

GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/08/2019

latest unit price \$1.1307	return since inception 27.00%	return 1 month -3.79%	 monthly currency impact TAILWIND MODERATE (1-3%)
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FUND OUTLINE

Fund Manager:

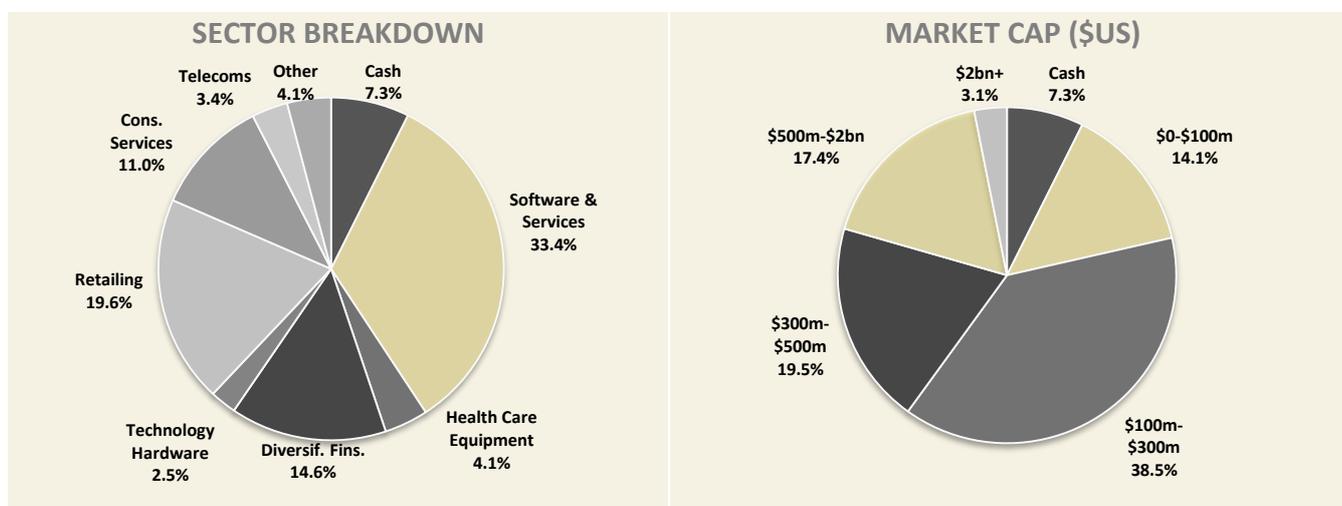
Carlos Gil (CIO)

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	30.8%	28.5%
	United States	21.9%	20.4%
	Cont. Europe	37.3%	34.6%
	Australia	5.5%	5.1%
	Canada	3.2%	2.9%
	New Zealand	1.3%	1.2%
	Total	100%	92.7%

	Total since inception	Compound p.a. since inception	3 Year	2 Year	1 Year	1 Month
GVMF	27.00%	6.58%	8.06%	6.88%	-7.56%	-3.79%



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MARKET UPDATE AND COMMENTARY

World equity markets continue to be focused on the escalating trade dispute between China and the US. The US imposed a 15% trade tariff on a wide range of Chinese goods worth about US\$150bn. China has so far imposed 25% tariffs on about US\$60bn worth of US goods. It is likely China will continue to enact counter-measures as the US pursues an aggressive strategy to push China into a new trade deal. The US is scheduled to roll out the 15% tariffs across the remainder of Chinese goods on 15 December. On that same day, China is scheduled to roll out their 25% tariffs across a further 3,000 US goods. Talks between trade officials on both sides are expected to take place during September. Over the long term, a trade war would hurt both the US and the Chinese economies. It is therefore in both parties' interest to secure a lasting trade deal that would reduce structural imbalances in the trade relationship. The US administration has so far taken an unorthodox approach to trade negotiations and its effectiveness remains questionable.

Microequities Global Value Microcap Fund returned -3.79% in August; this brings the total return net of fees to 27.00% for the Fund since inception in December 2015.

Two of our online travel agencies (OTAs) reported during the month with mixed performances. UK based **On the Beach (LSE:OTB)** faced a tougher competitive climate which will curtail overall growth in FY19 and impact FY20. Pleasingly, its overseas operations, which are in rollout phase, are expected to reduce their losses. Despite the subdued trading update, we still expect double digit EPS growth in both FY19 and FY20. In continental Europe, another of our OTAs, **eDreams (BME:EDR)** published 1QFY20 numbers which were ahead of our expectations. The strong EPS growth outlook for FY20 & FY21 is based on single digit bookings growth with much improved margins and lower interest costs. Management has done a highly credible job at improving the underlying quality of earnings and we note the share price remains very much subdued, presenting a very attractive investment case. Despite the positive trading update, eDreams shares fell during the month.

We continue to build our stake in European software provider, **LiveChat (WSE:LVC)**. The company now represents 6.3% of the total assets of the Fund. LiveChat continues to build its customer base and has committed to paying out 100% of its earnings in dividends.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+17.3%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+19.2%

Number of companies	36
Top 5 Holdings % of NAV	31.2%
Top 10 Holdings % of NAV	51.9%
Top 20 Holdings % of NAV	76.9%
Cash Position % of NAV	7.3%

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.