

26th February 2021

GVF increases dividend after record December half

Highlights

- Operating profit before tax of \$24.2M
- Adjusted pre-tax NTA increases by 16.7%
- Discount capture strategy generates a record 16.3%, the best half-year period since launch
- An increased fully-franked dividend of 3.0 cents per share declared

Global Value Fund Limited (ASX: GVF) ("GVF" or the "Company") announces an operating profit before tax of \$24.2 million and an operating profit after tax of \$17.1 million for the half-year ended 31 December 2020. The Company has declared a fully-franked interim dividend of 3.0 cents per share.

Company Chairman Jonathan Trollip said: "GVF's lower-risk strategy delivered stellar performance during the six-months to December. The Company's investment portfolio increased by 16.7% over the period, with most of these returns coming from the Portfolio Manager's discount capture strategy, not underlying market movements. The Board is pleased to announce a fully franked dividend for the December half-year period of 3.0 cents per share, an increase from the previous 2.9 cents. This higher dividend payout rate implies a gross annualised yield of 7.8%¹. Since its IPO at \$1 per share in 2014, the Company has now declared total grossed up dividends of 47.8² cents per share".

December 2020 half-year review and outlook

Portfolio Manager Miles Staude said: "Today, it is easy to take a cool assessment of the December half-year period and arrive at a simple conclusion: financial markets shot ahead on a giddy mix of colossal government stimulus, a strong rebound in global economic growth, and the arrival of a working Covid-19 vaccine. While that makes for simple reasoning today, the six-month period was, in fact, a pressure cooker of market angst. Sentiment whipsawed between hope that a vaccine was just around the corner, and a worry that new waves of the virus might completely shut the global economy down again first. Added to this, markets had to contend with the chaotic final months of the Trump presidency.

In US\$ terms, global share markets³ rose by 24%⁴ over the half year, with emerging markets and 'FAANG'⁵ stocks leading the way, rising by 31.1% and 53.5% respectively. The large exposure the US share market has to 'FAANG' stocks drove its relative outperformance over most other developed world countries, with the US market

¹ The grossed up yield is based on GVF's closing share price of \$1.10 on the 25 February 2021.

² Grossed up dividends comprise 35.5 cents per share of cash distributions and 12.4 cents per share of franking credits.

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

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

⁵ Refers to the NYSE FANG+ Index. A share market index comprising the highly traded growth stocks of technology companies like Facebook, Amazon, Apple, Netflix and Google.

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increasing by 22.2% over the period. In contrast, European share markets rose 13.7%, while the local Australian index was 13.2% higher.

The return of voracious investor appetite for anything with a perceptible yield, and the resulting large fall in borrowing costs, combined to push the price of corporate bonds and loans substantially higher across the borrowing spectrum over the period. In US\$ terms, investment grade bonds were 4.8% higher over the half, while the leveraged loan markets in the US and Europe rose 8.1% and 6.5% respectively, in local currency terms.

In China, which has demonstrated a remarkable economic resilience to the pandemic, imports of iron ore hit a new all-time high, as its historically important heavy industry sector begun to fire again. Chinese appetite drove the price for iron ore up by 58.6% over the period. For Australian offshore investors, the downside of this iron ore windfall was the strength of the Australian dollar, which increased in value against virtually all other currencies, including by 11.5% against the US\$.

Thus, while the local currency price increases of many asset classes look incredible over the December half-year period, in Australian dollar terms they were far more muted. In Australian dollar terms, global equity markets rose by 11.3% over the December half, while global credit markets actually fell by 3.8%.

The very strong performance from our discount capture strategy during the period brings with it a measured degree of satisfaction. Throughout 2020, we set out that the substantial market turmoil caused by Covid-19 had created significant dislocations across the areas of the market that we specialise in. As a result, we argued that both the underlying value embedded within our portfolio - and the investing environment for our strategy more generally - was highly compelling. It is therefore pleasing to now be reporting the best six-month period for our strategy since the fund's launch.

The large amount of value we unlocked across the portfolio allowed us to comfortably outperform equity markets during the half, despite running with an average see-through equity market exposure of just 43%. Perhaps more relevantly, GVF delivered this result with essentially no 'FAANG' exposure in the portfolio. As outlined above, in A\$ terms, global share markets increased by 11.3% during the December half. However, excluding the small handful of 'FAANG' stocks which continue to dominate overall market performance, global share markets rose by a more modest 8.6% during the period.

Away from the equity markets, GVF held an average see-through allocation to global credit markets of 21% during the half. Despite this asset class falling by 3.8% in A\$ terms over the period, the value we unlocked across our credit holdings still meant that our credit portfolio generated meaningful positive returns for the fund over the period.

In terms of our investment universe, while many of the extreme discounts that we saw on offer during 2020 have unwound, there continues to be significant pockets of deep value in the market which we have been actively rotating into. At the same time, the strong rally in share markets in recent months has created new opportunities for us across related asset classes, such as private equity. Thus, while the underlying value within our portfolio is perhaps not as extreme today as it was nine months ago, it remains highly compelling, hopefully setting the company up for a strong finish to the financial year."

Finally, the Company completed a share purchase plan and placement in December 2020, both of which were well supported, raising total proceeds of \$25.6M. The Company greatly appreciates the continued trust and

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support from existing shareholders and is also pleased to welcome many new shareholders onto its register at this time.

FY2021 Interim Dividend key dates*

Ex-dividend date	30 March 2021
Dividend record date	31 March 2021
Last election date for DRP	1 April 2021
Dividend payment date	13 May 2021

*These dates may be subject to change

Interim Dividend of 3.0 cents per share fully franked declared

The Board has resolved to pay an interim dividend of 3.0 cents per share, 100% franked, payable to all shareholders on the Company's register. GVF shares will trade ex-entitlement to this dividend on 30 March 2021.

Dividend reinvestment plan

The Company's dividend reinvestment plan ("DRP") will be in effect for the fully-franked FY2021 interim dividend of 3.0 cents per share.

The DRP has been designed so that participants will always receive the lowest reinvestment price possible, without their reinvestment diluting the post-tax 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. If the share price for Global Value Fund Limited ("GVF") is above the Company's NTA on the dividend ex-date, 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 NTA value of the Company on this day. If the share price for GVF is less than its NTA on the ex-date, cash available for distribution as dividends on shares subject to the DRP will be used to acquire the Company's shares on-market in accordance with the terms set out in the plan.

Shareholders who would like to participate in the DRP can enroll at www.investorserve.com.au or alternatively please contact the Company's share registrar, Boardroom, on 1300 737 760. The DRP participation enrolment deadline for the interim dividend is 5.00 pm (AEDT) Thursday 1 April 2020. Details of the DRP are available on the Company's website, click [here](#).

FY2021 full year dividend guidance

The Board currently anticipates that the FY2021 full year dividend payment will be the same size as the declared FY2021 interim dividend, being a 3.0 cent per share dividend, 100% franked. This dividend guidance is not a formal declaration of the Company's full year FY2021 dividend. The size and payment of any final dividend for FY2021 will be subject to the Company having sufficient profit reserves and the dividend payment being within prudent business practices. If a FY2021 full year dividend is declared, the Board expects that it would be payable during November 2021.

This announcement is authorised for release by the Board of Directors of Global Value Fund Limited.

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Contact

Shareholders or interested parties who would like to discuss the interim results, or who have general enquires about the Company, are welcome to contact Portfolio Manager, Miles Staude, at miles.staude@globalvaluefund.com.au or 0423 428 972, and Head of Corporate Affairs, Emma Davidson, at emma.davidson@globalvaluefund.com.au or 0401 299 885.

About GVF

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

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 investment team at Staude Capital has been seconded into Mirabella Financial Services LLP to manage the Global Value Fund portfolio. For more information, visit www.globalvaluefund.com.au.

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