

GLOBAL VALUE

MICROCAP FUND

MICROEQUITIES
ASSET MANAGEMENT

MONTHLY PERFORMANCE AS AT 31/08/2016

latest unit price	return 1 month	outperformance 3 month	return since inception (December 2015)
\$1.0066	+1.77%	+1.68%	+0.66%



FUND OUTLINE

Fund Manager:

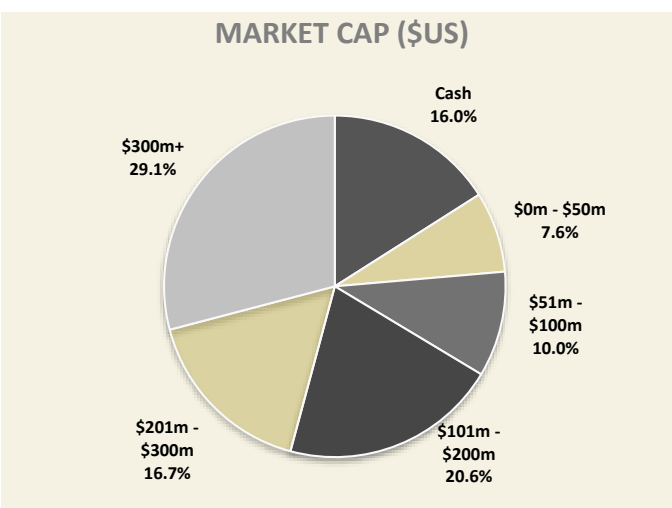
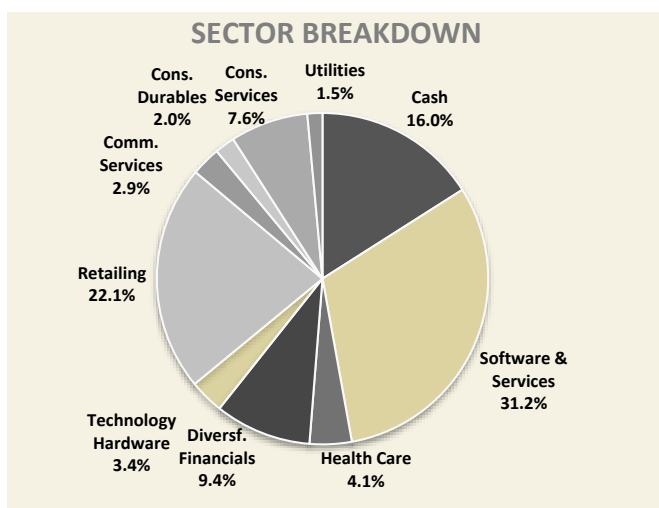
Carlos Gil (CIO)

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 States	45.2%	38.0%
	United Kingdom	20.8%	17.4%
	Cont. Europe	17.0%	14.3%
	Australia	7.8%	6.6%
	New Zealand	4.7%	4.0%
	Canada	2.9%	2.4%
	Israel	1.6%	1.3%
	Total	100%	84.0%

	1 Month	2 Month	3 Month	6 Month	Total since inception
GVMF	1.77%	4.55%	1.85%	1.73%	0.66%
MSCI World Microcap (AUD)	2.00%	4.82%	0.18%	9.61%	1.33%
Outperformance	-0.23%	-0.27%	1.68%	-7.88%	-0.67%



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MARKET UPDATE AND COMMENTARY

A lot of time and energy is being wasted speculating whether the US Federal Reserve will hike rates next month from 0.50% to 0.75%. Whether the Fed raises rates or not will not affect the direction of the US economy which is now close to achieving a full strength job market. Wages growth in non-oil states is tracking +2.9% and has increased sharply over the past two years. The tighter labour market conditions point to further strengthening in wages. This is good news for the US economy because it will underpin its economic growth for the foreseeable future as higher incomes will stimulate the consumer driven US economy.

Microequities Global Value Microcap Fund returned 1.77% versus the MSCI World Microcap Index (AUD) 2.00% in August; this brings the total return net of fees to 0.66% for the Fund since inception in December 2015 compared to 1.33% for the MSCI World Microcap Index (AUD).

As we stated last month, the core of portfolio has already been established and August saw no new business partnerships entered into. We did however continue to purchase more equity in our existing business partnerships. The cash position of the Fund declined from 24.7% to 16.0%. A number of business partnerships reported quarterly financials. Of most significance is an Online Travel Agency we own in continental Europe which is one of our top weighted positions (4.4% of the Fund). This business partnership delivered excellent financial results under a CEO who is improving the customer proposition of the business as well as removing unprofitable or low margin business lines. The business remains severely undervalued and is trading at 75% below its IPO price despite considerably better fundamentals than at the time of its listing. Across the US we continue to deploy capital across some exciting businesses that we believe will engender intrinsic growth over the medium and long term.

Projected EPS Growth FY17 (on a weighted basis)	+19.8%
Projected EPS Growth FY18 (on a weighted basis)	+16.3%

Number of companies	39
Top 5 Holdings % of NAV	23.2%
Top 10 Holdings % of NAV	39.6%
Top 20 Holdings % of NAV	63.4%
Cash Position % of NAV	16.0%

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 Ltd 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.