STAUDE CAPITAL
GLOBAL VALUE FUND

Investment Update and Net Tangible Assets

Net Tangible Assets (NTA) per share

NTA before tax*	$1.0369
NTA after tax	$1.0166

* There were no substantive tax payments made during September
$ denotes Australian dollar.

September review

September saw the first real pullback in global share markets[4] since governments around the world unleashed a tsunami of stimulus, designed to protect economies and jobs in the wake of the Covid-19 pandemic. As of the end of August, global share markets had rallied 54% from their March lows, setting a new all-time high in the process. Considering the wretched state of the actual economy, the real driver of these share market gains has been a potent combination of both the government support that has been announced to date, and the market's *expectations* of what further support was still to come.

September's pullback was largely driven by the market re-assessing the second part of that proposition: future expectations. Incoming economic data proved to be more positive (or rather, less terrible) than expected during the month which, in isolation, implies less need for near-term government help. Notably, the OECD upgraded its expectations for full year global growth to a 4.5% contraction in 2020, up from a previously expected 6% fall. While the economic data was proving to be less gloomy than feared, markets were also disappointed by the US Fed. The Fed announced a key new monetary policy framework during the month, which pointed to less future support than many had anticipated. Finally, the never-ending drama of US politics added to the concern, with law makers seemingly unable to find a path to compromise on enacting the much-needed next round of US government stimulus.

In US dollar terms, global share markets[4] fell by 3.2% during the month, with these declines falling heaviest onto those parts of the equity market that had rallied the hardest. Notably, the tech stock heavy US share market fell by 3.8%, underperforming a 1.7% fall in Europe and a 0.8% gain in Japan. In tandem with the market falls, the Australian dollar fell by 2.9% against the US$, meaning that in Australian dollar terms, global share markets fell a more modest 0.3%. In Australia, the local share market fell by 3.7% over the month.

Despite falling markets, the GVF investment portfolio recorded one of its better months. The chief driver for this performance was the release of substantial amounts of value from several of GVF's important holdings, where the portfolio management team has been significantly involved. The first of these was our investment in Blue Sky Alternative Assets (BAF), which we have written about in length before and whose share price continued to re-rate during the month.

Elsewhere, our holding in Amedeo Air Four Plus (AA4) added substantially to performance during September. We introduced our AA4 investment to shareholders in our FY2020 review. In the depths of the market correction this year, we were able to acquire the position at a price approximately equal to the company's cash backing, setting up a very asymmetric trade for GVF. With our entry price effectively covered by a large cash buffer beneath us, we were essentially getting for free the potentially significant equity value that resided in the company's fleet of aircraft and their long-term leases.

Global Value Fund Limited

ASX Code	GVF
Listed	July 2014
Shares on issue	148M
Share price	$1.00
Market cap	$148M
Total dividends declared[1]	44 cents
Profits Reserve[2]	9.4 cents
Fully franked yield[3]	8.3%

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

Since our acquisition of AA4 we have repeatedly engaged with the company's board. Our key efforts to date have centred around seeing the company return some of its substantial (and now unnecessary) cash holdings. In September, the company announced it would distribute three-quarters of the available cash on its balance sheet, redeeming one-third of the shares outstanding at a price that was nearly 40% above the prevailing share price. GVF recorded a substantial uplift through this redemption, and with this cash returned, our investment in the company has now been de-risked considerably. Looking ahead, the company intends to pay an interim dividend in October - its first since the Covid crisis. It is also assessing whether regular quarterly dividends can now be resumed. We conservatively estimate that the company's income from its Emirates leases, which still remain current, could fund a dividend that represents a yield in the teens based on the new reduced share count.

Finally, one of our long-held and high conviction positions, Third Point Investors Limited (TPOU), added substantially to GVF's performance during the month. We believe TPOU is heading towards an important inflection point. We have had substantial engagement with both the current board of the fund and other TPOU investors over the past few months, and recently the board announced it would be undertaking an important strategic review into its perennially poor market rating. Our expectation is that this will lead to new measures designed to better address the wide discount to asset backing at which its shares trade. During the month, the discount on TPOU tightened from 28% to 21%, a substantial move in one month, while the fund itself has also recently enjoyed strong underlying performance.

Away from the performance of the portfolio during the month, September also saw a significant positive development at one of our largest positions, Highbridge Tactical Credit Fund (HTCF). HTCF is a market-neutral fund, meaning it seeks to generate positive investment returns regardless of the economic weather. This year it has proved itself mightily in this regard. Its investment portfolio avoided the worst of the market correction during March and April, while calendar year-to-date the fund has now returned 12.5%, a terrific performance given its underlying low risk profile.

The appeal of HTCF to us has always been the asymmetry we saw in the investment. The fund is relatively small in size, and in September 2019 it amended its articles to allow shareholders to vote to wind down the company, should it fail to grow to more than £80M by the end of 2020. The attraction of the investment for us was that for the fund to grow through equity issuance it would first need its share price to re-rate back to a premium to asset backing. If it failed to do this, then there was the potential for GVF to exit at asset backing through an orderly winding down of the company. For GVF, both scenarios provide a potential exit approximately 15% above the current share price.

Despite strong investment performance by the underlying fund this year, the second of these scenarios has increasingly looked likely. We have therefore maintained an active dialogue with the board, urging them to consider an earlier vote in order to avoid unnecessary delays and costs. During the month, the company published its half-yearly report, in which the Chairman noted the unlikelihood of the fund continuing and stated his intention to place an earlier redemption in the underlying master fund, so as to not disadvantage shareholders by waiting for the vote. In effect, this brings forward GVF's likely exit by three months or more, enhancing the rate of return on the investment considerably. HTCF's discount continues to offer a compelling risk-reward proposition, however the shares are now so thinly traded that an investment stake like the one GVF has managed to acquire would be essentially impossible to replicate again. Given the substantial weighting of this investment in the GVF portfolio (7.7% of NAV), the development this month points to a significant amount of future value to be unlocked in the months ahead.

The GVF investment portfolio increased in value by 3.2% during June. The fund's discount capture strategy added 3.4% to returns during the month, representing one of the best months we have had for our investment strategy. Offsetting these gains, GVF's underlying market exposures detracted 1% from returns, a function of the meaningful falls seen across most asset classes during September. The remaining attribution of returns are accounted for by the fund's underlying currency exposures and the Company's operating costs. The fund was 109% invested at the end of September.

Amendment to the use of leverage by the Company

One of the important consequences of the substantial market turmoil we have seen this year, is that it has created significant dislocations across the investment universe that GVF typically focuses on. As we have written for some time now, the result of this is that the opportunities available to GVF are currently substantially more attractive than we typical find. This, of course, is not to suggest the opportunities we find in normal market conditions are in any way unexciting. Rather, that for the same level of overall risk, we expect to earn a meaningfully higher return from the investments we are making today.

Against this backdrop, one of the hardest challenges that the portfolio management team now faces is how to ration investment capital so as to be fully invested in this exciting environment, while still being able to take advantage of opportunities as they present themselves. Many of the best investments that GVF has made over time have been highly opportunistic. At the right time and in the right circumstances, GVF was able to capitalise on an opportunity in the market because it had access to capital when it needed it.

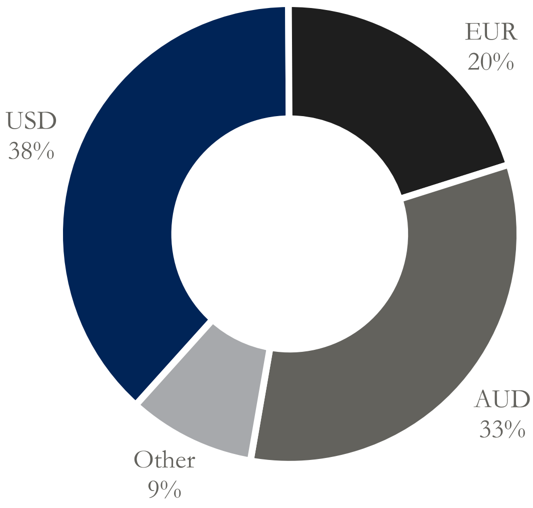
At the same time as our investment universe has become more exciting, the cost that GVF incurs to employ leverage (that is, to use borrowed money to add to its investment portfolio) has fallen to the lowest on record. Historically, GVF has been able to borrow up to 15% of the net asset value of the company to increase the size of its investment portfolio. The Company benefits from having in place a full-service prime broking relationship with Credit Suisse, and this allows GVF to borrow money when it wishes to do so at competitive wholesale financing rates. Given that most benchmark interest rates around the world have now fallen to effectively zero, the financing costs incurred by GVF through this facility today are almost negligible.

Finally, and likely reflecting the commentary we have made recently regarding the opportunity set available to the fund, we have received considerable shareholder feedback suggesting that the Company utilise more leverage at a time like this. Changing the use of leverage that the Company employs is not a decision to be taken lightly, and it is an issue that the Board has given much thought to. As the portfolio manager, our best guess is the current window we are seeing - of more exciting than usual opportunities being available - is likely to last another year or so. This view is largely informed by our experience after the 2008 global financial crisis, when we were able to exploit a similar period of large dislocation that lasted between 12 to 18 months.

Considering all of these factors, the GVF Board has approved a modest and temporary increase in the maximum borrowings that the Company may use, from the current 15% to 20% of net asset value. The Board has set this new limitation to last for a period of one year and will review its effectiveness and merit again at that time.

Authorised for release by Miles Staude, Portfolio Manager and Director.

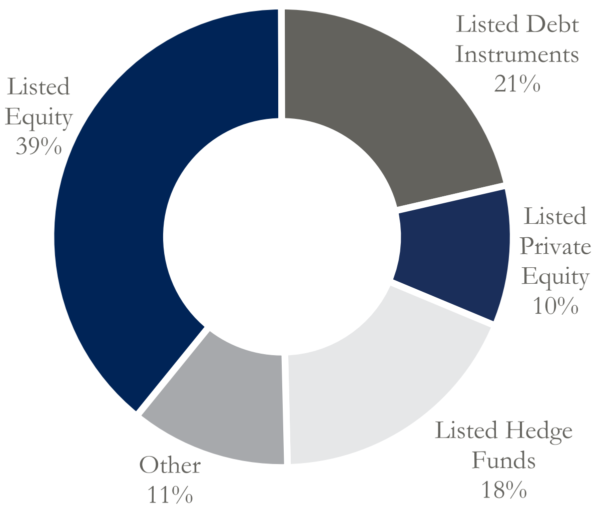
Underlying Currency Exposures



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

Including emerging market currencies that are chiefly pegged to the US$, the fund's US$ exposure is approximately 40%.

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 30th September.

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
Ellerston Global Investments	9.0%	Australian listed investment company (LIC) that holds a portfolio of global equities. Having traded below Net Asset Value (NAV) for some time, the board has implemented a restructuring of the LIC and converted the Company fund into an open-end trust.
Highbridge Tactical Credit Fund	7.7%	London-listed closed-end fund (CEF) which acts as a feeder-fund into a market-neutral credit hedge fund run by Highbridge Capital Management, a leading global hedge fund firm based in New York. Calendar year-to-date the fund has returned 12.5%. The fund has a discontinuation vote in Q1 2021 at which point shareholders have the right to put the fund into a managed wind-down. Given the size

		of the current discount, a managed wind-down would represent an exit approximately 15% above the current share price.
Third Point Investors	7.5%	London-listed CEF that acts as a feeder fund into a global event-driven, value-oriented hedge fund. The CEF currently trades on a 21.4% discount to its NAV and, under pressure from shareholders, the manager has recently enacted several positive initiatives designed to lower this discount, including a $200M share buy-back program.
Blue Sky Alternative Access Fund	6.5%	Australian LIC that invests into a diverse portfolio of agricultural, private equity and other alternative assets. The position has been accumulated at a significant discount to asset backing. GVF's portfolio manager, Miles Staude, serves on the Board of BAF and has been actively involved in the design of a new corporate strategy for the Company. This new strategy is intended to close the large discount to asset backing that the company's shares trade at.
US Masters Resi 7.75% Bond 24/12/2021	5.3%	Bonds issued by an Australian-listed property trust, well covered by a portfolio of US residential property in the NY area. Trading at a discount to par and paying a large coupon, the bonds offer a 14.5% yield to maturity. The trust has stated its intention to redeem the bonds early which would further enhance returns.

[1] Grossed up dividends of 43.52c declared from IPO at $1 through to 9th November 2020, the FY2020 final dividend payment date.

[2] The profits reserve sits at 9.4c as of 30 September 2020 and after accounting for the FY2020 final dividend payment of 2.9c that went ex on the 30 September 2020.

[3] Based on the end of month share price and the FY2020 full year dividend of 5.8 cents per share, fully franked.

[4] All references to global shares markets refer to the total return (price and dividends) of the MSCI All Country World Equity Index.

Unless otherwise stated, source for all data is Bloomberg LP and data as at 30th September 2020.