


GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/05/2022

latest unit price \$1.3032	return since inception 53.88%	return 1 month -2.85%	 monthly currency impact TAILWIND LOW (0-1%)
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FUND OUTLINE







Fund Manager:

Carlos Gil (CIO)

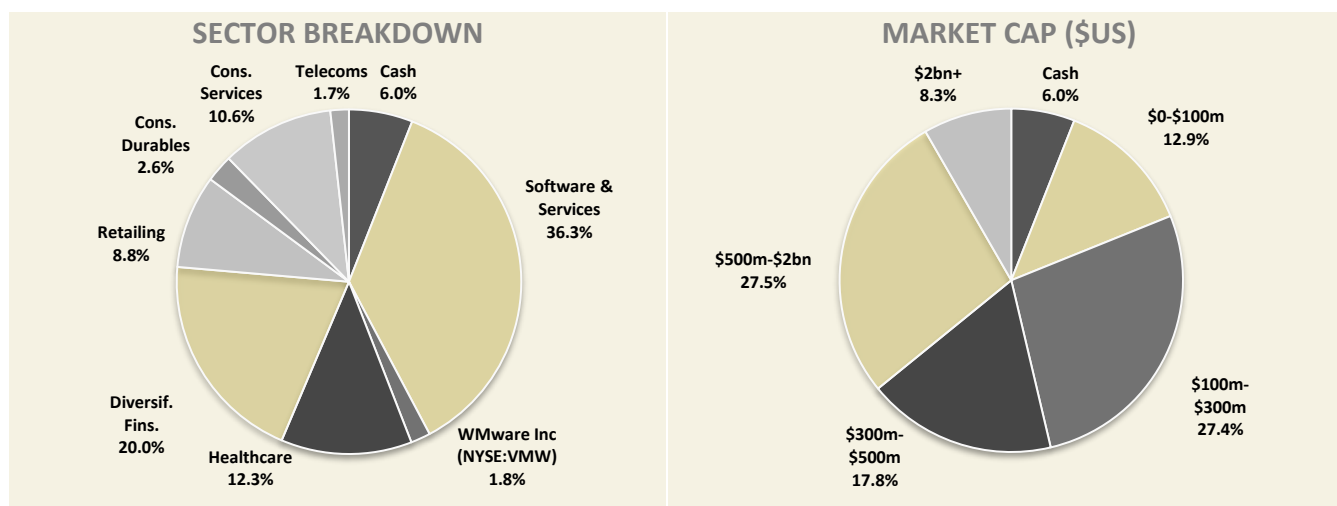
The Global Value Microcap Fund is a wholesale fund investing in a selection of undervalued, profitable and growing companies listed in predominantly advanced economies around the world.

COUNTRY BREAK UP

% of NAV

	United Kingdom	23.9%
	United States	18.0%
	Cont. Europe	39.3%
	Australia	6.7%
	Canada	1.3%
	New Zealand	4.8%
	Cash	6.0%
	Total	100.0%

	Total since inception	Compound p.a. since inception	5 Year	3 Year	2 Year	1 Year	1 Month
GVMF	53.88%	6.86%	6.30%	6.17%	12.48%	-20.62%	-2.85%



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MARKET UPDATE AND COMMENTARY

The month saw global equity markets come under downward pressure as investors tried to understand the direction of long-term interest rates (and thereby risk-free rates), a variable input for intrinsic valuations of equity assets. From a sector perspective, fast growth technology companies and particularly those that are unprofitable are the most vulnerable to a significant increase in the risk-free rate. This is because the expected positive future cash flows are back ended and thus subject to a larger discounting effect. The US Federal Reserve remains ambiguous about its long-term view on rates. It is trying to balance inflation containment without overly damaging economic growth. Domestically, labour market figures published by the ABS reaffirmed what our anecdotal intelligence from company management teams have been telling us for some months, that Australia is at full employment and there is a significant labour shortage. Official data placed Australia's unemployment at 3.9%, well below the rate of where most economists place full employment at (5%). We note the labour markets in the US and UK are experiencing the same thematic.

Microequities Global Value Microcap Fund returned -2.85% in May; this brings the total return net of fees to 53.88% for the Fund since inception in December 2015.

Following last month's takeover approach for **CareTech Holdings PLC (LON:CTH)**, another one of our holdings in the Fund received a takeover offer. **VMware Inc (NYSE:VMW)** has received a takeover offer from **Broadcom Inc (NSDQ:AVGO)**. Shareholders can receive either US\$142.50 cash or 0.252 shares in Broadcom. The takeover offer represents a +44% premium to VMWare's market price prior to receiving the offer. VMWare currently represents 1.8% of the total assets of the Global Value Microcap Fund.

Voxel SA (WSE:VOX) published its 1Q22 results this month. The diagnostic imaging business reported an EBIT of 17.5m PLN (-23.3% pcp) on sales revenue of 99.9m (-10.6% pcp). Whilst the headline numbers registered declines, the core diagnostic imaging business (the valuable part the company) grew its revenue by +21.9%. Trading at around 9.0x PE, Voxel represents an outstanding long term growth asset to own.

UK based car dealership **Vertu Motors (LON:VTU)** published its FY22 results. The business generated revenues of 3.1b GBP (+41.9% pcp), EBIT of 88m GBP (+158%) and NPAT of 60m GBP (+275%). It was an outstanding result for a highly undervalued business with a market cap of 208m GBP and trading below its net tangible assets.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+22.8%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+17.3%

Number of companies	35
Top 5 Holdings % of NAV	40.7%
Top 10 Holdings % of NAV	59.9%
Top 20 Holdings % of NAV	81.1%
Cash Position % of NAV	6.0%

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.