

GLOBAL VALUE

MICROCAP FUND

MICROEQUITIES
ASSET MANAGEMENT

MONTHLY PERFORMANCE AS AT 31/05/2016

latest unit price	return 1 month	return 3 months	return since inception (December 2015)
\$0.9883	+0.62%	-0.12%	-1.17%



FUND OUTLINE

Fund Manager:

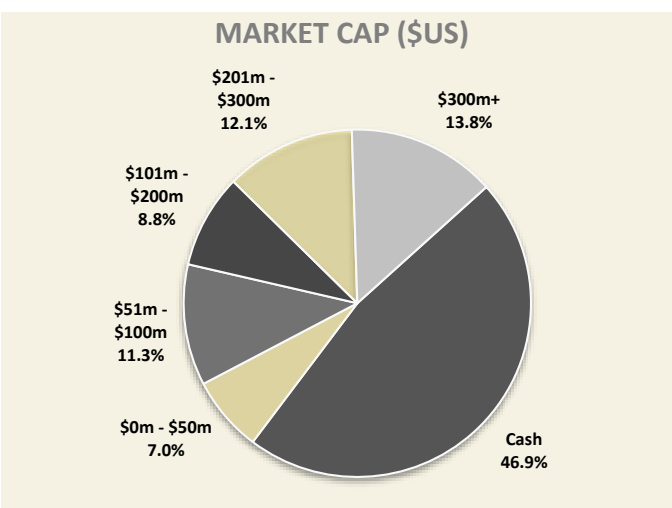
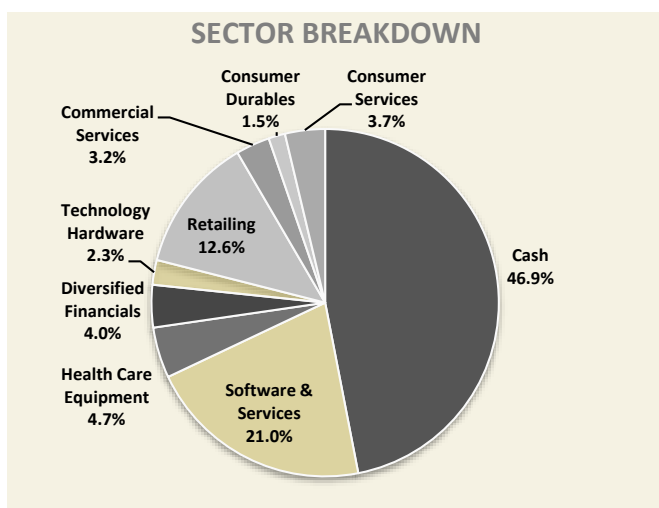
Carlos Gil (CIO)

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	41.7%	22.2%
	Cont. Europe	22.6%	12.0%
	United Kingdom	15.5%	8.2%
	New Zealand	8.2%	4.3%
	Australia	5.9%	3.2%
	Canada	3.3%	1.7%
	Israel	2.8%	1.5%
	Total	100%	53.1%

	1 Month	2 Month	3 Month	6 Month	Total since inception
GVMF	0.62%	3.03%	-0.12%	-1.17%	-1.17%
MSCI World Microcap (AUD)	3.48%	8.85%	9.42%	1.15%	1.15%
Outperformance	-2.86%	-5.82%	-9.54%	-2.32%	-2.32%



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MARKET UPDATE AND COMMENTARY

The RBA's decision to lower interest rates by 25 basis points to 1.75% at the beginning of the month will do little to spur inflation or engender economic growth. The stimulus effect of further monetary policy easing given the already benign record low rate environment is marginal, if any. The underlying causes of our low inflation are a combination of weak commodity prices and a decline in real wage growth which has slowed to 2.1% (the lowest level since records began in 1998). Outside the commodities based industries, many Australian companies are underinvesting in CAPEX. They are not pursuing strategies of developing products, technologies and services that drive new business. Companies looking to the government to spearhead demand are clearly missing the point. Market driven economies are driven by markets, not central governments. In order to drive the economy and consumers towards their products businesses should be leading from the front by investing to spur demand. Perhaps they will do well to read the words from one of Shakespeare's works "The fault, dear Brutus, is not in our stars, but in ourselves".

Microequities Global Value Microcap Fund returned 0.62% versus the MSCI World Microcap Index (AUD) 3.48% in May; this brings the total return net of fees to -1.17% for the Fund since inception in December 2015 compared to +1.15% for the MSCI World Microcap Index (AUD).

Another month of continued investing saw our cash position drop from 55.4% to 46.9%. Total number of business partnerships are now 32 and while that is expected to increase slightly towards 40, most of the forthcoming purchases will be undertaken in business partnerships already within the portfolio. We are very pleased with the depth and quality of the portfolio which has been constituted by strictly adhering to our value ethos. The portfolio is not only significantly undervalued, but also has significant organic growth characteristics which underpin our confidence about the future long term performance of the Global Value Fund.

Projected EPS Growth FY16 (on a weighted basis)	+13.9%
Projected EPS Growth FY17 (on a weighted basis)	+26.9%

Number of companies	32
Top 5 Holdings % of NAV	16.1%
Top 10 Holdings % of NAV	27.8%
Top 20 Holdings % of NAV	44.3%
Cash Position % of NAV	46.9%

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.