


GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/01/2020

latest unit price \$1.2964	return since inception 45.61%	return 1 month 2.59%	 monthly currency impact TAILWIND STRONG (3%+)
--------------------------------------	---	--------------------------------	--









FUND OUTLINE

Fund Manager:

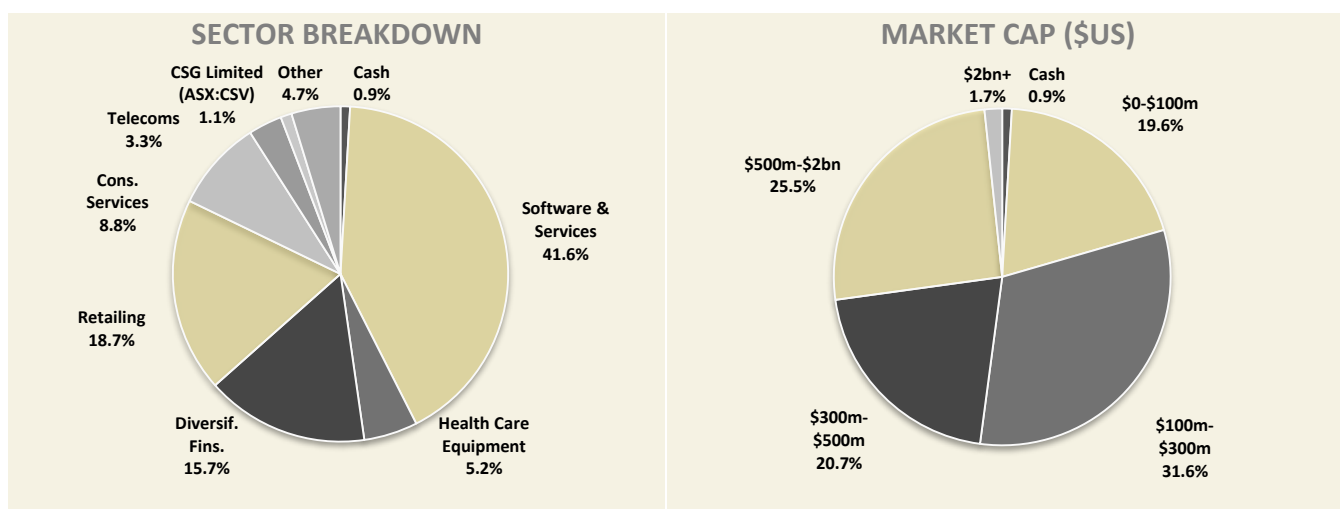
Carlos Gil (CIO)

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 Equity Portfolio	% of NAV
	United Kingdom	30.0%	29.7%
	United States	16.5%	16.3%
	Cont. Europe	38.9%	38.5%
	Australia	5.7%	5.7%
	Canada	5.1%	5.1%
	New Zealand	3.8%	3.8%
	Total	100%	99.1%

	Total since inception	Compound p.a. since inception	3 Year	2 Year	1 Year	1 Month
GVMF	45.61%	9.44%	11.02%	7.74%	13.48%	2.59%



GLOBAL VALUE

MICROCAP FUND



MARKET UPDATE AND COMMENTARY

The US economy heads into 2020 at a solid pace of growth with the world's largest economy registering a GDP growth rate of +2.1%. That rate is slightly below the 2019 overall growth rate of +2.3% but a solid result in the context of a major trade dispute with the world's second largest economy, China. Robust yet unspectacular growth in personal and household income and sustained employment growth bode well for a continuation of trend like growth for the US economy into 2020.

Notwithstanding the positive outlook, we expect the second phase of US-Sino trade negotiations to come into the fore towards the end of 2020 as the US presidential elections comes to its conclusion.

The end of the month saw financial markets become increasingly focused on a new coronavirus which originated in China. Whilst we do not profess to be genome or pandemic experts, there are several factors in the virus' development that leads us to think that the overall economic impact will be mild, meaning that short term weaknesses in markets may present a window of investment opportunity.

Microequities Global Value Microcap Fund returned 2.59% in January; this brings the total return net of fees to 45.61% for the Fund since inception in December 2015.

Our UK based international payments business provided a disappointing CY19 update which was below consensus forecasts. This business represents 1% of the total assets of the Fund. Whilst the update was disappointing, the company still grew their EBITDA by 30% and revenues by 23%. The company has started January positively and is well placed to improve upon the CY19 result.

Two investment initiatives are underway;

We are looking to acquire a new Investment: Malaysian software business trading at 7x EBIT, software-as-a-service recurring revenue model. Holding no financial debt and cash assets, paying attractive dividend yield with a superb track record of profitability and high margins and free cash flow generation. **Targeting an initial \$2m investment in this company.**

We want to increase our current investment in a vertically integrated German retail online broker with a banking license that has just finalised an acquisition that will provide it with a pan-European market presence and an array of synergistic cost advantages. **Targeting an additional \$2m investment in this company.**

Projected EPS Growth 1 Year Forward (on a weighted basis)	+22.4%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+18.4%

Number of companies	34
Top 5 Holdings % of NAV	33.7%
Top 10 Holdings % of NAV	55.4%
Top 20 Holdings % of NAV	83.3%
Cash Position % of NAV	0.9%

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.