


# GLOBAL VALUE

## MICROCAP FUND



### MONTHLY PERFORMANCE AS AT 31/05/2019

latest unit price <b>\$1.2618</b>	return since inception <b>28.58%</b>	return 1 month <b>-2.17%</b>	 monthly currency impact <b>TAILWIND LOW (0-1%)</b>
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#### FUND OUTLINE

Fund Manager:

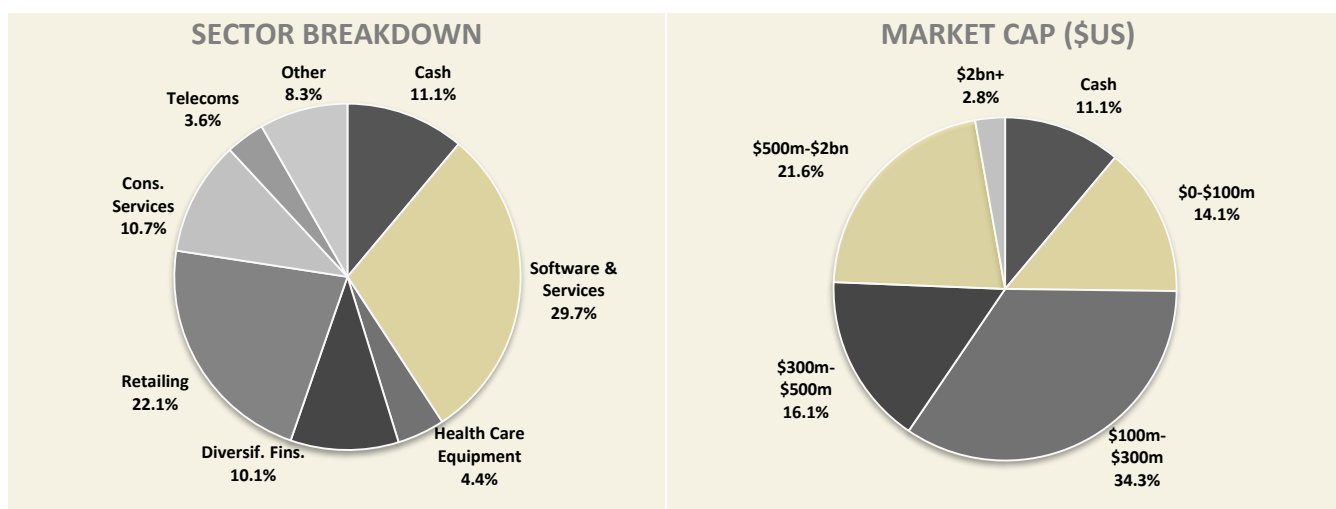
Carlos Gil (CIO)

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	35.1%	31.3%
	United States	22.6%	20.1%
	Cont. Europe	32.0%	28.4%
	Australia	5.4%	4.8%
	Canada	3.5%	3.1%
	New Zealand	1.4%	1.2%
	<b>Total</b>	<b>100%</b>	<b>88.9%</b>

	Total since inception	Compound p.a. since inception	3 Year	2 Year	1 Year	1 Month
<b>GVMF</b>	<b>28.58%</b>	<b>7.45%</b>	<b>9.17%</b>	<b>6.50%</b>	<b>1.34%</b>	<b>-2.17%</b>



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### MARKET UPDATE AND COMMENTARY

Escalating tensions pertaining to the Sino-US trade war is currently front of mind for investors. Unlike other equity market preoccupations, the economic fallout from this will be very real. So far, trade tariffs from both sides will affect products worth over \$300b in trade. The US has already announced measures to widen the tariff net, a measure that will inevitably be countered by China. Whilst most US businesses initially supported the Trump administration's heavy handed approach to China trade policy, that support will likely weaken as the tariffs begin to bite at consumer demand. Whilst the rhetoric has hardened on both sides, we still believe a trade deal is the more likely outcome, for the simple fact that it remains in both sides' interest to strike one. Rational behaviour does not guarantee an outcome but does make it the most probable. Domestically, the Coalition victory at the federal election was the best possible outcome to restore consumer confidence and stabilise a weakening property market. One word defines the prevailing mood around Australian businesses, relief.

**Microequities Global Value Microcap Fund returned -2.17% in May; this brings the total return net of fees to 28.58% for the Fund since inception in December 2015.**

We are pleased to announce an exciting new entrant into the Fund, European based global company, **LiveChat Software (WSE:LVC)**. LiveChat is a major player in the live browser customer service software market and it's very likely you have interacted with their software at some stage if you have chatted online with a customer service representative. LiveChat currently has over 27,000 paying customers across more than 150 countries. It has a pure SaaS business model. The global market is worth about US\$600m a year and is growing at around 7% p.a. Over the last year LiveChat has grown its customer base by 10%, outstripping the overall market growth. We have bought our initial stake at 9.9x EBIT earnings, a valuation that is simply unavailable in our global software technology universe. The business has very high operating leverage as it pays very little to acquire new clients. It consequently generates extremely high EBITDA margins of around 70%. With no debt on the balance sheet and such a strong cash generative business, the company returns about 80% of its NPAT to shareholders as dividends. The company will release several new products over the next 18 months that will expand their product suite (including ChatBot). We are excited by the return potential of this investment and will look at increasing our stake in the business.

<b>Projected EPS Growth</b> 1 Year Forward (on a weighted basis)	<b>+19.2%</b>
<b>Projected EPS Growth</b> 2 Years Forward (on a weighted basis)	<b>+18.7%</b>

<b>Number of companies</b>	<b>37</b>
<b>Top 5 Holdings</b> % of NAV	<b>29.4%</b>
<b>Top 10 Holdings</b> % of NAV	<b>47.2%</b>
<b>Top 20 Holdings</b> % of NAV	<b>71.5%</b>
<b>Cash Position</b> % of NAV	<b>11.1%</b>

**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.