

# GLOBAL VALUE

## MICROCAP FUND



### MONTHLY PERFORMANCE AS AT 28/02/2017

latest unit price <b>\$1.0775</b>	return 1 month <b>1.27%</b>	return 1 year <b>8.89%</b>	return since inception (Dec 2015) <b>7.75%</b>
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#### FUND OUTLINE

Fund Manager:

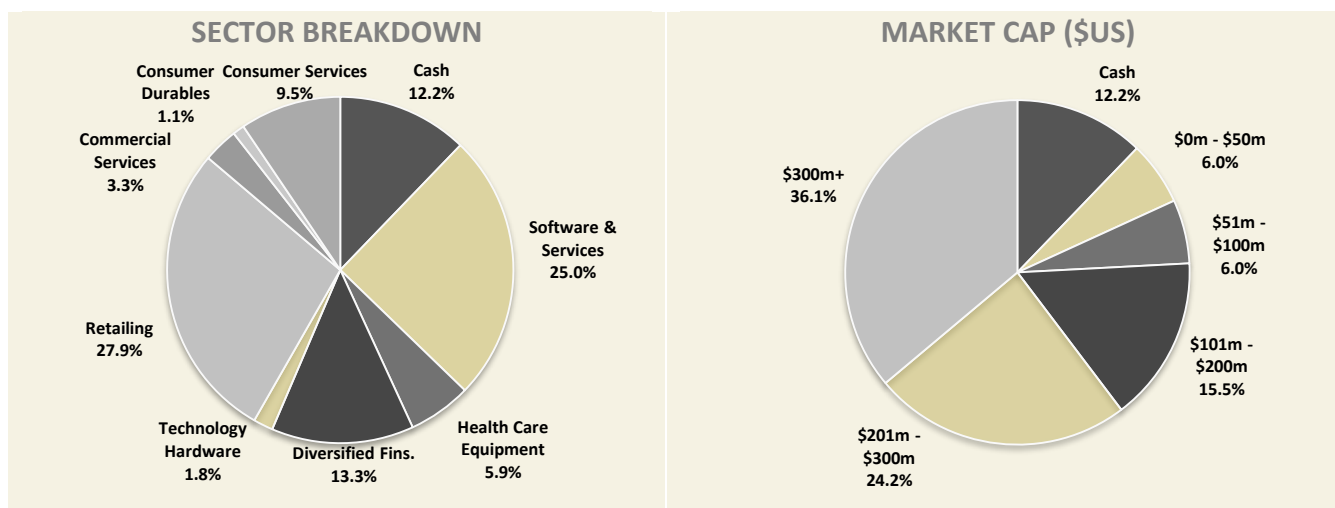
Carlos Gil (CIO)

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 States	40.5%	35.5%
	United Kingdom	25.3%	22.3%
	Cont. Europe	20.5%	18.0%
	Australia	8.7%	7.6%
	New Zealand	2.6%	2.3%
	Canada	2.3%	2.0%
	<b>Total</b>	<b>100%</b>	<b>87.8%</b>

	1 Month	3 Month	6 Month	1 Year	Total since inception	Compound p.a. since inception
<b>GVMF</b>	1.27%	1.69%	7.04%	8.89%	7.75%	6.15%
<b>MSCI World Microcap (AUD)</b>	0.66%	5.16%	8.93%	19.40%	10.37%	8.21%
<b>Outperformance</b>	<b>0.61%</b>	<b>-3.47%</b>	<b>-1.89%</b>	<b>-10.51%</b>	<b>-2.62%</b>	<b>-2.06%</b>



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### MARKET UPDATE AND COMMENTARY

US President Donald Trump will shortly address Congress and the speech is expected to provide greater details around economic policy. We expect Trump's policy will boost the US economy through a combination of income tax cuts and infrastructure spending. The Trump administration has inherited a resurging US economy with strong employment and real wage growth. Trump will look to implement a protectionist nationalist economic doctrine which risks a protectionist reaction from its major trading partners.

**Microequities Global Value Microcap Fund returned 1.27% versus the MSCI World Microcap Index (AUD) 0.66% in February; this brings the total return net of fees to 7.75% for the Fund since inception in December 2015 compared to 10.37% for the MSCI World Microcap Index (AUD).**

A strong Australian dollar continues to mask the local currency performance of our investee companies. This is not a new occurrence and has been a dominant trend since the inception of the Global Value Microcap Fund. The rise in AUD however, was particularly accentuated during the month of February with the Aussie making notable gains against the three main foreign currencies in which the Fund has asset exposure (USD, GBP and EUR). Some of our larger holdings reported either 6 month or quarterly results during the month and we are pleased to communicate that the performance of these companies has been very pleasing with good to strong earnings growth reported. We continue to find outstanding value outside of the Fund's business partnerships and, whilst the number of investments now totals 41, this number will be reduced in the future to accommodate new investment opportunities. It is notable that there are so many deep value opportunities available to the Global Fund that the investment management team is struggling to maintain the number of investments within our self-imposed limit of 40.

One business partnership that is highly likely to be exited is Fortress Investment Group which became subject to a friendly takeover bid during the month. The business represents 4% of the Fund's assets and the likely exit price will see the Fund crystallising a local currency gain of 72% over a nine month investment period.

<b>Projected EPS Growth</b>	
FY17 (on a weighted basis)	<b>+11.4%</b>
<b>Projected EPS Growth</b>	
FY18 (on a weighted basis)	<b>+20.5%</b>

<b>Number of companies</b>	<b>41</b>
<b>Top 5 Holdings</b> % of NAV	<b>24.8%</b>
<b>Top 10 Holdings</b> % of NAV	<b>41.1%</b>
<b>Top 20 Holdings</b> % of NAV	<b>63.9%</b>
<b>Cash Position</b> % of NAV	<b>12.2%</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.