


# GLOBAL VALUE

## MICROCAP FUND



### MONTHLY PERFORMANCE AS AT 31/08/2018

|                                      |   |                                |   |
|--------------------------------------|---|--------------------------------|---|
| latest unit price<br><b>\$1.3482</b> | return since inception<br><b>37.39%</b> | return 1 month<br><b>6.78%</b> |  monthly currency impact<br><b>TAILWIND MODERATE (1-3%)</b> |
|--------------------------------------|---|--------------------------------|---|









#### FUND OUTLINE

Fund Manager:

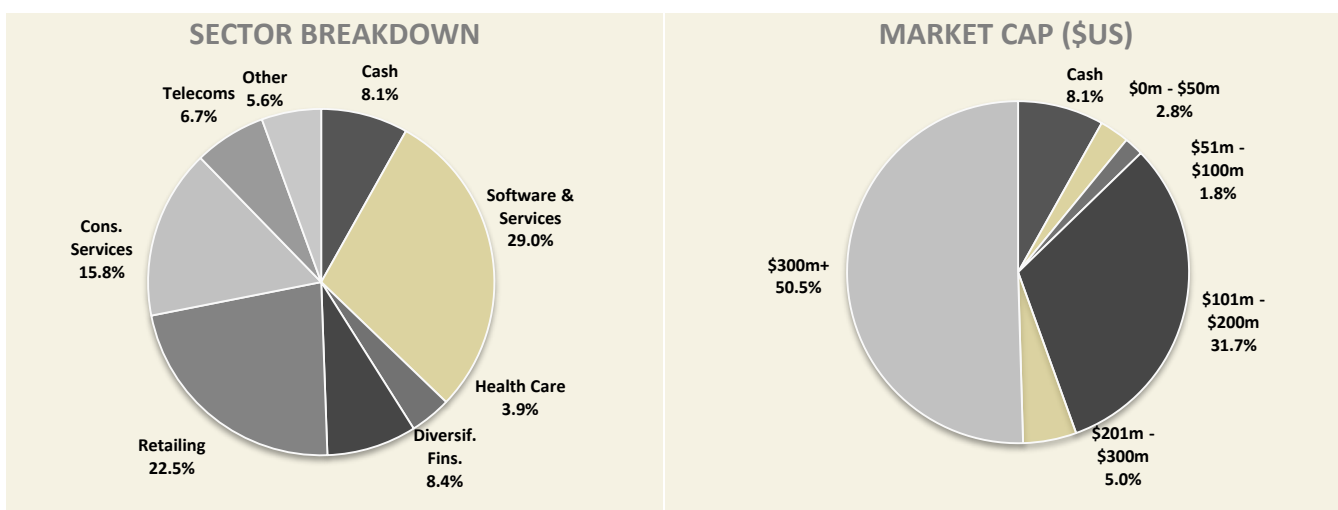
Carlos Gil (CIO)

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 | 35.6%                 | 32.8%        |
|    | United States  | 30.2%                 | 27.7%        |
|    | Cont. Europe   | 19.7%                 | 18.1%        |
|   | Australia      | 9.2%                  | 8.5%         |
|  | New Zealand    | 2.7%                  | 2.5%         |
|  | Canada         | 2.6%                  | 2.3%         |
|   | <b>Total</b>   | <b>100%</b>           | <b>91.9%</b> |

|             | 1 Month      | 1 Year        | 2 Year        | Compound p.a. since inception | Total since inception |
|-------------|--------------|---------------|---------------|-------------------------------|-----------------------|
| <b>GVMF</b> | <b>6.78%</b> | <b>23.58%</b> | <b>16.83%</b> | <b>11.48%</b>                 | <b>37.39%</b>         |



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### MARKET UPDATE AND COMMENTARY

**Microequities Global Value Microcap Fund returned 6.78% in August; this brings the total return net of fees to 37.39% for the Fund since inception in December 2015.**

Whilst the Global Value Microcap Fund has companies reporting their FY18 financial results across various months of the calendar year, August was still an important month. Many of our European and US investee companies reported 2QFY18 or 1QFY19 results.

Important highlights of significantly weighted investee companies are as follows:

- 2 out of our 4 Online Travel Agency (OTAs) businesses reported quarterly numbers. Both were slightly ahead of our expectations.
- One of our ERP Software businesses in the UK (a top 5 holding in the fund) released FY18 results in line with expectations and announced an acquisition that will bolster FY19 earnings.
- Our US based education technology business (currently 2<sup>nd</sup> highest weighted investment in the Fund) reported 2QFY18 results in line with expectations.
- Our insurance business based in the US reported strong 2QFY18 results and continued to expand operations across different states.

Overall the month provided evidence that most of our investee companies are meeting their respective investment case. Several small sell downs in some of our investee companies increased our cash position of the Fund to 8.1%. The investment management team will deploy some of this cash in Northern Europe where the investment management team has identified several opportunities. Additionally, we will continue to increase our stake in a UK based transport business.

|   |               |
|---|---------------|
| <b>Projected EPS Growth</b><br>1 Year Forward<br>(on a weighted basis)  | <b>+20.8%</b> |
| <b>Projected EPS Growth</b><br>2 Years Forward<br>(on a weighted basis) | <b>+19.7%</b> |

|                                    |              |
|------------------------------------|--------------|
| <b>Number of companies</b>         | <b>36</b>    |
| <b>Top 5 Holdings</b><br>% of NAV  | <b>27.8%</b> |
| <b>Top 10 Holdings</b><br>% of NAV | <b>46.9%</b> |
| <b>Top 20 Holdings</b><br>% of NAV | <b>73.3%</b> |
| <b>Cash Position</b><br>% of NAV   | <b>8.1%</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.