


GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/10/2020

latest unit price \$1.2242	return since inception 44.55%	return 1 month 4.88%	 monthly currency impact TAILWIND MODERATE (1-3%)
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FUND OUTLINE







Fund Manager:

Carlos Gil (CIO)

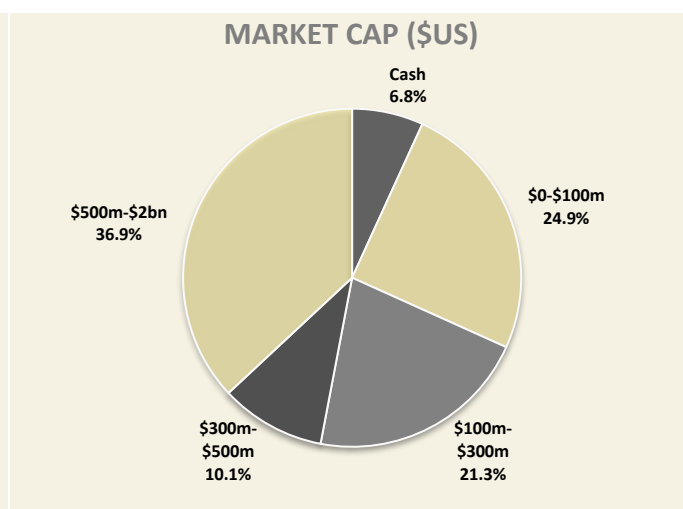
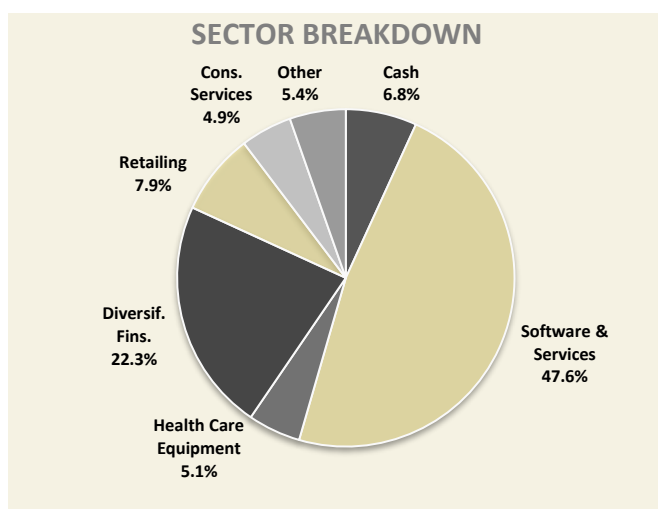
The Global Value Microcap Fund is a wholesale fund investing in a selection of undervalued, profitable and growing companies listed in predominantly advanced economies around the world.

COUNTRY BREAK UP

% of NAV

	United Kingdom	26.9%
	United States	12.8%
	Cont. Europe	43.9%
	Australia	4.1%
	Canada	1.2%
	New Zealand	4.3%
	Cash	6.8%
	Total	100.0%

	Total since inception	Compound p.a. since inception	3 Year	2 Year	1 Year	1 Month
GVMF	44.55%	7.78%	6.88%	5.48%	9.42%	4.88%



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MARKET UPDATE AND COMMENTARY

US third quarter GDP bounced back strongly to record a +7.4% increase on the prior quarter, or a historic +33.1% on annualised basis. The annual number should not be read literally; very much like the dramatic decline experienced in the second quarter of -31.4%, both of those numbers were very much driven by the disruptive effects of the Covid-19 shutdowns and consequent easing of those restrictions. Despite the strong third quarter growth numbers US output remains below pre Covid-19 levels. There were however some encouraging data points with private investment increasing +83%, including strong increases in equipment investment and consumption rebounding strongly. Challenges for the US economy remain though as a strong rise in a second wave of Covid-19 cases threatens to disrupt the recovery and the country anxiously awaits the outcomes of third phase clinical trials of vaccines. Domestically, Australia's third quarter GDP is also likely to have turned positive with the country likely to have come out of its first technical recession in almost three decades. The RBA is expected to continue to be extremely accommodative in its monetary policy and financial markets are anticipating another rate cut in November.

Microequities Global Value Microcap Fund returned 4.88% in October; this brings the total return net of fees to 44.55% for the Fund since inception in December 2015.

It was a busy month for the Global Value Microcap Fund. We have fully exited two long standing investments. One of the stakes was in a US luxury consumer goods business, whilst the other was a services business for the transport infrastructure sector. Both businesses have underperformed versus our investment thesis and we have sold the totality of our stakes to redeploy capital in better opportunities.

We are pleased to announce an initial investment in a UK based software business that provides several solutions for the healthcare industry with specific focus on financial and operational optimisation. **The investment management team has been watching this business for over 3 years and the decision to purchase the business came following a 56% share price fall since its peak in September 2018. It is one of the highest quality business we have ever identified.** The company's solutions are delivered over the cloud and under a SaaS business model with most contracts signed on for an average four-year period. The company recognises the revenue from these contracts evenly over the life of the contract. The business generates EBITDA margins of circa 30% and has a favourable long-term growth runway. We are also currently undertaking final due diligence on several other new investment opportunities.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+13.2%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+19.6%

Number of companies	29
Top 5 Holdings % of NAV	46.4%
Top 10 Holdings % of NAV	65.8%
Top 20 Holdings % of NAV	87.4%
Cash Position % of NAV	6.8%

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.