

GLOBAL VALUE FUND LIMITED

ABN 90 168 653 521

**Appendix 4D
Interim Financial Report
for the half-year ended 31 December 2018**

Half-year report

This half-year ended report is for the reporting period from 1 July 2018 to 31 December 2018.

Results for announcement to the market	31 December 2018 \$	31 December 2017 \$	up/down	% mv't
Income from ordinary activities	(1,116,960)	7,824,645	(8,941,605)	(114.27)
(Loss)/ Profit before tax for the period	(3,638,492)	5,357,315	(8,995,807)	(167.92)
(Loss)/ Profit from ordinary activities after tax attributable to members	(2,600,648)	4,079,241	(6,679,889)	(163.75)

All comparisons are to the half-year ended 31 December 2017.

Dividends

The Company declared a final dividend for FY2018 of 3.15 cents per share, 70% franked, which was paid on 9 November 2018. The record date for entitlement to the FY2018 final dividend was 1 October 2018.

Since the end of the half-year, the Company has declared an interim dividend for FY2019 of 3.15 cents per share to be paid on 15 May 2019. The interim dividend will be 70% franked. The record date for entitlement to the interim dividend is 1 April 2019.

Dividend reinvestment plan

The Company's dividend reinvestment plan ("DRP") will be in effect for the FY2019 interim dividend payment of 3.15 cents per share, 70% franked.

The DRP has been designed so that participants will always receive the lowest reinvestment price possible, without their reinvestment diluting the post-tax Net Tangible Asset value ("NTA") per share 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 \$1.040 per share on 27 February 2019 was below its current NTA. If this situation remains on 29 March 2019, 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 29 March 2019 NTA value of the Company.

Shareholders who would like to participate in the DRP can enrol 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 FY2019 interim dividend is 5:00 pm (AEDT) Tuesday 2 April 2019. Details of the DRP are available on the Company's website, click [here](#).

Net tangible assets per Share	31 December 2018 \$	31 December 2017 \$
Net tangible asset backing (per share) before tax	1.04	1.11
Net tangible asset backing (per share) after tax	1.05	1.09

December 2018 half-year review and Company outlook

For the half-year ended 31 December 2018, excluding the impact of dividends paid and tax paid, the Company's net assets fell by 2.4%¹ in Australian dollar terms. This was in contrast to global shares markets² which fell by 4.5% in Australian dollar terms.

Portfolio Manager Miles Staude said: "Financial markets in the December half of 2018 were characterized by a significant re-pricing of the global growth outlook, with most of the associated price action for this occurring during the final three months of the year. While 2018 began full of optimism for an anticipated 'synchronized global upswing' - and the hugely stimulative effects of the Trump tax cuts - as the year wore on, the outlook for the global economy progressively deteriorated. In China, economic growth continued to slow throughout the year, despite numerous rounds of incremental government stimulus. Chinese growth in the final quarter of 2018 fell to 6.4%, its slowest pace since the financial crisis. While markets were perhaps braced for a slowing China, the same cannot be said for expectations in the Eurozone and Japan. Much of the early optimism behind the synchronized global upswing narrative was predicated on the view that the outlook for both economies was better than it had been for some time. By the final quarter of 2018 however, this optimism had been completely erased, with both the real-time and the forward-looking economic data pointing to activity levels greatly weaker than previously hoped. Finally, in the US, the effects of the Trump tax cuts began to run into Newton's third law of motion – what goes up must come down. While highly stimulative, the impact of this non-recurring boost to the US economy is already beginning to fade, with growth in 2019 now anticipated to slow noticeably compared to 2018.

The effect of this marked reassessment of the global economy weighed heaviest on growth sensitive asset classes and the market sectors that had led the recent bull market run. The tech-stock heavy Nasdaq index fell by 11.2%^{3,4} over the December half, while the Russell 2000, an index of small-cap US stocks, fell by 17.3%^{3,4}. Likewise, the prices of Oil and Copper, commodities closely tied to industrial production, fell by 38.8% and 10.0% respectively. Global equity markets in aggregate fell by 9.0% in US\$ terms, though a 4.9% fall in the A\$ mitigated this effect for Australian dollar investors, with global share markets falling by only 4.5% in Australian dollar terms. The local Australian share market index fell by 6.8%, while the ASX Small Ordinaries index fell by 12.7%, mirroring the large falls to growth sensitive asset classes seen offshore.

As stated above, and against this backdrop, the Company's net assets fell by 2.4% in Australian dollar terms. Disappointingly, the Company's discount capture strategy added only 0.2%¹ to returns over the period. While it would be normal to expect our investment strategy to go through periods of better and worse performance over time, one key driver for the less-than-expected performance over the period was a meaningful widening on the discount of two of GVF's larger investments during December. Both holdings are now in formal run-off, and we have high confidence that we will receive the underlying asset value of these investments over the course of 2019. As both are in run-off however, they have relatively illiquid trading now and are prone to exaggerated price moves during a sharp market sell-off. As such, over the course of this coming year, we expect to both recoup December's losses from these investments as well as enjoy an uplift from the original discount that we were holding these investments at.

While our discount capture strategy did not add as much excess return as we might have wished for over the December half, it was pleasing to see the broader portfolio itself behave the way we would hope it to during a period of substantial market stress. Moreover, the sell-off itself has done little to alter the underlying attractiveness of the value that we see within the current portfolio, or the confidence we have to unlock this value over time.

This report is based on the half-year interim report which has been subject to an independent review by the Auditors, Pitcher Partners. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2018 Annual Financial Report.

¹ Source: Staude Capital Limited

² Global share market returns refer to the MSCI All Country World Total Return Index

³ All returns quoted are total returns, including net dividends. Source: Bloomberg LLP

⁴ Unless otherwise referenced, all returns refer to US\$ returns

Global Value Fund Limited

ABN 90 168 653 521

Interim Financial Report for the half-year ended 31 December 2018

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Corporate Directory

Directors

Jonathan Trollip
Chairman & Independent Director

Chris Cuffe, AO
Independent Director

Geoffrey Wilson, AO
Director

Miles Staude
Director

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 Limited¹
30 Moorgate
London EC2R 6PJ
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
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 the Global Value Fund Limited and has seconded the investment team at Staude Capital to manage the Company's portfolio.

Directors' Report

The Directors of Global Value Fund Limited ("the Company") present their report together with the condensed interim financial report of the Company for the half-year ended 31 December 2018.

Global Value Fund Limited is a company limited by shares and is incorporated in Australia.

Directors

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

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 period to the date of this report.

Principal Activity

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 Company's 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.

Review of Operations

For the half-year ended 31 December 2018, excluding the impact of dividends paid and tax paid, the Company's net assets fell by 2.4%² in Australian dollar terms. This was in contrast to the global share markets³ which fell by 4.5% in Australian dollar terms.

Investment operations over the half-year ended 31 December 2018 resulted in an operating loss before tax of \$3,638,492 (2017: profit of \$5,357,315) and an operating loss after tax of \$2,600,648 (2017: profit of \$4,079,241).

The net tangible asset backing for each ordinary share at 31 December 2018 after tax amounted to \$1.05 (2017: \$1.09). The net tangible asset backing for each ordinary share at 31 December 2018 before tax amounted to \$1.04 (2017: \$1.11).

Dividend

The Company declared a final dividend for FY2018 of 3.15 cents per share, 70% franked, which was paid on 9 November 2018. The record date for entitlement to the FY2018 final dividend was 1 October 2018.

The Company's dividend reinvestment plan ("DRP") was in effect for the payment of this dividend.

² Source: Staude Capital Limited

³ Global share market returns refer to the MSCI All Country World Total Return Index

Events occurring after the reporting period

Since the end of the half-year, the Company has declared an interim dividend for FY2019 of 3.15 cents per share to be paid on 15 May 2019. The interim dividend will be 70% franked. The record date for entitlement to the interim dividend is 1 April 2019.

The Company's DRP will be in effect for the interim FY2019 dividend payment.

The DRP participation enrolment deadline for the interim dividend is 5.00 pm (AEDT) Tuesday 2 April 2019.

Other than the dividend declared since the end of the half-year, no other matter or circumstance has occurred subsequent to period 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 periods.

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, unless otherwise stated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year is set out on page 4 of this financial report.



Jonathan Trollip
Chairman

Sydney
28 February 2019

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

In relation to the independent auditor's review for the half-year ended 31 December 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 review.

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



Scott Whiddett
Partner

Pitcher Partners
Sydney

28 February 2019

Global Value Fund Limited
Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2018

Statement of Profit or Loss and Other Comprehensive Income

	Notes	31 December 2018 \$	31 December 2017 \$
Income			
Net realised gains on disposal of investments		2,466,360	1,729,867
Net unrealised (losses)/ gains on market value movement of investments		(7,406,033)	3,748,914
Net realised (losses)/ gains on foreign exchange movement		(58,555)	79,274
Net unrealised (losses)/ gains on foreign exchange movement		(275,146)	99,036
Interest income		145,419	143,377
Dividend income		4,010,995	2,024,177
Total income		(1,116,960)	7,824,645
Expenses			
Management fees		(1,202,145)	(993,026)
Performance fees		-	(259,265)
Administration fees		(134,460)	(133,851)
Brokerage and clearing expenses		(277,844)	(268,988)
Accounting fees		(30,656)	(16,000)
Share registry fees		(41,555)	(36,489)
Dividends paid on borrowed stock		(68,246)	(107,882)
Interest expense		(617,901)	(522,073)
Tax fees		(6,600)	(6,600)
Directors' fees		(42,500)	(37,500)
Legal fees		(20,072)	(6,820)
Secretarial fees		(17,110)	(17,342)
ASX fees		(36,819)	(33,910)
Audit fees		(17,500)	(17,500)
Other expenses		(8,124)	(10,084)
Total expenses		(2,521,532)	(2,467,330)
(Loss)/ Profit before income tax		(3,638,492)	5,357,315
Income tax benefit/ (expense)		1,037,844	(1,278,074)
(Loss)/ Profit attributable to members of the Company		(2,600,648)	4,079,241
Other comprehensive income for the period, net of tax		-	-
Total comprehensive (loss)/ income for the period		(2,600,648)	4,079,241
		Cents	Cents
(Loss)/ Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic and diluted (loss)/ earnings per share	7	(1.76)	3.36

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 31 December 2018

Statement of Financial Position

		31 December 2018	30 June 2018
	Notes	\$	\$
Assets			
Cash and cash equivalents		727,086	7,821,378
Trade and other receivables		432,350	75,200
Financial assets at fair value through profit or loss	3	159,018,666	167,908,502
Current tax asset		436,121	62,278
Deferred tax asset		1,179,217	214,988
Total assets		<u>161,793,440</u>	<u>176,082,346</u>
Liabilities			
Trade and other payables		385,605	1,145,241
Financial liabilities at fair value through profit or loss		6,828,267	12,501,215
Deferred tax liabilities		-	1,085,970
Total liabilities		<u>7,213,872</u>	<u>14,732,426</u>
Net assets		<u>154,579,568</u>	<u>161,349,920</u>
Equity			
Issued capital	5	151,227,208	150,758,155
Profits reserve	6	13,225,302	14,429,042
Accumulated losses	6	(9,872,942)	(3,837,277)
Total equity		<u>154,579,568</u>	<u>161,349,920</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 half-year ended 31 December 2018

Statement of Changes in Equity

	Notes	Contributed equity \$	Profits reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018		150,758,155	14,429,042	(3,837,277)	161,349,920
(Loss) for the period		-	-	(2,600,648)	(2,600,648)
Other comprehensive income for the period		-	-	-	-
Transfer of profits during the period	6	-	3,435,017	(3,435,017)	-
<u>Transactions with owners:</u>					
Shares issued on dividends reinvested	5	469,053	-	-	469,053
Dividends paid	2	-	(4,638,757)	-	(4,638,757)
Balance at 31 December 2018		151,227,208	13,225,302	(9,872,942)	154,579,568
 Balance at 1 July 2017		 122,583,961	 13,945,930	 (3,837,277)	 132,692,614
Profit for the period		-	-	4,079,241	4,079,241
Other comprehensive income for the period		-	-	-	-
Transfer of profits during the period		-	4,619,964	(4,619,964)	-
<u>Transactions with owners:</u>					
Shares issued on dividends reinvested		441,738	-	-	441,738
Dividends paid	2	-	(3,821,999)	-	(3,821,999)
Balance at 31 December 2017		123,025,699	14,743,895	(4,378,000)	133,391,594

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

Statement of Cash Flows

	31 December 2018 \$	31 December 2017 \$
Cash flows from operating activities		
Proceeds from sale of investments	99,625,465	57,987,602
Payment for investments	(108,291,282)	(70,379,450)
Proceeds from return of capital on investments	6,943,032	-
Realised foreign exchange (losses)/ gains	(58,555)	79,274
Dividends received	3,921,420	2,014,172
Interest received	57,330	136,164
Interest paid	(564,521)	(473,586)
Management fees paid	(1,205,558)	(1,159,191)
Performance fees paid	(735,231)	(1,643,821)
Dividends paid on borrowed stock	(94,352)	(107,883)
Income tax paid	(1,389,661)	(554,109)
Payments for other expenses	(857,529)	(604,038)
Net cash (used in) operating activities	(2,649,442)	(14,704,866)
Cash flows from financing activities		
Dividends paid	(4,169,704)	(3,380,261)
Net cash (used in) financing activities	(4,169,704)	(3,380,261)
Net (decrease) in cash and cash equivalents held	(6,819,146)	(18,085,127)
Cash and cash equivalents at the beginning of the financial period	7,821,378	40,601,076
Effects of foreign currency exchange rate changes on cash and cash equivalents	(275,146)	99,036
Cash and cash equivalents at end of period	727,086	22,614,985
Non cash financing activities		
Dividends reinvested	469,053	441,738

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

Notes to the financial statements

1 Summary of significant accounting policies

These condensed interim financial statements and notes for the half-year represent those of Global Value Fund Limited ("the Company").

The interim financial statements were authorised for issue on 28 February 2019 by the Board of Directors.

Basis of preparation

These condensed interim financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

These interim financial statements do not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this report be read in conjunction with the Annual Financial Report of the Company for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

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.

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, unless otherwise stated.

In accordance with its application requirements, the Company adopted AASB 9 from 1 July 2018. All of the Company's investments in financial assets continued to be accounted for at fair value through profit or loss under AASB 9. Accordingly, first time application of AASB 9 had no impact on the Company's accounting for its investments in financial assets. On initial application of AASB 9, the Company also adopted the expected credit loss impairment model. The adoption had no material impact on the carrying amounts of the Company's receivables.

2 Dividends

(a) Dividends paid during the period

	2018 \$	2017 \$
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, was paid on 9 November 2018 (2017: 3.15 cents):	<u>4,638,757</u>	<u>3,821,999</u>

(b) Dividends not recognised at the end of the financial period

Since period end, the Directors have declared an interim dividend of 3.15 cents per fully paid ordinary share, 70% franked. The aggregate amount of the dividend with an ex-date of 29 March 2019 and a record date of 1 April 2019, expected to be paid on 15 May 2019 out of the profits reserve at 31 December 2018, but not recognised as a liability at period end, is:

<u>4,652,417</u>	<u>3,834,644</u>
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(c) Dividend reinvestment plan

The Company's dividend reinvestment plan ("DRP") will be in effect for the payment of this FY2019 interim 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 Net Tangible Asset ("NTA") value per share 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 \$1.040 per share on 27 February 2019 was below its current estimated NTA. If this situation remains on 29 March 2019, 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 29 March 2019 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.

3 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:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- 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
- 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 31 December 2018.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
At 31 December 2018				
Financial assets at FVTPL				
Australian and overseas listed equity securities	139,421,448	11,377,115	8,233,886	159,032,449
Derivative financial instruments ¹	(12,143)	(1,640)	-	(13,783)
Total financial assets	139,409,305	11,375,475	8,233,886	159,018,666

¹ The aggregate notional value of all derivatives included in Level 1 of the fair value hierarchy is \$(2,059,672).

Financial liabilities at FVTPL

Australian and overseas listed equity securities sold short

Total financial liabilities	(6,828,267)	-	-	(6,828,267)
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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 ²	768,906	(1,628)	-	767,278
Total financial assets	154,978,290	2,548,353	10,381,859	167,908,502

² The aggregate notional value of all derivatives included in Level 1 of the fair value hierarchy is \$(4,420,543).

Financial liabilities at FVTPL

Australian and overseas listed equity securities sold short

Total financial liabilities	(12,501,215)	-	-	(12,501,215)
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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 period, 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 period 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 less an applicable discount.

(a) Movements in asset classes categorised as Level 3:

	31 December 2018 \$	30 June 2018 \$
Opening balance	10,381,859	-
Transfers during the period	1,615,463	3,386,871
Disposals during the period	(1,187,609)	-
Acquisitions during the period	-	6,994,988
Capital returns during the period	(2,575,827)	-
Closing balance	8,233,886	10,381,859

3 Fair value measurements (continued)

(i) Recognised fair value measurements (continued)

(b) Valuation techniques and inputs for Level 3 Fair Values:

31 December 2018	Fair value \$	Valuation Technique	Description of valuation technique and inputs used in respect of underlying asset
DW Catalyst Fund	678,653	Discount to Net asset value ("NAV")	This is a listed fund that acts as a feeder fund to a master credit hedge fund. The feeder fund was delisted following shareholders' vote to put it into liquidation. Four quarterly distributions have been received to date. One final distribution of the balance is expected in May 2019. A discount of 7.5% to last available NAV before the fund was delisted was applied.
Carador Income Fund Repurchase Pool	1,615,464	Discount to Net asset value ("NAV")	The Fund was put into liquidation in November 2017 and has returned 85% of the November 2017 NAV. The remaining capital is expected to be returned in early 2019. Unlike most funds when put into liquidation, this fund remained listed on the London Stock Exchange. The bid/ offer price available at the end of December is at a premium to the most recent NAV and the stock has not traded in any significant size in over 4 months. Therefore, the bid/ offer price was not a suitable valuation method. Given that a NAV is expected in the coming months, the most appropriate valuation would be a small discount to NAV. A discount of 1.5% to NAV was applied.
East Capital Eastern Europe Small Cap Fund	5,939,769	Discount to Net asset value ("NAV")	This is 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 Manager 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.

(c) Valuation sensitivity:

A 5% increase/ (decrease) in NAV of Catalyst Income Fund would increase/ (decrease) the estimated fair value by \$33,932.

A 5% increase/ (decrease) in NAV of Carador Income Fund Repurchase Pool would increase/ (decrease) the estimated fair value by \$80,775.

A 5% increase/ decrease in NAV of East Capital Eastern Europe Small Cap Fund would increase/ decrease the estimated fair value by \$296,957.

There were transfers of financial assets with a total valuation of \$1,615,463 from Level 1 to Level 3 of the fair value hierarchy during the year (2017: no transfers). There were no realised gains on the sale of these investments during the year.

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

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.

4 Segment information

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.

5 Issued capital

	31 December 2018		30 June 2018	
	No of shares	\$	No of shares	\$
(a) Share capital				
Ordinary shares	<u>147,695,772</u>	<u>151,227,208</u>	<u>147,262,122</u>	<u>150,758,155</u>
(b) Movements in ordinary share capital				
	Number of shares	Issue price		\$
31 December 2018				
Opening balance at 1 July 2018	147,262,122		150,758,155	
Shares issued to participants in the dividend reinvestment plan	433,650	\$1.0817	469,053	
Closing balance	<u>147,695,772</u>		<u>151,227,208</u>	
30 June 2018				
Opening balance at 1 July 2017	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

6 Profits reserve and accumulated losses

(a) Profits reserve

	31 December 2018 \$	30 June 2018 \$
Profits reserve	<u>13,225,302</u>	<u>14,429,042</u>
Movements:		
Opening balance	14,429,042	13,945,930
Transfer of profits during the period	3,435,017	8,929,427
Dividends paid	<u>(4,638,757)</u>	<u>(8,446,315)</u>
Balance as at the end of the period	<u>13,225,302</u>	<u>14,429,042</u>

(b) Accumulated losses

Accumulated losses	<u>(9,872,942)</u>	<u>(3,837,277)</u>
Movements:		
Opening balance	(3,837,277)	(3,837,277)
Net (loss)/ profit for the period	(2,600,648)	8,929,427
Transfer of profits during the period	<u>(3,435,017)</u>	<u>(8,929,427)</u>
Balance as at the end of the period	<u>(9,872,942)</u>	<u>(3,837,277)</u>

7 (Loss)/ Earnings per share

(Loss)/ Profit after income tax used in the calculation of basic and diluted (loss)/ earnings per share	<u>(2,600,648)</u>	<u>4,079,241</u>
	Cents	Cents

(a) Basic and diluted (loss)/ earnings per share

Basic and diluted (loss)/ earnings per share attributable to the ordinary equity holders of the Company	<u>(1.76)</u>	<u>3.36</u>
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(c) Weighted average number of shares used as denominator

	No. of shares	No. of shares
Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted (loss)/ earnings per share	<u>147,384,675</u>	<u>121,459,086</u>

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

8 Contingencies and commitments

The Company had no material contingent liabilities or commitments as at 31 December 2018 (30 June 2018: nil).

9 Events occurring after the reporting period

Since the end of the half-year, the Company has declared an interim dividend for FY2019 of 3.15 cents per share to be paid on 15 May 2019. The interim dividend will be 70% franked. The record date for entitlement to the interim dividend is 1 April 2019.

The Company's DRP will be in effect for the interim FY2019 dividend payment.

The DRP participation enrolment deadline for the interim dividend is 5.00 pm (AEDT) Tuesday 2 April 2019.

Other than the dividend declared since the end of the half-year, no other matter or circumstance has occurred subsequent to period 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 periods.

Directors' Declaration

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

- (a) the interim financial statements and notes, as set out on pages 5 to 13 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and any other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance as represented by the results of the operations and the cashflows, for the half-year ended on that date.
- (b) 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.

A handwritten signature in dark ink, appearing to read 'Jonathan Trollip', with a long horizontal flourish extending to the right.

Jonathan Trollip
Chairman

Sydney
28 February 2019

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

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report Global Value Fund Limited ("the company"), which comprises the statement of financial position as at 31 December 2018, statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration of the company.

Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation of the interim 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 is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *"Review of a Financial Report Performed by the Independent Auditor of the Entity"*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *"Interim Financial Reporting"* and the *Corporations Regulations 2001*. As the auditor of Global Value Fund Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the interim financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

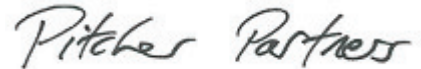
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Global Value Fund Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.



Scott Whiddett
Partner



Pitcher Partners
Sydney

28 February 2019