


GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/07/2019

latest unit price \$1.1753 Ex-distribution	return since inception 32.01%	return 1 month 1.17%	 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.

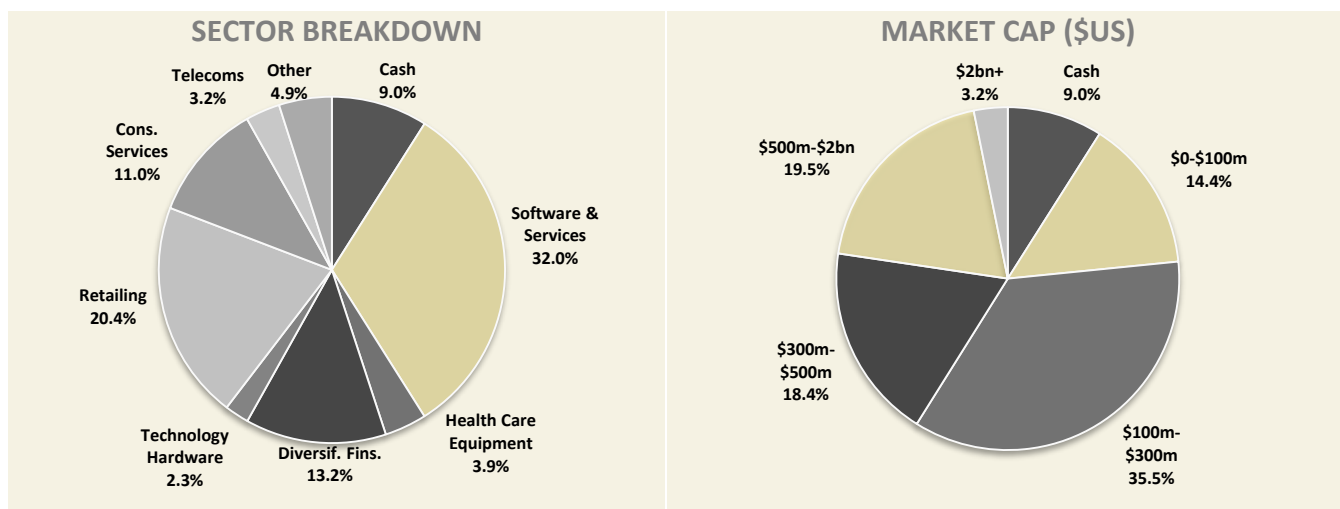
COUNTRY BREAK UP

% of Equity Portfolio

% of NAV

	United Kingdom	32.4%	29.5%
	United States	23.2%	21.1%
	Cont. Europe	34.5%	31.4%
	Australia	4.8%	4.4%
	Canada	3.9%	3.5%
	New Zealand	1.2%	1.1%
	Total	100%	91.0%

	Total since inception	Compound p.a. since inception	3 Year	2 Year	1 Year	1 Month
GVMF	32.01%	7.87%	10.10%	9.11%	2.60%	1.17%



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MARKET UPDATE AND COMMENTARY

Since the GFC, central banks around the world have adopted highly accommodative monetary policies to stimulate demand and boost employment. More than 10 years on since the GFC, we are experiencing another round of monetary easing at a time when there is neither an economic crisis nor a financial one. Last night, the US Federal Reserve cut its official rate to a range of 2.00% to 2.25%. The rate cut marks the first cut in over a decade. Across Europe, the ECB has signalled its intent to lower rates to an all-time low of -0.5%. In Australia, the RBA has undertaken two rounds of rate cuts bringing the official rate to a new record low of 1%. The expectation is that the RBA will cut rates one more time before the end of the year. This comes at a time when the unemployment rate is at a relatively benign 5.2%. So, what is going on? The answer is we have experienced a seismic structural shift in the long-term risk-free rates. Inflation is barely registering across most advanced economies and stimulating it, along with sustaining current employment levels, has become the number one priority for central banks. Low rates are consequently a structural phenomenon not a cyclical one.

Microequities Global Value Microcap Fund returned 1.17% in July; this brings the total return net of fees to 32.01% for the Fund since inception in December 2015.

Mobile device forensic software provided **Micro Systemation AB (STO: MSABB)** delivered an extremely disappointing 2Q19 results. With a slight decline in sales but a large increase in operating costs, the company went into losses. The company has invested in sales headcount which has yet to deliver a noticeable increase in sales. We had already sold down part of our stake in the business prior to the result. The investment currently represents 0.4% of the Fund.

Procurement software provided **Proactis Holdings PLC (LON:PHD)** has announced it has received an unsolicited takeover approach from a US based entity, as well as expressions of interests from other parties. The board of the company has decided to review its strategic options and is in a formal sales process. The process could end with a binding offer for the company. The investment represents 2.8% of the Fund at the end of the month.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+15.0%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+18.7%

Number of companies	36
Top 5 Holdings % of NAV	29.4%
Top 10 Holdings % of NAV	49.1%
Top 20 Holdings % of NAV	74.2%
Cash Position % of NAV	9.0%

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 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.