


# GLOBAL VALUE

## MICROCAP FUND



### MONTHLY PERFORMANCE AS AT 30/06/2019

latest unit price <b>\$1.2804</b> Cum-distribution	return since inception <b>30.48%</b>	return 1 month <b>1.47%</b>	 monthly currency impact <b>HEADWIND LOW</b> (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.

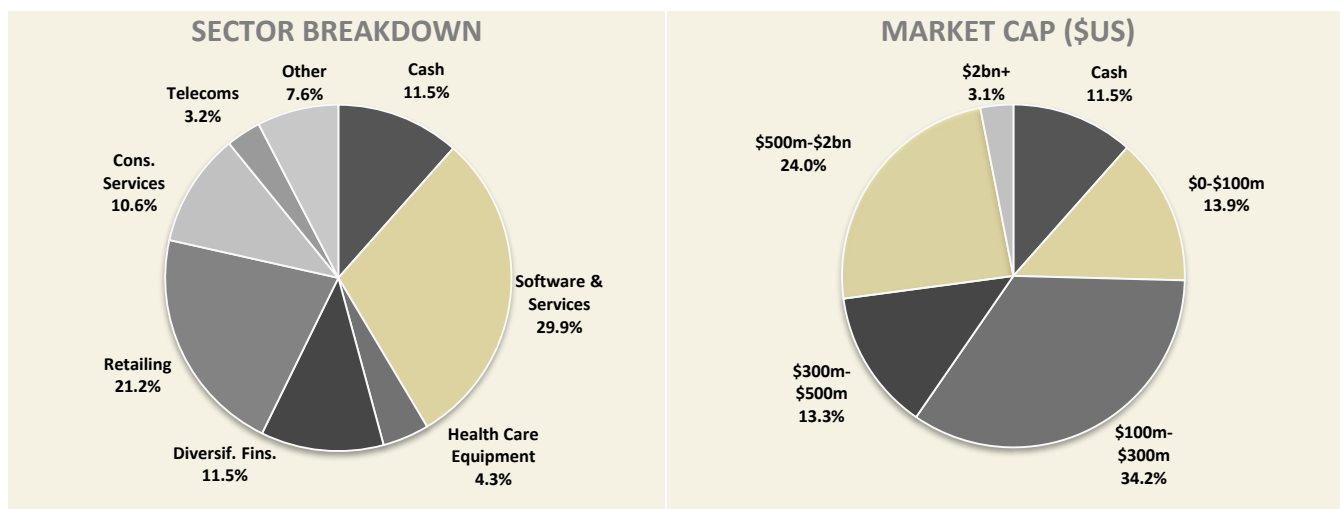
#### COUNTRY BREAK UP

% of Equity Portfolio

% of NAV

	United Kingdom	33.7%	29.8%
	United States	23.0%	20.4%
	Cont. Europe	33.1%	29.3%
	Australia	4.9%	4.4%
	Canada	3.9%	3.4%
	New Zealand	1.4%	1.2%
	<b>Total</b>	<b>100%</b>	<b>88.5%</b>

	Total since inception	Compound p.a. since inception	3 Year	2 Year	1 Year	1 Month
<b>GVMF</b>	<b>30.48%</b>	<b>7.71%</b>	<b>10.66%</b>	<b>7.93%</b>	<b>0.41%</b>	<b>1.47%</b>



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### MARKET UPDATE AND COMMENTARY

The Australian small and microcap equity market has been bifurcated into two opposing realms. On the one hand, you have very fast-growing companies some of which are profitable, others yet to make a profit. This segment of companies has market values that are inflated, unjustifiable and some are simply in pure bubble territory. At the other end of the market, we have profitable modest growth companies whose market values have either not risen or retracted over the past 12 to 24 months. Some of these companies are at extreme low, GFC-like market values and we happen to own a lot of these companies. This dichotomy in market values has become quite extreme and is being driven by investment flows into valuation indiscriminate index funds (further fuelling valuations of overpriced companies) and the closure of many active fund manager businesses (Adam Smith Funds Management, Sigma Funds Management, KIS Capital, Janus Henderson) which has accentuated further pricing dislocation (in the undervalued realm). Interestingly this bifurcation is a domestic phenomenon and is not currently being observed in global equities markets.

**Microequities Global Value Microcap Fund returned 1.47% in June; this brings the total return net of fees to 30.48% for the Fund since inception in December 2015.**

Customer service software provider **LiveChat Software (WSE:LVC)**, which was recently added to the Fund, reported its FY19 financial result. The company increased its net profit by +18.5% despite increasing headcount from 84 to 140 people. The business continues to enjoy superb operational margins and generates excellent cash flows.

UK based transport business **Stagecoach Group (LON:SGC)** which currently represents 0.7% of the Fund's assets provided a flat EPS result of 22.1 pence (FY19 22.3p) and highlighting pressure in its London public transport business and poor outlook for its rail division. The investment management team has been actively divesting out of the business and we expect to finalise the sell down before next month's update.

We are pleased to report our leading European online travel agency (OTA) **eDreams Odigeo (BME:EDR)** has continued to improve its quality of earnings with adjusted net income rising +25% to 40.2m Euros for FY19. The business remains at a large discount to other global OTAs and is a significant investment for the Fund.

<b>Projected EPS Growth</b> 1 Year Forward (on a weighted basis)	<b>+19.3%</b>
<b>Projected EPS Growth</b> 2 Years Forward (on a weighted basis)	<b>+17.7%</b>

<b>Number of companies</b>	<b>37</b>
<b>Top 5 Holdings</b> % of NAV	<b>29.2%</b>
<b>Top 10 Holdings</b> % of NAV	<b>46.7%</b>
<b>Top 20 Holdings</b> % of NAV	<b>71.1%</b>
<b>Cash Position</b> % of NAV	<b>11.5%</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.