

Global Value Fund Limited

A.B.N. 90 168 653 521

Appendix 4E for the year ended 30 June 2018

Global Value Fund Limited
Appendix 4E
For the year ended 30 June 2018

Preliminary Report

This preliminary report is for the financial year ended 30 June 2018.

Results for announcement to the market

	2018 \$	2017 \$	up/down	% mv't
Revenue from ordinary activities	17,677,029	21,230,689	(3,553,660)	(16.74)
Profit before tax for the year	12,517,015	15,812,697	(3,295,682)	(20.84)
Profit from ordinary activities after tax attributable to members	8,929,427	11,081,070	(2,151,643)	(19.42)

All comparisons are to the full year ended 30 June 2017.

FY2018 review

For the full year ended 30 June 2018, the Company's adjusted pre-tax NTA increased by 9.0%¹ increase in. The largest contributor to returns was the investment manager's discount capture strategy, which generated a 5.0%² (gross) return over the year. Positive returns from this strategy represent outperformance over the underlying currency and asset class exposures of the investment portfolio, and the 5.0% generated from the strategy during FY2018 represents significant market outperformance.

Portfolio Manager Miles Staude said: "The GVF investment portfolio strives to be an all-weather investment proposition. We aim to generate equity market like returns over the long run, while offering our shareholders better protection against market corrections than would be found in a typical portfolio of global shares. After a nine-year uninterrupted equity bull market, our conviction that compelling risk-adjusted returns can be readily found in share markets today is low. Thus, throughout FY2018 we concentrated our efforts on unlocking value from lower risk asset classes, seeing no need to take on meaningful amounts of equity market exposure to deliver on our return targets. This approach showed its worth during February 2018, when equity markets corrected heavily and the GVF investment portfolio suffered no loss.

Looking ahead to FY2019, the Company begins the new financial year with an investment portfolio full of attractive underlying value that the team and I are excited about unlocking. The fund continues to run with low levels of general equity market risk and our focus remains on generating the best risk-adjusted returns we can, while seeking to protect shareholder capital from any future market correction".

Dividends

During the year, the Company declared and paid dividends of 6.30 cents per share. 3.15 cents per share of this related to the FY2017 final dividend payment which was 50% franked. This was paid on 3 November 2017. The remaining 3.15 cents per share related to the FY2018 interim dividend which was 50% franked. This was paid on 10 May 2018.

Since year end the Company has declared a final dividend for FY2018 of 3.15 cents per share, 70% franked, to be paid on Friday 9 November 2018. The record date for entitlement to the FY2018 final dividend is Monday 1 October 2018.

Entitlement Offer and Public Offer

On 28 February 2018 the Company announced a non-renounceable Entitlement Offer and a Public Offer. The Entitlement Offer comprised the right to subscribe for 1 new share for every 4 existing GVF shares held, as well as a right to apply for additional new shares to meet the shortfall in applications under the Entitlement Offer (if any). The Public Offer consisted of an offer of the shortfall in new shares not taken up under the Entitlement Offer. The issue price of each new share was \$1.10, representing a discount of approximately 2.7% to the 30 day volume weighted average price (VWAP) of the Company's shares traded on the ASX over the 30 trading days up to and including the 27 February 2018. All new shares issued under the Entitlement Offer and Public offer were entitled to receive the 3.15 cent per share dividend paid on 10 May 2018. The Entitlement and shortfall offer closed on 21 March 2018 at 5pm Sydney time. The Public Offer closed on 27 March 2018.

The Company successfully completed its Entitlement Offer and Public Offer of the shortfall, raising gross proceeds of approximately \$27.6million. The Public Offer was managed by Taylor Collison Limited, with Ord Minnett acting as Co-Manager.

The Company issued 14,345,138 new shares in respect of the Entitlement Offer and 10,723,768 new shares pursuant to the Public Offer of the shortfall.

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

² Source: Staude Capital Ltd.

Global Value Fund Limited
Appendix 4E
For the year ended 30 June 2018 (continued)

Dividend reinvestment plan

The Company's dividend reinvestment plan ("DRP") will be in effect for the FY2018 final dividend of 3.15 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 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 per share on 29 August 2018 was below its current NTA. If this situation remains on 28 September 2018, 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. If the share price for GVF is above the Company's NTA at this time, 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 28 September 2018 NTA value of the Company.

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 enrolment deadline for participation in the DRP for the FY2018 Final dividend is 5.00 pm (AEDT) Tuesday 2 October 2018. Details of the DRP are available on the Company's website at: <http://www.globalvaluefund.com.au/wp-content/uploads/2017/11/GVF-Dividend-Reinvestment-Plan-ASX-Release-Nov-2017.pdf>

Net tangible assets	30 June 2018	30 June 2017
	\$	\$
Net tangible asset backing (per share) before tax	1.1012	1.1002
Net tangible asset backing (per share) after tax	1.0957	1.0936

Audit

This report is based on the financial report which has been audited. All the documents comprise the information required by Listing Rule 4.3A.

Annual General Meeting

The Company advises that its Annual General Meeting will be held on Tuesday 20 November 2018. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to ASX immediately after dispatch.

In accordance with the Company's constitution and ASX Listing Rules, valid nominations for the position of director are required to be lodged at the registered office of the Company by 5:00pm (AEST) Monday 25 September 2018.



Jonathan Trollip
Chairman

Sydney
30 August 2018

Global Value Fund Limited

A.B.N. 90 168 653 521

Annual Report for the year ended 30 June 2018

Global Value Fund Limited
A.B.N. 90 168 653 521
Corporate directory

Directors	Jonathan Trollip <i>Chairman & Independent Director</i> Chris Cuffe, AO <i>Independent Director</i> Geoffrey Wilson, AO <i>Director</i> Miles Staude <i>Director</i>
Company Secretary	Mark Licciardo and Adam Sutherland Mertons Corporate Services Pty Ltd Level 7, 330 Collins Street Melbourne Victoria 3000
Investment Manager	Mirabella Financial Services LLP 130 Jermyn Street London SW1Y 4UR United Kingdom
Portfolio Manager	Miles Staude Staude Capital Limited ¹ 222 Regent Street London W1B 5TR United Kingdom Telephone: (44) 0203 874 2241
Administrator	Citco Fund Services (Australia) Pty Ltd Level 22, 45 Clarence Street Sydney NSW 2000
Auditors	Pitcher Partners Level 22 MLC Centre 19 Martin Place Sydney NSW 2000 Telephone: (02) 9221 2099
Registered Office	Global Value Fund Limited C/- Mertons Corporate Services Pty Ltd Level 7, 330 Collins Street Melbourne Victoria 3000 Telephone: (03) 8689 9997
Share Registrar	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Telephone: (02) 9290 9600 Fax: (02) 9279 0664
Stock Exchange	Australian Securities Exchange (ASX) The home exchange is Sydney ASX code: GVF

¹ 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 Global Value Fund Limited and has seconded the investment team at Staude Capital to manage the Company's portfolio.

Global Value Fund Limited
A.B.N. 90 168 653 521
Annual Report – 30 June 2018

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Dear fellow shareholders,

On behalf of the directors of Global Value Fund Limited ("Global Value Fund" or "the Company"), I am pleased to present the Company's full-year results and annual report for the year ended 30 June 2018 ("FY2018").

After several years of relative calm, the second half of FY2018 saw volatility abruptly return to financial markets. While over the year as a whole, share markets and other higher risk asset classes delivered strong returns, most of these returns were generated in the first half of the year. Markets corrected significantly in February 2018 and have since remained noticeably subdued relative to recent years.

Despite a more volatile backdrop, the Company's investment portfolio delivered significant positive returns over the year, with adjusted pre-tax NTA increasing by 9.0%². Importantly, these returns were generated with a conservatively positioned portfolio that has been designed to offer shareholders protection against significant market corrections. This lower risk profile was evident during the market sell-off in February 2018, where the GVF investment portfolio was unchanged in value, despite large falls in share markets around the world. Please read the Portfolio Manager's report on pages 3 to 4 for further information on the performance of the investment portfolio during FY2018 and the Portfolio Manager's outlook.

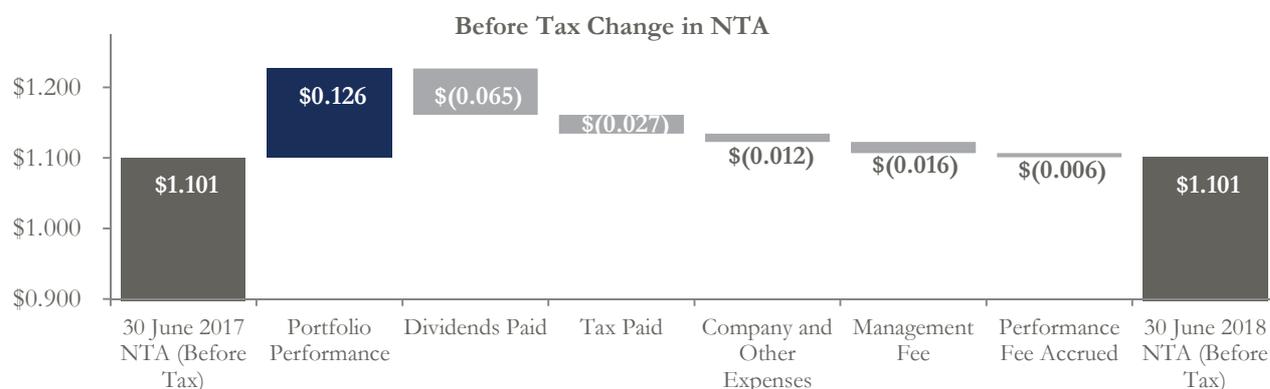
During March and April of this year, the Company successfully completed an Entitlement Offer and Public Offer of the shortfall. The Entitlement Offer was open to all existing shareholders, while the Public Offer was open to new shareholders, once existing shareholders had taken up their entitlements. Together the two offers raised gross proceeds of \$27.6 million and the Company issued new shares equivalent to 20.6% of the pre-offers share capital of the Company. I would like to thank all existing shareholders who participated in the offers and welcome to the Company the new shareholders who joined us at that time.

Investment performance and financial highlights

Over FY2018 the Company's adjusted pre-tax NTA increased by 9.0%². Shareholder total returns over the year were -1.9%³, with shareholder total returns impacted by the fact that the Company's shares began FY2018 at a 5.4% premium to NTA and finished FY2018 at a 3.3% discount. The magnitude of this move in the Company's premium and discount over the year is distorted to an extent by a particularly strong closing price for the Company's shares on 30th June 2017.

As the Company is an investment company, its profitability is driven by the returns from its investment portfolio. The Company reported a net profit after tax of \$8.9 million for the year ended 30 June 2018. As at 30 June 2018, the pre-tax NTA backing of the Company was \$1.1012 per share and the post-tax NTA backing was \$1.0957 per share.

The chart below illustrates the movement in the Company's pre-tax NTA over FY2018.



Dividends

The Board has resolved to pay a final dividend of 3.15 cents per share for FY2018. The FY2018 final dividend will be 70% franked, an increase from the previous 50% level of franking. On a grossed-up basis, the increased rate of franking equates to a 7.1% year-on-year increase in dividend payments to shareholders. The record date for the FY2018 final dividend is 1 October 2018 and the final dividend will be paid on 9 November 2018. GVF shares will trade ex-dividend on 28 September 2018.

² Adjusted NTA returns are net of all fees and expense. NTA adjusted for dividend and tax payments and the effects of capital management initiatives. Source: Staude Capital Ltd.

³ Shareholder total returns include dividend payments and franking credits (ASX share market prices are sourced from Bloomberg LLP).

FY2019 dividend guidance

The Board currently anticipates that both the interim and final dividend for FY2019 will be 3.15 cents per share, 70% franked. Whether an increase in dividend payments or dividend franking levels is possible will depend on the Company's investment performance during FY2019.

The above dividend guidance is not a formal declaration of dividends for FY2019. The size and payment of any interim or final dividend for FY2019 will be subject to the Company having sufficient profit reserves and the dividend payment being within prudent business practices. If a FY2019 interim dividend is declared, the Board expects that it would be payable during May 2019.

Thank you

Thank you to all our shareholders for their continuing support of the Company. The Company's annual general meeting will be held in Sydney on 20 November 2018, and I look forward to seeing many of you there. I also encourage shareholders to attend the Company's various interstate investment presentations, which will be held during November 2018.

A handwritten signature in black ink, appearing to read 'Jonathan Trollip', with a horizontal line underneath.

Jonathan Trollip
Chairman

Sydney
30 August 2018

Financial Year in Review

Two powerful market themes combined to drive growth sensitive financial assets sharply higher over the first six months of FY2018. The first of these was the prospect of a sweeping package of US tax cuts, which ultimately became law in December 2017. These changes to the US tax code provided an unprecedented one-time boost to shareholders, adding roughly US\$100Bn a year to US corporate earnings. The second driver for markets was a greatly improved outlook for the global economy. Global GDP growth reached 3.8% in 2017, its fastest pace since 2011 and - especially in the second half of the year - the global economy enjoyed a rare synchronised upswing, as all the major economies of the world began firing at the same time. For share markets this created something of a 'Goldilocks environment', with a surge of trade and investment happening against a backdrop of relatively low global interest rates. Most encouragingly, the biggest market surprises came from the two perennial trouble spots for the world economy, the European Union and Japan. Growth in both regions greatly surprised markets on the upside between July and December of 2017.

The impact of these two powerful macro drivers was stark. In the six months ending December 2017, global share markets rose by 11.2%^{4,5} in US dollar terms. Returns were even higher for more growth sensitive asset classes. Emerging market share prices rallied by 15.9%⁶, while the prices of key industrial commodities like iron ore and oil rose by 27.3% and 31.2% respectively. Given long-term *annual* returns for global share markets are just 5.1% in US dollar terms (or 4.2% in Australian dollar terms), the moves seen in the first half of FY2018 were extraordinary.

As the second half of FY2018 unfolded however, investors were reminded that share markets are not one-way bets. After rising for 15 consecutive months, global equities corrected dramatically during February, falling by 7.5% in US\$ terms in the first week of February, before recovering some of these losses to end the month 4.2% lower. Since the correction in February, the tone in risk assets has been considerably subdued relative to recent years. The two themes driving this last leg of the nine-year old bull market, US tax cuts and the 'Goldilocks' economy, have now largely run their course. The one-time gains from the former have been booked, while the recent economic data that has been reported has taken much of the gloss off the latter. European economic data has disappointed expectations year-to-date, casting doubt on the sustainability of last year's growth rates, while in Japan the economy shrank by 0.6% in the first quarter of 2018. In contrast to the strong returns seen in the first half of the year, global equities fell by 0.4% in US\$ terms in the final six months of FY2018, while emerging market shares fell by 6.7%.

In summary, FY2018 was another strong year for shares and higher risk asset classes. However, these impressive returns were largely generated in the first half of the financial year. Since February 2018, the mood in financial markets has changed noticeably as global growth has slowed and worries have begun to build about the risks of a prolonged trade war between the US and China.

Performance of the Portfolio

The GVF investment portfolio strives to be an all-weather investment proposition. Over the long run, we aim to generate equity market like returns, but with a portfolio that offers a much greater level of downside protection than a typical portfolio of global shares. The virtue of managing risk can easily be overlooked when markets are rallying strongly, but over time we believe it is a practice that will ultimately benefit investors greatly.

By necessity, a more conservative portfolio must forego some upside to protect against the downside. Throughout FY2018 the fund's see-through equity market exposure averaged just 25%⁷, which represents the lowest level of equity market exposure the fund has run with since its launch in 2014. While we have never pretended to be able to call what broader markets will do next, after a nine-year uninterrupted equity bull market, our conviction that compelling risk-adjusted returns can be readily found in share markets today is low. Moreover, the success of our strategy turns on our ability to unlock value from a broad range of different asset classes. Throughout FY2018 we concentrated our efforts on unlocking value from lower risk asset classes, seeing no need to take on meaningful amounts of equity market exposure to deliver on our return targets. This approach showed its worth during February when equity markets corrected heavily. From peak to trough global share markets fell by 4.6% in Australian dollar terms from the end of January through to the 10th of February 2018. Over the same period the GVF investment portfolio was unchanged. GVF then ended the month of February 0.8% higher⁷, while global share markets recorded a 1% fall in Australian dollar terms.

Despite running with a conservative portfolio throughout the year, the adjusted pre-tax NTA of the Company increased by 9.0%⁸ over FY2018. The fund suffered just three down months during the year (global share markets recorded five), with the worst of these being a 1% monthly fall. Our positive FY2018 returns were chiefly the result of the successful application of our discount capture strategy. This added 5.0%⁷ (gross) to performance and represents significant outperformance (or alpha) over the fund's underlying market and currency exposures.

Looking ahead, risk management will continue to remain a key focus for the team and I when it comes to investing the portfolio. While our investment performance will not always live up to the targets that we set for ourselves, to date the portfolio has demonstrated a resilience to periods of market stress that is in line with our aims.

⁴ All returns quoted are total returns, including net dividends. Source: Bloomberg LLP.

⁵ Global share market returns refer to the MSCI All Country World Index.

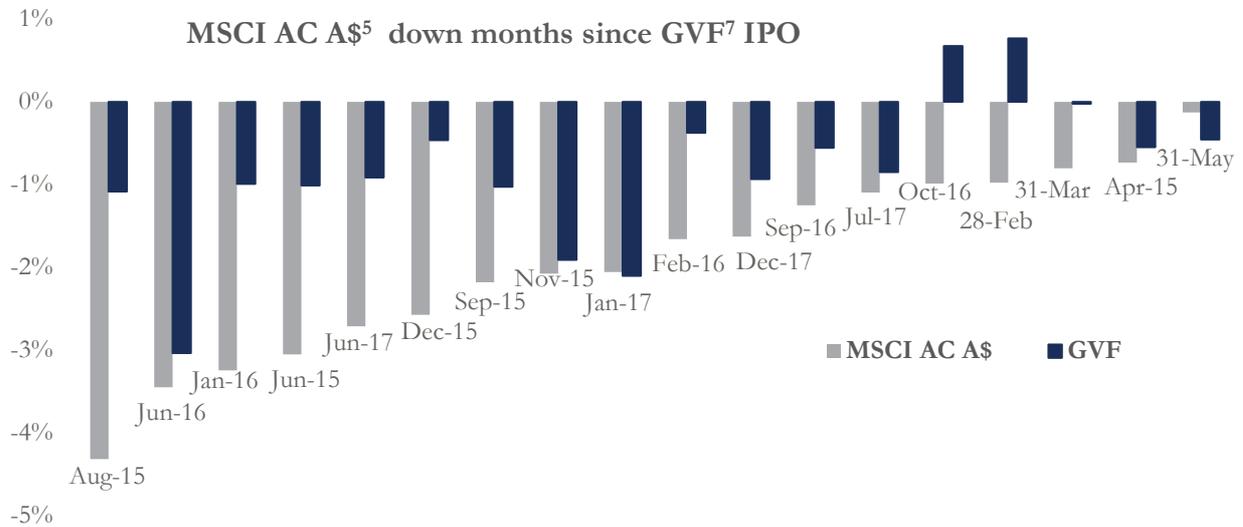
⁶ Unless otherwise referenced, all returns refer to US\$ returns.

⁷ Source: Staupe Capital Limited.

⁸ Adjusted NTA returns are net of all fees and expenses. NTA adjusted for dividend and tax payments and the effects of capital management initiatives. Source: Staupe Capital Limited.

Performance of the Portfolio (continued)

The chart below shows the draw down history of the portfolio since IPO. The first column shows months where global equity markets⁵ have fallen in Australian dollar terms, and beside this is the corresponding net investment return of the Global Value Fund portfolio in the same month.



Despite managing a significantly lower risk portfolio than one invested solely in international share markets, the fund has generated annualised adjusted NTA returns of 12.0%⁷ since IPO.

Outlook

The bull market of the past few years has generated returns far greater than what long-run average share market returns have been. Hanging over this is one of the most powerful forces in finance, the notion of the return to the mean. It is a particularly brave investor who assumes that the double digit annual returns seen recently are sustainable in the long-run. Given this, we believe it is becoming increasingly important for investors to distinguish between the quality of returns, rather than just looking at absolute return numbers themselves.

Following our successful capital raising earlier this year, the Company begins FY2019 with a larger portfolio full of attractive underlying value which the team and I are excited about unlocking. Importantly, our ability to unlock this value is independent of what broader markets might do, while the lower risk nature of our portfolio should offer an important level of protection against any significant market corrections ahead.

The team and I would like to thank all our shareholders for their support throughout FY2018 and especially for the many kind messages that we received over the year.

Miles Staude
Director and Portfolio Manager
30 August 2018

⁵ Global share market returns refer to the MSCI All Country World Index.
⁷ Source: Staude Capital Limited.

Global Value Fund Limited
Portfolio Composition
30 June 2018

Portfolio Composition
As at 30 June 2018

Total Portfolio at 30 June 2018

	Fair Value \$
<u>Long Equity Positions – Held for Trading</u>	
Betashares Australian High Interest Cash Exchange Traded Fund	28,053,208
Pershing Square Holdings Limited	14,985,482
Deutsche Multi Market Income	9,377,733
Third Point Offshore Investors	7,922,099
East Capital Eastern Europe Small Cap Fund	7,127,379
Carador Income	6,954,328
VPC Specialty Lending Investments	6,937,058
Empiric Student Property	6,639,562
MVC Capital	5,813,199
HSBC China Dragon Fund	5,385,978
JPEL Private Equity PRF	5,110,412
National Australia Bank Convertible Preference Shares	4,766,292
Triangle Capital Corporation	4,518,058
Argo Global Listed Infrastructure Limited	4,258,091
Carador Income Fund	4,187,206
NB Private Equity Partners	3,832,971
Pacific Alliance China Land	3,753,525
Commonwealth Bank of Australia PERLS	3,640,685
Blue Sky Alternative Investments	3,539,274
Blue Capital Alternative Income Fund	3,499,490
Nuveen High Income December 2018 Target Term Fund	3,474,846
SQN Secured Income Fund	3,446,400
DW Catalyst Fund	3,254,480
Ranger Direct Lending PRF	3,186,127
BH Macro Limited	2,894,936
Advance Frontier Markets Fund Limited	2,842,415
CATCo Reinsurance Opportunites Fund Limited	2,354,312
Vietnam Phoenix Fund	1,612,791
Deutsche Strategic Income Trust	1,368,284
AXA Property Trust	761,189
Life Settlement Assets	643,526
AMP Capital China Growth Fund	295,337
Candover Investments	251,890
Highbridge Multi-Strategy Fund	201,260
JPMorgan China Region Fund	132,391
Wealth Defender Equities Limited	62,699
Acencia Debt Strategies	38,428
Aberdeen Private Equity	17,883
	167,141,224
<u>Short Equity Positions – Held for Trading</u>	
Automatic Data Processing	(4,583,351)
Restaurant Brands International	(1,992,763)
Pershing Square Holdings Limited	(1,577,419)
Chipotle Mexican Grill	(1,529,268)
Mondelez International	(891,485)
Howard Hughes Corp	(874,147)
Lowe's Companies	(783,456)
United Technologies Corp	(269,326)
	(12,501,215)

Global Value Fund Limited
Portfolio Composition
30 June 2018 (continued)

Portfolio Composition (continued)
As at 30 June 2018

Total Portfolio at 30 June 2018

	Fair Value	Notional Value¹
	\$	\$
<u>Derivative Financial Instruments – Held for Trading</u>		
<i>Long Equity Swaps</i>		
MVC Capital	313,289	1,224,794
New Star Investment Trust	237,092	678,264
Highbridge Multi-Strategy Fund	4,065	12,815
SVG Capital	-	1
AMP Capital China Growth Fund	(1,628)	2,700
Blackrock Emerging Europe	<u>(9,938)</u>	<u>329,299</u>
	<u>542,880</u>	<u>2,247,873</u>
<i>Forward Currency Contracts</i>		
CNY [USD] FX Cross	<u>224,398</u>	<u>(6,668,416)</u>
Total fair value portfolio investments	<u>155,407,287</u>	
Aggregate notional value of all derivatives		<u>(4,420,543)</u>

¹ The aggregate notional value of all derivatives is \$(4,420,543). The notional value represents the face amount of the underlying instrument referenced in the contract and is the amount at risk - refer note 3 (a).

Corporate Governance Statement

The Board of Directors of the Company is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement (“CGS”) in accordance with the third edition of the ASX Corporate Governance Council’s Principles and Recommendations under which the CGS may be made available on a Company’s website.

Accordingly, a copy of the Company’s CGS is available on the Company website www.globalvaluefund.com.au under the Company Summary/ Company Policies section.

Global Value Fund Limited
Directors' Report
For the year ended 30 June 2018

Directors' Report

The Directors of Global Value Fund Limited ("the Company") present their report together with the financial report of the Company for the year ended 30 June 2018.

Directors

The following persons held office as Directors of the Company during the financial year:

Jonathan Trollip	Chairman & Independent Director
Chris Cuffe	Independent Director
Geoffrey Wilson	Director
Miles Staude	Director

Directors have been in office since the start of the financial year to the date of this report.

Principal activities

The Company was established to provide investors with the opportunity to invest in global financial markets through a carefully constructed portfolio of financial assets trading at a discount to their underlying value.

To achieve its objective, the Company has appointed Mirabella Financial Services LLP ("Mirabella") to act as Investment Manager and Mirabella has seconded the investment team at Staude Capital to manage the Global Value Fund portfolio. Staude Capital is based in London 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 portfolio held comprises mainly equities and closed ended funds that are listed on various international exchanges as well as cash deposits denominated in domestic and foreign currencies.

The Company's approach is designed to provide superior risk-adjusted returns compared to more traditional forms of international equity investing.

No change in this activity is anticipated in the future.

Change of Joint Company Secretary

On 19 December 2017, Mr Adam Sutherland of Mertons Corporate Services Pty Limited ("Mertons") was appointed Joint Company Secretary following the retirement of Mr Christopher Lobb from this position. Mr Mark Licciardo (also of Mertons) remained as a Joint Company Secretary.

Dividends

During the year, the Company declared and paid dividends of 6.30 cents per share. 3.15 cents per share of this related to the FY2017 final dividend payment which was 50% franked. This was paid on 3 November 2017. The remaining 3.15 cents per share related to the FY2018 interim dividend which was 50% franked. This was paid on 10 May 2018.

Since year end the Company has declared a final dividend for FY2018 of 3.15 cents per share, 70% franked, to be paid on Friday 9 November 2018. The record date for entitlement to the FY2018 final dividend is Monday 1 October 2018.

The Company's dividend reinvestment plan ("DRP") will be in effect for the FY2018 final dividend of 3.15 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 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 per share on 29 August 2018 was below its current NTA. If this situation remains on 28 September 2018, 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. If the share price for GVF is above the Company's NTA at this time, 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 28 September 2018 NTA value of the Company.

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 enrolment deadline for participation in the DRP for the FY2018 Final dividend is 5.00 pm (AEDT) Tuesday 2 October 2018. Details of the DRP are available on the Company's website at: <http://www.globalvaluefund.com.au/wp-content/uploads/2017/11/GVF-Dividend-Reinvestment-Plan-ASX-Release-Nov-2017.pdf>

Global Value Fund Limited
Directors' Report
For the year ended 30 June 2018 (continued)

Review of operations

For the full year ended 30 June 2018, the Company's investment portfolio generated a 9.0% increase in adjusted pre-tax NTA, with the fund's discount capture strategy generating a 5.0% (gross) return over the year. Positive returns from this strategy represent outperformance over the underlying market and currency exposures of the investment portfolio, and the 5.0% return represents a significant level of market outperformance over a one-year period.

Investment operations for the year ended 30 June 2018 resulted in an operating profit before tax of \$12,517,015 (2017: \$15,812,697) and an operating profit after tax of \$8,929,427 (2017: \$11,081,070).

Net asset backing for each ordinary share at 30 June 2018 after tax amounted to \$1.10 (2017: \$1.09) per share. Net asset backing for each ordinary share at 30 June 2018 before tax amounted to \$1.10 (2017: \$1.10) per share.

Entitlement Offer and Public Offer

On 28 February 2018 the Company announced a non-renounceable Entitlement Offer and a Public Offer. The Entitlement Offer comprised the right to subscribe for 1 new share for every 4 existing Company shares held, as well as a right to apply for additional new shares to meet the shortfall in applications under the Entitlement Offer (if any). The Public Offer consisted of an offer of the shortfall in new shares not taken up under the Entitlement Offer. The issue price of each new share was \$1.10, representing a discount of approximately 2.7% to the 30 day volume weighted average price (VWAP) of the Company's shares traded on the ASX over the 30 trading days up to and including the 27 February 2018. All new shares issued under the Entitlement Offer and Public offer were entitled to receive the 3.15 cent per share dividend paid on 10 May 2018. The Entitlement and shortfall offer closed on 21 March 2018 at 5pm Sydney time. The Public Offer closed on 27 March 2018.

The Company successfully completed its Entitlement Offer and Public Offer of the shortfall, raising gross proceeds of approximately \$27.6million. The Public Offer was managed by Taylor Collison Limited, with Ord Minnett acting as Co-Manager.

The Company issued 14,345,138 new shares in respect of the Entitlement Offer and 10,723,768 new shares pursuant to the Public Offer of the shortfall.

Matters subsequent to the end of the financial period

Since year end the Company has declared a final dividend for FY2018 of 3.15 cents per share, 70% franked, to be paid on Friday 9 November 2018. The record date for entitlement to the FY2018 final dividend is Monday 1 October 2018.

Other than the dividend declared after year end, no other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Likely developments and expected results of operations

The Company will continue to pursue its investment objectives for the long term benefit of shareholders. This will require continual review of the investment strategies that are currently in place and may require changes to these strategies to maximise returns.

The underlying holdings of the Company consist of a portfolio of carefully selected global assets, trading at significant discounts to their intrinsic value. The Portfolio Manager is optimistic about the outlook for the Company's discount capture strategy given the opportunity set available. Further, given the recent volatility in financial markets, the Portfolio Manager expects to be able to capitalise on new opportunities as they arise whilst seeking to protect shareholders through running a portfolio with meaningfully less market risk than one invested solely in a portfolio of international shares.

Environmental regulation

The Company is not affected by any significant environmental regulation in respect of its operations.

To the extent that any environmental regulations may have an incidental impact on the Company's operations, the Directors of the Company are not aware of any breach by the Company of those regulations.

**Global Value Fund Limited
Directors' Report
For the year ended 30 June 2018 (continued)**

Information on directors

Jonathan Trollip Chairman and Independent Director

Experience and expertise

Jonathan Trollip is an experienced Director with over 31 years of commercial, corporate, governance, legal and transaction experience. Jonathan has a Bachelor of Arts degree in Economics from the University of Cape Town, post graduate degrees in Economics and Law from the University of Cape Town and the University of London (London School of Economics) and is a Fellow of the Australian Institute of Company Directors.

Other current directorships

Jonathan Trollip is Chairman of ASX-listed Future Generation Investment Company Limited, Antipodes Global Investment Company Limited, Spicers Limited, Spheria Emerging Companies Limited and Plato Income Maximiser Limited and a non-executive Director of ASX listed Propel Funeral Partners Limited and ASX, AIM and JSE listed Kore Potash plc. Jonathan holds commercial private company directorships with Meridian International Capital Limited, Jonathan is involved in the not for profit sector as Chairman of Science for Wildlife Limited, and a Director of the Watarrka Foundation Limited and the University of Cape Town Australia Alumni Trust.

Former directorships in last 3 years

Jonathan Trollip has not held any other directorships of listed companies within the last three years.

Special responsibilities

Chairman of the Board

Interests in shares and options

Details of Jonathan Trollip's interests in shares of the Company are included in the Remuneration Report.

Interests in contracts

Jonathan Trollip has no interests in contracts of the Company.

Chris Cuffe AO Independent Director

Experience and expertise

Chris has many years of experience in building successful wealth management practices. Most notably he joined Colonial First State in 1988 and became its CEO two years later, leading the company from a start-up operation to Australia's largest investment manager. In 2003 Chris became the CEO of Challenger Financial Services Group Limited and subsequently headed up Challenger's Wealth Management business.

Chris is now involved in a portfolio of activities including a number of directorships, managing public and private investments and in various roles assisting the non-profit sector.

Chris holds a Bachelor of Commerce from the University of NSW and a Diploma from the Securities Institute of Australia. He is a Fellow of Chartered Accountants Australia and New Zealand, a Fellow of the Institute of Company Directors and an Associate of the Financial Services Institute of Australasia. In October 2007 Chris was inducted into the Australian Fund Manager's RBS Hall of Fame for services to the investment industry.

Other current directorships

Chris Cuffe is Chairman of Atrium Investment Management (a wealth management firm), a director of listed investment companies Argo Investments Limited and Antipodes Global Investment Company Limited, a director of Class Limited a listed software company), Chairman of Australian Philanthropic Services (a non-profit organisation assisting philanthropists), and a director of Third Link Investment Managers (the manager of an Australian equities fund known as Third Link Growth Fund).

Former directorships in last 3 years

Chris Cuffe was formerly a Chairman of UniSuper (the \$70 billion superannuation scheme servicing the staff of universities and higher education sector across Australia).

Interests in shares and options

Details of Chris Cuffe's interests in shares of the Company are included in the Remuneration Report.

Interests in contracts

Chris Cuffe has no interests in contracts of the Company.

**Global Value Fund Limited
Directors' Report
For the year ended 30 June 2018 (continued)**

Information on directors (continued)

Geoffrey Wilson AO Non-Independent Director

Experience and expertise

Geoff Wilson has over 38 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997. Geoff created Australia's first listed philanthropic wealth creation vehicles, the Future Generation companies.

Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors.

Other current directorships

Geoffrey Wilson is currently Chairman of WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Leaders Limited, WAM Microcap Limited, WAM Global Limited and the Australian Stockbrokers Foundation. He is the Founder and a Director of Future Generation Global Investment Company Limited and Future Generation Investment Company Limited and a Director of Australian Leaders Fund Limited, Clime Capital Limited, Century Australia Investments Limited, 8IP Emerging Companies Limited, Incubator Capital Limited, Sporting Chance Cancer Foundation, the Australian Fund Managers Foundation, the Australian Children's Music Foundation and he is a Member of the Second Bite NSW Advisory Committee. He is also founder and Director of investment management companies Wilson Asset Management (International) Pty Limited and MAM Pty Limited.

Former directorships in last 3 years

Geoffrey Wilson is a former Director of Clime Capital Limited.

Interests in shares and options

Details of Geoffrey Wilson's interests in shares of the Company are included in the Remuneration Report.

Interests in contracts

Details of Geoffrey Wilson's interests in contracts of the Company are included in the Remuneration Report.

Miles Staude Non-Independent Director

Experience and expertise

Miles has over 18 years' of experience in trading, investment management and research, covering a wide range of financial markets. He is the Portfolio Manager of the Global Value Fund and serves as a Director on the Global Value Fund Board. Under Mirabella's regulatory licences, Miles has overall responsibility for the GVF portfolio management teams trading and investment management activities.

Prior to founding Staude Capital Miles spent ten years as a Portfolio Manager and Investment Analyst at Metage Capital, a London based investment management firm. Before joining Metage he spent 5 years as a sell-side equity analyst at RBC Capital Markets, based in both Sydney and London. Miles holds an economics degree from the University of Sydney and is a CFA Charterholder.

Other current directorships

Miles is currently a Director of Staude Capital Limited (UK) and Staude Capital Pty Limited (Australia) .

Former directorships in last 3 years

Miles Staude has not held any other directorships of listed companies within the last 3 years.

Special responsibilities

Portfolio Manager

Interests in shares and options

Details of Miles Staude's interests in shares of the Company are included in the Remuneration Report.

Interests in contracts

Details of Miles Staude's interests in contracts of the Company are included in the Remuneration Report.

**Global Value Fund Limited
Directors' Report
For the year ended 30 June 2018 (continued)**

Company secretaries

Mark Licciardo B Bus(Acc), GradDip CSP, FGIA, FCIS, FAICD (Company Secretary)

Experience and special responsibilities

Mark Licciardo is Managing Director of Mertons Corporate Services Pty Ltd (Mertons) which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies.

Prior to establishing Mertons, Mark Licciardo was Company Secretary of the Transurban Group and Australian Foundation Investment Company Limited. Mark has also had an extensive commercial banking career with the Commonwealth Bank and State Bank Victoria. Mark Licciardo is a former Chairman of the Governance Institute Australia (GIA) in Victoria and the Melbourne Fringe Festival, a fellow of GIA, the Institute of Chartered Secretaries (CIS) and the Australian Institute of Company Directors (AICD) and a Director of ASX listed Frontier Digital Ventures Limited, iCar Asia Limited and Mobilicom Limited as well as several other public and private companies.

Adam Sutherland AdvDip Bus(Legal Practice), GIA(Cert) (Joint Company Secretary – appointed 19 December 2017)

Experience and special responsibilities

Adam Sutherland is an experienced legal and corporate compliance officer and has supported senior legal and company secretarial executives with Crown Resorts Limited. He has expertise in corporate compliance obligations, including ASX and ASIC requirements.

Adam Sutherland also assisted with the application and maintenance of local and international gaming licences for Crown. Prior to Crown Resorts Limited, Adam was a member of the internal legal team at Crown Melbourne Limited. Adam Sutherland is a current Company Secretary of various public and private companies.

Meetings of directors

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2018, and the number of meetings attended by each Director were:

	Directors' Meetings	
	A	B
Jonathan Trollip	3	3
Chris Cuffe	3	3
Geoffrey Wilson	2	3
Miles Staude	3	3

A = Number of meetings attended

B = Number of meetings held during the time the Director held office during the year

Remuneration report (audited)

This report details the nature and amount of remuneration for each Director of Global Value Fund Limited ("the Company") in accordance with the Corporations Act 2001. The Company Secretaries are remunerated under a service agreement with Mertons Corporate Services Pty Ltd.

Details of remuneration

All Directors of the Company are non-executive Directors. The Board from time-to-time determines remuneration of Directors within the maximum amount approved by the shareholders at the Annual General Meeting. Directors are not entitled to any other remuneration.

Fees and payments to Directors reflect the demands that are made on them and their responsibilities. The performance of Directors is reviewed annually. The Board determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

The maximum total remuneration of the Directors of the Company has been set at \$90,000 per annum. Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main Board activities.

Directors' remuneration is not directly linked to the Company's performance.

**Global Value Fund Limited
Directors' Report
For the year ended 30 June 2018 (continued)**

Remuneration report (audited) (continued)

The following tables show details of the remuneration received by the Directors of the Company for the current and prior financial year.

2018	Short term Employee benefits	Post-employment benefits	Total
Name	Salary and fees	Superannuation	
	\$	\$	\$
Jonathan Trollip	31,964	3,036	35,000
Chris Cuffe	27,397	2,603	30,000
Geoffrey Wilson	9,132	868	10,000
Miles Staude	-	-	-
Total director remuneration	68,493	6,507	75,000
2017			
Name			
Jonathan Trollip	31,964	3,036	35,000
Chris Cuffe	27,397	2,603	30,000
Geoffrey Wilson	9,132	868	10,000
Miles Staude	-	-	-
Total director remuneration	68,493	6,507	75,000

The Company has no employees other than Non-Executive Directors and therefore does not have a remuneration policy for employees.

The Directors are the only people considered to be key management personnel of the Company.

Director related entity remuneration

All transactions with related entities are made on normal commercial terms and conditions.

Miles Staude, a Director of the Company, was an employee of Metage Capital Limited ("Metage") until 4 November 2016. With effect from 4 November 2016, Mirabella Financial Services LLP ("Mirabella") replaced Metage Capital Limited ("Metage") as Manager. Mirabella in turn entered into legal agreements with Staude Capital Limited, an entity associated with Miles Staude and the investment personnel at Metage previously responsible for the management of the portfolio, pursuant to which certain individuals from Staude Capital Limited are seconded into Mirabella to perform portfolio management services for the Company. The Company's portfolio continues to be managed by Miles Staude and his team in their capacity as secondees to Mirabella, with an unchanged investment mandate. Miles Staude benefits from the manager fees payable to Mirabella.

The associated fees payable to the current and former managers are listed below:

Assignment fee

By an assignment deed dated 16 May 2014, the former manager Metage had assigned all right, title and interest to receive 25% of all management and performance fees payable under its management agreement to Boutique Investment Management Pty Limited ("BIM"), an entity associated with Geoffrey Wilson. As part of the legal arrangement to replace Metage with Mirabella as manager, a replacement assignment deed effective 4 November 2016 was entered into between Mirabella and BIM.

The Company has acknowledged this replacement assignment and undertaken to Mirabella and BIM to pay this amount at the same time as the balance of the management fee and performance fee are payable to Mirabella. The Company owes no other obligations to BIM.

Mirabella has undertaken to BIM not to terminate or amend the terms of the Management Agreement or waive any of its rights under the Management Agreement without the prior written consent of BIM.

The assignment deed in place with the current Manager has the same terms and conditions as the previous assignment deed.

Management fee

In its capacity as manager, the manager is entitled to receive a management fee of 0.125% per month (representing an annualised fee of 1.5% per annum) of the net value of the Portfolio. The management fee is calculated monthly and payable monthly in arrears. For the year ended 30 June 2018 the former manager, Metage, was not paid a management fee (2017: \$561,759) and the current manager Mirabella was entitled to a management fee of \$2,078,407 (2017: \$1,176,285), of which \$518,244 was paid to BIM. As at 30 June 2018, the balance payable was \$198,343 (2017: \$208,017).

**Global Value Fund Limited
Directors' Report
For the year ended 30 June 2018 (continued)**

Remuneration report (audited) (continued)

Director related entity remuneration (continued)

Performance fee

In further consideration for the performance of its duties as manager of the portfolio, the manager may be entitled to be paid a performance fee equal to 15% of any portfolio out performance in excess of a hurdle return being 4% above the 1 year interest rate swap rate. Further details of the terms of the performance fee calculation are disclosed in Note 16 to the financial statements.

For the financial year ended 30 June 2018, the performance fee amount payable to the manager was \$735,231 (2017: \$1,643,821). As at 30 June 2018, the balance payable was \$735,231 (2017: \$1,643,821).

Contracts

Other than as stated above, no Director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related company with the Director or with a firm of which they are a member or with a company in which they have substantial financial interest since the inception of the Company.

Equity instrument disclosures relating to directors

As at the date of this report, the Company's Directors and their related parties held the following interests in the Company:

Ordinary shares held

2018	Balance as at 1 July 2017	Acquisitions	Disposals	Balance as at 30 August 2018
Director				
Jonathan Trollip ¹	340,000	85,000	-	425,000
Chris Cuffe ²	286,578	914,652	-	1,201,230
Geoffrey Wilson ³	1,077,273	269,317	-	1,346,590
Miles Staude ⁴	-	115,000	-	115,000
	1,703,851	1,383,969	-	3,087,820

¹ 425,000 shares beneficially held by Piaster Pty Limited ATF Trollip Family Superfund A/C

² 303,436 shares beneficially held by Thank Keating Pty Limited ATF C & N Cuffe Family Superannuation Fund, 861,766 shares beneficially held by Australian Philanthropic Services Pty Limited ATF Australian Philanthropic Services Foundation and 36,028 shares beneficially held by Mr Christopher Cuffe ATF Matthew Patrick Cuffe

³ 1,346,590 shares beneficially held by GW Holdings Pty Limited <Edwina A/C>

⁴ 115,000 shares beneficially held by Staude Capital Pty Limited

2017	Balance as at 1 July 2016	Acquisitions	Disposals	Balance as at 30 June 2017
Director				
Jonathan Trollip *	340,000	-	-	340,000
Chris Cuffe *	257,410	29,168	-	286,578
Geoffrey Wilson *	1,050,001	27,272	-	1,077,273
Miles Staude	-	-	-	-
	1,647,411	56,440	-	1,703,851

* held through direct and indirect interests

End of remuneration report

Insurance and indemnification of officers and auditors

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums.

The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company or the improper use by the Directors of their position.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

Global Value Fund Limited
Directors' Report
For the year ended 30 June 2018 (continued)

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

During the year Pitcher Partners, the Company's auditor, did not perform any other services in addition to their statutory duties for the Company except as disclosed in Note 14 to the financial statements.

The Board of Directors is satisfied that the provision of other services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 14 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to the auditor independence in accordance with the APES 110 *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

This report is made in accordance with a resolution of Directors.



Jonathan Trollip
Chairman

Sydney
30 August 2018

**Auditor's Independence Declaration
To the Directors of Global Value Fund Limited
ABN 90 168 653 521**

In relation to the independent audit for the year ended 30 June 2018, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*;
and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Global Value Fund Limited during the year.



S M Whiddett
Partner

Pitcher Partners
Sydney

30 August 2018

Global Value Fund Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2018

Statement of Profit or Loss and Other Comprehensive Income

	Note	2018 \$	2017 \$
Income			
Net realised gains on disposal of investments		15,044,255	13,874,520
Net unrealised (losses)/ gains on market value movement of investments		(1,101,202)	395,151
Net realised (losses) on foreign exchange movement		(265,325)	(677,698)
Net unrealised gains on foreign exchange movement		91,983	461,996
Interest income		245,979	231,534
Other income		116,369	-
Dividend income		<u>3,544,970</u>	<u>6,945,186</u>
Total income		17,677,029	21,230,689
Expenses			
Management fees		(2,078,407)	(1,738,044)
Performance fees		(735,231)	(1,643,821)
Administration fees		(286,471)	(243,306)
Brokerage and Clearing expenses		(558,069)	(544,127)
Accounting fees		(36,251)	(15,323)
Share registry fees		(63,655)	(81,864)
Dividends paid on borrowed stock		(209,066)	(100,243)
Interest expense		(864,129)	(565,429)
Tax fees		(13,200)	(6,425)
Directors' fees		(75,000)	(75,000)
Legal fees		(66,183)	(13,370)
Secretarial fees		(38,257)	(36,657)
ASX fees		(71,398)	(53,356)
Audit fees		(35,000)	(29,977)
Other expenses		<u>(29,697)</u>	<u>(271,050)</u>
Total expenses		(5,160,014)	(5,417,992)
Profit before income tax		12,517,015	15,812,697
Income tax expense	5	<u>(3,587,588)</u>	<u>(4,731,627)</u>
Profit attributable to members of the Company		<u>8,929,427</u>	<u>11,081,070</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>8,929,427</u>	<u>11,081,070</u>
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic and diluted earnings per share	19	6.98	10.28

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

Global Value Fund Limited
Statement of Financial Position
As at 30 June 2018

Statement of Financial Position

	Note	2018 \$	2017 \$
Assets			
Cash and cash equivalents	6	7,821,378	40,601,076
Trade and other receivables	7	75,200	126,908
Financial assets at fair value through profit or loss	8	167,908,502	97,449,909
Current tax asset	5	62,278	559,912
Deferred tax asset	5	<u>214,988</u>	<u>98,085</u>
Total assets		<u>176,082,346</u>	<u>138,835,890</u>
Liabilities			
Trade and other payables	9	1,145,241	2,008,105
Financial liabilities at fair value through profit or loss	8	12,501,215	2,684,611
Deferred tax liabilities	5	<u>1,085,970</u>	<u>1,450,560</u>
Total liabilities		<u>14,732,426</u>	<u>6,143,276</u>
Net Assets		<u>161,349,920</u>	<u>132,692,614</u>
Equity			
Issued capital	10	150,758,155	122,583,961
Profits reserve	11	14,429,042	13,945,930
Accumulated losses	11	<u>(3,837,277)</u>	<u>(3,837,277)</u>
Total equity		<u>161,349,920</u>	<u>132,692,614</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Global Value Fund Limited
Statement of Changes in Equity
For the year ended 30 June 2018

Statement of Changes in Equity

	Note	Issued capital \$	(Accumulated losses) \$	Profits reserve \$	Total \$
Balance at 30 June 2016		<u>102,013,197</u>	<u>(2,906,380)</u>	<u>8,823,596</u>	<u>107,930,413</u>
Profit for the year	11	-	11,081,070	-	11,081,070
Other comprehensive income for the year		-	-	-	-
Transfer of profits during the year	11	-	(12,011,967)	12,011,967	-
<u>Transactions with owners:</u>					
Dividends paid	12	-	-	(6,889,633)	(6,889,633)
Shares issued on share purchase plan	10	19,907,681	-	-	19,907,681
Shares issued on dividends reinvested	10	<u>663,083</u>	-	-	<u>663,083</u>
Balance at 30 June 2017		<u>122,583,961</u>	<u>(3,837,277)</u>	<u>13,945,930</u>	<u>132,692,614</u>
Profit for the year	11	-	8,929,427	-	8,929,427
Other comprehensive income for the year		-	-	-	-
Transfer of profits during the year	11	-	(8,929,427)	8,929,427	-
<u>Transactions with owners:</u>					
Dividends paid	12	-	-	(8,446,315)	(8,446,315)
Shares issued on entitlement and public offers, net of transaction costs	10	27,240,538	-	-	27,240,538
Shares issued on dividends reinvested	10	<u>933,656</u>	-	-	<u>933,656</u>
Balance at 30 June 2018		<u>150,758,155</u>	<u>(3,837,277)</u>	<u>14,429,042</u>	<u>161,349,920</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

Global Value Fund Limited
Statement of Cash Flows
For the year ended 30 June 2018

Statement of Cash Flows

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Proceeds from sale of investments		175,639,527	221,981,634
Payment for investments		(224,562,862)	(231,518,576)
Realised foreign exchange (losses)/ gains		(265,325)	(677,698)
Other income received		116,369	-
Interest received		266,289	222,778
Dividends received		3,650,770	6,946,704
Proceeds from return of capital on investments		2,224,399	-
Interest paid		(844,294)	(549,740)
Management fees paid		(2,088,080)	(1,665,012)
Performance fees paid		(1,643,821)	-
Dividends paid on borrowed stock		(159,942)	-
Income tax paid		(3,564,944)	(5,400,523)
Payment for other expenses		<u>(1,217,252)</u>	<u>(1,308,259)</u>
Net cash (used in) operating activities	18(a)	<u>(52,449,166)</u>	<u>(11,968,692)</u>
Cash flows from financing activities			
Shares issued on entitlement and public offers, gross of transaction costs		27,575,796	-
Capital raising costs		(485,653)	-
Shares issued on placement		-	19,907,681
Dividends paid		<u>(7,512,658)</u>	<u>(6,226,551)</u>
Net cash provided by financing activities		<u>19,577,485</u>	<u>13,681,130</u>
Net (decrease)/ increase in cash and cash equivalents held		(32,871,681)	1,712,438
Cash and cash equivalents at beginning of financial year		40,601,076	38,426,642
Effect of foreign currency exchange rate changes on cash & cash equivalents		<u>91,983</u>	<u>461,996</u>
Cash and cash equivalents at end of financial year	6	<u><u>7,821,378</u></u>	<u><u>40,601,076</u></u>
Non cash financing activities			
Dividends reinvested	18(b)	<u>933,656</u>	<u>663,083</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2018

1 General information

Global Value Fund Limited (the "Company") is a listed public company domiciled in Australia. The address of the Company's registered office is C/- Merton's Corporate Services Pty Limited, Level 7, 330 Collins Street, Melbourne.

The financial statements were authorised for issue on 30 August 2018 by the Directors of the Company.

2 Significant accounting policies

In accordance with ASIC Corporations (rounding in Financial/ Directors' Reports) Instrument 2016/191, the amounts in the financial statements have been rounded to the nearest dollar unless otherwise stated.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities.

The financial statements of the Company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(b) Financial instruments

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, trade date accounting is adopted, which is equivalent to the date that the Company commits to purchase or sell the assets. Financial instruments are initially measured at fair value. Transaction costs related to instruments classified "at fair value through profit or loss" are expensed to the profit or loss immediately.

(ii) Classification and subsequent measurement

Investments such as shares in publicly listed and unlisted companies, exchange traded call and put options and investments in fixed interest securities are subsequently measured at fair value and are presented in the profit or loss on a liquidity basis. The Company may short sell securities. Short sales or borrowed stock are classified as a financial liability and are revalued to fair value through the profit or loss.

(iii) Financial assets at fair value through profit or loss

Financial assets are classified "at fair value through the profit or loss" when they are held for trading for the purpose of short-term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in the profit or loss in the period in which they arise.

(iv) Derivative Instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the profit or loss.

(v) Fair value

Fair value is determined based on current market prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions and reference to similar instruments.

(vi) Derecognition

Financial assets are derecognised on a first-in first-out ("FIFO") basis where the contractual rights to receipt of cash flows expires or the asset is transferred to another party, whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit or loss.

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2018 (continued)

2 Significant accounting policies (continued)

(c) Revenue recognition

Dividend income is recognised in the profit or loss on the day on which the relevant investment is first quoted on an “ex-dividend” basis and is presented net of any unrecoverable withholding taxes.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset net of any withholding taxes.

(d) Foreign currency

The financial statements of the Company are presented in Australian Dollars (A\$), which is the Company’s functional and presentation currency.

Foreign currency transactions during the year are translated into Australian Dollars at the exchange rate at the transaction date. At each reporting date, assets and liabilities denominated in foreign currency are retranslated at the rates prevailing at the reporting date. Foreign exchange gains or losses resulting from the settlement of foreign denominated assets and liabilities will be recognised in profit and loss. Net exchange gains and losses arising on the revaluation of investments will be included in net gains or losses on investments.

(e) Income tax

The income tax expense/(benefit) for the period comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense/(benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(f) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), unless GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Statement of Financial Position.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2018 (continued)

2 Significant accounting policies (continued)

(h) Trade and other receivables

Trade and other receivables relate to outstanding settlement as well as accrued income in relation to interest and dividends receivable. Trade receivables are generally due for settlement within 30 days.

(i) Trade and other payables

These amounts represent liabilities for outstanding settlements as well as services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised costs and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Issued capital

Ordinary shares will be classified as equity. Costs directly attributable to the issue of ordinary shares will be recognised as a deduction from equity, net of any tax effects.

(k) Profits reserve

A profits reserve has been created representing an amount allocated from retained earnings that is preserved for future dividend payments.

(l) Dividends

Dividends are recognised when declared during the financial year.

(m) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(n) Operating segments

The Company has only one reportable segment. The Company is engaged solely in investment activities, deriving revenue from dividend income, interest income and from the sale of its investments.

The Company continues to have foreign exposure as it invests in companies which operate internationally.

(o) Critical accounting estimates and judgements

The Directors evaluate the estimates and judgements incorporated into the financial statements based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

Most material financial assets are valued by reference to quoted prices. However some assets are valued using valuation methods which the Directors believe are appropriate. This is explained in more detail on Note 4 (i) to the financial statements.

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2018 (continued)

2 Significant accounting policies (continued)

(p) New accounting standards and interpretations not yet adopted

The Australian Accounting Standards Board has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company will not early adopt the new and amended pronouncements at this point in time. A new and amended pronouncement that is relevant to the Company, but applicable in future reporting periods is AASB 9: *Financial Instruments and its associated amending standards*.

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 (AASB 139 – *Financial Instruments: Recognition and Measurement*). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Company has not early adopted AASB 9. This is not expected to have a significant impact on the Company's financial statements as the Company does not expect to elect any investments as not held for trading. The new standard will be adopted for the reporting period commencing 1 July 2018.

3 Financial risk management

The Company's financial instruments consist mainly of deposits with banks, trading portfolios, trade and other receivables and trade and other payables.

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Board of the Company, with the Investment Manager has implemented a risk management framework to mitigate these risks.

(a) Market risk

The standard defines this as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign exchange risk

The Company invests in global listed securities and enters into transactions that are denominated in currencies other than its functional currency. Consequently, the Company is exposed to the movements in exchange rates that may have an adverse affect on the fair value of future cash flows of the Company's financial assets denominated in currencies other than Australian dollars.

The Portfolio Manager identifies measures and manages exchange rate risk by examining each component in the investment portfolio in a way that looks beyond the currency of denomination to the underlying exposures presented by each investment. These exposures are then aggregated across the portfolio so that overall currency risk can be assessed and managed as appropriate in accordance with the investment mandate. The Portfolio Manager has estimated and reported currency exposures of the investment portfolio as at 30 June 2018 and 30 June 2017 as follows:

	Net currency exposure*	
	30 June 2018	30 June 2017
	%	%
United States Dollar	42	40
Australian Dollar	28	27
Euro	17	18
Pound Sterling	6	8
Chinese Renminbi	2	5
Other Currencies	<u>5</u>	<u>2</u>
	<u>100</u>	<u>100</u>

*as percentage of portfolio exposure

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2018 (continued)

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk

The Company is exposed to price risk. This arises from investments held by the Company and classified in the Statement of Financial Position as financial assets and financial liabilities at fair value through profit or loss.

The Company's portfolio of investments gives rise to price risk as follows:

	2018	2017
	\$	\$
Australian and overseas equities	154,640,009	92,513,515
Derivative financial instruments ¹	<u>(4,420,543)</u>	<u>28,000,677</u>
	<u>150,219,466</u>	<u>120,514,192</u>

¹ This represents the aggregate notional value of all derivatives.

A detailed analysis of the Company's portfolio is presented on page 4. The sensitivity of derivative instruments to changes in price depends upon the notional value of the underlying instrument as this will determine the value of the contractual commitments as at the reporting date. The fair value of derivative instruments is derived from the movement in notional value since inception.

In view of the interrelationship between price risk, interest rate risk and currency risk, as well as the complexities of measuring the impact of price changes on a partially hedged portfolio, the Directors do not consider it possible or meaningful to provide a simple analysis of the sensitivity of the portfolio to general changes in price.

(iii) Cash flow and fair value interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities as defined by their future cash flows. Whilst the Company does not invest to any significant extent directly into fixed income securities, the Company does have some exposure to interest rates through the underlying exposures of its investments. The Investment Manager and the Board of Directors have estimated that the aggregate impact of these exposures on the broader portfolio is minimal. The Directors, therefore, do not consider it necessary, or meaningful, to provide an analysis of the sensitivity of the portfolio to changes in interest rates.

The table below summarises the Company's exposure to interest rate risks. It includes the Company's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates.

	Floating interest rate	Non- interest bearing	Total
	\$	\$	\$
At 30 June 2018			
Financial assets			
Cash and cash equivalents	7,821,378	-	7,821,378
Trade and other receivables	-	75,200	75,200
Current tax assets	-	62,278	62,278
Financial assets held at fair value through profit or loss	<u>-</u>	<u>167,908,502</u>	<u>167,908,502</u>
	<u>7,821,378</u>	<u>168,045,980</u>	<u>175,867,358</u>
Financial liabilities			
Trade and other payables	-	(1,145,241)	(1,145,241)
Financial liabilities held at fair value through profit or loss	<u>-</u>	<u>(12,501,215)</u>	<u>(12,501,215)</u>
	<u>-</u>	<u>(13,646,456)</u>	<u>(13,646,456)</u>
Net exposure to interest rate risk	<u>7,821,378</u>	<u>154,399,524</u>	<u>162,220,902</u>

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2018 (continued)

3 Financial risk management (continued)

(iii) *Cash flow and fair value interest rate risk (continued)*

	Floating interest rate \$	Non- interest bearing \$	Total \$
At 30 June 2017			
Financial assets			
Cash and cash equivalents	40,601,076	-	40,601,076
Trade and other receivables	-	126,908	126,908
Current tax assets	-	559,912	559,912
Financial assets held at fair value through profit or loss	-	97,449,909	97,449,909
	<u>40,601,076</u>	<u>98,136,729</u>	<u>138,737,805</u>
Financial liabilities			
Trade and other payables	-	(2,008,105)	(2,008,105)
Financial liabilities held at fair value through profit or loss	-	(2,684,611)	(2,684,611)
Current tax liabilities	-	-	-
	<u>-</u>	<u>(4,692,716)</u>	<u>(4,692,716)</u>
Net exposure to interest rate risk	<u>40,601,076</u>	<u>93,444,013</u>	<u>134,045,089</u>

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, and deposits with banks and other financial institutions.

The Company has entered into agreements that facilitate stock borrowing from its portfolio for covered short selling. These agreements are subject to a number of restrictions which limit the value of such borrowing. If the stock borrowing counterparty became insolvent, it is possible that the Company may not recover all of the borrowed stock from the counterparty.

The maximum exposure to credit risk, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

The Company held no collateral as security or any other credit enhancements.

None of the assets exposed to a credit risk are overdue or considered to be impaired.

Management of the risk

The risk was managed as follows:

- Receivable balances are monitored on an ongoing basis and the Company has no debts past due or impaired; and
- Non-derivative investment transactions are settled on a "Delivery versus payment" basis through international clearing systems. Derivative investment transactions are only contracted with Credit Suisse, an investment grade counter-party.

(c) Liquidity risk

The standard defines this as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Manager maintains sufficient unencumbered cash balances to ensure the Company can meet its liabilities as and when they fall due.

The Company's inward cash flows depend upon the level of dividend, distribution revenue received and sale of liquid assets. Should these decrease by a material amount, the Company would amend its outward cash flows accordingly. As the Company's major cash outflows are the purchase of securities and dividends paid to shareholders, the level of both of these is managed by the Board and Manager.

The assets of the Company are largely in the form of readily tradeable securities which can be sold on-market if necessary.

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2018 (continued)

3 Financial risk management (continued)

(c) Liquidity risk (continued)

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities at year end date.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities

	Less than 1 month \$	More than 1 month \$	Total contractual undiscounted cash flows \$
At 30 June 2018			
Financial liabilities			
Trade and other payables	1,145,241	-	1,145,241
Financial liabilities at fair value through profit or loss	-	12,501,215	12,501,215
Total financial liabilities	1,145,241	12,501,215	13,646,456

	Less than 1 month \$	More than 1 month \$	Total contractual undiscounted cash flows \$
At 30 June 2017			
Financial liabilities			
Trade and other payables	2,008,105	-	2,008,105
Financial liabilities at fair value through profit or loss	-	2,684,611	2,684,611
Total financial liabilities	2,008,105	2,684,611	4,692,716

4 Fair value measurements

The Company measures and recognises its financial assets at fair value through profit or loss ("FVTPL") on a recurring basis.

(a) Fair value hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Recognised fair value measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2018.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
At 30 June 2018				
Financial assets at FVTPL				
Australian and overseas listed equity securities	154,209,384	2,549,981	10,381,859	167,141,224
Derivative financial instruments ¹	768,906	(1,628)	-	767,278
Total financial assets	154,978,290	2,548,353	10,381,859	167,908,502
Financial liabilities at FVTPL				
Australian and overseas listed equity securities sold short				
Total financial liabilities	(12,501,215)	-	-	(12,501,215)

¹ As disclosed on page 5 and in Note 3(a)(ii), the aggregate notional value of all derivatives included in Level 1 of the fair value hierarchy is \$(4,420,543).

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2018 (continued)

4 Fair value measurements (continued)

(i) *Recognised fair value measurements (continued)*

At 30 June 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at FVTPL				
Australian and overseas listed equity securities	91,820,846	3,377,280	-	95,198,126
Derivative financial instruments ¹	2,219,790	31,993	-	2,251,783
Total financial assets	<u>94,033,166</u>	<u>3,416,743</u>	<u>-</u>	<u>97,449,909</u>
Financial liabilities at FVTPL				
Australian and overseas listed equity securities sold short				
Total financial liabilities	<u>(2,684,611)</u>	<u>-</u>	<u>-</u>	<u>(2,684,611)</u>

¹ The notional value of derivatives included in Level 1 of the fair value hierarchy is \$28,000,677.

Included within Level 1 of the hierarchy are listed investments. The fair value of these financial assets has been based on the closing quoted last prices at the end of the reporting year, excluding transaction costs.

The majority of investments included in Level 2 of the hierarchy include amounts due to be received upon the liquidation of closed end funds. As these funds ceased trading prior to the end of the year the valuation technique used to determine value attributed to these investments is, the fair value of all consideration due and payable to the Company by the liquidators of the investee fund.

Included within Level 3 of the hierarchy is the fair value of East Capital Eastern Europe Small Cap Fund, an open ended fund, with redemptions available at Net Asset Value ("NAV"). However there are certain restrictions to the size of redemptions the fund will allow each quarter given the illiquidity of the underlying assets, small size of East Capital and the concentrated investor base. This would mean exiting a large position may take many years. The seller of the stake bought by the Company believed a 23% discount to NAV was an appropriate level to exit their entire position in one transaction. The Company has therefore decided to maintain the discount of 23% and apply it to an estimate of NAV. East Capital publish an official monthly NAV mid-way through the following month. The Company models the change in price and currency, since the last published NAV, of all of the underlying positions held by the fund over the period to obtain an NAV estimate.

There were transfers of financial assets with a total valuation of \$3,386,871 from Level 1 to Level 3 of the fair value hierarchy during the year (2017: no transfers). The transfers were due to the investments being delisted from their respective stock exchanges. The total gains realised on the sale of these investments during the year recognised on the Statement of Profit or Loss and Other Comprehensive Income was \$1,717,613 and the total unrealised losses on movement in market value relating to these assets were \$384,596.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting year.

(ii) *Recognised fair value measurements*

The carrying amounts of all financial instruments other than those measured at fair value on a recurring basis are considered to represent a reasonable approximation of their fair values.

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2018 (continued)

	2018 \$	2017 \$
5 Income tax expense		
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Prima facie tax on profit before income tax at 30% (2017: 30%)	3,755,105	4,743,809
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Foreign income tax offset gross up	44,261	34,989
Foreign income tax offset	(73,769)	(58,315)
Other non-assessable items	<u>(138,009)</u>	<u>11,144</u>
Income tax expense	<u>3,587,588</u>	<u>4,731,627</u>
The applicable weighted average effective tax rates are as follows:	28.66%	29.92%
Total income tax expense results from:		
Current tax liability	3,308,150	3,610,978
Deferred tax liability	348,913	1,058,015
Deferred tax asset	76,593	39,955
Other	<u>(146,068)</u>	<u>22,680</u>
Income tax expense	<u>3,587,588</u>	<u>4,731,627</u>
(b) Current tax (asset)/ liability		
Opening balance	(559,912)	1,229,635
Prior year income tax refund/ (paid)	404	(1,229,616)
Current year income tax paid	(3,362,369)	(4,170,908)
Under/(over) provision	559,507	(19)
Credited to statement of profit or loss and other comprehensive income	<u>3,300,092</u>	<u>3,610,996</u>
Closing balance	<u>(62,278)</u>	<u>(559,912)</u>
(c) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Accruals	21,661	16,044
Capitalised costs	<u>193,327</u>	<u>82,041</u>
	<u>214,988</u>	<u>98,085</u>
Movements:		
Opening balance	98,085	138,040
Under/ (over) provision	49,814	-
(Charged) /credited:		
- to statement of profit or loss and other comprehensive income	(76,593)	(39,955)
- to equity	<u>143,682</u>	<u>-</u>
Closing balance	<u>214,988</u>	<u>98,085</u>
(d) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Fair value adjustments	1,084,121	1,416,970
Accruals	<u>1,849</u>	<u>33,590</u>
	<u>1,085,970</u>	<u>1,450,560</u>
Movements:		
Opening balance	1,450,560	392,544
Under/ (over) provision	(713,503)	-
Charged/credited:		
- to statement of profit or loss and other comprehensive income	<u>348,913</u>	<u>1,058,016</u>
Closing balance	<u>1,085,970</u>	<u>1,450,560</u>

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2018 (continued)

	2018 \$	2017 \$
6 Cash and cash equivalents		
Cash at bank	<u>7,821,378</u>	<u>40,601,076</u>

The Company makes use of swap contracts with its Prime Broker to invest some of its investment portfolio and such contracts result in much of the notional investment value, being the value at risk, remaining on the Company's balance sheet as cash.

7 Trade and other receivables

Dividends receivable	6,164	111,965
GST receivable	4,490	4,049
Other receivable	<u>64,546</u>	<u>10,894</u>
	<u>75,200</u>	<u>126,908</u>

Receivables are non-interest bearing and unsecured.

8 Financial assets and liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss are all held for trading and include the following:

Australian and overseas listed equity securities	167,141,224	95,198,126
Derivative financial instruments	<u>767,278</u>	<u>2,251,783</u>
	<u>167,908,502</u>	<u>97,449,909</u>

Financial liabilities at fair value through profit or loss are all held for trading and include the following:

Australian and overseas listed equity securities sold short	<u>12,501,215</u>	<u>2,684,611</u>
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Changes in fair values of financial assets at fair value through profit or loss are recorded as income in the Statement of Profit or Loss and Other Comprehensive Income.

When the Company sells securities it does not possess, it has to cover this short position by acquiring securities at a later date and is therefore exposed to price risk of those securities sold short. The sales agreement is usually settled by delivering borrowed securities. However, the Company is required to return those borrowed securities at a later date.

9 Trade and other payables

Management fees payable	198,343	208,017
Performance fees payable	735,231	1,643,821
Interest payable	55,554	35,719
Other payables	<u>156,113</u>	<u>120,548</u>
	<u>1,145,241</u>	<u>2,008,105</u>

Trade and other payables primarily relate to management and performance fees payable to the Manager and are usually paid within 30 days of recognition.

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2018 (continued)

10	Issued capital	2018		2017	
		No of	\$	No of	\$
	(a) Share capital	shares		shares	
	Ordinary shares	<u>147,262,122</u>	<u>150,758,155</u>	<u>121,333,300</u>	<u>122,583,961</u>
	(b) Movements in ordinary share capital				
		Number of		Issue	\$
		Shares		price	
	2018				
	Opening balance	121,333,300			122,583,961
	Shares issued to participants in the dividend reinvestment plan	401,438	\$1.1005		441,782
	Shares issued to participants in the Entitlement Offer *	14,345,138	\$1.10		15,587,808
	Shares issued to participants in the Public Offer *	10,723,768	\$1.10		11,652,730
	Shares issued to participants in the dividend reinvestment plan	458,478	\$1.07284		491,874
	Closing balance	<u>147,262,122</u>			<u>150,758,155</u>
	* net of transaction costs				
	2017				
	Opening balance	102,611,692			102,013,197
	Shares issued to participants in the dividend reinvestment plan	284,033	\$1.0484		297,761
	Shares issued to participants in the Share Purchase Plan ("SPP")	18,097,363	\$1.10		19,907,682
	Shares issued to participants in the dividend reinvestment plan	340,212	\$1.074		365,321
	Closing balance	<u>121,333,300</u>			<u>122,583,961</u>

On 28 February 2018 the Company announced a non-renounceable Entitlement Offer and a Public Offer. The Entitlement Offer comprised the right to subscribe for 1 new share for every 4 existing Company shares held, as well as a right to apply for additional new shares to meet the shortfall in applications under the Entitlement Offer (if any). The Public Offer consisted of an offer of the shortfall in new shares not taken up under the Entitlement Offer.

The Company issued 14,345,138 new shares in respect of the Entitlement Offer and 10,723,768 new shares pursuant to the Public Offer of the Shortfall.

Under the terms of the Dividend Reinvestment Plan ("DRP"), 401,438 and 458,478 ordinary shares were acquired on-market for DRP participants at \$1.1005 and \$1.07284 per share respectively. These shares were applied to the holdings of the DRP participants as at the dividend payment dates of 3 November 2017 and 10 May 2018 respectively.

The DRP allows shareholders to acquire additional shares in the Company. Shareholders have the option of either enrolling all their shares in the plan or nominating a specific number of shares that will be subject to reinvestment.

The DRP has been designed so that DRP participants will always receive the lowest reinvestment price possible, without their reinvestment diluting the Net Tangible Asset value per share (NTA) of those shareholders who choose not to participate in the plan.

There are no costs to participate in the DRP and shareholders can discontinue their participation in it at any time.

(c) Capital risk management

The Company's policy is to maintain a strong capital base so as to maintain investor and market confidence. The overall strategy remains unchanged.

To achieve this, the Directors monitor the monthly NTA results, investment performance, the Company's indirect costs and share price movements.

The Board is focused on maximising returns to shareholders with active capital management a key objective of the Company.

The Company is not subject to any externally imposed capital requirements.

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2018 (continued)

	2018 \$	2017 \$
11 Profits reserve and accumulated losses		
(a) Profits reserve		
Profits reserve	<u>14,429,042</u>	<u>13,945,930</u>
Movements:		
Opening balance	13,945,930	8,823,596
Transfer of profits during the year	8,929,427	12,011,967
Dividends paid	<u>(8,446,315)</u>	<u>(6,889,633)</u>
	<u>14,429,042</u>	<u>13,945,930</u>
(b) Accumulated losses		
Accumulated losses	<u>(3,837,277)</u>	<u>(3,837,277)</u>
Movements:		
Opening balance	(3,837,277)	(2,906,380)
Net profit for the period	8,929,427	11,081,070
Transfer of profits during the year	<u>(8,929,427)</u>	<u>(12,011,967)</u>
	<u>(3,837,277)</u>	<u>(3,837,277)</u>
12 Dividends		
(a) Dividends paid		
Interim 50% franked ordinary dividend of 3.15 cents per share paid in 2017	4,624,316	3,811,282
Final dividend (50% franked) of 3.15 cents per share paid in 2018	<u>3,821,999</u>	<u>3,078,351</u>
	<u>8,446,315</u>	<u>6,889,633</u>
(b) Dividends not recognised at the end of the financial year		
Since year end, the Directors have declared a final dividend of 3.15 cents per fully paid ordinary share, 70% franked based on tax paid at 30%. The aggregate amount of the dividend with an ex date of 28 September 2018 and a record date of 1 October 2018, expected to be paid on 9 November 2018 out of the profits reserve at 30 June 2018, but not recognised as a liability at year end, is:	<u>4,638,757</u>	<u>3,821,999</u>
(c) Dividend reinvestment plan		

The Company's dividend reinvestment plan ("DRP") will be in effect for the FY2018 final dividend of 3.15 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 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 per share on 29 August 2018 was below its current NTA. If this situation remains on 28 September 2018, 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. If the share price for GVF is above the Company's NTA at this time, 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 28 September 2018 NTA value of the Company.

There are no costs to participate in the plan and shareholders can discontinue their participation in the plan at any time.

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2018 (continued)

	2018 \$	2017 \$
12 Dividends (continued)		
(d) Dividend franking account		
The franked portions of the final dividends recommended after 30 June 2018 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 June 2018.		
Opening balance of franking account	4,028,612	764,086
Franking credits on dividends received	95,073	-
Franking credits on dividends paid	(1,809,925)	(2,135,997)
Tax paid during the year	<u>3,564,944</u>	<u>5,400,523</u>
Closing balance of franking account	<u>5,878,704</u>	<u>4,028,612</u>
Franking credits on dividends receivable	-	-
Adjustments for tax payable in respect of the current year's profits and the receipt of dividends	<u>(62,278)</u>	<u>(559,912)</u>
Adjusted franking account balance	<u>5,816,426</u>	<u>3,468,700</u>
Impact on the franking account of dividends proposed or declared but not recognised as at 30 June 2018	<u>(1,391,627)</u>	<u>(819,000)</u>
Franking credits available for subsequent reporting periods based on a tax rate of 30.0%	<u>4,424,799</u>	<u>2,649,700</u>

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax.

13 Key management personnel disclosures

(a) Key management personnel compensation

Short-term employee benefits	68,493	68,493
Post-employment benefits	<u>6,507</u>	<u>6,507</u>
	<u>75,000</u>	<u>75,000</u>

Detailed remuneration disclosures are provided in the remuneration report on pages 12 to 14.

(b) Equity instrument disclosures relating to key management personnel

(i) Shareholdings

The numbers of shares in the Company held during the financial year by each Director, including their personally related parties, are set out below. There were no shares granted during the financial year as compensation.

2018

Director	Balance at 1 July 2017	Acquisitions/ options exercised	Disposals	Balance 30 June 2018
Jonathan Trollip ¹	340,000	85,000	-	425,000
Chris Cuffe ²	286,578	714,652	-	1,001,230
Geoffrey Wilson ³	1,077,273	269,317	-	1,346,590
Miles Staude ⁴	-	115,000	-	115,000
	<u>1,703,851</u>	<u>1,183,969</u>	<u>-</u>	<u>2,887,820</u>

¹ 425,000 shares beneficially held by Piaster Pty Limited ATF Trollip Family Superfund A/C

² 303,436 shares beneficially held by Thank Keating Pty Limited ATF C & N Cuffe Family Superannuation Fund, 661,766 shares beneficially held by Australian Philanthropic Services Pty Limited ATF Australian Philanthropic Services Foundation and 36,028 shares beneficially held by Mr Christopher Cuffe ATF Matthew Patrick Cuffe

³ 1,346,590 shares beneficially held by GW Holdings Pty Limited <Edwina A/C>

⁴ 115,000 shares beneficially held by Staude Capital Pty Limited

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2018 (continued)

(b) Equity instrument disclosures relating to key management personnel

(i) Shareholdings (continued)

2017

Director	Balance at 1 July 2016	Acquisitions/ options exercised	Disposals	Balance 30 June 2017
Jonathan Trollip *	340,000	-	-	340,000
Chris Cuffe *	257,410	29,168	-	286,578
Geoffrey Wilson *	1,050,001	27,272	-	1,077,273
Miles Staude	-	-	-	-
	<u>1,647,411</u>	<u>56,440</u>	<u>-</u>	<u>1,703,851</u>

* Held through direct and indirect interests

14 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company and its related practices:

	2018 \$	2017 \$
Auditing and reviewing the financial report	40,000	35,000
Other services provided by a related practice of the auditor:		
Taxation services	20,774	16,060
Other non-assurance services	<u>5,000</u>	<u>15,100</u>
Total remuneration of Pitcher Partners	<u>65,774</u>	<u>66,160</u>

The Board of Directors oversees the relationship with the Company's external auditors. The Board reviews the scope of the audit and the proposed fee. It also reviews the cost and scope of other tax compliance services provided by a related entity of the audit firm, to ensure that they do not compromise independence.

15 Contingencies and commitments

The Company had no material contingent liabilities or commitments as at 30 June 2018.

16 Related party transactions

All transactions with related parties were made on normal commercial terms and conditions and at market rates. For the year ended 30 June 2018, there were no related party transactions entered into by the Company.

Miles Staude, a Director of the Company, was an employee of Metage Capital Limited ("Metage") until 4 November 2016. With effect from 4 November 2016, Mirabella Financial Services LLP ("Mirabella") replaced Metage as manager. Mirabella in turn entered into legal agreements with Staude Capital Limited, an entity associated with Miles Staude and the investment personnel at Metage previously responsible for the management of the portfolio, pursuant to which the Company's portfolio continues to be managed by Miles Staude and his team with an unchanged investment mandate. Miles Staude benefits from the manager fees payable to Mirabella

The associated fees payable to the former and current managers and other related entities are listed below:

Assignment fee

By an assignment deed dated 16 May 2014, the former manager Metage had assigned all right, title and interest to receive 25% of all management and performance fees payable under its management agreement to Boutique Investment Management Pty Limited ("BIM"), an entity associated with Geoffrey Wilson. As part of the legal arrangements to replace Metage with Mirabella as manager, a replacement assignment deed effective 4 November 2016 was entered into between Mirabella and BIM.

The Company has acknowledged this replacement assignment and undertaken to Mirabella and BIM to pay this amount at the same time as the balance of the management fee and performance fee are payable to Mirabella. The Company owes no other obligations to BIM.

Mirabella has undertaken to BIM not to terminate or amend the terms of the Management Agreement or waive any of its rights under the Management Agreement without the prior written consent of BIM.

The assignment deed in place with the current Manager has the same terms and conditions as the previous assignment deed.

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2018 (continued)

16 Related party transactions (continued)

Management fee

In its capacity as manager, the manager is entitled to receive a management fee of 0.125% per month (representing an annualised fee of 1.5% per annum) of the net value of the Portfolio. The Management Fee is calculated monthly and payable monthly in arrears. For the year ended 30 June 2018 the former manager, Metage, was not paid a management fee (2017: \$561,759) and the current manager Mirabella was entitled to a management fee of \$2,078,407 (2017: \$1,176,285), of which \$518,244 was paid to BIM. As at 30 June 2018, the balance payable was \$198,343 (2017: \$208,017).

Performance fee

In return for the performance of its duties as manager of the Portfolio, the Manager is entitled to be paid a performance fee (**Performance Fee**) of 15% of PO where PO for a Performance Calculation Period is calculated in accordance with the following formula:

$$PO = (AGAV) - (NAV \times (1 + (HR \times \text{Day Count})))$$

where:

PO is the portfolio outperformance to be used in calculating the Performance Fee outlined above;

AGAV is the adjusted gross asset value and calculated by adding back to the Gross Asset Value any Australian corporate taxes accrued or paid by the Company in the relevant Performance Calculation Period;

NAV is the Net Asset Value calculated on the last Business Day of the preceding Performance Calculation Period or, if there is no preceding Performance Calculation Period, on the commencement date of the Agreement.

HR is the hurdle rate which is 4 percentage points above the mid-price vanilla interest rate swap price series produced by Bloomberg, published on the last Business Day prior to the start of the Performance Period, or, if there is no preceding Performance Calculation Period, on the Commencement Date, represented on Bloomberg by the ADSWAP1Q Index series.

Day count is the number of days which have elapsed in the current Performance Calculation Period divided by 365.

Once a Performance Fee has been paid, no further Performance Fee may be accrued or paid unless and then only to the extent that the Adjusted Gross Asset Value increases above the level at which a Performance Fee was previously paid, or if no Performance Fee has been paid, above the Net Asset Value on the Commencement Date.

The Company must calculate the Performance Fee monthly and must usually pay the Performance Fee to the Manager annually in arrears within 20 business days of the end of the relevant Performance Calculation Period.

For the financial year ended 30 June 2018, the performance fee amount payable to the manager was \$735,231 (2017: \$1,643,821). As at 30 June 2018, the balance payable was \$735,231 (2017: \$1,643,821).

The term of the Management Agreement is 5 years unless terminated earlier in accordance with the Agreement.

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2018 (continued)

17 Events occurring after the reporting period

Since year end the Company has declared a final dividend for FY2018 of 3.15 cents per share, 70% franked, to be paid on Friday 9 November 2018. The record date for entitlement to the FY2018 final dividend is Monday 1 October 2018.

No other matters or circumstances have occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

	2018	2017
	\$	\$
18 Cash flow information		
(a) Reconciliation of profit after income tax to net cash inflow from operating activities		
Profit for the year	8,929,427	11,081,070
Unrealised foreign exchange (gains)	(91,983)	(461,996)
Unrealised losses/ (gains) on market value movement	1,101,202	(395,151)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	51,708	131,291
(Increase) in investments held for trading	(61,743,192)	(23,328,050)
Decrease in deferred tax assets	33,492	39,955
(Decrease)/ Increase in trade and other payables	(862,863)	1,695,720
Increase/ (Decrease) in provision for income taxes payable	497,634	(1,789,547)
(Decrease)/ Increase in deferred tax liabilities	<u>(364,591)</u>	<u>1,058,016</u>
Net cash (outflow) from operating activities	<u>(52,449,166)</u>	<u>(11,968,692)</u>
(b) Non cash financing activities		
Dividends reinvested	<u>933,612</u>	<u>663,083</u>
19 Earnings per share		
Profit after income tax used in the calculation of basic and diluted earnings per share	<u>8,929,427</u>	<u>11,081,070</u>
	Cents	Cents
(a) Basic and diluted earnings per share		
Basic and diluted earnings per share attributable to the ordinary equity holders of the Company	<u>6.98</u>	<u>10.28</u>
(c) Weighted average number of shares used as denominator	No. of shares	No. of shares
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share	<u>127,843,011</u>	<u>107,787,255</u>

As at the end of the year, there are no outstanding securities that are potentially dilutive in nature for the Company.

**Global Value Fund Limited
Directors' Declaration
For the year ended 30 June 2018**

In accordance with a resolution of the Directors of Global Value Fund Limited ("the Company"), the Directors of the Company declare that:

- 1) The financial report as set out in pages 17 to 36 are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standards, which, as stated in Note 2(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the financial position of the Company as at 30 June 2018 and of its performance, as represented by the results of the operations and the cashflows, for the year ended on that date; and

- 2) The Portfolio Manager has declared that:
 - a) the financial records of the Company for the financial year have been properly maintained in accordance with the Section 286 of the *Corporations Act 2001*;
 - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the financial statements and notes for the financial year give a true and fair view.

- 3) At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



Jonathan Trollip
Chairman

Sydney
30 August 2018

**Independent Auditor's Report
to the Members of Global Value Fund Limited
ABN 90 168 653 521**

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Global Value Fund Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

In our opinion, the financial report of Global Value Fund Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibility* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. We have communicated the key audit matters to the Board of Directors, but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Board. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
<p>Existence, Valuation of Financial Assets Refer to Note 4: Fair Value Measurements and Note 8: Financial assets and liabilities at fair value through profit or loss</p>	
<p>We focused our audit effort on the valuation and existence of the Company's financial assets as they are its largest asset and represent the most significant driver of the Company's Net Tangible Assets and profits.</p> <p>Investments mostly consist of listed global securities and some unlisted global securities. Investments are valued by multiplying the quantity held by the respective market price, cost or estimated value per security for unlisted investments.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of the investment management process and controls; ▪ Reviewing and evaluating the independent audit report on internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodian and Administrator; ▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the audit reports relate and where necessary performing additional procedures; ▪ Obtaining a confirmation of the investment holdings directly from the Custodian; ▪ Assessing the Company's valuation of individual investment holdings to independent sources where readily observable data was available. For investments where there was little or less observable market data, we obtained and assessed other relevant valuation data; ▪ Evaluating the accounting treatment of revaluations and disposals of financial assets for current/deferred tax and realised/unrealised gains or losses; ▪ Assessing the adequacy of disclosures in the financial statements.

Key audit matter	How our audit addressed the matter
Accuracy of Management and Performance Fees Refer to Note 9: Trade and other payables, Note 16: Related party transactions	
<p>We focused our audit effort on the accuracy of management and performance fees as they are significant expenses of the Company and their calculation requires adjustments for major events in accordance with the Investment Management Agreement between the Company and the Investment Manager.</p> <p>In addition to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Making enquiries with the Investment Manager and those charged with governance with respect to any significant events during the period and associated adjustments made as a result, in addition to reviewing ASX announcements; ▪ Testing key inputs used in the calculation of management and performance fees and performing a recalculation in accordance with our understanding of the Investment Management Agreement; ▪ Assessing the adequacy of disclosures made in the financial statements.

Other information

The Directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The Directors of Global Value Fund Limited are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We Also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 14 of the Directors' Report for the year ended 30 June 2018. In our opinion, the Remuneration Report of Global Value Fund Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of Global Value Fund Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



S M Whiddett
Partner



Pitcher Partners
Sydney

30 August 2018

Global Value Fund Limited
Shareholder information
30 June 2018

The Shareholder information set out below was applicable as at 28 August 2018.

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report, is listed below.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Class of equity security		
	Ordinary shares		
	No of Shareholders	Shares	Percentage (%)
1 – 1000	153	28,408	0.02
1,001 – 5,000	219	809,469	0.55
5,001 – 10,000	506	4,119,762	2.80
10,001 – 100,000	2,102	74,215,018	50.40
100,001 and over	229	68,089,465	46.23
	3,209	147,262,122	100.00

There were 122 security holders with less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

Name	Ordinary shares	
	Number held	Percentage of issued shares (%)
HSBC Custody Nominees (Australia) Limited	7,882,043	5.35%
Australian Executor Trustees Limited <No 1 Account>	5,470,189	3.71%
Mr Eric George Baker & Mrs Janine Marie Baker <Eric & Jan Baker Super A/C>	2,728,531	1.85%
Basapa Pty Ltd <Kehoe Family A/C>	2,326,843	1.58%
Bridgestar Pty Ltd	2,000,000	1.36%
Mr Eric George Baker & Mrs Janine Marie Baker <Kameruka Super A/C>	1,867,454	1.27%
Dadiaso Holdings Pty Ltd <David Shein Investment A/C>	1,800,000	1.22%
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd Drp	1,436,618	0.98%
G W Holdings Pty Ltd <Edwina A/C>	1,267,045	0.86%
Netwealth Investments Limited <Wrap Services A/C>	1,099,812	0.75%
Charanda Nominee Company Pty Ltd <Greycliffe Super Fund A/C>	1,000,000	0.68%
Australian Philanthropic Services Foundation Pty Ltd <Aps Foundation A/C>	861,766	0.59%
Huybers Property Holdings Pty Ltd	557,659	0.38%
Dirdot Pty Limited <Griffith Super Fund A/C>	500,000	0.34%
Residential Villages (Vic) Pty Ltd	476,580	0.32%
Mr Nicholas Paul Jenkins	467,398	0.32%
Netwealth Investments Limited <Super Services A/C>	445,026	0.30%
Plush Nominees Pty Ltd <Plush Superannuation A/C>	439,387	0.30%
Piaster Pty Ltd <Trollip Family S/F A/C>	425,000	0.29%
Mr Michael Austin Wright & Mrs Mary Juanita Wright <Mijua A/C>	402,000	0.27%
Total	33,453,351	22.72
Total remaining holders balance	113,808,771	77.28

Global Value Fund Limited
Shareholder information
30 June 2018 (continued)

C. Substantial holders

Name	Number held	Percentage of issued shares (%)
Managed Accounts Holdings Limited (managed Accounts) and its wholly owned subsidiary, Investment Administration Services Pty (IAS)	7,420,770	5.45

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

Each share is entitled to one vote when poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

E. Stock exchange listing

Quotation has been granted for all of the ordinary shares and options of the Company on all Member Exchanges of the ASX Limited.

F. Unquoted securities

There are no unquoted shares.

G. Securities subject to voluntary escrow

There are no securities subject to voluntary escrow.

H. Brokerage

During the year ended 30 June 2018, the Company recorded 909 transactions (2017: 783) in securities. Total brokerage paid and accrued was \$451,555 (2017: \$515,856) for the year.

I. On market buy-back

There is currently no on market buy-back.