


# GLOBAL VALUE

## MICROCAP FUND



### MONTHLY PERFORMANCE AS AT 31/03/2022

latest unit price <b>\$1.3870</b>	return since inception <b>63.77%</b>	return 1 month <b>-4.37%</b>	 monthly currency impact <b>HEADWIND STRONG (3%+)</b>
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#### FUND OUTLINE







Fund Manager:

Carlos Gil (CIO)

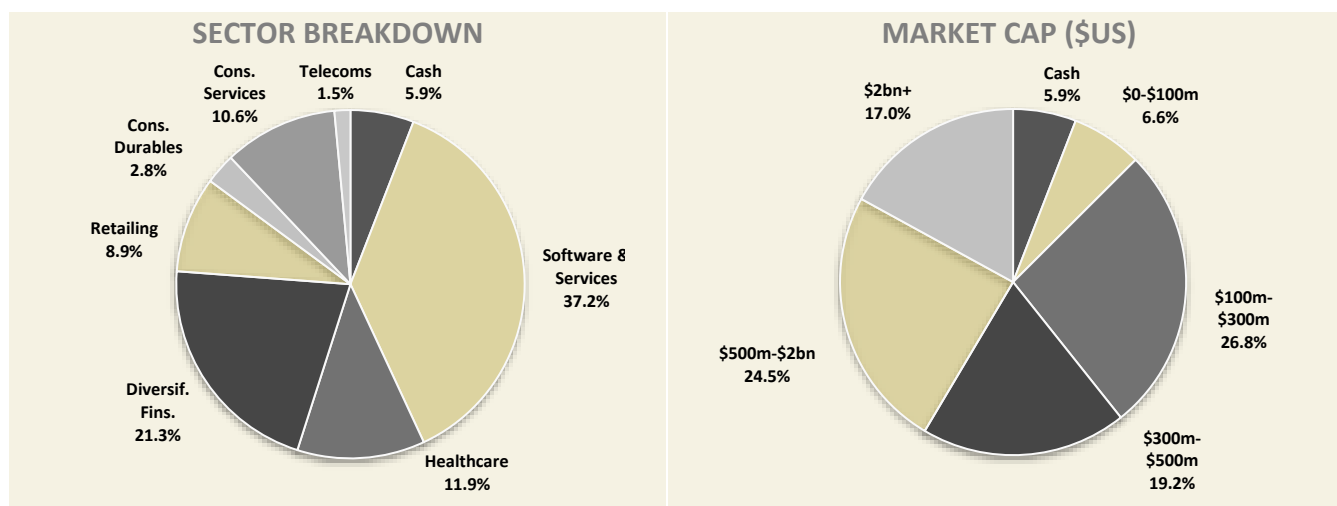
The Global Value Microcap Fund is a wholesale fund investing in a selection of undervalued, profitable and growing companies listed in predominantly advanced economies around the world.

#### COUNTRY BREAK UP

% of NAV

	United Kingdom	22.9%
	United States	18.3%
	Cont. Europe	41.1%
	Australia	6.2%
	Canada	1.2%
	New Zealand	4.4%
	Cash	5.9%
	<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>63.77%</b>	<b>8.10%</b>	<b>8.50%</b>	<b>9.90%</b>	<b>26.42%</b>	<b>-9.63%</b>	<b>-4.37%</b>



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### MARKET UPDATE AND COMMENTARY

The US Federal Reserve (Fed) raised rates by 25 basis points during March, taking the primary interest rate range to 0.25% - 0.50%. The Fed also signalled an aggressive pathway for the following six meetings, indicating they expect to increase rates at each of the rest of meetings for 2022. In all, the primary rate in the US is expected to increase by 1.75% by the end of 2022. The adjustment to monetary policy follows sustained increases in core inflation and wage increases. Private sector wage increases in the US have grown by 5.1% over the past 12 months, with sectors such as leisure and hospitality observing increases of 11.2%. CPI is currently tracking at 7.5%, the highest rate in 40 years. The labour market in the US remains extremely strong with robust hiring. The jobless rate currently sitting at 3.8% is close to a 50-year low (3.5%). In Australia we are mirroring similar conditions with our unemployment rate falling to 4.0%, the lowest rate since August 2008. Job creation in Australia has been strong, with over 200,000 jobs created over the last 12 months. We believe a tightening cycle now looms and the RBA will likely increase rates above +1% before the end of 2022. These monetary responses should be contextualised for what they are, still far too accommodative. Higher rates are warranted.

**Microequities Global Value Microcap Fund returned -4.37% in March; this brings the total return net of fees to 63.77% for the Fund since inception in December 2015.**

Most of the decline in market prices during March was a result of a strong rally in the Australian dollar against the major currencies of the Global Value Microcap Fund (British Pounds, Euros and US dollars).

Our budget sofa business based in the UK, **ScS Group PLC (LON:SCS)** published its 1H22 financial results. The year-on-year comparison numbers were clouded by the strength of its FY21 numbers which had pent up demand post Covid induced lockdowns in the UK. Gross profit was down -19.3% to £67.6m, whilst the business delivered a PBT loss of £5.5m (due to seasonality in the P&L). Order intake growth was +16.6% with a very large order book of £148m demonstrating the strength of the business. The balance sheet remains formidable with £87.9m in cash and no financial debt. The company increased its dividend by 50% to 4.5 pence per share and is actively buying back shares on market.

Despite the short-term price weakness, we remained buoyed by the earnings trajectory of our portfolio and see continued growth in earnings across the investee companies.

<b>Projected EPS Growth</b> 1 Year Forward (on a weighted basis)	<b>+35.0%</b>
<b>Projected EPS Growth</b> 2 Years Forward (on a weighted basis)	<b>+15.7%</b>

<b>Number of companies</b>	<b>35</b>
<b>Top 5 Holdings</b> % of NAV	<b>40.9%</b>
<b>Top 10 Holdings</b> % of NAV	<b>60.3%</b>
<b>Top 20 Holdings</b> % of NAV	<b>81.5%</b>
<b>Cash Position</b> % of NAV	<b>5.9%</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.