


GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/12/2021

latest unit price \$1.6084	return since inception 89.92%	return 1 month -1.04%	 monthly currency impact HEADWIND LOW (0-1%)
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FUND OUTLINE







Fund Manager:

Carlos Gil (CIO)

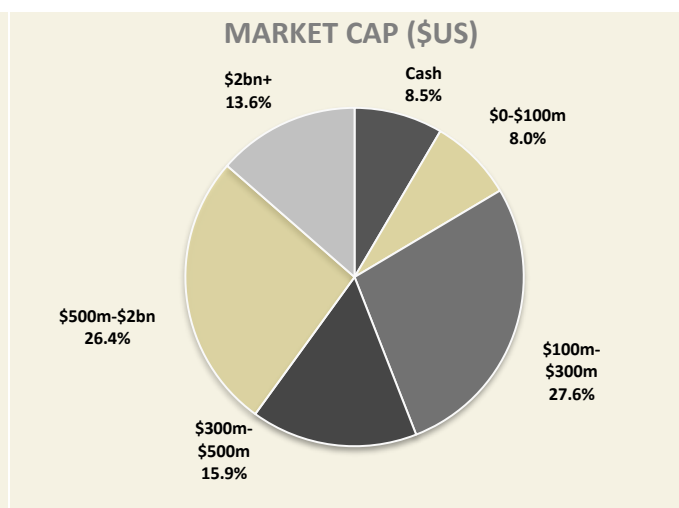
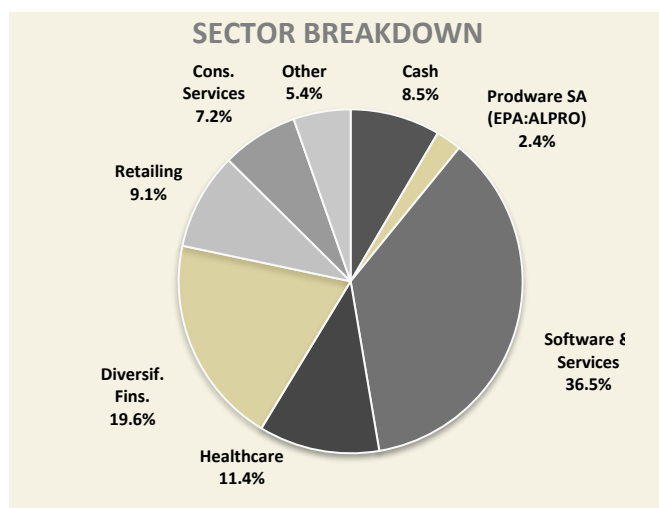
The Global Value Microcap Fund is a wholesale fund investing in a selection of undervalued, profitable and growing companies listed in predominantly advanced economies around the world.

COUNTRY BREAK UP

% of NAV

	United Kingdom	24.1%
	United States	12.1%
	Cont. Europe	45.5%
	Australia	5.0%
	Canada	0.9%
	New Zealand	3.9%
	Cash	8.5%
	Total	100.0%

	Total since inception	Compound p.a. since inception	5 Year	3 Year	2 Year	1 Year	1 Month
GVMF	89.92%	11.12%	11.44%	15.29%	15.67%	13.56%	-1.04%



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MARKET UPDATE AND COMMENTARY

The Euro area unemployment rate is now lower than at pre-pandemic levels. The US unemployment sits at very near effective full employment of 4.2% with unequivocal data indicating rising wage growth. US average hourly earnings have increased by 4.8% over the past 12 months and the trend is likely to continue as firms indicate their hiring intentions for 2022 will increase, job advertisements are up, employer surveys are showing an intent to increase employee wages to recruit and retain scarce talent. Structural inflation is therefore likely to play out during 2022, a factor that no doubt impelled the US Federal Reserve to signal three rate increases for 2022 based on a macroeconomic scenario of full employment. The Fed may regret its latency in adjusting central bank rates for structural inflation forces emanating from the labour market; as energy, raw material inputs, supply chain logistic disruptions are likely to further exacerbate inflationary pressures. Inflation is not necessarily evil; household income increases have been stubbornly low over the past decade and the wage increase will provide some added disposable income.

Microequities Global Value Microcap Fund returned -1.04% in December; this brings the total return net of fees to 89.92% for the Fund since inception in December 2015.

UK based investee company, **On the Beach Group PLC (OTB:LON)** published its FY21 results. As expected, the online travel agent (OTA) had an adverse and heavily impacted financial year with revenues declining by 37% to 33.7m GBP and the company recording a 23.9m GBP EBITDA loss. The company's balance sheet is in good shape with 56m GBP in cash and no financial debt. The investment management team believes that Covid has accelerated structural changes in the travel agency industry and that as we move out of the pandemic, businesses like On the Beach will arise in a stronger competitive position with firm pent-up demand.

The \$860m USD takeover of investee company **Zix Corporation (NSDQ:ZIXI)** by **Open Text Corporation (NSDQ:OTEX)** was completed in late December. The completion of the transaction has resulted in a surge of the Fund's cash assets to 8.5%.

The cash position is expected to be lowered over the month of January as the investment management team is currently finalising research into several new investment opportunities.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+32.6%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+15.1%

Number of companies	34
Top 5 Holdings % of NAV	40.4%
Top 10 Holdings % of NAV	59.2%
Top 20 Holdings % of NAV	80.6%
Cash Position % of NAV	8.5%

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.