

GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/12/2016

latest unit price \$1.1052	return 1 month 4.30%	return 1 year 9.24%	return since inception (Dec 2015) 10.52%
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FUND OUTLINE

Fund Manager:

Carlos Gil (CIO)

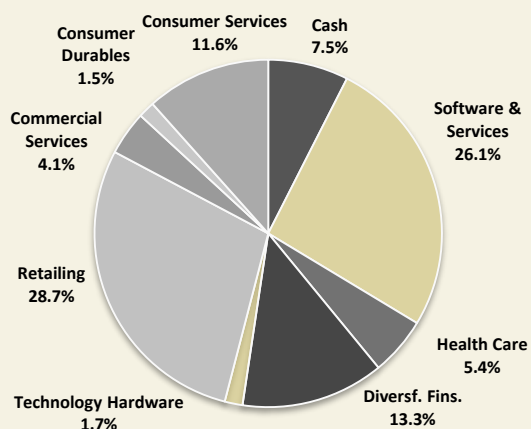
The Global Value Microcap Fund is a wholesale fund investing in a selection of undervalued, profitable and growing companies listed in predominantly advanced economies around the world.

COUNTRY BREAK UP

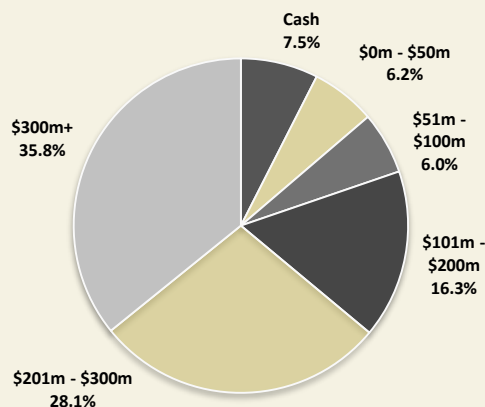
		% of Equity Portfolio	% of NAV
	United States	41.8%	38.6%
	United Kingdom	24.4%	22.6%
	Cont. Europe	19.8%	18.3%
	Australia	8.5%	7.9%
	Canada	3.2%	2.9%
	New Zealand	2.4%	2.2%
	Total	100%	92.5%

	1 Month	3 Month	6 Month	1 Year	Total since inception	Compound p.a. since inception
GVMF	4.30%	10.56%	14.79%	9.24%	10.52%	9.67%
MSCI World Microcap (AUD)	4.65%	6.07%	13.61%	11.30%	9.83%	9.04%
Outperformance	-0.34%	4.49%	1.18%	-2.06%	0.69%	0.63%

SECTOR BREAKDOWN



MARKET CAP (\$US)



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MARKET UPDATE AND COMMENTARY

We expect the Australian economy to continue to grow at +2% rates. The decline in new capital expenditure from the resources sector will stabilise into 2017 and whilst business investment remains weak, infrastructure investment and the household sector will underpin economic growth. Services industries like tourism, education, finance and health will offset weaker sectors of the economy. Employment levels should remain robust, however there will continue to be significant differences across the states. Australia's labour market is likely to experience modest employment growth for 2017.

Internationally, Chinese growth should continue to moderate but maintain a pace well ahead of its industrialised peers. The shift of China to a consumer and household driven economy will continue to play out. The US economy enters 2017 at an above average growth rate. The change in presidency and balance of power in both houses paves the way for significant fiscal stimulus and a much-needed infrastructure refresh program. In all, despite the negative media reporting bias, we look at 2017 as a year of relatively benign economic conditions conducive to business investment.

Microequities Global Value Microcap Fund returned 4.30% versus the MSCI World Microcap Index (AUD) 4.65% in December; this brings the total return net of fees to 10.52% for the Fund since inception in December 2015 compared to 9.83% for the MSCI World Microcap Index (AUD).

The Global Fund is pursuing three new investment opportunities in the online travel agency space, in social media and in retailing. What is exciting about these three new investment opportunities is the large deep value price points at which the businesses have been acquired, coupled with the fact that none of the three businesses have any financial debt. In fact all three of them hold sizeable net cash balances on their balance sheets. These new investment opportunities are testament to the fact that deep value entry prices can be accessed in global equity marketplace. It has taken a significant amount of effort and time for the investment management team to identify, source and research these opportunities but we remain confident they will add significant value to our fellow unit holders over the medium to long term.

Projected EPS Growth FY17 (on a weighted basis)	+12.4%
Projected EPS Growth FY18 (on a weighted basis)	+16.8%

Number of companies	40
Top 5 Holdings % of NAV	27.1%
Top 10 Holdings % of NAV	44.3%
Top 20 Holdings % of NAV	68.4%
Cash Position % of NAV	7.5%

Important information: This information is not intended to be financial advice. Past performance is not indicative of future performance. Microequities Asset Management Pty Ltd is a corporate authorised representative, number 462438, as appointed by Microequities Ltd holder of AFSL number 287526. Application for units in the Fund is limited to investors that are wholesale or sophisticated investors within the meaning of Section 761G(7) and 761GA(7) of the Corporations Act 2001.