

# GLOBAL VALUE

## MICROCAP FUND



### MONTHLY PERFORMANCE AS AT 30/06/2018

latest unit price <b>\$1.2994</b> <small>(cum-distribution)</small>	return since inception <b>29.94%</b>	return 1 year <b>16.02%</b>	 monthly currency impact <b>TAILWIND MODERATE (1-3%)</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.

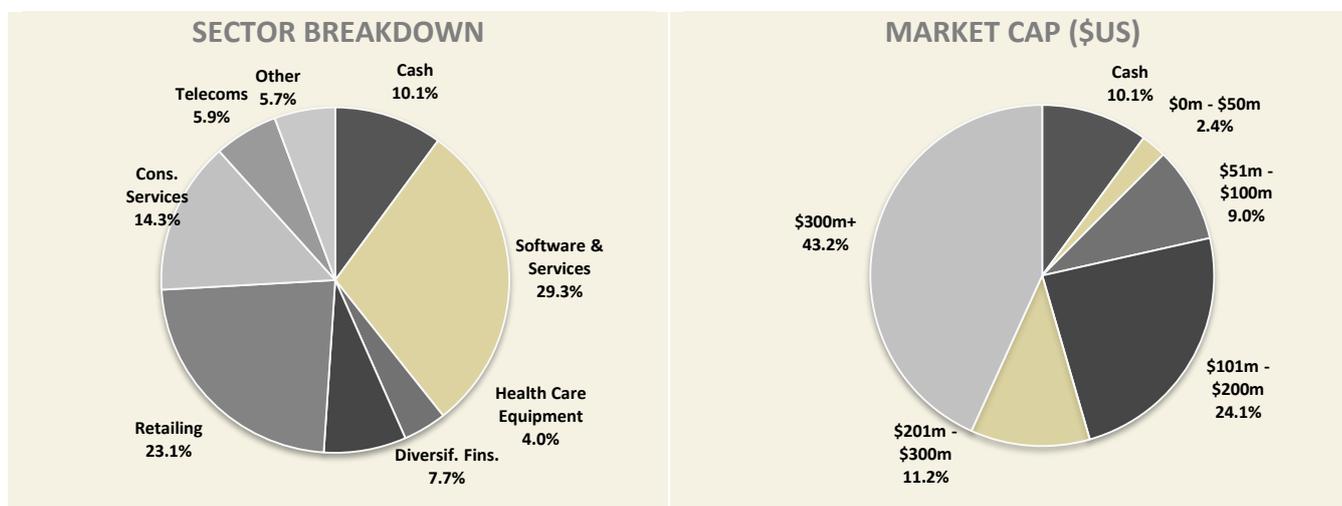
#### COUNTRY BREAK UP

% of Equity Portfolio

% of NAV

	United Kingdom	37.7%	33.9%
	United States	27.2%	24.4%
	Cont. Europe	19.7%	17.7%
	Australia	9.0%	8.1%
	New Zealand	3.6%	3.3%
	Canada	2.8%	2.5%
	<b>Total</b>	<b>100%</b>	<b>89.9%</b>

	1 Month	1 Year	2 Year	Compound p.a. since inception	Total since inception
<b>GVMF</b>	<b>2.41%</b>	<b>16.02%</b>	<b>16.17%</b>	<b>10.67%</b>	<b>29.94%</b>



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### MARKET UPDATE AND COMMENTARY

With over 30% of the Fund's assets held in British companies, the British Pound represents the Fund's biggest currency exposure. The investment team believes the UK is a fertile market for microcap and small cap investing with a significant pool of industrial business to choose from, a similar business culture to Australia, a strong legal framework and an economy that possesses solid long-term fundamentals. This view has been maintained before and post Brexit. The UK economy grew at a modest +1.2% over the past 12 months as its politicians continue to negotiate a palatable Brexit outcome. The British Pound, which fell heavily upon Brexit, has now enjoyed a partial recovery thanks to a better than expected economy and surging exports which has significantly narrowed its trade deficit. As we have also highlighted in the past, it is still possible that a Brexit scenario may not actually eventuate given growing angst amongst the young UK voters who predominately voted against Brexit. Regardless of the Brexit outcome, the UK will continue to represent a core part of the Global Value Microcap Fund portfolio.

**Microequities Global Value Microcap Fund returned 2.41% in June; this brings the total return net of fees to 29.94% for the Fund since inception in December 2015.**

During the month, we exited our position in **Realdolmen (EBR: REA)** after a successful takeover by GFI Informatique. We have also increased our investment in a UK enterprise software business that boasts industry-leading profitability margins, long pathway for earnings growth and is only trading at a 7x FY18 EBITDA multiple.

The team has also spent a considerable amount of time identifying opportunities outside of the core geographies that currently make up our portfolio. This search is not driven by a macro thematic but rather a thesis to search where others might not necessarily look. Specifically, the team is combing through the Nordic nations of Sweden, Norway, Denmark and Finland. Currently, the Nordics represent a peripheral weighting in our Fund. A shortlist is currently being compiled that has identified several potential investments in a wide array of industries. Some of these potential investments have exceptionally high quality business models and are at valuations that would likely command premium pricing if they were priced efficiently. Whilst a significant more amount of due diligence still needs to be undertaken, the early findings indicate excellent deep value opportunities.

<b>Projected EPS Growth</b> 1 Year Forward (on a weighted basis)	<b>+16.3%</b>
<b>Projected EPS Growth</b> 2 Years Forward (on a weighted basis)	<b>+20.2%</b>

<b>Number of companies</b>	<b>36</b>
<b>Top 5 Holdings</b> % of NAV	<b>27.1%</b>
<b>Top 10 Holdings</b> % of NAV	<b>45.2%</b>
<b>Top 20 Holdings</b> % of NAV	<b>71.5%</b>
<b>Cash Position</b> % of NAV	<b>10.1%</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 Asset Management Group Limited 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.