

# GLOBAL VALUE

## MICROCAP FUND



### MONTHLY PERFORMANCE AS AT 31/03/2021

latest unit price <b>\$1.5348</b>	return since inception <b>81.23%</b>	return 1 month <b>-0.36%</b>	 monthly currency impact <b>HEADWIND LOW (0-1%)</b>
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#### FUND OUTLINE

Fund Manager:

Carlos Gil (CIO)

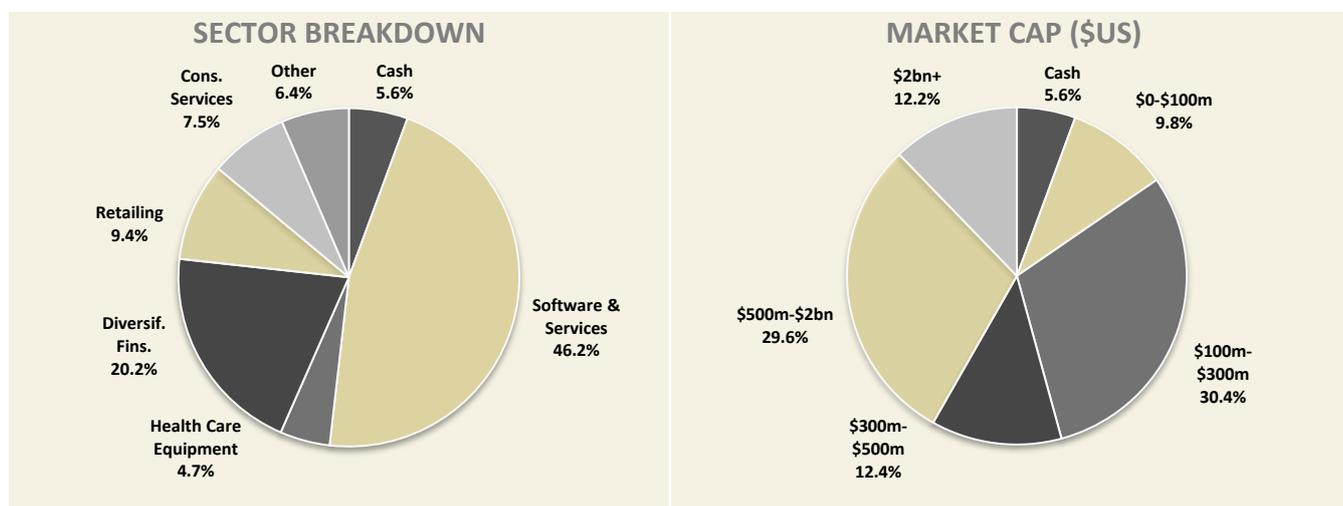
The Global Value Microcap Fund is a wholesale fund investing in a selection of undervalued, profitable and growing companies listed in predominantly advanced economies around the world.

#### COUNTRY BREAK UP

% of NAV

	United Kingdom	26.7%
	United States	15.8%
	Cont. Europe	42.7%
	Australia	2.8%
	Canada	1.2%
	New Zealand	5.2%
	Cash	5.6%
	<b>Total</b>	<b>100.0%</b>

	Total since inception	Compound p.a. since inception	5 Year	3 Year	2 Year	1 Year	1 Month
<b>GVMF</b>	<b>81.23%</b>	<b>11.79%</b>	<b>13.57%</b>	<b>11.96%</b>	<b>21.20%</b>	<b>76.86%</b>	<b>-0.36%</b>



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### MARKET UPDATE AND COMMENTARY

To our surprise, financial markets have spent most of the month coming to terms with the probable fact that bond prices have probably peaked and therefore yields are likely to rise over the medium to long term. The US 10-year treasury yield has risen by more than 50 basis points since the beginning of 2021 but remains at a benign 1.75%. The bond market is essentially pricing in two things a). Federal Reserve next interest move will be an increase b). greater likelihood that inflation, will at some stage tick higher. Both are eminently reasonable. It is highly likely that the US Federal Reserve's next interest rate move will be upwards and that its ultra-accommodative monetary stance will at some point over the medium term be unwound. However, that is unlikely to happen anytime soon, top Federal Reserve officials have consistently stated that the US central bank support for the economy will stay in place until they see an accelerating recovery across all levels of American society, which might be 2 or 3 years away. When the ensuing recovery does take place, the Fed has pledged to make very gradual movements on its rates. So, bond markets are in fact behaving logically and coherently. It would be alarming if they had not begun to price such likely eventualities.

**Microequities Global Value Microcap Fund returned -0.36% in March; this brings the total return net of fees to 81.23% for the Fund since inception in December 2015.**

**UK based retail furniture ScS Group (LON:SCS)** reported results for its HY21 period. Revenue rose 14.4% to 173.3m GBP, profit before tax rebounded strongly to 18.1m GBP (versus -0.6m GBP in the previous corresponding period). Order intake during the period (leading indicator of future revenue) has declined sharply directly as a result of the recent UK lockdown. Positively UK is slowly moving out of its lockdown status as vaccination rates across the populace increases. It was a solid result in a very well managed business.

The second largest investee company in the Fund, a European based fintech company published FY20 results during the month which saw revenues grow by +3% and its EBIT increased by +15.3%. The company also completed an acquisition of a software company specialised in credit recovery in financial and insurance intermediaries (i.e., non-performing loans). We continue to see significant growth runway in this business and maintain the business as a core investment of the Global Value Microcap Fund.

<b>Projected EPS Growth</b> 1 Year Forward (on a weighted basis)	<b>+26.4%</b>
<b>Projected EPS Growth</b> 2 Years Forward (on a weighted basis)	<b>+11.1%</b>

<b>Number of companies</b>	<b>30</b>
<b>Top 5 Holdings</b> % of NAV	<b>43.9%</b>
<b>Top 10 Holdings</b> % of NAV	<b>63.1%</b>
<b>Top 20 Holdings</b> % of NAV	<b>85.5%</b>
<b>Cash Position</b> % of NAV	<b>5.6%</b>

**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.