

GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/03/2017

latest unit price \$1.0890	return 1 month 1.07%	return 1 year 13.53%	return since inception (Dec 2015) 8.90%
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FUND OUTLINE

Fund Manager:

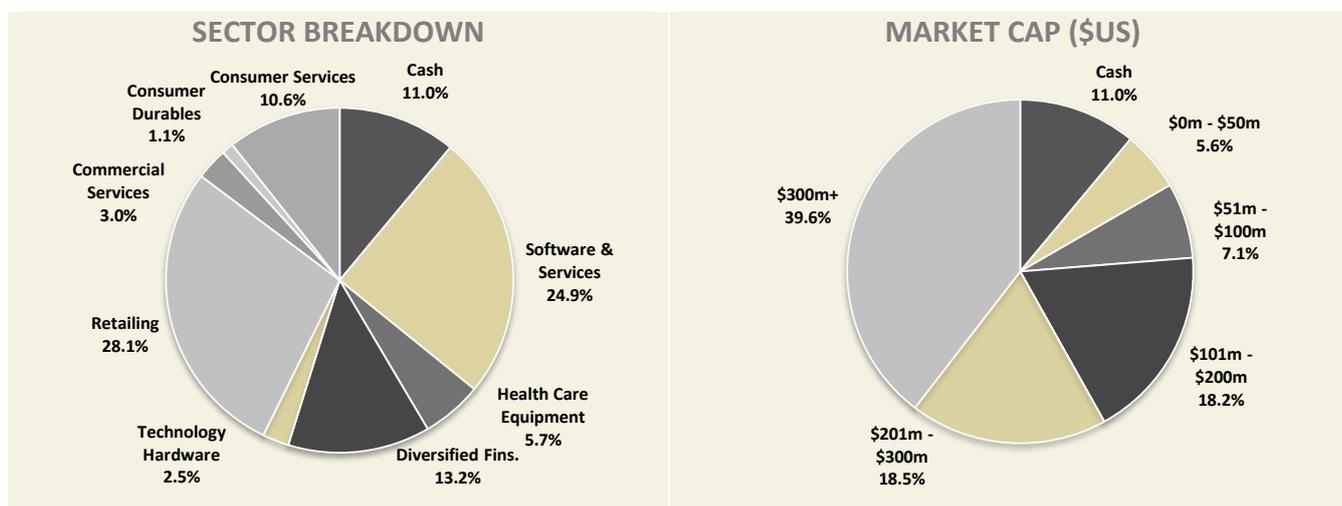
Carlos Gil (CIO)

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 States	40.8%	36.3%
	United Kingdom	25.8%	22.9%
	Cont. Europe	19.7%	17.5%
	Australia	8.9%	7.9%
	Canada	2.5%	2.2%
	New Zealand	2.4%	2.1%
	Total	100%	89.0%

	1 Month	3 Month	6 Month	1 Year	Total since inception	Compound p.a. since inception
GVMF	1.07%	-1.47%	8.94%	13.53%	8.90%	6.60%
MSCI World Microcap (AUD)	1.56%	2.06%	8.26%	20.64%	12.09%	8.94%
Outperformance	-0.49%	-3.53%	0.68%	-7.11%	-3.19%	-2.34%



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MARKET UPDATE AND COMMENTARY

During the month, the US Federal Reserve raised its benchmark interest rate from 0.75% to 1.00%. The rate rise is academic in nature and will not have any noticeable effect on the US economy. Surprisingly however, despite the US inflation rising above the Fed's preferred 2% target, the policy setting committee did not see fit to accelerate the pace of monetary tightening. The Fed is clearly now willing to tolerate a higher pace of price rises. It is a surprisingly dovish stance which entails medium term risks for the US economy and given the strength of the labour market and widespread robust economic data, it is a policy stance that is difficult to reconcile. Across in the UK we remain vigilant as early signs point to the economy entering a more difficult economic environment. Real household income fell by 0.4% in the last quarter of 2016 and the household savings ratio fell to a 50 year low of 3.3% indicating there is little scope for households to increase their consumption. How the headlines of global financial headquarters been uprooted from the city of London will affect economic confidence over the short term, remain a cause of concern.

Microequities Global Value Microcap Fund returned 1.07% versus the MSCI World Microcap Index (AUD) 1.56% in March; this brings the total return net of fees to 8.90% for the Fund since inception in December 2015 compared to 12.09% for the MSCI World Microcap Index (AUD).

We divested out of two business partnerships during the month. The first one was an excellent Italian software company that the Fund was unable to build a meaningful stake in as the share price of the company ran aggressively upward during our accumulation phase. In keeping with our discipline approach, we did not pursue further purchases beyond our deep value price points and sold the negligible investment at a sizeable premium to our initial investment. A second Italian business that owns a globally recognised sports brand was also sold. The business represented approximately 1.4% of the total assets of the Fund. The disinvestment comes as the investment management team looks to reduce the total number of businesses owned by the Fund to make way for some excellent newly identified businesses outside of the Fund. We have a self-imposed limit of 40 business partnerships and intend to maintain our high conviction approach across all our investment funds. We will continue to update our fellow investors as we enter new business partnerships.

Projected EPS Growth FY17 (on a weighted basis)	+8.6%
Projected EPS Growth FY18 (on a weighted basis)	+19.0%

Number of companies	39
Top 5 Holdings % of NAV	24.1%
Top 10 Holdings % of NAV	39.7%
Top 20 Holdings % of NAV	65.7%
Cash Position % of NAV	11.0%

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.