


GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/07/2018

latest unit price \$1.2626 Ex-distribution	return since inception 28.67%	return 1 month -0.98%	 monthly currency impact HEADWIND LOW (0-1%)
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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.

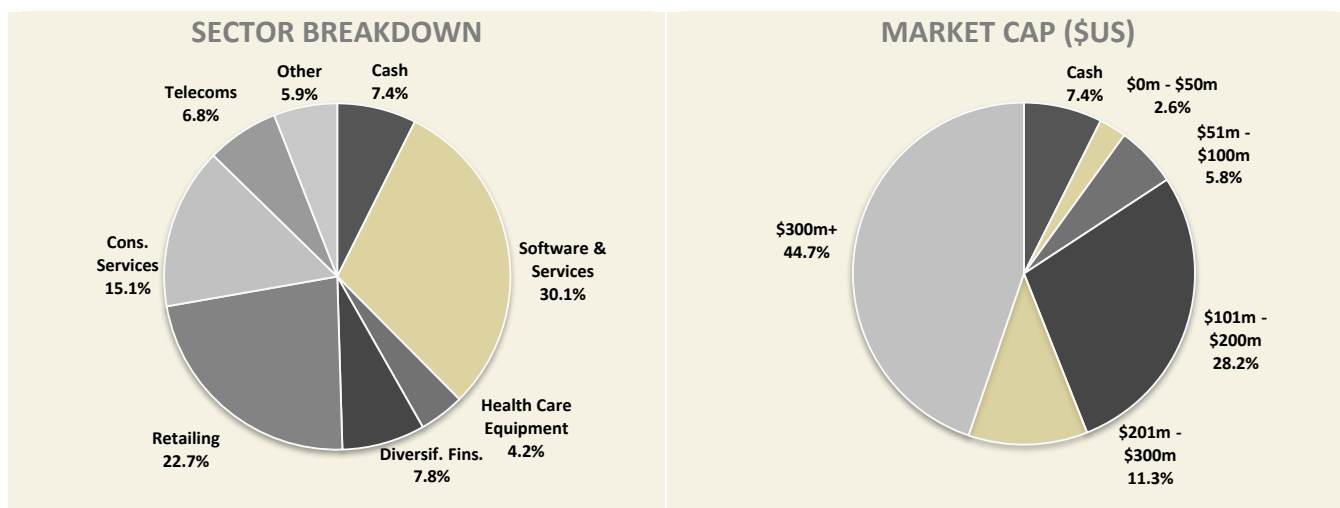
COUNTRY BREAK UP

% of Equity Portfolio

% of NAV

	United Kingdom	37.3%	34.5%
	United States	28.5%	26.4%
	Cont. Europe	19.8%	18.3%
	Australia	9.1%	8.5%
	New Zealand	2.7%	2.5%
	Canada	2.6%	2.4%
	Total	100%	92.6%

	1 Month	1 Year	2 Year	Compound p.a. since inception	Total since inception
GVMF	-0.98%	16.03%	14.05%	9.14%	28.67%



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MARKET UPDATE AND COMMENTARY

The United States, the world largest economy, accelerated the pace of its economic expansion during the second quarter of 2018. GDP grew at an annualised rate of 4.1%, marking the fastest rate of growth in almost 4 years. Capital investment continued to improve which suggests that tax cuts are having the desired effect on investment. However, we question the sustainability of consumer spending growth which surged in the quarter. How much of the increase in spending was due to consumers bringing forward consumption ahead of the impending tariff increases, remains to be seen. Wages growth has been steadily increasing, though still subdued at +2.7% and will need to rise further if the Fed is to meet its stated objective of four (two done, two more to go) interest rate hikes for 2018. In Australia, the economy continued to produce strong jobs growth, with the economy adding 317,000 jobs over the past 12 months. We expect employment growth to moderate over the second half of the year, though this does not imply that unemployment will rise as we see overall domestic economic conditions as remaining conducive to growth.

Microequities Global Value Microcap Fund returned -0.98% in July; this brings the total return net of fees to 28.67% for the Fund since inception in December 2015.

During the month, we successfully exited our investment in **Linedata Services (FP: LIN)**. The decision to divest out of our remaining stake in the software technology business came from a relative assessment of available opportunities within the portfolio of businesses within the Fund. Whilst we view Linedata as a high quality business with strong operating margins and recurring revenues, the reality is the cash proceeds can currently be better applied elsewhere. Notwithstanding, we will continue to monitor the progress of the business for the possibility that the market affords us a deep value opportunity at a future point in time. One business in which we see greater opportunity is a British transport operator we have begun to purchase. The business generates very high levels of operating cash flow, has muted capital demands over the next two years, has defensive operating divisions and is currently trading at circa 8.7x FY19 earnings.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+18.7%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+19.9%

Number of companies	36
Top 5 Holdings % of NAV	27.6%
Top 10 Holdings % of NAV	45.8%
Top 20 Holdings % of NAV	73.9%
Cash Position % of NAV	7.4%

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.