


GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 30/09/2020

latest unit price \$1.1672	return since inception 37.82%	return 1 month 0.00%	 monthly currency impact TAILWIND LOW (0-1%)
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FUND OUTLINE







Fund Manager:

Carlos Gil (CIO)

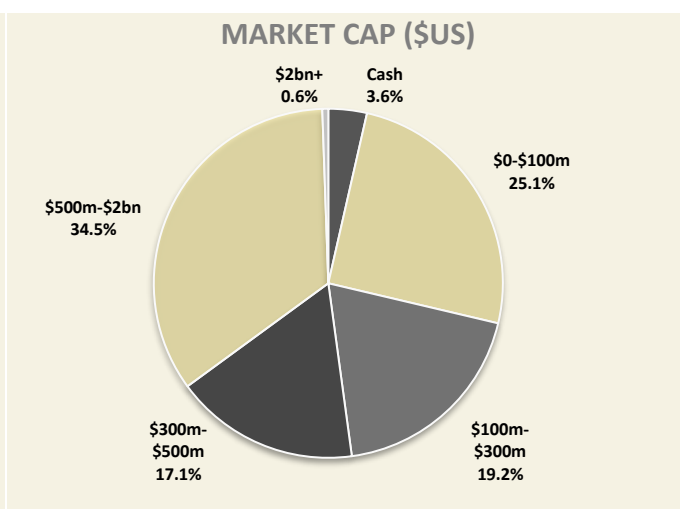
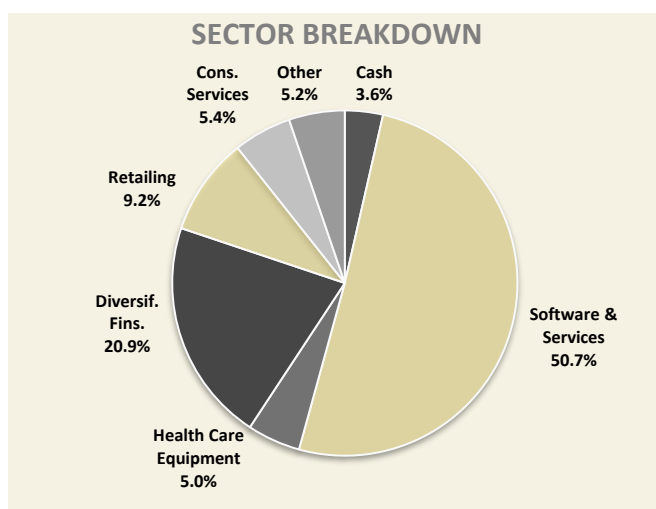
The Global Value Microcap Fund is a wholesale fund investing in a selection of undervalued, profitable and growing companies listed in predominantly advanced economies around the world.

COUNTRY BREAK UP

% of NAV

	United Kingdom	26.5%
	United States	13.8%
	Cont. Europe	46.6%
	Australia	3.9%
	Canada	1.3%
	New Zealand	4.3%
	Cash	3.6%
	Total	100.0%

	Total since inception	Compound p.a. since inception	3 Year	2 Year	1 Year	1 Month
GVMF	37.82%	6.86%	6.56%	1.16%	8.00%	0.00%



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MARKET UPDATE AND COMMENTARY

Following on from our commentary last month, new data points out of China during September indicate continued evidence of its economic recovery. Electricity generation rose strongly during August and subway passenger volume is now just 10% off pre-Covid levels. The Chinese economy is likely to have expanded in the mid-single digits during the third quarter of 2020, leaving China as the only G20 member that is likely to post positive growth during 2020. However, the recovery mirrors the unbalanced Chinese economy which still has consumer consumption at 39% of GDP compared to +60% for most developed economies. The resurgence in Chinese consumer spending has been slow and it is industrial production and construction that have driven economic activity in recent months. There are however some green shoots opening in consumer consumption with retail figures rising +0.5% in August versus a year ago, the first register of growth in the Covid impacted 2020 year. Domestically, the Federal government will be placing fiscal discipline as a distance secondary consideration as it seeks to prioritise economic growth and boost economic spending by way of government spending and running large deficits. This is likely to have a positive impact for several of our investee companies.

Microequities Global Value Microcap Fund returned 0.00% in September; this brings the total return net of fees to 37.82% for the Fund since inception in December 2015.

The Fund's remnant stake in UK based industrial hydraulics and pneumatics parts distributor **Flowtech Fluidpower (LON:FLO)** was sold during September. This brings the total number of companies owned by the Global Value Microcap Fund to 30, although as previously flagged in our updates that number is likely to climb over the ensuing months as the Fund buys into new opportunities that the investment team has been researching.

Our second largest investment in the Fund is a European software company that provides treasury and financial software for corporates and financial institutions around the world. We are pleased to report that the business has reported a strong start to FY20 with 1H20 NPAT of +13%, cash conversion over 100% of EBITDA and a strong financial position. The growth outlook for the business remains positive with the company rolling out a new product based on intelligent data matching using cognitive computing and robotisation. We have increased our internal EPS forecasts for this investment.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+11.5%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+16.3%

Number of companies	30
Top 5 Holdings % of NAV	47.1%
Top 10 Holdings % of NAV	66.4%
Top 20 Holdings % of NAV	89.8%
Cash Position % of NAV	3.6%

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.