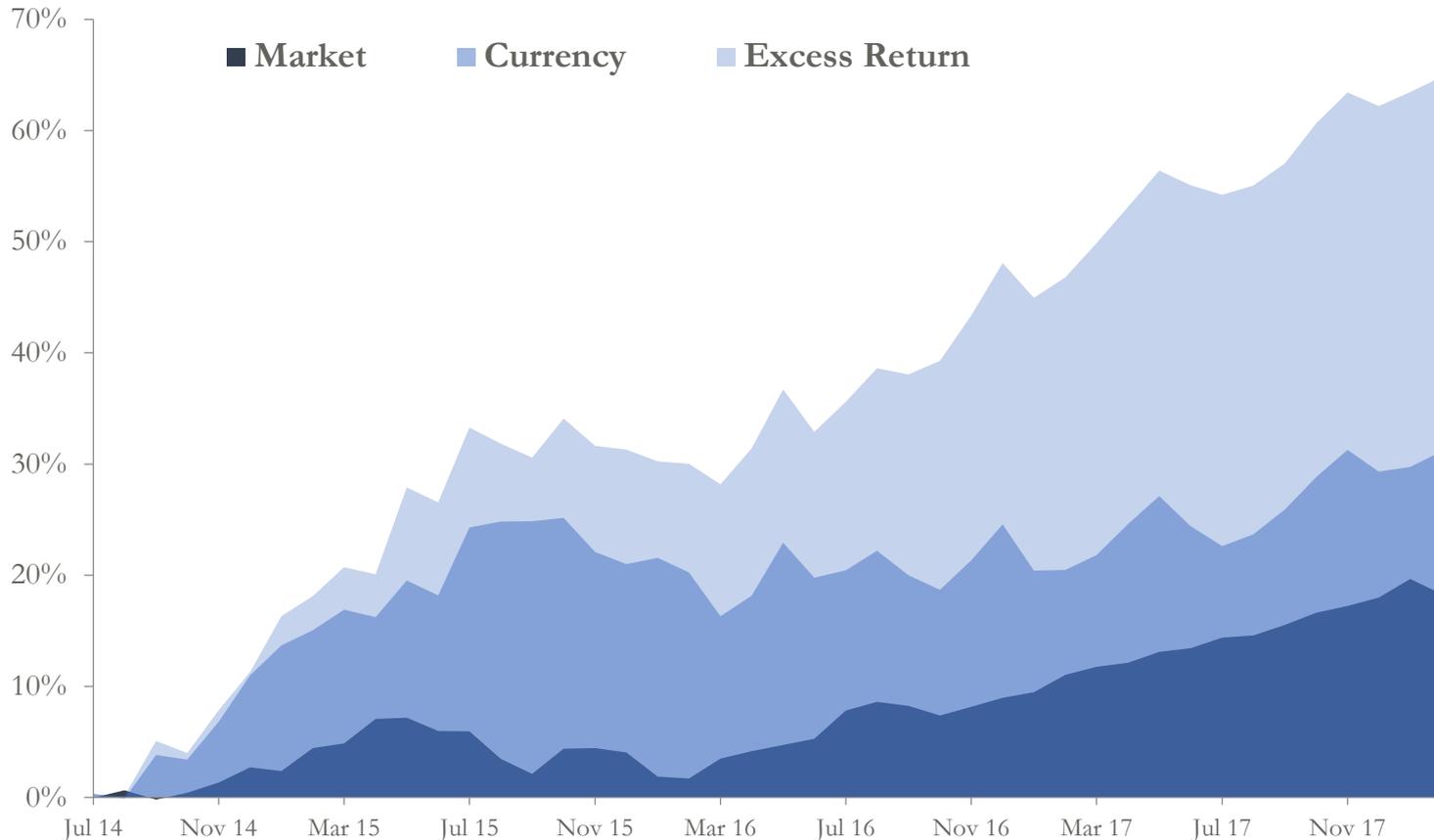


**Diversification across asset classes lowers portfolio level risk**

1 As at the 28<sup>th</sup> February, 2018  
2 Source: Staude Capital

# Gross investment returns<sup>1</sup> since IPO

Attributed by market<sup>2</sup>, currency<sup>3</sup> and excess returns<sup>4</sup>

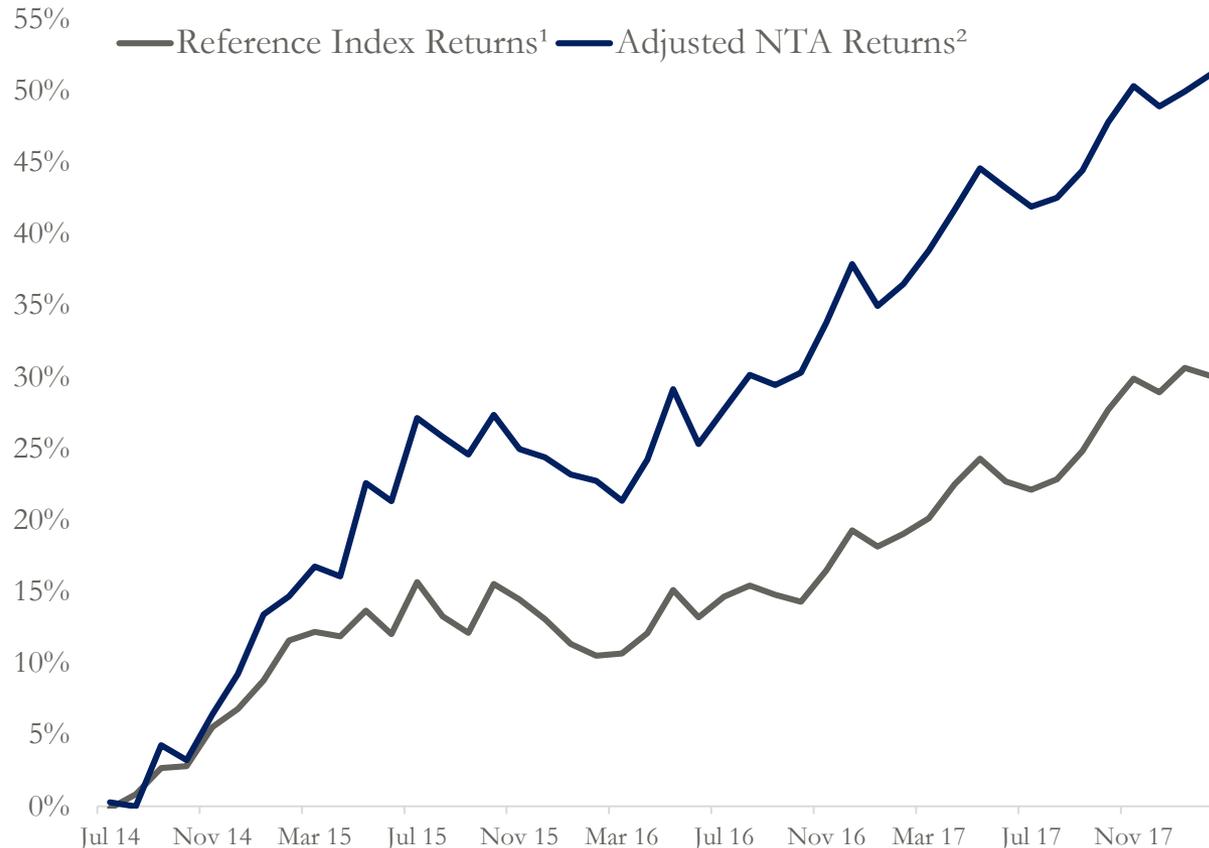


- 1 Gross investment returns refers to the total GVF investment return before taxes paid, expenses, management fees, dividends paid and the impact of dilution from exercised company options. Data sourced from Stauder Capital.
- 2 Gross returns attributable to the market exposures of the underlying assets held by the fund.
- 3 Gross returns attributable to the currency exposures of the underlying assets held by the fund.
- 4 Excess return represents the returns in excess of currency and market returns, attributable to the manager's investment strategy.

**Please note that past performance is not indicative of future returns**

# Adjusted NTA Returns

NTA returns are after all fees and expenses



As at the 28<sup>th</sup> February, 2018

**Please note that past performance is not indicative of future returns**

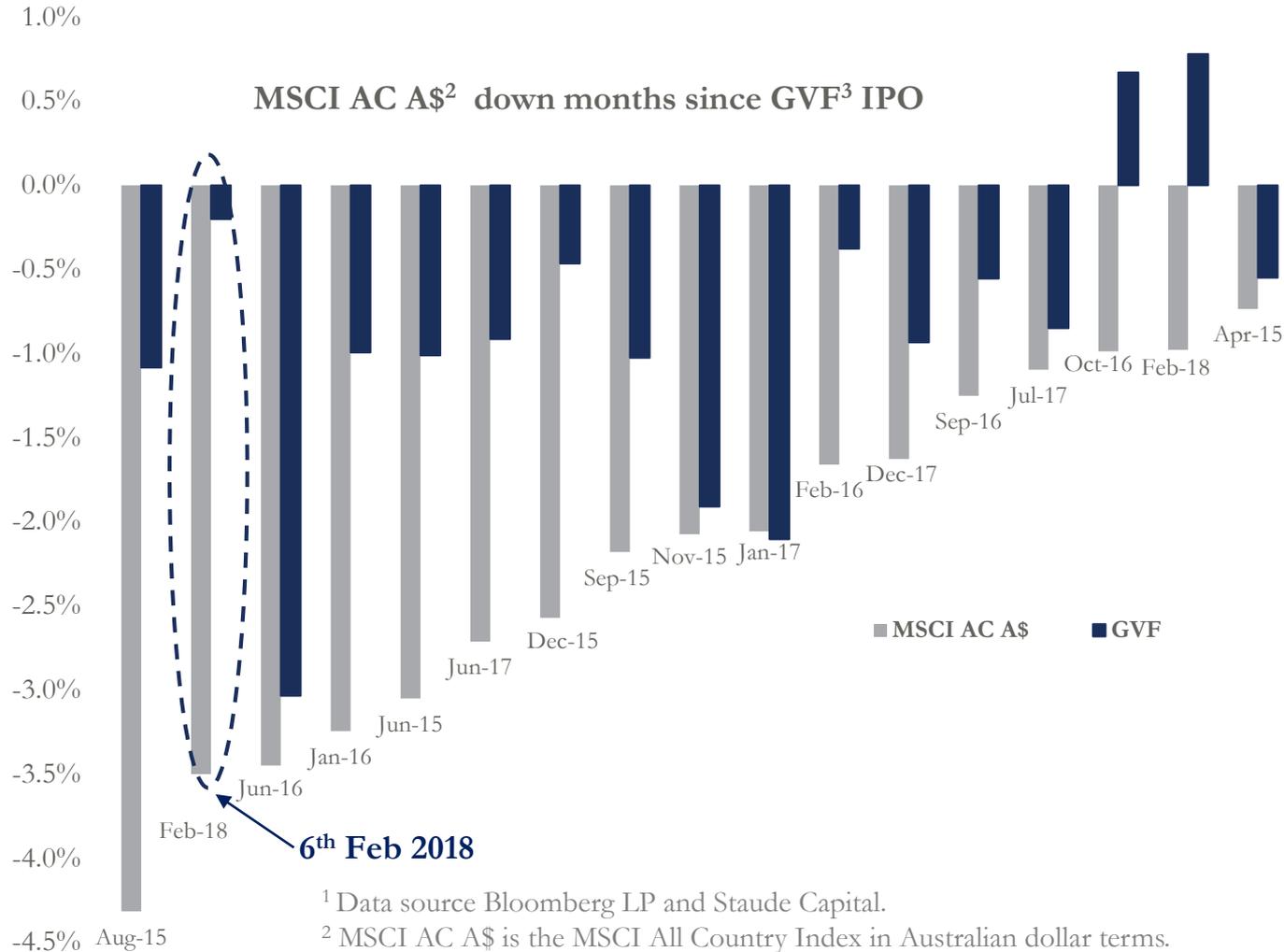
**Our aim is to generate equity market like returns, with meaningfully less risk than a portfolio of global shares**

- 1 NTA returns adjusted for tax paid, dividends, dilution from options exercised and other minor balance sheet items.
- 2 Reference Index is calculated using a weighting of 50% to the MSCI All Country World Index in Australian dollar terms, and 50% to Australian cash interest rates. Australian cash interest rates are derived from monthly swap rates.

Data source Bloomberg LP and Staude Capital.

# Focus on Risk Management

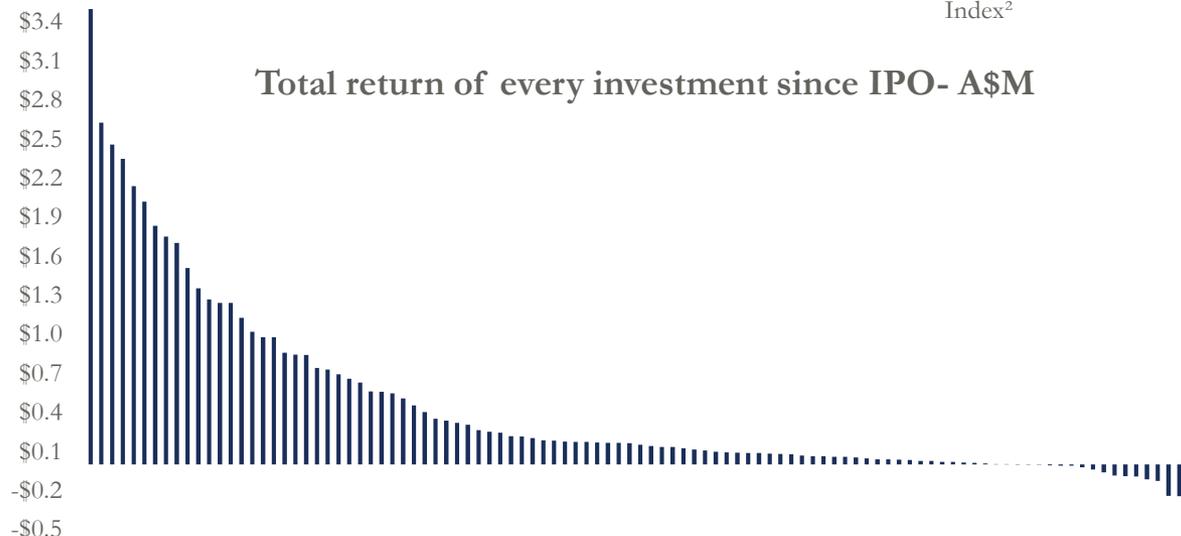
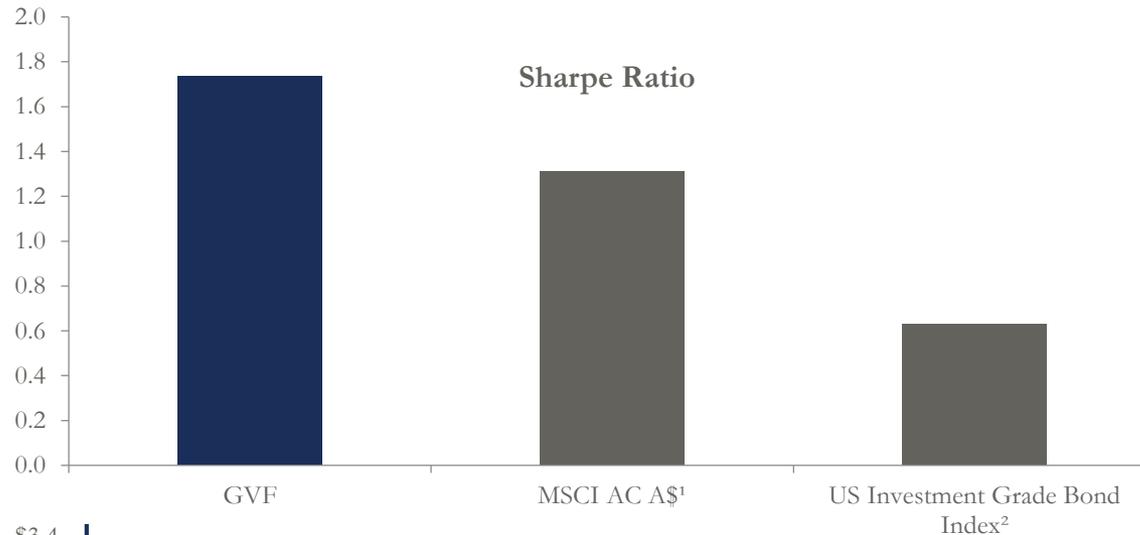
## Monthly drawdowns<sup>1</sup>



Please note that past performance is not indicative of future returns

# Focus on Risk Management

Our focus is risk-adjusted returns



**Our philosophy places a high importance on controlling for risk, whilst seeking to generate excess returns**

- 1 MSCI AC A\$ is the MSCI All Country Index in Australian dollar terms.
- 2 Barclays US Aggregate Bond Index

Please note that past performance is not indicative of future returns

# March 2018 Capital Raising Initiative

## Existing Shareholders Prioritised

### **Rationale:**

- Company received a number of requests from existing and new investors asking for an opportunity to increase their holding in a meaningful way.
- The Board believes that growing the Company in a manner which is not dilutive to NTA is beneficial to all shareholders, as it lowers per share operating costs and increases market liquidity.

### **Price:**

- Offering provides Shareholders an ability to invest at a price inline with post-tax NTA.
- Shares have traded at a premium to post-tax NTA since September 2016.

### **Shortfall Facility:**

- Mechanism for existing shareholders to increase their holding to a greater extent than possible under a SPP or standard rights issue.

### **Cum-Dividend:**

- All New Shares entitled to 3.15 cent per share dividend, 50% franked, payable 10 May 2018.

### **Lonsec Rating**

- The Company was pleased to be rated by Lonsec last year, a copy of this report is available on our website.

# March 2018 Capital Raising Initiative

## Existing Shareholders Prioritised

### Proven Track Record:

- GVF demonstrated its lower correlation and lower risk relative to equity markets during the recent market correction.
  - As at Feb 6th, GVF announced MTD investment portfolio returns of -0.2%, vs MSCI AC World in A\$ terms of -3.5%.
  - For the month of February, announced investment portfolio returns of +0.8%, vs MSCI AC World in A\$ terms of -1.0%.

### Directors intend to take up the majority of their entitlement

- Details of Directors intentions are set out in the prospectus.

### Commitment to Marketing:

- Emma Davidson recently appointed Head of Corporate Affairs<sup>1</sup>.
- Ongoing partnership with Seed Partnerships in Australia<sup>1</sup>.

<sup>1</sup> The marketing costs associated with these two resources are born by Staude Capital.



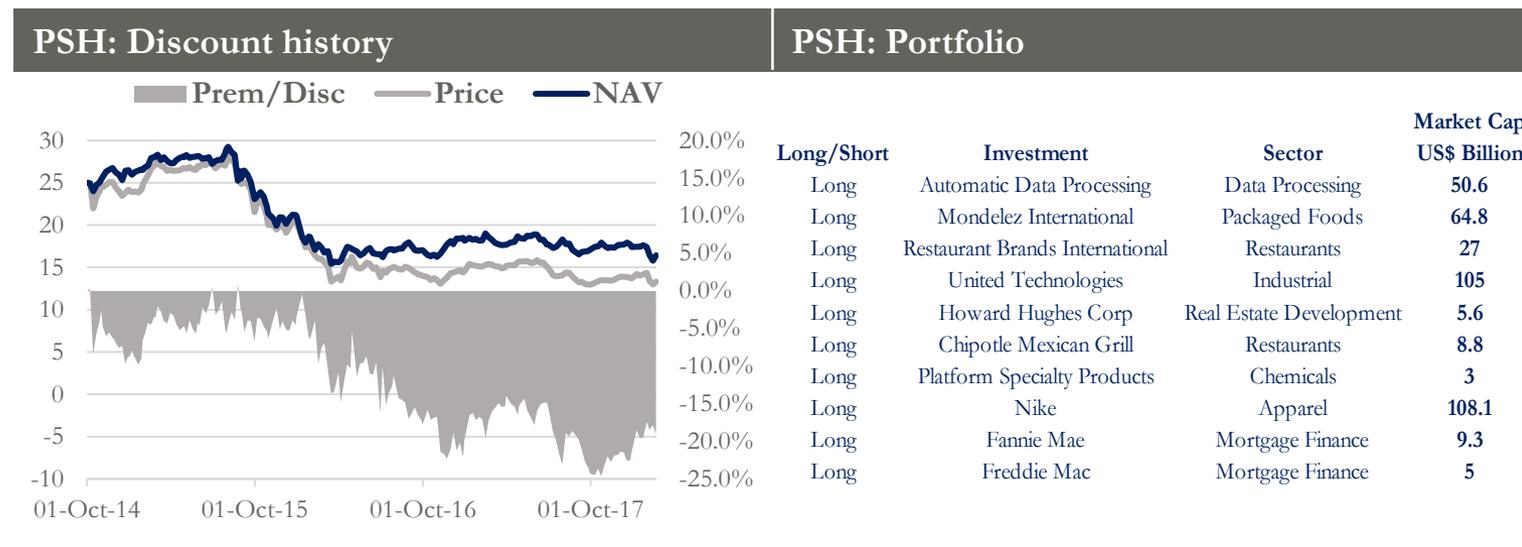
### **3. Case studies**



# Recent Investment: Pershing Square Holdings

Deeply discounted investment into an activist portfolio

Description	Investment Rationale
<p><b>Pershing Square Holdings Limited (PSH):</b> Euronext and London listed closed-ended fund, managed by high profile activist investor, Bill Ackman. The fund holds a concentrated portfolio of large-cap US stocks, which the investment manager believes to be significantly undervalued, and where shareholder activism can often help to unlock this value. Following a period of poor performance, particularly relating to one investment, Valeant Pharmaceuticals, the fund traded to an unusually wide discount level in 2016. Since that time the Board has attempted to address the discount issue, listing the company in London and commencing a share buyback.</p>	<p>Despite the recent efforts by the Board, there is considerable investor fatigue with the company. A more recent period of soft performance has seen the fund fall to a &gt;20% discount, an exceptionally wide discount given the underlying portfolio of large cap US listed stocks.</p> <p>Given the manager is a high-profile activist who holds undervalued companies to account, we believe the exceptionally wide discount on the manager's own fund is unsustainable. We have recently built a position in the company at discounts ranging from 22-24%.</p>



<sup>1</sup> Data source: Bloomberg LP and Staude Capital. Please note that past performance is not indicative of future returns



# Case Study: Polar Capital Global Financials

Trading opportunity

## Description

**Polar Capital Global Financials Trust (PCFT):** London listed Investment Trust which invests into global financial companies.

At the time of its IPO the Trust issued IPO shareholders with warrants to buy additional shares in the Trust at a set price in July 2017.

The Trust is a fixed life vehicle, all investors are able to redeem the underlying Net Asset Value of the Trust in May 2020.

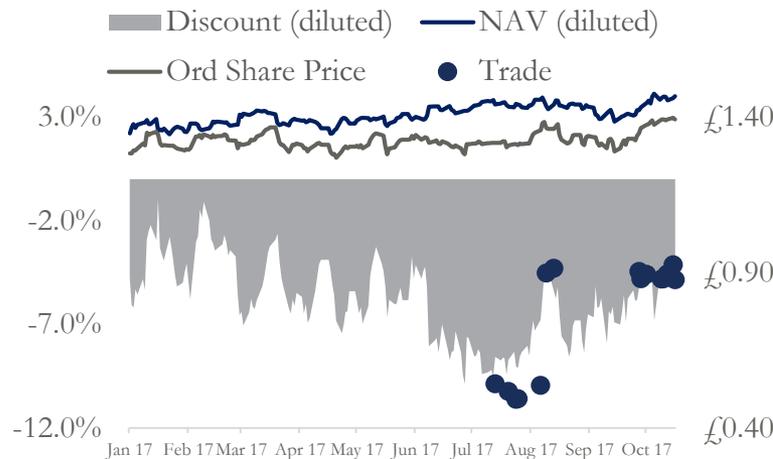
## Investment Rationale

The warrants represented 17% of the total outstanding shares in the Trust and at the time of their expiry were deeply in the money. The Trust's discount widened considerably in the months leading up to their exercise date.

A unique feature of warrants in the UK is that the Trust's administrator can convert unexercised warrants and pass the proceeds on to shareholders who have let them lapse.

GVF was able to build a substantial position in the Trust at a >10% discount, buying ahead of warrant expiry as well as from the administrator, who placed the expired warrants cheaply.

## PCFT: Discount and trading history



## PCFT: Entry and exit discount



<sup>1</sup> Data source: Bloomberg LP and Staude Capital. Please note that past performance is not indicative of future returns

# Global Value Fund Limited

## Company Details

Structure Listed Investment Company

Incorporated Australia

## Service Providers

Investment Manager Mirabella Financial Services

Portfolio Manager Miles Staude  
Staude Capital Limited<sup>1</sup>

Registrar Boardroom Pty Limited  
enquires@boardroomlimited.com.au  
Tel no. 1300 737 760

Prime Broker/Custodian Credit Suisse Group

Auditor Pitcher Partners Sydney

Company Secretary Mertons Corporate Services Pty Ltd  
Tel no. (03) 8689 9997

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