

GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/07/2020

latest unit price \$1.1117	return since inception 31.27%	return 1 month 5.01%	 monthly currency impact TAILWIND LOW (0-1%)
--------------------------------------	---	--------------------------------	--



FUND OUTLINE

Fund Manager:

Carlos Gil (CIO)

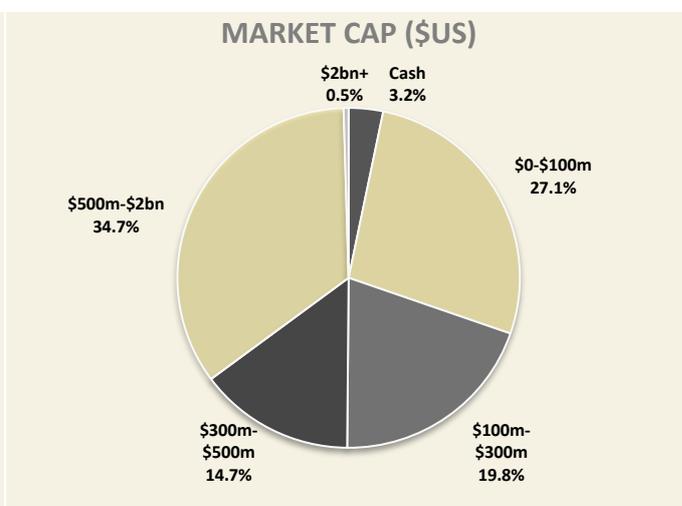
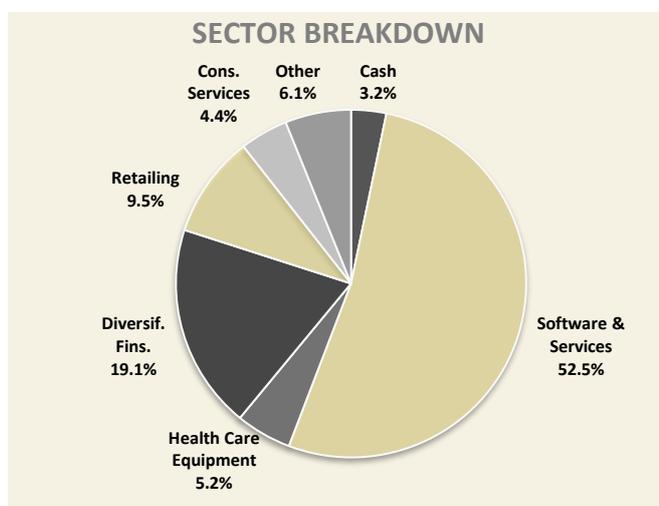
The Global Value Microcap Fund is a wholesale fund investing in a selection of undervalued, profitable and growing companies listed in predominantly advanced economies around the world.

COUNTRY BREAK UP

% of NAV

	United Kingdom	26.8%
	United States	14.1%
	Cont. Europe	45.1%
	Australia	4.4%
	Canada	1.3%
	New Zealand	5.1%
	Cash	3.2%
	Total	100.0%

	Total since inception	Compound p.a. since inception	3 Year	2 Year	1 Year	1 Month
GVMF	31.27%	6.00%	5.78%	1.01%	-0.56%	5.01%



GLOBAL VALUE

MICROCAP FUND



MARKET UPDATE AND COMMENTARY

The US GDP declined by 8.4% during the second quarter of 2020. Care should be taken not to extrapolate this number as the current heartbeat of the US economy; it is not. The US economy is going to decline this year, but its decline will likely be at a lower level than the second quarter numbers suggest. The government-imposed shutdowns during March and April severely impacted the US economy and would have had a very material impact on economic activity during the second quarter. The focus in coming weeks will now shift to the second stimulus package. The Republicans and Democrats will need to carve out a deal, but the scale of the stimulus package is likely to be enormous and will provide fresh support to an economy that will face a challenging outlook.

Domestically, the Australian government also announced extensions to its JobKeeper and JobSeeker programs. In all, the extensions are worth \$20b+. It is probable that the federal government will provide further stimuli as fiscal restraints are deprioritised and economic growth takes precedence.

Microequities Global Value Microcap Fund returned 5.01% in July; this brings the total return net of fees to 31.27% for the Fund since inception in December 2015.

The biggest single investee company in the Fund, **LiveChat Software (WSE:LVC)** provided 1QFY21 consolidated revenues which showed a +31.3% increase YoY. The strong organic growth in revenue has been propelled by a combination of higher ARPU, customer growth in both LiveChat and ChatBot and lower overall customer churn. The preliminary numbers indicate the company's strategy to broaden its product base away from the revenue dominant LiveChat is starting to demonstrate success. LiveChat has enjoyed a strong share price increase over the last 12 months.

UK based affordable sofa and carpet retailer, **SCS Group PLC (LON:SCS)**, a top 20 investment in the Fund, provided a financial and operational update for FY20. The business which was facing a very tough comparison period for FY19 was predicably adversely affected by the Covid-19 in its UK market. Order intake during the 9-week UK Covid shutdown fell by -92.5% compared to the previous year. Post shutdown, order intakes have rebounded strongly and increased by +92.2% YoY, demonstrating the resilience of its product offering. The company's balance sheet remains strong with 82.3m GBP cash on its balance sheet and no financial debt.

The investment team are researching several new exciting undervalued businesses for potential inclusion in coming months.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+6.0%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+16.3%

Number of companies	31
Top 5 Holdings % of NAV	47.8%
Top 10 Holdings % of NAV	66.5%
Top 20 Holdings % of NAV	88.2%
Cash Position % of NAV	3.2%

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.