

GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/12/2018

latest unit price \$1.2161	return since inception 23.93%	return 1 month -1.56%	 monthly currency impact TAILWIND STRONG (3%+)
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FUND OUTLINE

Fund Manager:

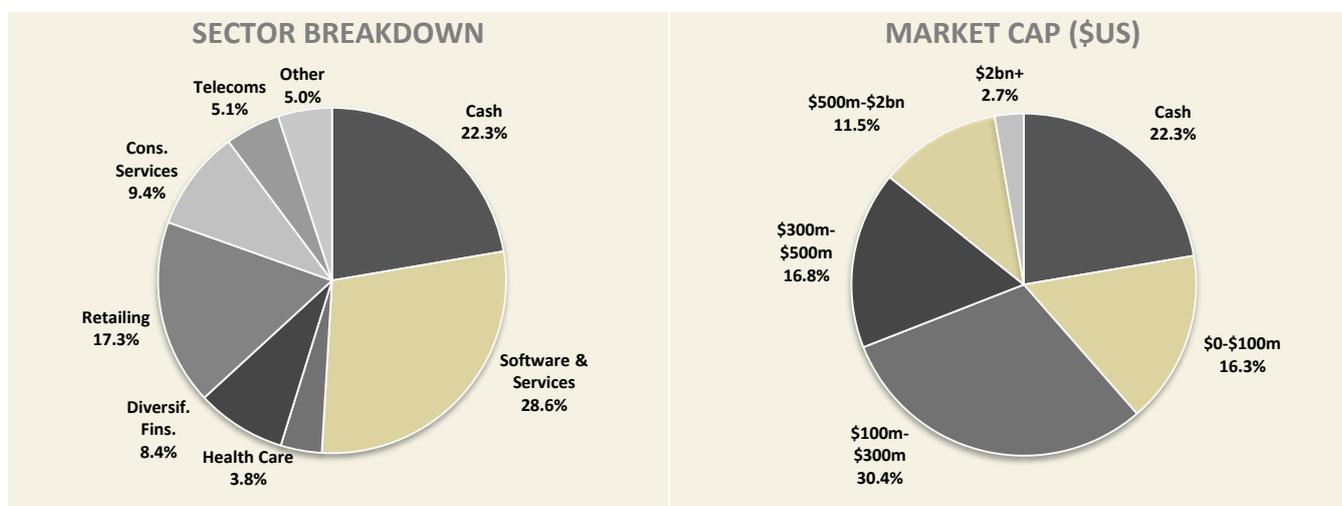
Carlos Gil (CIO)

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 Kingdom	40.7%	31.6%
	United States	25.7%	20.0%
	Cont. Europe	20.6%	16.0%
	Australia	8.4%	6.5%
	Canada	3.2%	2.5%
	New Zealand	1.4%	1.1%
	Total	100%	77.7%

	Total since inception	Compound p.a. since inception	3 Year	2 Year	1 Year	1 Month
GVMF	23.93%	7.21%	7.00%	5.89%	-0.09%	-1.56%



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MARKET UPDATE AND COMMENTARY

Chinese manufacturing contracted for the first time since 2016. The Purchasing Managers Index (PMI) for December came in at 49.4 (a reading below 50 signals a contraction in activity). Whilst a 49.4 reading doesn't signal a particularly strong contraction, it is the contextual setting around the number that might be significant. It is the first contraction since November 2016 and comes after seven consecutive months of falling export orders. The PMI encompasses both export and domestic manufacturing activity and therefore better captures economic activity levels in China. December is not a seasonally weak month for China, so it raises questions about China's short-term economic momentum. The geopolitical ramifications of Donald Trump's war may be having an effect, not only on China's exports, but also domestic economic confidence. Capital markets in China have not enjoyed a good 2018, with the Shanghai Composite Index declining by over 25% for the year. Against this backdrop, China's economic policy response has so far been muted, monetary policy has been maintained, no new stimulus packages have been announced and the strong deleveraging process which China began in November 2017 remains, though with increasing calls to turn the credit tap back on. How these developments will affect forthcoming China-US trade negotiations remains a pressing question.

Microequities Global Value Microcap Fund returned -1.56% in December; this brings the total return net of fees to 23.93% for the Fund since inception in December 2015.

With the US market strongly declining during the month, the investment management team has continued to review and assess companies outside of the investment portfolio. Unfortunately, we are not yet of the view that there are compelling deep value opportunities in the US and hence continue to focus our research activities in Europe, where there are superior pockets of value opportunities.

During the month, the Fund received the cash proceeds from the takeover of **Cambium Learning Inc**, one of the Fund's biggest holdings. The proceeds of the forced sale have bolstered the Fund's cash holdings which now represent 22.3% of the total assets of the Fund. The investment management team will continue its research activities to identify new deep value opportunities as a result of weakened equity markets.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+17.3%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+20.9%

Number of companies	34
Top 5 Holdings % of NAV	25.7%
Top 10 Holdings % of NAV	42.8%
Top 20 Holdings % of NAV	65.0%
Cash Position % of NAV	22.3%

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.