

## Investment Update and Net Tangible Assets

### Net Tangible Assets (NTA) per share

NTA before tax*	\$1.1011
NTA after tax	\$1.0945

\* This is after the deduction of tax payments of \$625k made during June.

\$ denotes Australian dollar.

### June review

Global share markets were weaker during June, dragged down by steep falls in emerging market shares, particularly those in China. In aggregate the MSCI All Country World Index fell by 0.5% during June, though this masks a significant divergence between the modest gains recorded in the US share market, which rose 0.6% over the month, and a 7.3% fall in the Chinese share market. The Australian dollar, a currency closely tied to the fortunes of China, fell by 2.1%. In Australia, the local equity market rose by 3.3%, while in Australian dollar terms, the MSCI All Country World Index increased by 1.8%.

The Chinese share market has fallen by 12.3% since the start of 2018 as the prospect of a trade war between China and the US has escalated from rhetoric into reality. Over this same period the US share market has risen by 2.6%. The Trump administration has bet heavily that China's massive bilateral trade surplus with the US makes it the party much more vulnerable to a prolonged trade war. Based on the narrow scorecard of how equity markets have priced the escalating events, it would seem the White House has a point.

GVF invests into a broad range of global financial markets, including investments in the Chinese share market. As we are constantly seeking to unlock value from the assets that we have bought, we are less exposed to the vagaries of wider share market movements. At the end of June 3.3% of GVF's portfolio was invested in Chinese equities, with these investments having fallen by just 1.7% year-to-date, significantly outperforming the 12.3% fall in the broader Chinese market.

June was a particularly successful month for the fund's discount capture strategy. Anticipated corporate actions unlocked considerable value from two of GVF's holdings, while the discounts on several of the fund's larger positions contracted meaningfully during the month. Most notable of these was a significant tightening in the discount on our largest position, Pershing Square Holdings.

The investment portfolio increased in value by 2.2% during June. The fund's discount capture strategy added 1.6% to returns during the month, while favourable currency movements added a further 1.4% to performance. The remaining attribution of returns is accounted for by adverse underlying market movements and operating costs.

A list of the Global Value Fund's current top five holdings is shown on the following page, along with a breakdown of the fund's underlying currency and asset class exposures. The fund was 87% invested at the end of June.

#### Global Value Fund Limited

ASX Code	GVF
Listed	July 2014
Shares on issue	147M
Share price	\$1.065
Market cap	\$157M
FY18 indicated dividend <sup>1</sup>	6.3 cents
FY18 indicated yield	5.9%
(50% franked)	

#### Company overview

The Global Value Fund (ASX: GVF) is a listed investment company that provides shareholders with the opportunity to invest globally through a portfolio of securities purchased at a discount to their underlying asset value. By capturing this discount for its investors, the manager aims to provide an alternative source of market outperformance compared to more common stock selection strategies.

It is the Board's intention to pay regular dividends so long as the Company is in a position to do so.

#### Investment Manager

The portfolio management team is based in London and has considerable experience in finding international assets trading at a discount to their intrinsic value and in identifying, or creating, catalysts to unlock this value.

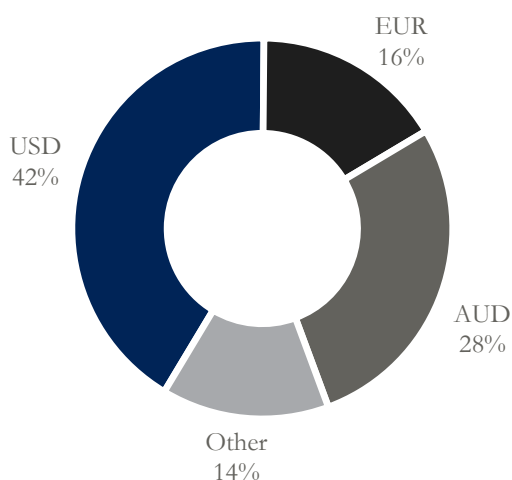
#### Investment Management

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

#### Board of Directors

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

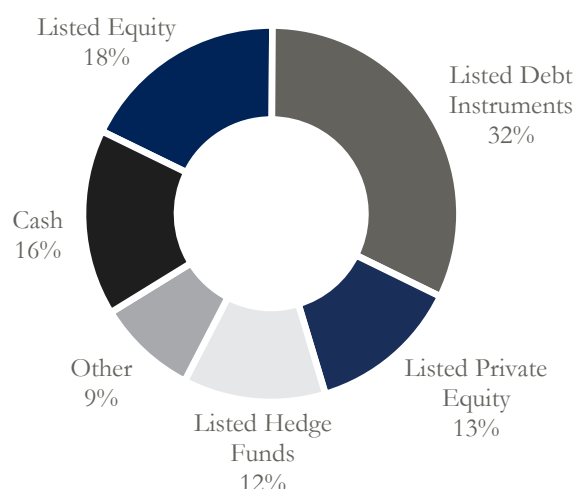
## Underlying Currency Exposures



The above chart reflects the manager's estimate of the currency exposures arising from the portfolio's underlying investments and cash balances as at 30<sup>th</sup> June.

Including emerging market currencies that are chiefly pegged to the US\$, the fund's US\$ exposure is approximately 46%.

## Underlying Asset Classes



The above chart reflects the manager's estimate of the underlying asset classes held through the fund's portfolio of investments as at 30<sup>th</sup> June.

Exposure to cash represents both cash balances held by the Company and the underlying cash holdings of the fund's portfolio of investments.

## Top Five Holdings

Holding	% NTA	Summary
Pershing Square Holdings	8.3%	London-listed CEF managed by a well-known investment manager. The position in this concentrated portfolio of large capitalisation US stocks was accumulated at an average discount to NAV of 23%. The underlying investments can be hedged, to reduce exposure to the manager's performance, at a relatively low cost.
Deutsche Multi-Market Income Trust	5.8%	A New York listed CEF with a diversified corporate bond portfolio, mainly concentrated in the United States. The Fund is in the process of liquidating and expects to return capital to shareholders no later than December 2018. GVF has accumulated its position at an attractive discount to NAV.
Third Point Offshore Investors	4.9%	London listed CEF that acts as a feeder fund into a global event-driven, value-oriented hedge fund. The position has been accumulated at an average discount to net asset value of greater than 18%.
Frontier Market Small Cap SICAV	4.4%	An open-ended fund that invests in a diverse portfolio of Eastern European and Russian small capitalisation companies. The position has been acquired at a level which the manager believes offers a highly compelling risk/return profile.
MVC Capital	4.4%	US-listed Business Development Company (a form of CEF) investing in the debt and equity of mid-cap private companies, with shareholders becoming increasingly vocal about the long-standing discount.

<sup>1</sup> The Board has guided that it anticipates FY18 dividend payments being at least 6.3 cents per share, 50% franked. This guidance is not a formal declaration of dividends for FY18 and actual dividend payments may differ to this amount.

Unless otherwise stated, source for all data is Bloomberg LP and data as at 30<sup>th</sup> June 2018.

Staude Capital Limited is an appointed representative of Mirabella Advisers LLP, which is authorised and regulated by the Financial Conduct Authority. Mirabella Financial Services LLP is the Investment Manager of the Global Value Fund and has seconded the investment team at Staude Capital to manage the Global Value Fund. This information is not an offer to buy or sell, or solicitation of an offer to buy or sell, any security or investment. Investors should read the Fund prospectus before making a decision to invest.

**Past performance is not an indicator of future returns.**