

GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/05/2017

latest unit price \$1.1336	return 1 year 14.70%	return since inception 13.36%	monthly currency impact TAILWIND MODERATE (0-3%)
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FUND OUTLINE

Fund Manager:

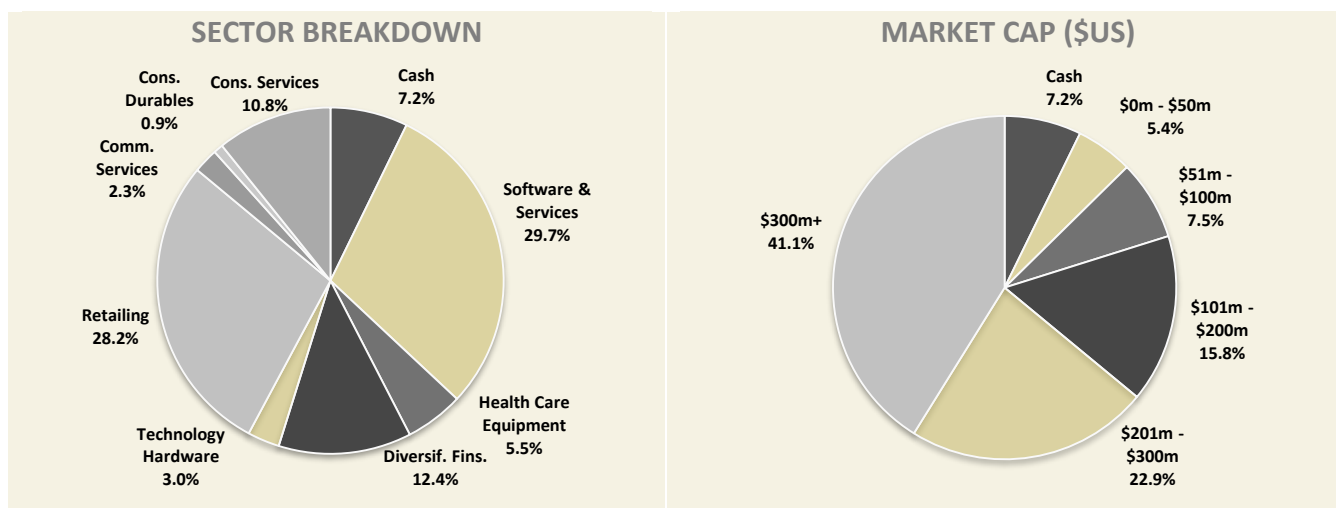
Carlos Gil (CIO)

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	40.0%	37.1%
	United Kingdom	27.8%	25.8%
	Cont. Europe	19.9%	18.5%
	Australia	7.5%	7.0%
	Canada	2.4%	2.2%
	New Zealand	2.4%	2.2%
	Total	100%	92.8%

	1 Month	3 Month	6 Month	1 Year	Total since inception	Compound p.a. since inception
GVMF	-0.39%	5.21%	6.98%	14.70%	13.36%	8.72%
MSCI World Microcap (AUD)	2.81%	7.07%	12.60%	16.84%	18.18%	11.78%
Outperformance	-3.20%	-1.86%	-5.62%	-2.14%	-4.82%	-3.06%



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MARKET UPDATE AND COMMENTARY

Europe's biggest and most important economy, Germany, is continuing a strong expansionary cycle. In its last reported quarter (January to March), it grew by 0.6% and forward looking indicators suggest that the pace of growth may have accelerated during the March to June quarter. The Purchasers Manager's Index (PMI) rose from 56.7 to 57.3 in April while the services sector is also displaying robust expansionary figures. Germany is an export driven powerhouse but its trade surplus stems not only from a sophisticated industrial base but by the fact that Germans save more than spend, a contrast to the US.

In our Australian economy, we are increasingly concerned that the prolonged residential price boom, particularly in Melbourne and Sydney, has seen prices rise beyond rational foundational levels. This rise of residential prices, which has also been accompanied by a corresponding commercial property boom, has significantly increased systemic risk in the Australian economy. A risk that, if crystallised, will put stress on the big four banks but would also have harmful resonating effects across many sectors of the economy.

Microequities Global Value Microcap Fund returned -0.39% versus the MSCI World Microcap Index (AUD) 2.81% in May; this brings the total return net of fees to 13.36% for the Fund since inception in December 2015 compared to 18.18% for the MSCI World Microcap Index (AUD).

Several of our UK based business partnerships reported 1st half FY results. Overall, we are pleased to report that there was strong earnings growth amongst the vast majority of our business partnerships, including our single biggest business partnership, a UK based online travel agent (OTA) which has a 9.1% weighting in the Fund. As advised last month, we continue to build a stake in a fast-growing US based security software business.

I will be traveling to Europe in July where I will meet with a number of our European based business partnerships as well as a number of businesses that the investment management team has qualified as potential future business partnerships.

Projected EPS Growth FY17 (on a weighted basis)	+10.9%
Projected EPS Growth FY18 (on a weighted basis)	+18.9%

Number of companies	39
Top 5 Holdings % of NAV	25.8%
Top 10 Holdings % of NAV	42.0%
Top 20 Holdings % of NAV	68.9%
Cash Position % of NAV	7.2%

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.