


# GLOBAL VALUE

## MICROCAP FUND



### MONTHLY PERFORMANCE AS AT 31/03/2018

latest unit price <b>\$1.2912</b>	return since inception <b>29.12%</b>	return 1 year <b>18.57%</b>	 monthly currency impact <b>TAILWIND MODERATE (1-3%)</b>
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#### FUND OUTLINE

Fund Manager:

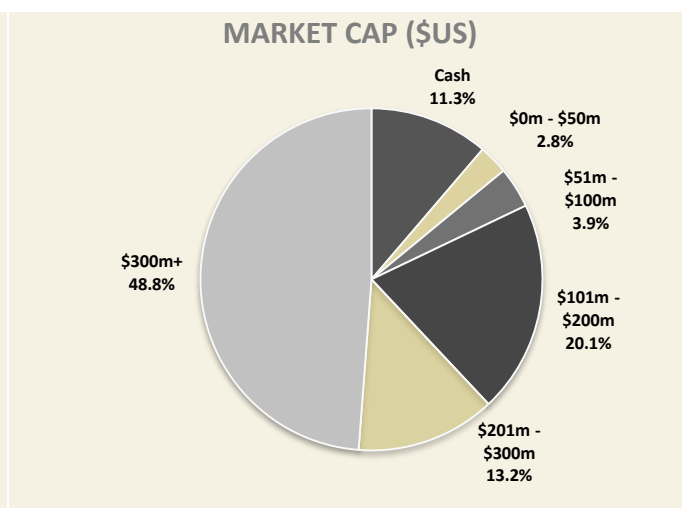
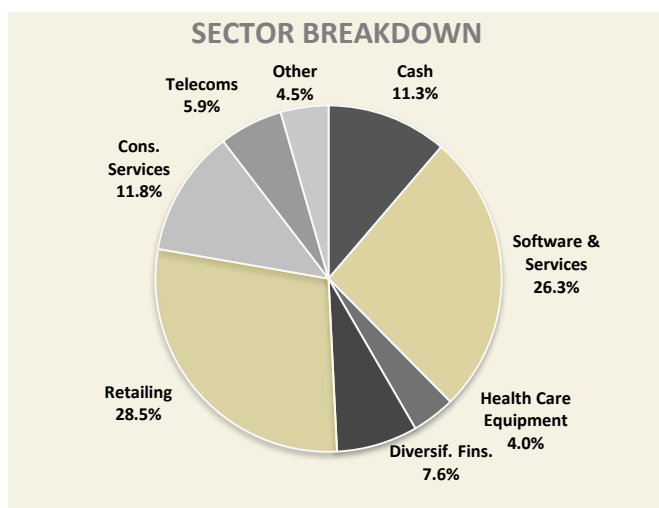
Carlos Gil (CIO)

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 Kingdom	39.6%	35.1%
	United States	26.6%	23.6%
	Cont. Europe	17.6%	15.6%
	Australia	9.0%	8.0%
	New Zealand	4.8%	4.3%
	Canada	2.4%	2.1%
	<b>Total</b>	<b>100%</b>	<b>88.7%</b>

	1 Month	6 Month	1 Year	2 Year	Compound p.a. since inception	Total since inception
<b>GVMF</b>	1.61%	13.37%	18.57%	16.02%	11.58%	29.12%
<b>MSCI World Microcap (AUD)</b>	-0.55%	6.94%	16.78%	18.69%	12.23%	30.90%
<b>Outperformance</b>	<b>2.16%</b>	<b>6.43%</b>	<b>1.79%</b>	<b>-2.67%</b>	<b>-0.65%</b>	<b>-1.78%</b>



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### MARKET UPDATE AND COMMENTARY

March was a month in which international trade dominated the market's attention as the US sought to redress its large trade deficit with China by imposing a set of tariffs aimed at imported steel and aluminium. The imposition of those tariffs was later followed by the Trump administration's intention to levy new tariffs targeting up to \$60b USD of Chinese imports. These new potential tariffs are supposedly aimed at what the administration considers unfair trade practices. So far, the Chinese response has been measured and whilst China has announced new tariffs affecting 128 classes of goods, it will only affect \$3b worth of trade. It is likely that the Trump administration is employing a hardened brinkmanship approach in order to lower a commercial trade deficit with China that has spiralled to \$375bn a year (and increasing). Trade and free trade at that, is the bedrock of market driven economies and propels economic development. China and the US are bound to a mutually dependent co-existence. Both sides know this, though neither would openly recognise it. The Trump posturing is about redressing some of the imbalances in that coexistence, not severing it.

**Microequities Global Value Microcap Fund returned 1.61% versus the MSCI World Microcap Index (AUD) -0.55% in March; this brings the total return net of fees to 29.12% for the Fund since inception in December 2015 compared to 30.90% for the MSCI World Microcap Index (AUD).**

During the month, we exited a business partnership in the UK where its operational performance had materially diverged from our original investment case. The divestment was made at a loss, however the investment represented less than 1% of the Fund's total assets. Positively, one of the Fund's biggest investments, a US based education technology business, reported strong 4<sup>th</sup> quarter numbers, with very strong cash flow generation and strong 2018 guidance. The business has more than doubled since the Fund's initial investment and represents one of the Fund's biggest investments.

Whilst the investment management team continues to assess potential investment opportunities outside the Fund, we currently see the best opportunities lie within the Fund. There is a software technology company that we do wish to acquire, though the purchase will depend upon whether we secure a large parcel at the right price.

<b>Projected EPS Growth</b> 1 Year Forward (on a weighted basis)	<b>+21.6%</b>
<b>Projected EPS Growth</b> 2 Years Forward (on a weighted basis)	<b>+19.6%</b>

<b>Number of companies</b>	<b>39</b>
<b>Top 5 Holdings</b> % of NAV	<b>28.5%</b>
<b>Top 10 Holdings</b> % of NAV	<b>44.9%</b>
<b>Top 20 Holdings</b> % of NAV	<b>70.5%</b>
<b>Cash Position</b> % of NAV	<b>11.3%</b>

**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.