


GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 30/11/2017

latest unit price \$1.2447	return 1 year 17.47%	return since inception 24.47%	 monthly currency impact TAILWIND MODERATE (1-3%)
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FUND OUTLINE

Fund Manager:

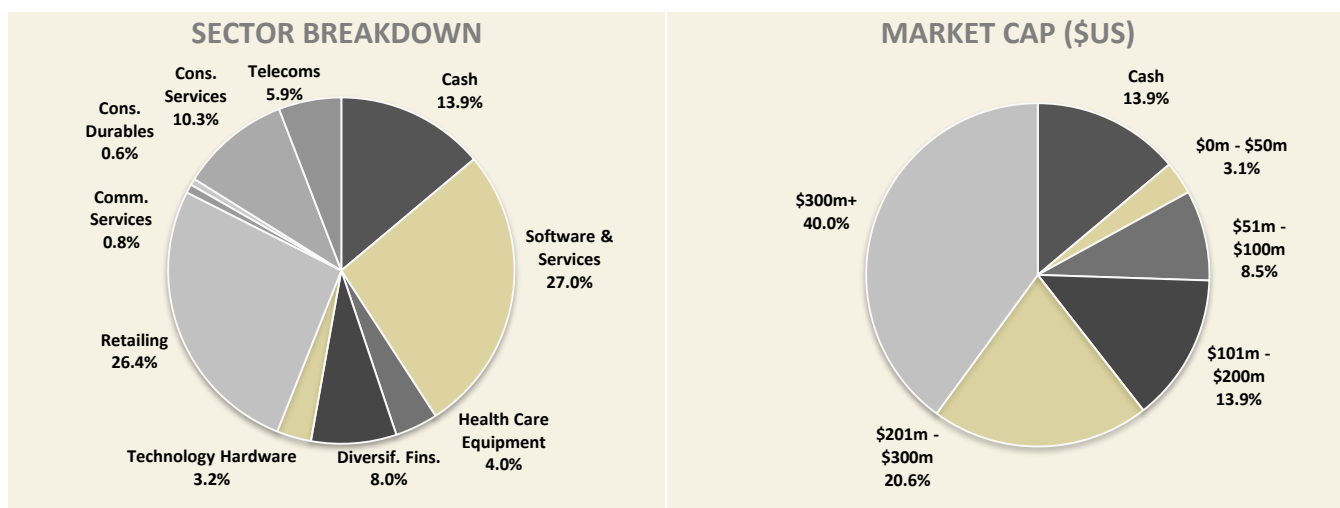
Carlos Gil (CIO)

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	39.3%	33.9%
	United States	25.3%	21.7%
	Cont. Europe	19.9%	17.1%
	Australia	7.6%	6.6%
	New Zealand	4.8%	4.2%
	Canada	3.1%	2.6%
	Total	100%	86.1%

	1 Month	6 Month	1 Year	2 Year	Compound p.a. since inception	Total since inception
GVMF	5.13%	9.80%	17.47%	11.57%	11.57%	24.47%
MSCI World Microcap (AUD)	2.63%	9.76%	23.59%	13.89%	13.89%	29.71%
Outperformance	2.50%	0.04%	-6.12%	-2.32%	-2.32%	-5.24%



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MARKET UPDATE AND COMMENTARY

We expect the US Federal Reserve (Fed) to raise rates this month in what has been a highly signalled intention. Whilst the US economy has been powering along, inflation remains subdued (currently at 2%) and we believe the Fed remains cautious and dovish (we consider this a flawed policy stance) unless it sees evidence of a pickup in inflation. Our view on the overly dovish policy is on record. Domestically, whilst the labour market continues to strengthen, wage growth remains sluggish, keeping inflation low. A competitive retail environment is, for the time being, offsetting inflationary pressures. We still expect that the continuing strength in employment growth coupled with a lower Australian Dollar (already starting to manifest itself) will lead to higher inflation. The overall inflation rate is still lower than we expected, and we therefore think that it is unlikely the RBA will raise rates during the first half of calendar 2018.

Microequities Global Value Microcap Fund returned 5.13% versus the MSCI World Microcap Index (AUD) 2.63% in November; this brings the total return net of fees to 24.47% for the Fund since inception in December 2015 compared to 29.71% for the MSCI World Microcap Index (AUD).

The Fund divested out of three business partnerships within the month and added one new business partnership saw the total number fall to 39. This is now within our self-imposed limit of 40 business partnerships. The Fund sold its interests in two pharmaceutical businesses, one in the US, **ANI Pharmaceuticals Inc (NSDQ:ANIP)** and **Sirtex Ltd (ASX:SRX)**. Both divestments netted a profit for the Fund on a local currency basis. The Fund also divested out of **Avid Technologies Inc (NSQD:AVID)** as the investment management team became concerned with the operational direction of the business and its messy accounting disclosure. The divestment resulted in a small loss to the Fund on a local currency basis.

A new business partnership resulted in the Fund's first investment in Scandinavia. The Fund began purchasing a Swedish business that is in the highly specialised garment brand labelling, design, logistics and manufacturing niche. The business has some differing competitive advantages, an attractive long term growth profile based on both organic and acquisitive potential and a balance sheet with very modest level of debt.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+17.8%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+17.1%

Number of companies	39
Top 5 Holdings % of NAV	25.2%
Top 10 Holdings % of NAV	41.7%
Top 20 Holdings % of NAV	67.7%
Cash Position % of NAV	13.9%

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 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.