

Investment Update and Net Tangible Assets

Net Tangible Assets (NTA) per share

NTA before tax*	\$1.0332
NTA after tax	\$1.0227

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

August review

August saw further strong gains in global equity markets and continued weakness in the US dollar. In Australian dollar terms, global share markets⁴ rose by 2.8% during the month, however these gains continue to be dominated by a small handful of technology companies. Excluding 'FANG'⁵ stocks, global share markets rose by only 0.9% during August. In contrast to the positive performance seen in stock markets, global credit markets⁶ fell by 3.4% during August in Australian dollar terms.

GVF's portfolio benefited from two significant developments during August. The first was a substantial share price re-rating in Blue Sky Alternatives Access Fund (BAF), one of GVF's largest holdings and an investment that we have been intimately involved with for some time. We first invested into BAF in late 2018 after a high-profile short-seller's report came out against the parent company of BAF's investment manager. This report made a number of allegations, including an assertion that many of the assets that the Blue Sky group managed were materially mis-valued. These allegations were sensationalised in the press and, in our view, served to create a narrative in the market that material write-downs to the carrying values of BAF's assets were imminent. While the countless press articles written about the Blue Sky saga made for dramatic reading, we did our own thorough due diligence on the BAF investment portfolio before investing. Our conclusion was that the underlying portfolio of agricultural, real estate and private equity assets were worth substantially more than the then prevailing share price. At the time this was a controversial view.

In mid-2019, Miles Staude, GVF's portfolio manager, joined the BAF board to add his expertise to the necessary process of extracting the company from its existing management arrangements and rejuvenating the BAF investment proposition. With the parent of BAF's investment manager having gone into administration, this exercise required lengthy and determined negotiations with a number of different counterparties. Pleasingly, during August, the BAF board announced that it had finalised these negotiations and that an extraordinary general meeting (EGM) would be held in early September to approve the terms the BAF board had secured. On 8 September, BAF shareholders voted overwhelming in favour of the new arrangements for the company. These involve moving the investment management function of BAF to Wilson Asset Management International (WAMI), whilst still also retaining many of the valuable benefits shareholders enjoyed under the old management arrangements. In addition - and much to their credit - WAMI have agreed to a new 'Premium Target' objective in their appointment as manager. The principle of the Premium Target is simple: BAF's share price needs to trade at a premium to its pre-tax net asset value for a period of one month for it to be achieved. If this does not occur at least three times during the next five years, shareholders will automatically have the right to vote to terminate the arrangements with WAMI and to liquidate the company. Our view is that this feature provides a strong alignment between WAMI and its shareholders in terms of tackling the key challenge the company faces, namely the large discount to asset backing that its shares trade at.

Global Value Fund Limited

ASX Code	GVF
Listed	July 2014
Shares on issue	148M
Share price	\$1.04
Market cap	\$154M
Total dividends declared ¹	44 cents
Profits Reserve ²	7 cents
Fully franked yield ³	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 August 2020

From the beginning of FY2021 through to the time of writing, BAF has already delivered a total shareholder return of 28%. Despite this, the shares today continue to trade on a large discount to their pre-tax asset backing and we continue to see exciting upside from here, as the benefits from the new management arrangements begin to come into effect.

Thankfully, not all of GVF's investments require us to roll up our sleeves and expend the amount of energy that BAF has required. What was unique about this situation was the very deep levels of value that were on offer and our belief that we could affect positive change for the benefit of all shareholders. Finally, it is worth highlighting that while our original view on the true quality of the BAF investment portfolio was controversial at the time, it has ultimately been validated. There have been no significant asset impairments during the time GVF has been invested in the company. Instead, the most important developments have been impressive total returns from the Argyle Water Fund – by far BAF's largest investment – and a substantial *uplift* that occurred from the successful sale of the student accommodation portfolio. This exit took place in October 2019 at a 17% premium to carrying value.

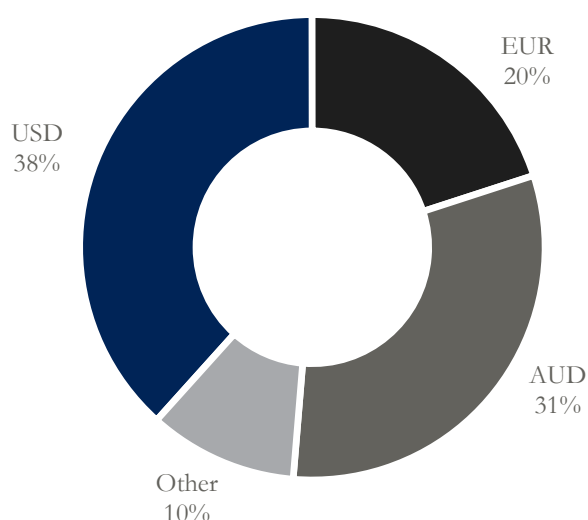
The second significant development for the GVF portfolio during August was the implementation of a scheduled restructuring of GVF's largest holding, Ellerston Global Investments (EGI). GVF is the largest shareholder in EGI and the board of the company had agreed to convert this listed fund into an open-ended trust - a development which would remove the substantial discount to asset backing that its shares had traded at for some time. GVF benefited from a significant uplift in its carrying value in EGI during the month as the conversion was implemented. While we have now removed all of the discount to asset backing from our investment, we will continue to hold this position in order to receive our share of the substantial franking credits that have been made available through this restructuring.

The GVF investment portfolio increased in value by 1.4% during August, with the fund's discount capture strategy adding 1.2% to returns. As in recent months, the strong performance from our investment strategy was able to help offset a further appreciation in the Australian dollar, with the fund's underlying currency exposures detracting 1.9% from performance over the month. Elsewhere, the fund's market exposures added 2.4% to returns, with the remaining attribution of returns for the month accounted for by the Company's operating costs. The fund was 113.5% invested at the end of August.

As a reminder for all shareholders, GVF shares will trade ex-entitlement to the FY2020 fully franked final dividend of 2.9 cents per share on Wednesday 30 September 2020.

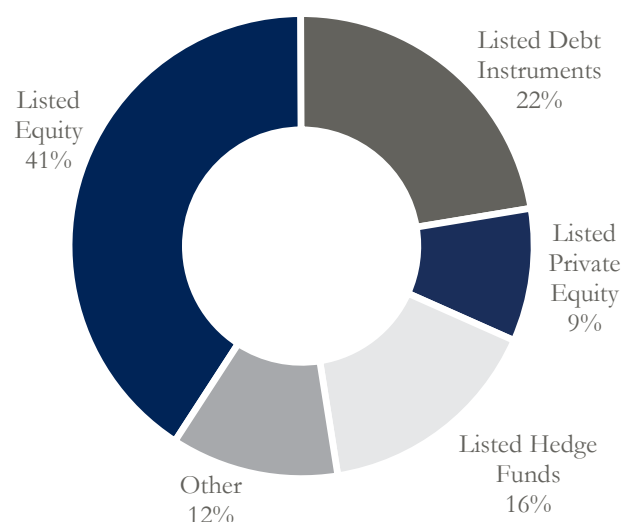
Authorised for release by Miles Staude, Portfolio Manager and Director.

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 August. Including emerging market currencies that are chiefly pegged to the US\$, the fund's US\$ exposure is approximately 40%.

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 August.

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	9.0%	Australian listed investment company (LIC) that holds a portfolio of global equities. Having traded below Net Asset Value (NAV) for some time, the board has implemented a restructuring of the LIC and converted the Company fund into an open-end trust.
Highbridge Tactical Credit Fund	7.4%	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 13.9%, however the discount on the fund has widened materially recently, and currently sits at 16.9%. 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 20% above the current share price.
Third Point Investors	6.7%	London-listed CEF that acts as a feeder fund into a global event-driven, value-oriented hedge fund. The CEF currently trades on a 28.1% 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.
Blue Sky Alternative Access Fund	6.3%	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.
NB Global Floating Rate Income Fund	6.0%	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.

¹ Grossed up dividends of 43.52c declared from IPO at \$1 through to 9th November 2020, the FY2020 final dividend payment date.

² The profits reserve sits at 7.1c as of 31 August 2020 and after accounting for the FY2020 final dividend payment of 2.9c due to go ex on the 30th September 2020.

³ Based on the end of month share price and the FY2020 full year dividend of 5.8 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 'FANG' refers to a small basket of high-growth, high-multiple, technology companies like Facebook, Amazon and Google.

⁶ 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 31st August 2020.

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