31st August 2021

STAUDE CAPITAL
GLOBAL VALUE FUND

Investment Update and Net Tangible Assets

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Net Tangible Assets (NTA) per share

NTA before tax*	$1.2565
NTA after tax	$1.1860

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

August review

Share markets continue to demonstrate their relative immunity to the building near-term economic challenges that the Covid-19 Delta strain is creating. In our last report, we highlighted that through July, global share markets shrugged off surging Delta cases, a dramatic collapse in bond yields, and a severe regulatory crackdown in China, to end the month at a new all-time high. This immunity to bad news continued throughout August, with most global stock markets recording another month of solid gains, despite a slew of Delta related growth downgrades starting to be published by market forecasters. If we rewind back a few months, before the arrival of Delta, the chief cause of market angst was that a rapid rebound in global growth may resurrect inflationary concerns for central banks. That, in turn, could have led to a faster removal of the incredible amounts of monetary support that continue to remain in place. Support that, by and large, has underpinned the outsized market gains we have seen over the past 12-months. Thus, as upside down as it might sound, the arrival of the Delta variant, and its impact in dampening previous enthusiasm regarding near-term growth expectations, has helped lift markets higher. Delta, in effect, has pushed back the markets expectations of when the 'punchbowl' will be taken away.

We believe two important observations during August reinforce this line of thinking. The first was a plunge in a closely followed index of US consumer confidence. The University of Michigan's consumer sentiment index fell by 11 points to 70.2 during the month, the lowest reading since December 2011. The move was one of the steepest falls on record and was largely attributed to consumers adjusting their outlook in light of the arrival of the Delta variant in the US. Such a rapid negative shift in consumer expectations will certainly have given plenty of ammunition to the doves in central bank closed-door meeting rooms. Secondly, and less reported on, August saw a new all-time low for the yields on US inflation protected government bonds (TIPS), which reached *negative* 1.2% during the month. With the real (inflation adjusted) cost of money testing new lows, it is unsurprising that share markets continue to make new highs. Higher risk asset classes remain one of the few areas where investors can still hope for perceptible real returns in the years ahead.

We highlight all of this as a reminder to investors that, given how low interest rates are today, markets will remain hyper-sensitive to interest rate expectations for some time to come. And that episodes of 'bad' economic news leading to 'good' market outcomes can, of course, work in reverse.

Over August, in Australian dollar terms, global share markets[4] rose by 2.9%, while global credit markets[5] were unchanged. The local Australian share market rose by 2.8%.

Listed private equity funds were a major contributor to GVF's performance during the month, as our 'lag effect' thesis – as discussed in a recent webinar - continued to play out. To summarise this again, owing to the lag with which private equity funds report updated portfolio valuations to their underlying investors, listed vehicles that

Global Value Fund Limited

ASX Code	GVF
Listed	July 2014
Shares on issue	173M
Share price	$1.23
Market cap	$213M
Total dividends declared[1]	53 cents
Profits Reserve[2]	22 cents
Fully franked yield[3]	7.7%

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

own these funds can, after periods of very strong equity market performance, trade at discounts to asset backing that are far larger than the official headline figures suggest. In effect, we believe these situations present an opportunity to invest into global equity markets today at yesterday's (much cheaper) prices.

Earlier this year, we identified several large UK-listed private equity funds that we believed would be subject to this effect, and which we believed were therefore trading at extremely large discounts to asset backing. Our thesis has been that the NTAs of these listed vehicles would eventually 'catch up', making the true discounts clear. Alternatively, in the event of falling markets, the lag effect would act as a buffer that should see the NTAs of these vehicles fall less than equity markets did.

August was another strong month for the largest of our holdings, Harbourvest Global Private Equity, which is now up 22% calendar year-to-date in US$ terms. Meanwhile, a name we added to the portfolio more recently, Pantheon International Participations, was up 9.8% in August in US$ terms, and was the largest single contributor to GVF's performance for the month. Looking ahead, both of these are yet to report NTAs that fully reflect Q2 2021 revaluations, and, in our view, there remains further positive performance waiting to feed through.

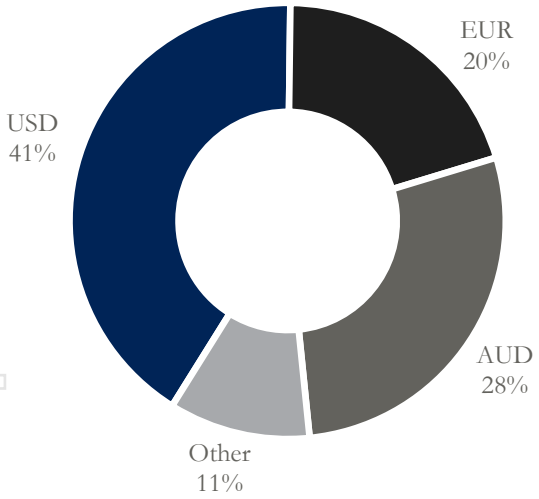
Keeping with private equity, JPEL Private Equity completed the large capital return that we alluded to in last month's report, returning approximately 51.5% of GVF's investment in line with asset backing, and bringing with it a significant amount of discount capture.

The GVF investment portfolio increased in value by 2.5% during August. The fund's discount capture strategy contributed 1.9% to returns during the month, while the fund's underlying market exposures added a further 1.2%. The remaining attribution of returns during August are explained by currency movements and the company's operating costs.

A reminder to all shareholders that GVF shares will trade ex-entitlement to a 3.3 cents per share fully franked dividend on 30 September 2021.

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

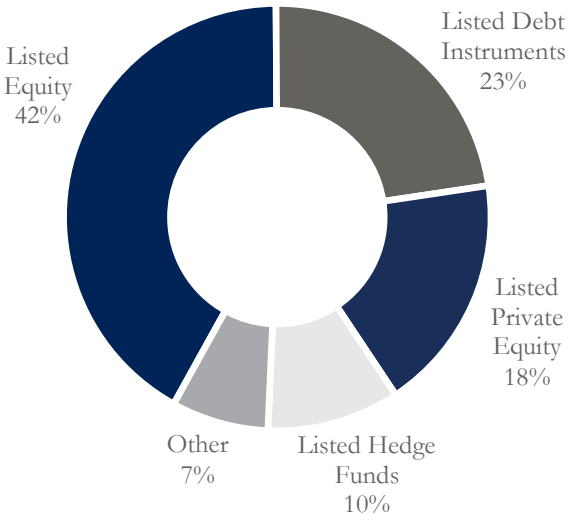
Underlying Currency Exposures



The above chart reflects the manager's estimate of the currency exposures arising from the portfolio's underlying investments and cash balances as at 31st August.

Including emerging market currencies that are chiefly pegged to the US$, the fund's US$ exposure is approximately 45%.

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 31st August.

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

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Significant Holdings[6]

Holding	% NTA	Summary
Third Point Investors	6.5%	London-listed closed-end fund (CEF), that acts as a feeder fund into a global event-driven, value-oriented hedge fund. The CEF currently trades on a 16.1% discount to its NAV. Under pressure from shareholders, the Board recently completed a strategic review into the fund's discount problem, putting in place several initiatives to try and improve the situation. Notwithstanding this, we believe there is shareholder support for additional measures to be taken.
Harbourvest Global Private Equity	6.4%	London-listed CEF, with a diversified portfolio of private equity funds investments. The fund trades on a wide discount to its reported asset backing, but owing to the lag with which private equity funds report their performance, we believe the embedded value is even greater than this.
VPC Specialty Lending Investments	6.0%	London-listed CEF, managed by a US investment manager, that predominantly lends to middle market financial companies mainly in the US. The company currently pays a yield of c.9.3% pa based on the current share price, and trades on a discount of 18.0% to NAV. In conjunction with continuation vote in 2020, and following pressure from shareholders (including GVF), the company put in place an opportunity for shareholders to realise some, or all, of their investment at NAV in 2023, if discount or performance targets are not achieved.
Pantheon International Participations	5.8%	London-listed CEF with a diversified portfolio of private equity funds investments. Pantheon trades on a large discount to its reported asset backing, but due to the lag with which private equity funds report their performance, we believe the embedded value is even greater than this.
NB Global Monthly Income Fund	4.2%	NBMI is a London-listed fund managed by Neuberger Berman, investing in a broad range of credit assets. In conjunction with a restructuring of the fund in 2H 2020, the fund put in place semi-annual tender offers from June 2022 onwards, providing investors with an opportunity to exit a substantial portion of their investments at a small discount to asset backing, and therefore a meaningful premium to the current share price.

[1] Grossed up dividends of 52.52c declared from IPO at $1 through to 8 November 2021, the FY2021 final dividend payment date.

[2] The profits reserve sits at 22.4c as of 31st August (including the FY2021 final dividend).

[3] Based on the end of month share price of $1.23 and the FY2022 dividend guidance of 6.6 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.

[5] All references to global credit markets refer to the Bloomberg Barclays Global Credit Total Return Index.

[6] In order to protect the interests of GVF shareholders, certain large holdings may not always be publicly disclosed.

[7] A well followed share market index of high-growth technology companies.

Unless otherwise stated, source for all data is Bloomberg LP and data as of 31st August 2021.

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