

26<sup>th</sup> August, 2016

## GVF outperforms, declares 3.0 cent fully franked dividend

### Highlights

- FY2016 operating profit of \$2.6M before tax
- Fully franked final dividend for FY2016 of 3.0 cents per share declared
- Fully franked declared dividends for FY2016 total 6.0 cents per share

Global Value Fund Limited (ASX: GVF) ("GVF" or the "Company") announces operating profit before tax of \$2.6 million and operating profit after tax of \$1.9 million for the full year ended 30 June 2016. The Company has declared a fully franked 3.0 cents per share final dividend for FY2016.

For the full year ended 30 June 2016 the Company's investment portfolio increased by 2.6%<sup>1</sup> after all fees and expenses and after adjusting for the dilutive impact of options exercised during the year. Over this same period the MSCI All Country World Index fell 0.4%<sup>2</sup> in Australian dollar terms.

Company Chairman Jonathan Trollip said "Despite falling global share markets the Company's investment portfolio delivered positive returns over FY2016. The continued outperformance by the Manager has allowed the Board to declare a fully franked final dividend for FY2016 of 3.0 cents per share, taking total FY2016 dividend payments to 6.0 cents per share fully franked. It is pleasing to have been able to provide this level of fully franked dividend income to shareholders so early in the Company's history".

### FY2016 review and Company outlook

Portfolio Manager Miles Staude said: "FY2016 presented a testing environment for the Company's investment portfolio, with most global equity markets registering falls over the period. Despite this backdrop the investment portfolio performed well, with our discount capture strategy generating 5.1%<sup>3</sup> of gross excess returns over the year.

As well as seeking to generate excess market returns, one of the key objectives of the strategy is to run a portfolio which has meaningfully less market risk than one invested solely in a portfolio of international shares. A useful real world demonstration of how this approach protected shareholders during FY2016 is to compare how the GVF investment portfolio fared during the worst periods of market stress that occurred throughout the year. The three largest monthly falls for the MSCI All Country World Index in Australian dollar terms during FY2016 were 4.3%<sup>2</sup>, 3.4%, and 3.2%. During the same months, the corresponding falls in the GVF investment portfolio were 1.1%, 3.0%, and 1.0%.

In the latter part of FY2016 the Company's investment portfolio grew significantly through the exercise of outstanding Company options. This new capital had been fully invested by year end, meaning the Company begins FY2017 with a fully invested portfolio once more. The team and I are excited about the opportunity set currently underlying the portfolio, and in our ability to unlock the value inherent in the Company's investments."

### Key dates for the FY2016 fully franked final dividend:

- |                                  |                 |
|----------------------------------|-----------------|
| • Ex-dividend date               | 6 October 2016  |
| • Dividend record date           | 7 October 2016  |
| • Last election date for the DRP | 10 October 2016 |
| • Dividend payment date          | 4 November 2016 |

<sup>1</sup> Source Metage Capital Limited, this figure replaces the Manager's 4 July 2016 initial estimate for undiluted full year returns

<sup>2</sup> All returns quoted are total returns, including both price and dividends

<sup>3</sup> Source Metage Capital Limited



### **FY2017 dividend guidance**

The Board currently anticipates being able to maintain at least the same level of dividend payments made during FY2016 over the FY2017 financial year, that being a 3.0 cent per share interim dividend payment and a further 3.0 cent per share final dividend payment. Whether an increase in dividend payments is possible will depend on the Company's investment performance during FY2017.

While the Board anticipates being able to maintain total dividend payments of at least 6.0 cents per share during FY2017, at this stage it considers it unlikely that it will be able to declare these dividends as fully franked. The ability for the Company to pay fully franked dividends depends on it having sufficient franking credits available. Franking credits are generated primarily through two sources; the receipt of franking credits attached to dividend payments from Australian companies, and through the payment of capital gains tax on realised gains made from the Company's investment portfolio. As an international investor, the Company receives no franking credits on the dividends it receives from the vast majority of its portfolio, removing one key source of franking credit availability for the Company. While the Company's investment portfolio has generated significant returns for shareholders since IPO, the considerable increase in the number of shares outstanding during FY2016 has reduced the associated franking credits on a per share basis.

The Board understands that the Company's dividend payments form an important income stream for many of its shareholders. Given this, the Board believes that it is important to maintain the current dividend payment rate even if those dividends are not fully franked. The Board will provide further guidance on the proposed FY2017 interim dividend, together with the level of franking credits attached to them, with the FY2017 interim results.

The above dividend guidance is not a formal declaration of dividends for FY2017. The size and payment of any interim or final dividend for FY2017 will be subject to the Company having sufficient profit reserves and the dividend payment being within prudent business practices. If an FY2017 interim dividend is declared, the Board expects that it would be payable during May 2017.

### **Dividend reinvestment plan**

The Company's dividend reinvestment plan (DRP) will be in effect for the final FY2016 fully franked dividend payment of 3.0 cents per share.

The DRP has been designed so that participants will always receive the lowest reinvestment price possible, without their reinvestment diluting the post-tax Net Tangible Asset value per share (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. The Company's closing share price of \$1.085 on 25 August 2016 was above its current NTA. If this situation remains on 6 October 2016 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 6 October NTA value of the Company. If the share price for GVF is less than the Company's NTA at this time, 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 enrol at [www.investorserve.com.au](http://www.investorserve.com.au), alternatively please contact the Company's share registrar, Boardroom, on 1300 737 760. The enrolment deadline for the FY2016 final dividend is 5.00 pm (AEST) Monday 10 October 2016. Details of the DRP are available on the Company's website at: [www.globalvaluefund.com.au/files/2016\\_GVF\\_Dividend\\_Reinvestment\\_Plan.pdf](http://www.globalvaluefund.com.au/files/2016_GVF_Dividend_Reinvestment_Plan.pdf)

**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 Manager aims to provide an alternative source of market outperformance compared to more common stock selection strategies.

The Manager is based in London and 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.

For more information, visit [www.globalvaluefund.com.au](http://www.globalvaluefund.com.au)