


GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 30/09/2018

latest unit price \$1.3215	return since inception 34.67%	return 1 month -1.98%	 monthly currency impact TAILWIND LOW (0-1%)
--------------------------------------	---	---------------------------------	--









FUND OUTLINE

Fund Manager:

Carlos Gil (CIO)

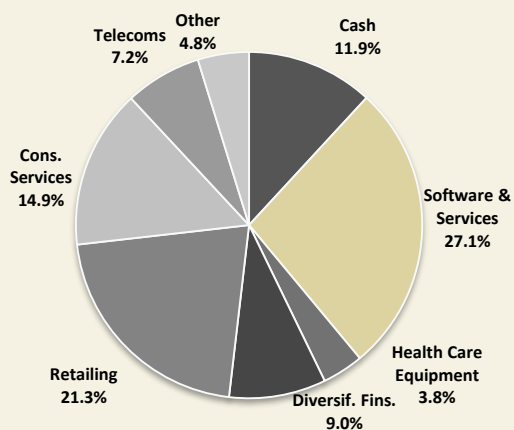
The Global Value Microcap Fund is a wholesale fund investing in a selection of undervalued, profitable and growing companies listed in predominantly advanced economies around the world.

COUNTRY BREAK UP

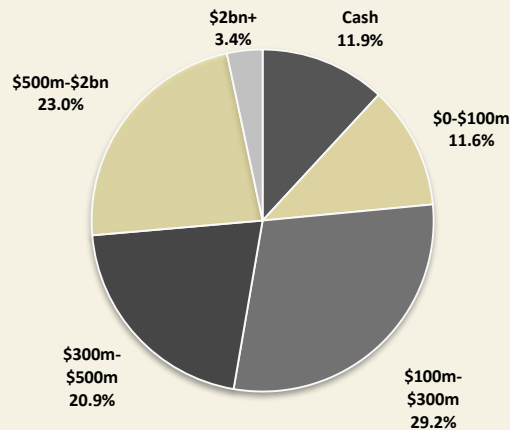
		% of Equity Portfolio	% of NAV
	United Kingdom	37.2%	32.7%
	United States	29.4%	25.9%
	Cont. Europe	19.7%	17.4%
	Australia	10.2%	9.0%
	Canada	2.5%	2.2%
	New Zealand	1.0%	0.9%
	Total	100%	88.1%

	1 Month	1 Year	2 Year	Compound p.a. since inception	Total since inception
GVMF	-1.98%	18.24%	16.07%	10.34%	34.67%

SECTOR BREAKDOWN



MARKET CAP (\$US)



GLOBAL VALUE

MICROCAP FUND



MARKET UPDATE AND COMMENTARY

Last week the US Federal Reserve, as anticipated and well flagged, hiked rates by 25 basis points, lifting the overnight benchmark lending rate to 2.25%. The interest rate increase heralds the end of its accommodative monetary policy, which was hurriedly ushered in during the dark days of the GFC. The benchmark rate now sits in the band that economists consider a neutral policy stance; neither boosting nor restraining investment. We have been critical of the Fed's slow response to increasing rates. It is axiomatic that the US economic recovery has been gathering pace for some time. Whilst it is true that inflation has been relatively benign, there was no need to add greater stimulus to an economy that was already driven by internal demand expansion and rapid credit growth. Prudence should have dictated that the Fed needed to realign its monetary policy a lot earlier. We upheld this view even before the impact of the Trump administration's \$1.5 trillion of fiscal stimulus in the form of corporate and personal income tax cuts. The combination of various policies and the extremities that can result from unconstrained animal spirits has heightened the risks that the US economy will expand too rapidly. The latency in the policy response by the Fed may turn it into an involuntary culprit.

Microequities Global Value Microcap Fund returned -1.98% in September; this brings the total return net of fees to 34.67% for the Fund since inception in December 2015.

After an almost 3-year investment term we have successfully divested out of our investment in **Serko Ltd (NZE:SKO)**, a New Zealand travel booking technology firm. The sale marks a very successful investment for the Fund and has helped bolster our cash assets to 11.9%.

The focus of the investment management team research has tilted towards Europe after finding deep value opportunities scarce in the North American markets. Of course, this situation is subject to change and will no doubt change at some point. However for the time being, it is important to maintain our value discipline.

The month saw some of our UK based companies retract modestly in market pricing and we will selectively deploy some of our cash reserves in the best investment opportunities within the portfolio.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+21.8%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+20.1%

Number of companies	35
Top 5 Holdings % of NAV	27.9%
Top 10 Holdings % of NAV	47.4%
Top 20 Holdings % of NAV	72.7%
Cash Position % of NAV	11.9%

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 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.