31st October 2024

STAUDE CAPITAL
GLOBAL VALUE FUND

Investment Update and Net Tangible Assets

Net Tangible Assets (NTA) per share

NTA before tax*	$ 1.3346
NTA after tax	$ 1.2243

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

October review

"I think Trump may be one of those figures in history who appears from time to time to mark the end of an era, and to force it to give up its old pretences."

Henry Kissinger

Although our monthly report covers the period of October, and the election of Donald Trump to the US Presidency occurred in early November, it seems pedantic to ignore the significant event that is moving markets just because it falls a few days outside of the month end. In fact, in many financial markets, an expectation that Trump would win had already been largely priced in during the final few weeks of October. The US dollar notched up one of its strongest monthly gains on record during the period, while US bond yields spiked noticeably higher – both asset classes being direct transmission mechanisms for Trump's various campaign promises. Moreover, while the opinion polls continued to point to a very tight race down to the final few days, all the anecdotal market evidence suggested that traders were ignoring the polls and positioning themselves for a Trump victory. Notably, bookmaker odds suggested a far greater chance that Trump would win in those final few weeks than the opinion polls ever did.

While markets probably anticipated a Trump victory, the scale of the win has likely been a surprise. If the Republicans retain control of the House, as seems likely, on many measures Trump will start office as one of the strongest presidents in recent history. As well as controlling congress, six of the current nine supreme court justices are Republican party nominees, while Trump can point to a strong voter mandate after winning the popular vote – something few Republican Presidents expect to achieve. With this sort of mandate, and given the outsized influence the US wields over the rest of the world, we should all be braced for significant change in the years ahead.

If we put aside the strong feelings Trump brings up in most of us, and stick to a narrow analysis of the potential impact his presidency will have on financial markets, three of his key campaign promises are worth interrogating. Firstly, his promise to 'rip up the rule book' and pursue a large deregulation drive across the US economy is probably the most potent and immediate fillip for financial markets and US economic growth. Traditionally, the chairs of all US regulatory agencies turn over with the presidency, and industry will now be expecting a much more pro-business agenda, much as Trump pursued after winning his first term in 2016. Here Trump can act quickly and unilaterally. He does not need to pass laws to enact the changes he wants. Second is his promise for largescale tariffs on adversaries and allies alike. Here it is much harder to separate the rhetoric from the reality. While he campaigned on a similar platform in 2016, his actual use of tariffs during that presidency was much more targeted than his bombastic language might have suggested. These tariffs were also much more effective at achieving their aims (the 'America first' doctrine) than he is generally credited with. Relevantly, the implementation of any new tariff will take some time to come about.

Staude Capital Global Value Fund Limited ('GVF')

ASX Code	GVF
Listed	July 2014
Shares on issue	175M
Share price	$1.30
Market cap	$227M
IPO Issue Price	$1.00
Total dividends declared[1]	82 cents
Profits Reserve[2] (per share)	31 cents
Franking[3] (per share)	9.3 cents
FY25 FF dividend guidance	9.4 cps
Grossed-up yield[4]	7.25%

Company overview

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 split between London and Sydney 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
Portfolio Manager, GVF

Board of Directors

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

While Trump can pursue this course of action without passing legislation, the procedures necessary for enacting tariffs under executive order are prescriptive and time consuming. Unlike his deregulation drive, it is a lot less clear when, and to what degree, his campaign promises on tariffs will come into being – albeit they will surely be used to some degree. Finally, Trump's last key promise is his pledge to cut taxes. If the Republicans do win control of the House, then the path to implement this should be clear. Indeed, the strong rally in equity markets since he was elected demonstrates the positive impact this could have on share markets now that a Republican clean sweep has come into view. The caveat to remember here is that passing legislation in the US is a terribly messy affair. Even with the control of all three branches of government in 2016, the Republican party failed to overturn Obamacare – one of the key promises Trump made during his first campaign run. Much like the rhetoric on tariffs then, while taxes will almost certainly be cut, to what degree and when remains largely opaque.

Turning back to our own investment portfolio and the month of October, one of the most notable market moves during the month was the strength of the US$, which translated into a 4.8% fall in the A$ over the period – a very large move for the Australian currency in any given month. A falling A$ increases the value of offshore investments, benefiting international investors like GVF, and this factor was by far the largest driver of our returns over the month. While global share[5] and bond[6] markets fell by 2.2% and 2.7% in US$ terms, they rose by 2.7% and 2.2% in A$ terms. Meanwhile the local Australian share market decreased by 1.3% over the month.

Within the portfolio itself, two of the largest detractors were HarbourVest Global Private Equity (HVPE) and Pantheon International (PIN) – UK-listed companies that own large, diversified portfolios of private equity interests, mostly in the US.

Although HVPE and PIN have little exposure to the UK, the prospect of the newly elected Labour government's first budget on 30 October, which the chancellor Rachel Reeves had warned would be painful, hung over the UK share market all month. In particular, there was substantial tax-driven selling ahead of an expected increase in the capital gains tax rate, as investors raced to crystallise taxable gains, particularly on the more established investment trusts, at the lower prevailing rate.

While the negative share price performance is disappointing, we are excited by the deep discounts at which these companies currently trade. We are also encouraged by signs that the environment for private equity exits is improving, as this will be a key catalyst for returns for two reasons. Firstly, realisations unlock substantial value that is otherwise hidden in the funds' conversative carrying values. HVPE and PIN can both point to substantial data, over many years, which shows realisations at average uplifts of c.30% or more to carrying values. Secondly, both companies have now put in place robust capital allocation policies which, if discounts remain wide, will divert more of the proceeds back to shareholders to tackle and/or take advantage of wide discounts. Once realisations revert to more normal levels, the full impact of these will be seen.

Last, but certainly not least, with portfolios skewed towards US mid-market private companies, both should be very well positioned to benefit from strong US growth resulting from Trump's policies mentioned above.

Turning to positive contributors, one of our largest gains during October was in Witan Investment Trust Plc (WTAN), an investment trust that invests into global share markets. Earlier this year, in an ongoing theme of consolidation within UK Investment Trusts, WTAN announced a proposed merger with another UK-listed fund with terms that included an option for shareholders to redeem their holdings for cash. We believed this provided an attractive opportunity with the fund trading at a c.6% discount to its asset backing, given the opportunity to redeem out close to asset backing in a short timeframe. In October, WTAN successfully completed its merger and GVF exited its position in full. GVF realised an annualised return of 28.8% over the short life of the holding, more than half of which came from discount capture, over and above the fund's global equity market-like returns.

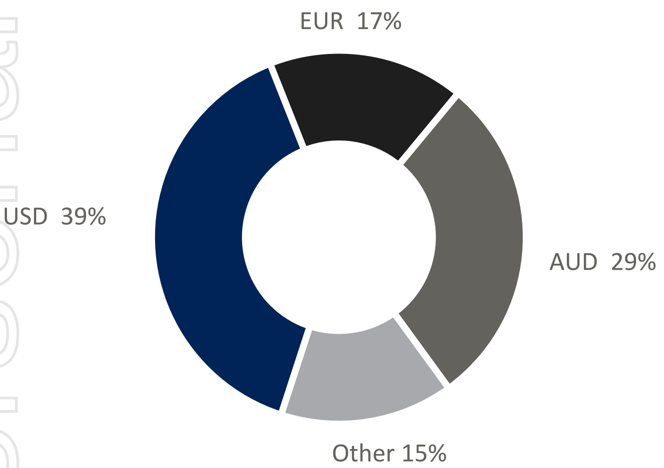
The GVF investment portfolio increased by 1.6% during October. The fund's discount capture strategy detracted 0.5% to performance, while foreign exchange movements added 2.9% to returns. The remaining attribution of returns are explained by the company's underlying financial market exposures, and its operating costs.

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

Over the life of the Company, GVF's annualised adjusted NTA returns[8] have been 11.2%.

Financial Year	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD[9]
FY2025	4.1%	-0.9%	1.5%	1.5%									**6.3%**
FY2024	2.0%	1.5%	0.5%	-0.4%	1.3%	0.8%	2.5%	0.1%	1.2%	2.3%	1.1%	0.3%	**14.0%**
FY2023	1.5%	2.3%	-0.5%	2.5%	1.0%	1.1%	0.6%	3.4%	-0.9%	2.7%	1.0%	-0.1%	**15.5%**
FY2022	2.8%	2.4%	0.5%	0.0%	2.7%	1.9%	-0.6%	-2.3%	-1.7%	1.3%	-1.7%	-2.2%	**2.8%**
FY2021	1.6%	1.4%	3.2%	2.7%	5.4%	1.4%	2.7%	0.7%	0.4%	2.9%	2.0%	1.8%	**29.3%**
FY2020	2.7%	0.2%	1.4%	-0.3%	2.4%	-0.5%	3.7%	-3.5%	-13.5%	2.4%	6.0%	0.8%	**0.2%**
FY2019	0.8%	2.3%	-0.5%	-1.2%	-2.1%	-1.6%	0.2%	3.2%	-0.4%	1.9%	-0.3%	0.9%	**3.2%**
FY2018	-0.9%	0.4%	1.3%	2.3%	1.7%	-0.9%	0.7%	0.8%	0.0%	1.6%	-0.5%	2.2%	**9.1%**
FY2017	2.0%	1.9%	-0.5%	0.7%	2.7%	3.1%	-2.1%	1.1%	1.8%	2.0%	2.1%	-1.0%	**14.5%**
FY2016	4.6%	-1.0%	-1.0%	2.3%	-1.9%	-0.4%	-1.0%	-0.4%	-1.7%	2.3%	4.0%	-3.0%	**2.4%**
FY2015	0.3%	-0.3%	4.3%	-1.0%	3.1%	2.6%	3.9%	1.3%	1.8%	-0.6%	5.6%	-1.0%	**21.6%**

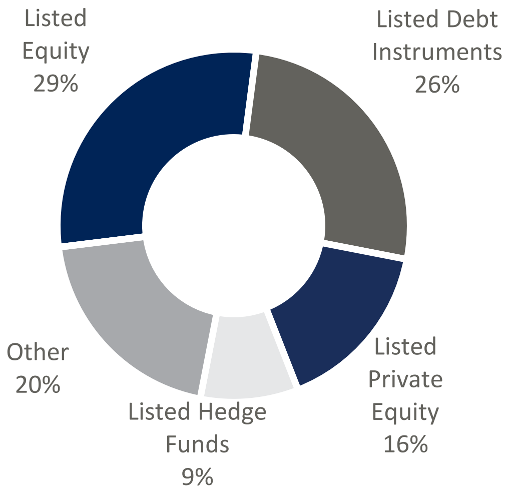
Underlying Currency Exposures



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 October.

Including emerging market currencies that are chiefly pegged to the US$, the fund's US$ exposure is approximately 43%.

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 October.

Exposure to cash represents both cash balances held by the Company and the underlying cash holdings of the fund's portfolio of investments. If not separately disclosed above, 'Cash' is included in 'Other'.

Selected Holdings[10]

Holding	Summary
Amedeo Air Four Plus	London-listed investment company that owns twelve widebody aircraft on long term leases. A special situation that GVF first invested into in 2020, Amedeo continues to offer an attractive long-term risk reward proposition. The company pays a dividend yield of c.16.2% pa that is more than covered by contractual lease payments from Emirates.

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Pantheon International	London-listed closed-end fund with a diversified portfolio of private equity investments, which trades at a deep discount to asset backing that we believe is unsustainable over the medium term. Last year, the fund ramped up efforts to take advantage of the discount, announcing a highly accretive £200 million share buyback programme (including a £150 million tender offer) and, more recently, it introduced a capital allocation policy that will direct a portion of future net cash flows to buybacks, based on discount level.
Sherborne Investors Guernsey C	London-listed investment company managed by Sherborne Investors – an activist, turnaround firm led by Ed Bramson – which owns a significant stake in US-listed Navient Corp (NAVI). Despite being structured with the intention of pursuing a single turnaround investment and then returning capital to investors, the company's shares currently trade at a discount of c.20% to asset backing.
US Masters Residential Property Fund	Deeply discounted ASX-listed fund that owns a portfolio of US residential property in New York and New Jersey. The fund is now focused on realising assets and returning the proceeds to unitholders, while operating a very active buyback program.

[1] Grossed up dividends of 82.24c declared from IPO at $1.

[2] The profits reserve sits at 31.1c as of date of this report.

[3] As of the end of the month, GVF's franking account would enable fully franked dividends per share of this amount to be paid. In the month of November 2024, there was both a fully franked dividend paid, and a tax liability paid. This tax payment has increased the franking credits available to the figure quoted. In December, shareholders should expect to see the NTA before tax fall by circa 4 cents per shares to reflect the payment of this tax.

[4] Based on the end of month share price of $1.30 and the FY2025 dividend guidance of 6.6 cents per share, fully franked.

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

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

[7] Refers to the total return (price and dividends) of the S&P ASX200 Index.

[8] Adjusted NTA returns are after all fees and expenses and are adjusted for the payment of taxes, dividends, and the effects of capital management initiatives. They do not include any franking credits received by the Company. Performance data is estimated and unaudited. Source: Staude Capital Ltd.

[9] Refers to the full year returns for a given Financial Year, or the year-to-date returns in the current Financial Year.

[10] Selected holdings are investments within the GVF portfolio that are representative of the types of opportunities the manager finds for the GVF investment portfolio. Holdings are listed in alphabetical order.

Unless otherwise stated, source for all data is Bloomberg LP and data as of the date of this report.

Past performance is not an indicator of future returns.

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