

GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/01/2017

latest unit price	return 1 month	return 1 year	return since inception (Dec 2015)
\$1.0640	-3.73%	8.69%	6.40%



FUND OUTLINE

Fund Manager:

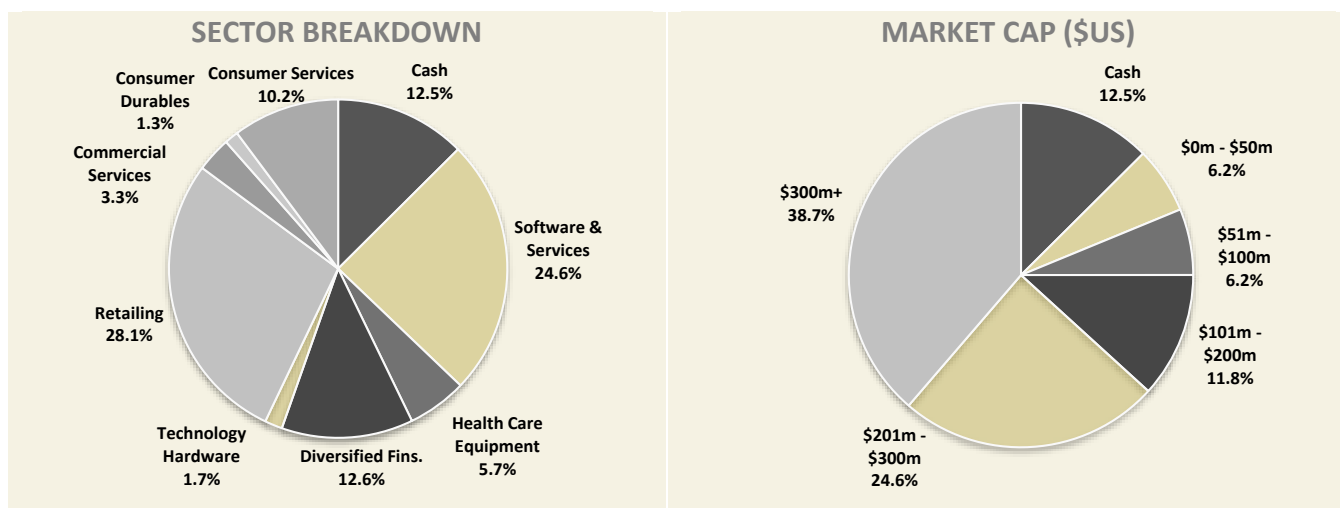
Carlos Gil (CIO)

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	39.9%	34.9%
	United Kingdom	24.9%	21.8%
	Cont. Europe	20.8%	18.2%
	Australia	9.0%	7.8%
	New Zealand	2.7%	2.4%
	Canada	2.6%	2.3%
	Total	100%	87.5%

	1 Month	3 Month	6 Month	1 Year	Total since inception	Compound p.a. since inception
GVMF	-3.73%	7.25%	7.57%	8.69%	6.40%	5.46%
MSCI World Microcap (AUD)	-0.16%	7.97%	10.38%	17.76%	9.65%	8.22%
Outperformance	-3.57%	-0.72%	-2.81%	-9.07%	-3.25%	-2.76%



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MARKET UPDATE AND COMMENTARY

The UK economy remained buoyant during the last quarter of 2016 with its dominating services sector (80% of UK's GDP) continuing to strengthen. The UK consumer remains undeterred by Brexit (at least for now). Whilst the manufacturing sector (14% of GDP) is enjoying a competitive boost thanks to significantly weaker British Pound. The strong short term performance should not understate the fact the UK economy will face significant challenges throughout 2017. Inflationary pressures are increasing, the inflation rate is now at a two and a half year high and expected to increase further as the weaker British Pound raises imported input prices. Inflationary pressures could constrain consumption at a time when household real income growth is slowing down. If inflationary pressures do mount the Bank of England would then face the unenviable task of implementing rate rises just as economic growth slows down. At a political level, it's important the UK carves out a settlement framework that protects its important financial services sector which is not only a pillar of its economy but a significant export contributor. Many challenges to overcome but at least the UK is facing them with some positive economic momentum.

Microequities Global Value Microcap Fund returned -3.73% versus the MSCI World Microcap Index (AUD) -0.16% in January; this brings the total return net of fees to 6.40% for the Fund since inception in December 2015 compared to 9.65% for the MSCI World Microcap Index (AUD).

We are pleased to report that the Global Value continues to successfully acquire the three recently announced investment opportunities (an online travel agency business in Europe, a UK furniture retailer and a social networking technology group in the US). These three businesses are being acquired at excellent prices and we believe all three are well poised to make a positive contribution to the Fund's performance over the medium to long term. The Fund incurred negative currency headwinds against its three main constituents' currencies (US dollars, British Pound and the Euro). The rise in the value of the Australian Dollar does however mean that we can opportunistically deploy our Australian dollar cash assets at a more favourable exchange rate. Next month will see a significant number of our investee companies provide updated financial performance reports and we will provide you an overview of their performance.

Projected EPS Growth FY17 (on a weighted basis)	+12.5%
Projected EPS Growth FY18 (on a weighted basis)	+16.5%

Number of companies	40
Top 5 Holdings % of NAV	24.3%
Top 10 Holdings % of NAV	39.5%
Top 20 Holdings % of NAV	63.3%
Cash Position % of NAV	12.5%

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.