

GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/01/2019

latest unit price \$1.2591	return since inception 28.31%	return 1 month 3.54%	 monthly currency impact HEADWIND MODERATE (1-3%)
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FUND OUTLINE

Fund Manager:

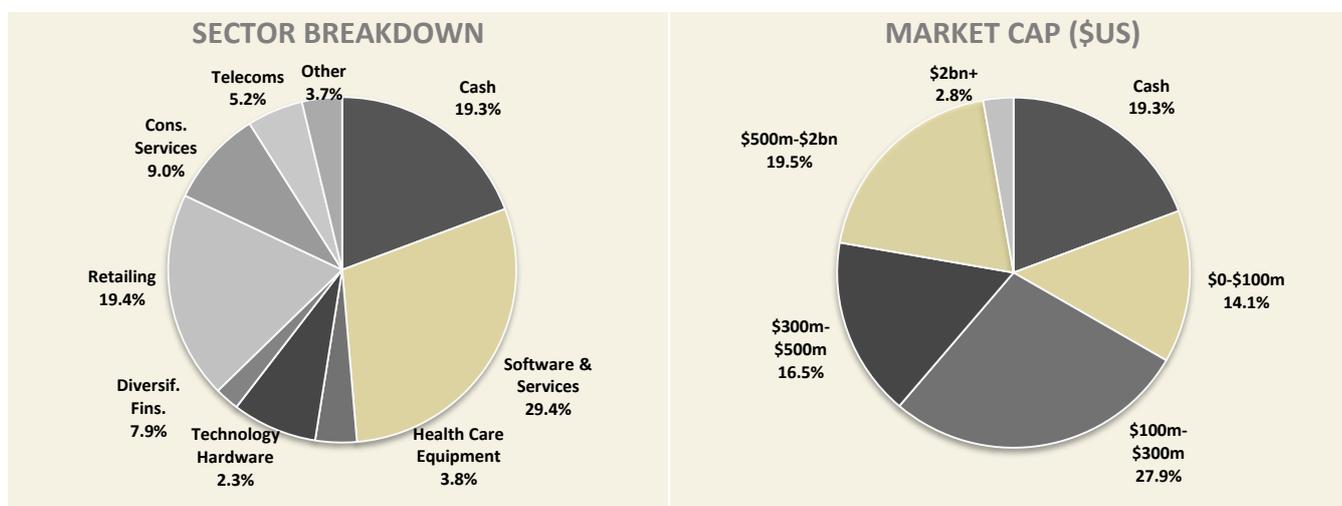
Carlos Gil (CIO)

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	40.6%	32.7%
	United States	25.0%	20.2%
	Cont. Europe	22.1%	17.8%
	Australia	8.0%	6.5%
	Canada	3.0%	2.4%
	New Zealand	1.3%	1.1%
	Total	100%	80.7%

	Total since inception	Compound p.a. since inception	3 Year	2 Year	1 Year	1 Month
GVMF	28.31%	8.19%	9.44%	9.81%	2.29%	3.54%



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MARKET UPDATE AND COMMENTARY

The US Federal Reserve kept rates on hold but, more importantly, pleased markets with a continuation of a more dovish stance on future rate increases. Whilst the Fed still sees economic and job growth as the most likely developments, it removed references to future rate hikes in 2019. In a separate statement, the central bank also stated that its balance sheet reduction was continuing but it was prepared to alter the speed of the unwinding, subject to economic developments. Taken together, both statements depict a Fed absorbing the possibility of increased risks to the economic boom and consequently a more flexible approach to its fiscal and monetary instruments to respond to a potential change in the economic course of the US.

Domestically, a prominent member of the RBA board has candidly conveyed that the next move for Australia's central bank will be a hike in rates. The signalling comes despite a deteriorating property market which is experiencing pronounced price declines that look set to continue during 2019.

Microequities Global Value Microcap Fund returned 3.54% in January; this brings the total return net of fees to 28.31% for the Fund since inception in December 2015.

As we informed our investors last month, after a wide scoping research dive into the US, the investment management team concluded that deep value opportunities remain elusive. Our team then focussed its activities in Europe where we found a deep value opportunity in France. The Fund began to purchase a French research services company. At our purchase price, we are paying 7x earnings and getting a 4.2% yield. We expect the business to generate EPS growth of 10% per annum over the medium term through a combination of organic growth and continued M&A activity. At the multiple we are acquiring the business, we believe we can achieve a return on investment above 20% per annum if the forecast EPS growth is achieved.

We are also pleased to report that we continued to purchase a Swedish IT software company, though the business currently represents less than 1% of the Fund's assets.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+16.7%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+20.7%

Number of companies	36
Top 5 Holdings % of NAV	27.1%
Top 10 Holdings % of NAV	43.7%
Top 20 Holdings % of NAV	66.7%
Cash Position % of NAV	19.3%

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.