

## Investment Update and Net Tangible Assets

### Net Tangible Assets (NTA) per share

NTA before tax	\$1.1305
NTA after tax	\$1.0954

### December review

During December financial markets continued to adjust to the surprise election of Donald Trump to the US presidency. Two related themes dominate market movements, broad-based US dollar strength and an improving US economic outlook. During the month, the US Dollar Index reached a fourteen-year high, finishing December at 102.2, a level not seen since January 2003.

US equity markets continued their post-election rally, with the S&P 500 increasing 2.0% on the month in US dollar terms. More noteworthy than the S&P 500 has been the recent performance of the Russell 2000 - an index that measures the small-cap segment of the US equity market. A consensus view is that this part of the economy, small to medium sized domestically focused companies, will have the most to gain from the new administration. From the election until the end of December the Russell 2000 increased by 13.9%, greatly outpacing the broader S&P index increase of 5.0%.

The bullish backdrop set by recalibrated market expectations for the US economy helped to drive global equity markets higher too, with Japanese and European markets rising by 4.5% and 7.0% respectively in local currency terms. In Australia the local equity market rose by 4.4%, while the MSCI All Country World Index rose by 4.7% in Australian dollar terms.

Since the election of Trump, the market has had to consider two new key policy agendas for the incoming administration: growth-supportive fiscal easing and increased market protectionism. To date the market has focused almost exclusively on the former. From the election until the time of writing (10<sup>th</sup> of January) the S&P 500 has risen by 6.5% (and the Russell 2000 by 15.0%), while US government 10 year yields have risen by 0.52%. These are not insignificant moves and it is worth reflecting on what markets have now priced in, ahead of any actual action being forthcoming, and to consider what the impact to growth might be from enactment of some of the protectionist policies Trump has advocated.

The fund made a number of successful realisations during the month, including the sale of Alcentra European Floating Rate Income Fund. We invested into this floating rate debt fund in September at a discount of 8.1%, a level we believed would prompt corporate activity with the fund facing a redemption vote at year end. We exited the investment in December at a discount of 4.6%, following the initiation of a company buyback.

The investment portfolio increased in value by 3.1% during December. The fund's discount capture strategy added 1.5% to returns during the month while favourable currency moves added a further 1.8% to performance. The remaining attribution of returns is accounted for by underlying market movements and operating costs.

### Global Value Fund Limited

ASX Code	GVF
Listed	July 2014
Shares on issue	103M
Share price	\$1.12
Market cap	\$114.9M
Dividend prior 12mths (fully franked)	6.0c

### 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

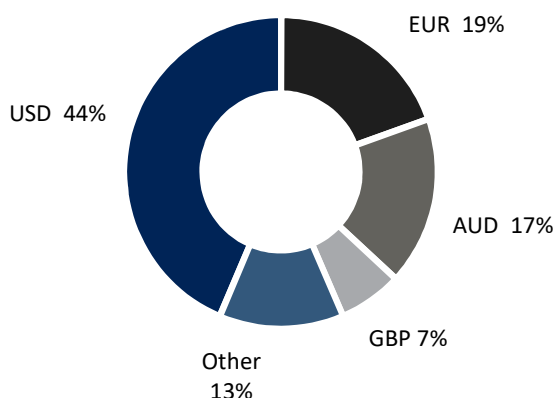
**Miles Staude, CFA**  
Fund Manager, Global Value Fund

### Board of Directors

**Jonathan Trollip**  
Chairman  
**Chris Cuffe**  
Non-executive Director  
**Geoff Wilson**  
Non-executive Director  
**Miles Staude, CFA**  
Non-executive Director



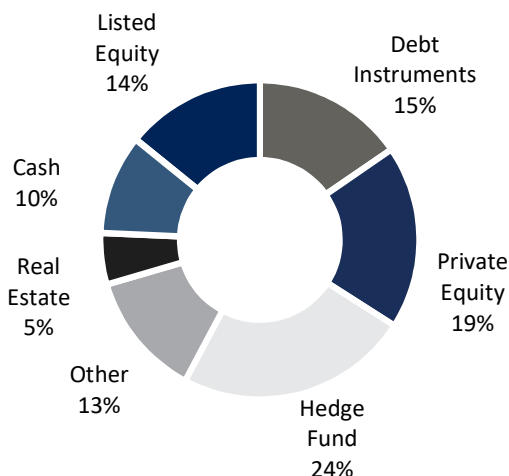
### Underlying currency exposures



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 31<sup>st</sup> of December.

Including emerging market currencies that are chiefly pegged to the US\$, the fund's US\$ exposure is approximately 55%.

### 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 the 31<sup>st</sup> of December.

### Top Five Holdings

Holding	% NTA	Summary
CVC Credit Partners European Opportunities	7.3%	London listed closed-end fund (CEF), which invests predominantly into senior secured loan obligations of companies domiciled, or with material operations, in Western Europe across a variety of industries. The position has been purchased at an attractive discount to the portfolio's underlying value, which we expect to realise through a pending corporate action.
Neuberger Berman Private Equity	6.1%	London listed CEF with a diversified private equity portfolio focused in North America. The position has been accumulated at a 28% discount to the underlying portfolio value. The prospect for improved shareholder rights should serve to narrow the discount over time.
HarbourVest Global Private Equity	5.8%	London listed CEF with a highly diversified global private equity portfolio, comprising more than 6,000 individual investments. The position has been accumulated at a 30% discount to the underlying portfolio value.
DW Catalyst Fund	5.5%	London listed CEF that acts as a feeder fund into a US\$2.3bn multi-strategy credit fund spun out from Breven Howard. A substantial and persistent discount to the underlying portfolio value over the last year is likely to trigger the return of the investment at net asset value less costs, representing a meaningful price uplift.
Morgan Stanley Emerging Market Debt Fund	5.2%	New York listed CEF which invests in US\$-denominated emerging market sovereign and investment grade bonds. The position has been accumulated at a 17% discount to the underlying portfolio value.

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