

GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/07/2017

latest unit price \$1.1089	return 1 year 12.11%	return since inception 10.89%	 monthly currency impact HEADWIND STRONG (3%+)
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FUND OUTLINE

Fund Manager:

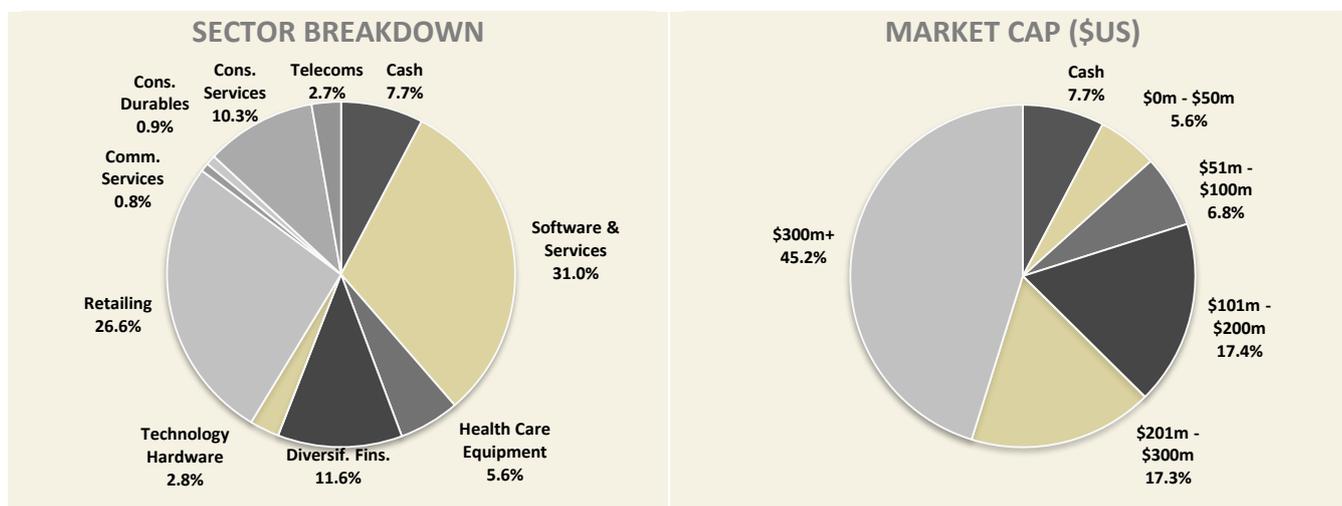
Carlos Gil (CIO)

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	37.9%	35.0%
	United Kingdom	29.2%	26.9%
	Cont. Europe	18.5%	17.1%
	Australia	9.9%	9.1%
	Canada	1.9%	1.8%
	New Zealand	2.6%	2.4%
	Total	100%	92.3%

	1 Month	3 Month	6 Month	1 Year	Total since inception	Compound p.a. since inception
GVMF	-0.99%	-2.56%	4.22%	12.11%	10.89%	6.40%
MSCI World Microcap (AUD)	-1.23%	0.49%	5.34%	16.28%	15.51%	9.03%
Outperformance	0.24%	-3.05%	-1.12%	-4.17%	-4.62%	-2.63%



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MARKET UPDATE AND COMMENTARY

Despite solid employment growth, Australia remains in a low wage growth climate with the four-year moving average at around 2% pa, well below its 20-year average of 4%. However, these depressed numbers are likely to see a significant turnaround as the recent 3.3% annual rise in minimum wage growth will fuel overall wage growth to a likely 3% rate. Wage growth will also spur inflation which is why the RBA flagged the official cash rates are likely to rise. The timing of a rate rise is still uncertain but by mid 2018 Australia should be into a new cycle of monetary policy tightening.

We question the sustainability of the strong resurgent Australian dollar in July. The US Federal Reserve needs to raise rates, given the strength of the US economy is incongruent with a monetary policy that is overtly expansionary. We suspect some of the US Dollar weakness was due to political developments or more precisely reform ineffectiveness. Ironically, a weaker dollar will suit Trump's administration just fine.

Microequities Global Value Microcap Fund returned -0.99% versus the MSCI World Microcap Index (AUD) -1.23% in July; this brings the total return net of fees to 10.89% for the Fund since inception in December 2015 compared to 15.51% for the MSCI World Microcap Index (AUD).

The Global Value Microcap Fund secured a sizeable investment, through a capital raising, in an enterprise software business based in the UK that has made a transformative acquisition. We expect strong growth in the business through a combination of both organic and acquisitive growth. The investment in this business partnership represents one of the top 5 holdings of the Fund and we believe it will provide strong returns over the medium to long term.

My visit to London proved productive and I met with a large number of executives in businesses we own as well as other businesses on our watchlist. Two businesses have been identified as business partnership candidates.

The Fund's underlying performance continues to be masked by strong currency headwinds which intensified during the month of July as the USD and GBP declined significantly against the AUD.

Projected EPS Growth FY17 (on a weighted basis)	+12.1%
Projected EPS Growth FY18 (on a weighted basis)	+19.9%

Number of companies	41
Top 5 Holdings % of NAV	25.8%
Top 10 Holdings % of NAV	41.3%
Top 20 Holdings % of NAV	68.2%
Cash Position % of NAV	7.7%

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.