

28th February 2023

GVF outperforms over the December half, with a lower risk profile

Highlights

- Operating profit before tax of \$15.8M
- Adjusted pre-tax NTA increases by 8.1%, outperforming both global equity and debt markets
- Discount capture strategy drives returns, generating 6.6% over the period
- A fully-franked dividend of 3.3 cents per share declared

Global Value Fund Limited (ASX: GVF) (“GVF” or the “Company”) announces an operating profit before tax of \$15.8 million and an operating profit after tax of \$11.2 million for the half-year ended 31 December 2022. The Company has declared a fully-franked interim dividend of 3.3 cents per share.

Company Chairman Jonathan Trollip said: “For the half-year ended 31 December 2022, the Company’s adjusted pre-tax NTA increased by 8.1%¹. Pleasingly, GVF’s investment returns for the period outperformed those of global equity markets, which rose by 3.6% in A\$ terms, despite the fund running with a see-through equity market exposure of just 32%. Given the healthy performance of the investment portfolio, the Board is pleased to announce a fully franked dividend for the December half-year period of 3.3 cents per share. On an annualised basis, this dividend equates to a grossed-up yield of 8.3% based on GVF’s current share price². Since its IPO at \$1 per share in 2014, the Company has now declared total grossed up dividends of 66.7³ cents per share”.

December 2022 half-year review and outlook

Portfolio Manager Miles Staude said: “Over the December half-year period, global share markets rose 3.6%⁴ and global bond markets fell 0.3%⁵ in Australian dollar terms. In comparison, GVF generated adjusted NTA returns of 8.1% over the period, while shareholder total returns were 6.1%.

Our recent investment performance hopefully demonstrates the value of holding GVF as part of a wider investment portfolio. While we are not immune to broader financial market conditions, we strive to generate healthy returns regardless of the prevailing market weather. In doing so, we hope to provide both an attractive investment return to our shareholders, *and* an important diversifying tool for investors to use in their portfolios. To that end, the GVF investment portfolio typically generates most of its returns from identifying compelling market opportunities around the world, or from constructively unlocking the value embedded within its portfolio holdings.

Looking to the future, it is likely that rates of inflation have peaked in most rich-world countries, and that we are thus drawing to the end of the current monetary policy tightening cycle. It is also likely, but not certain, that key economies like the US and Europe will endure a recession sometime during 2023. Finally, there is the recent ending of China’s “zero-covid” policy and its reopening to the world, a development that is likely to boost global

¹ Adjusted NTA returns are net of all fees and expenses. NTA adjusted for tax payments and the effects of capital management. Source: Staude Capital Ltd.

² GVF share price on 27 February 2023, \$1.13

³ Grossed up dividends comprise 42.1 cents per share of cash distributions and 15.2 cents per share of franking credits.

⁴ Global share markets refer to the total return (price and dividends) of the MSCI All Country World Equity Index

⁵ Global bond markets refer to the Bloomberg Barclays Global Credit Total Return Index

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.



demand and growth. The optimists see all those facts and divine a “soft landing” ahead, perhaps even the avoidance of a recession, while contending that falling rates of inflation and economic growth will provide policy makers scope to cut interest rates later this year, boosting asset prices once again. The pessimists fret that the market has not yet appreciated the depth to the falls in company earnings that lie ahead, while arguing that it is far too soon for central banks to turn around and start cutting interest rates once more. Finally, while a reopening of China will undoubtedly boost aggregate global demand, whether this is a good thing or a bad thing remains to be seen at time when policy makers are frantically trying to get inflation back under control. Indeed, given the precarious situation Europe faces in terms of its energy supplies, the reappearance of considerable Chinese natural gas demand should be a cause for concern.

There are thus two healthy and competing narratives about the direction of travel for the year ahead. As ever, we see little utility in trying to predict which will prevail in the near-term. That said, if we had to pick a camp, it does seem premature to us to assume the US Fed will pivot to cutting interest rates again this year, as many in the market currently do. Having initially been behind the curve, US policy makers have been at pains to highlight that they see more work to be done before inflation is back under control, and that they are likely to err on the side of caution until they have clearly won. Irrespective of which way the near-term plays out, however, we must confess to being more optimistic about the longer-term outlook than we have been for some time. Following a large sell-off in markets, and a large lift in interest rates, longer-term return expectations across most assets classes have improved considerably. At the end of December 2021, global share markets traded on a price to earnings (P/E) ratio of 19.2 times, while a ten-year US government bond yielded a paltry 1.5%. By the end of 2022, global share markets were trading on a P/E ratio of 15 times, while ten-year US bond yields had reached 3.9%. To our mind, that represents a very healthy resetting in the market, and a much more constructive backdrop to be investing from.

Importantly, regardless of how the big picture does unfold, GVF will continue to focus on building an investment portfolio that should perform well under most scenarios. Our aim is to generate the bulk of our returns from our discount capture strategy, and not broader market movements. That means that if the optimists are right in the near-term, our lower risk strategy will probably underperform the riskier parts of the market for a little while. However, over the long run, we believe our focus on risk management and less correlated investment returns will continue to serve shareholders very well.”

FY2023 interim dividend key dates*

Ex-dividend date	31 March 2023
Dividend record date	3 April 2023
Last election date for DRP	4 April 2023
Dividend payment date	15 May 2023

*These dates may be subject to change

Interim dividend of 3.3 cents per share fully franked declared

The Board has resolved to pay an interim dividend of 3.3 cents per share, 100% franked, payable to all shareholders on the Company’s register. GVF shares will trade ex-entitlement to this dividend on 31 March 2023.

Dividend reinvestment plan

The Company’s dividend reinvestment plan (“DRP”) will be in effect for the fully-franked FY2023 interim dividend of 3.3 cents per share.

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Global Value Fund Limited c/o Acclime Corporate Services Pty Ltd Level 7 330 Collins Street Melbourne Victoria 3000

ACN: 168 653 521 Telephone +61 3 8689 9997 www.globalvaluefund.com.au

Share Registrar Boardroom Pty Ltd Telephone 1300 737 760 Enquiries@boardroomlimited.com.au

Investor Relations ir@globalvaluefund.com.au



The Company updated its DRP Rules from 26 July 2022. The key change to the updated DRP Rules has been a move from defining Net Tangible Asset (“NTA”) from “post-tax” to “pre-tax” NTA.

The DRP has been designed so that participants will always receive the lowest reinvestment price possible, without their reinvestment diluting the pre-tax NTA of those shareholders who choose not to participate in the plan. When the Company’s share price is greater than or equal to its NTA, dividends are paid as newly issued shares in the Company. If the share price for GVF is above the Company’s NTA on the dividend ex-date, participating shareholders will be issued new shares at the greater of a 2.5% discount to the volume weighted average share price over the three trading days from the ex-date, or the NTA value of the Company on this day. If the share price for GVF is less than its NTA on the ex-date, cash available for distribution as dividends on shares subject to the DRP will be used to acquire the Company’s shares on-market in accordance with the terms set out in the plan.

Shareholders who would like to participate in the DRP can enroll at www.investorserve.com.au or alternatively please contact the Company’s share registrar, Boardroom, on 1300 737 760. The DRP participation enrolment deadline for the interim dividend is 5.00 pm (AEDT) Tuesday 4 April 2023. Details of the DRP are available on the Company’s website, click [here](#).

FY2023 full year dividend guidance

The Board currently anticipates that the FY2023 full year dividend payment will be the same size as the declared FY2023 interim dividend, being a 3.3 cent per share dividend, 100% franked. This dividend guidance is not a formal declaration of the Company’s full year FY2023 dividend. The size and payment of any final dividend for FY2023 will be subject to the Company having sufficient profit reserves and the dividend payment being within prudent business practices. If a FY2023 full year dividend is declared, the Board expects that it would be payable during November 2023.

This announcement is authorised for release by the Board of Directors of Global Value Fund Limited.

Contact

Shareholders or interested parties who would like to discuss the interim results, or who have general enquires about the Company, are welcome to contact Portfolio Manager, Miles Staude, at miles.staude@globalvaluefund.com.au or 0423 428 972, and Head of Corporate Affairs, Emma Davidson, at emma.davidson@globalvaluefund.com.au or 0401 299 885.

About GVF

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 shareholders, the Company aims to provide an alternative source of market outperformance compared to more common stock selection strategies.

Staude Capital has offices in both London and Sydney, and its investment team has considerable experience in finding international assets trading at a discount to their intrinsic worth, and in identifying or creating catalysts that will be used to unlock this value. The investment team at Staude Capital has been seconded into Mirabella Financial Services LLP to manage the Global Value Fund portfolio. For more information, visit www.globalvaluefund.com.au.

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