

GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 30/09/2016

latest unit price	return 1 month	outperformance 3 month	return since inception (December 2015)
\$0.9996	-0.70%	-3.29%	-0.04%



FUND OUTLINE

Fund Manager:

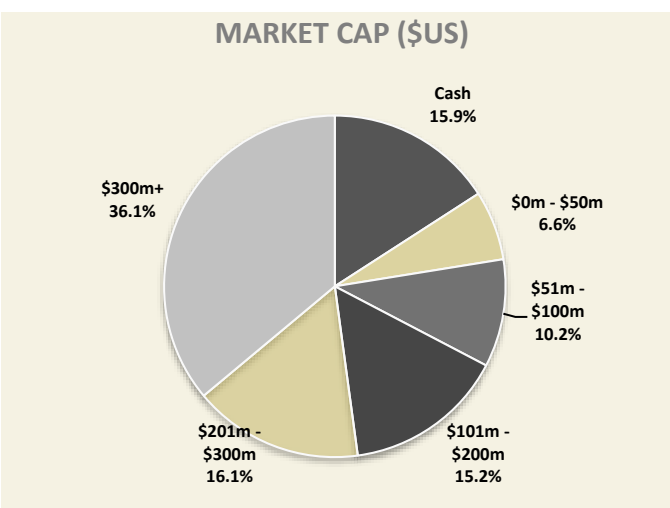
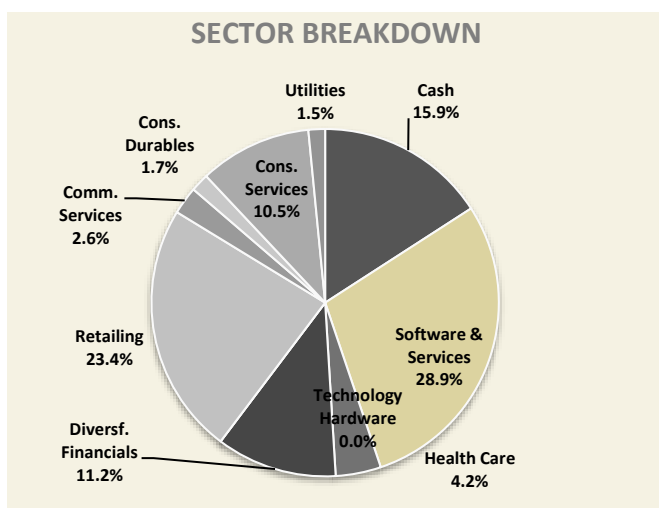
Carlos Gil (CIO)

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	43.6%	36.7%
	United Kingdom	18.8%	15.9%
	Cont. Europe	19.9%	16.7%
	Australia	9.9%	8.4%
	New Zealand	3.7%	3.1%
	Canada	3.0%	2.5%
	Israel	1.0%	0.9%
	Total	100%	84.1%

	1 Month	2 Month	3 Month	6 Month	Total since inception
GVMF	-0.7%	1.06%	3.82%	4.21%	-0.04%
MSCI World Microcap (AUD)	2.19%	4.23%	7.11%	11.43%	3.54%
Outperformance	-2.88%	-3.17%	-3.29%	-7.22%	-3.58%



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MARKET UPDATE AND COMMENTARY

Australia's second quarter GDP numbers came in at 0.6%, taking the overall annual GDP growth rate to 3.30%. Whilst the number is above long term growth rates of 2.5%, the economy was enhanced by state government spending in infrastructure, which provided a 1% boost to the numbers. Government infrastructure spending is set to counter the capex decline in the resource sector, particularly in the eastern states of Victoria and NSW where the state governments will initiate massive infrastructure projects. These projects will provide a strong medium term countervail to the weak resources sector and will underpin economic growth into 2018. Household consumption remains stable, whilst consumer sentiment remains positive. The bewildering feature amongst these positive statistics is business spending (outside mining), which remains flat. Australian businesses remain uncommitted to boosting their overall productive capacity despite generally buoyant economic conditions.

Microequities Global Value Microcap Fund returned -0.70% versus the MSCI World Microcap Index (AUD) 2.19% in September; this brings the total return net of fees to -0.04% for the Fund since inception in December 2015 compared to 3.54% for the MSCI World Microcap Index (AUD).

During the month we tendered our shares in our US business partnership, Skull Candy Inc. (NASDAQ SKULL). The business represents 3.3% of our total assets and marks the first exit of the fund via M&A. September continued to be a busy period as we added some new business partnerships into the Fund, including a chain of restaurants in the US and Latin America with a strong pipeline of new restaurant openings in international markets. The business is highly profitable with sector leading margins thanks to the specific economics of its business model and offering. The business has been purchased at 6.9X operating profit and is expected to generate double digit profit growth over the medium to long term. The Fund also continued to purchase additional equity in two Online Travel Agencies (OTAs) it owns in Continental Europe and the UK. These two OTA investments form part of top 5 holdings in the Fund.

Projected EPS Growth FY17 (on a weighted basis)	+17.5%
Projected EPS Growth FY18 (on a weighted basis)	+17.8%

Number of companies	39
Top 5 Holdings % of NAV	23.5%
Top 10 Holdings % of NAV	39.3%
Top 20 Holdings % of NAV	62.4%
Cash Position % of NAV	15.9%

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.