


# GLOBAL VALUE

## MICROCAP FUND



### MONTHLY PERFORMANCE AS AT 31/10/2022

latest unit price <b>\$1.3182</b>	return since inception <b>57.11%</b>	return 1 month <b>9.28%</b>	 monthly currency impact <b>TAILWIND MODERATE (1-3%)</b>
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#### FUND OUTLINE







Fund Manager:

Carlos Gil (CIO)

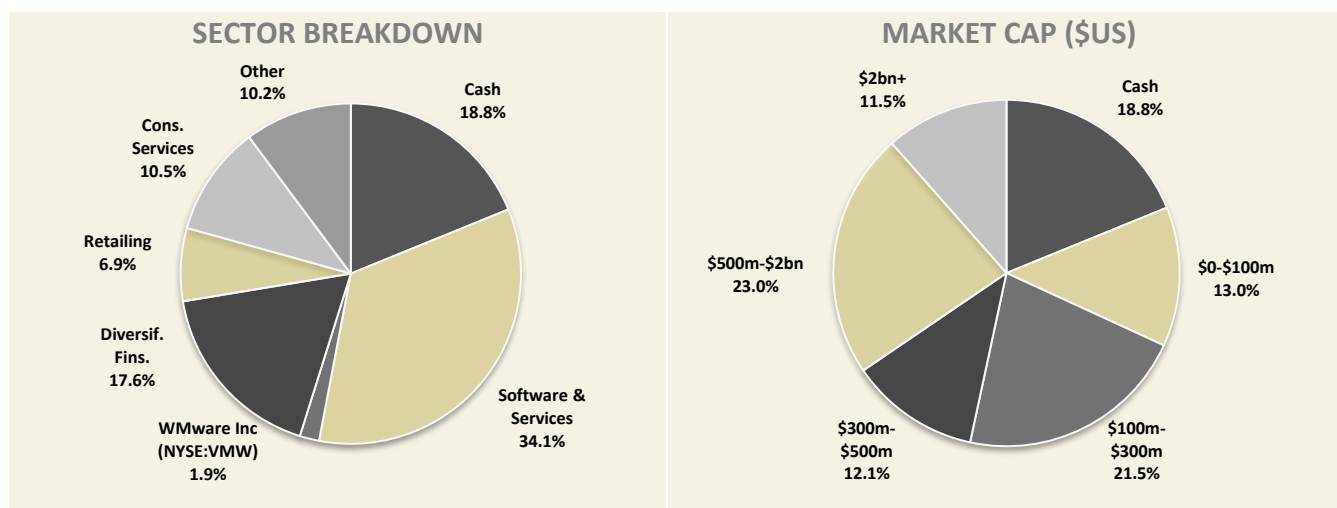
The Global Value Microcap Fund is a wholesale fund investing in a selection of undervalued, profitable and growing companies listed in predominantly advanced economies around the world.

#### COUNTRY BREAK UP

% of NAV

	United Kingdom	14.8%
	United States	22.4%
	Cont. Europe	28.3%
	Australia	8.9%
	Canada	1.5%
	New Zealand	5.3%
	Cash	18.8%
	<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>57.11%</b>	<b>6.75%</b>	<b>5.82%</b>	<b>5.95%</b>	<b>4.25%</b>	<b>-19.19%</b>	<b>9.28%</b>



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### MARKET UPDATE AND COMMENTARY

Inflation unsurprisingly continues to be the dominant thematic that is driving short term sentiment and equity market direction over the short term. Markets continue to speculate and ponder at what point central banks will begin their cessation of hiking rates. The Bank of Canada rarely makes world economic headlines but earlier this month when it raised rates by 50 basis points to 3.75%, short of the 75 basis points expected by the markets, its Governor stated “This tightening phase will draw to a close. We are getting closer, but we are not there yet”. The statement buoyed markets in the hope that the US Federal Reserve will follow suit at its next meeting in November. While that is unlikely, and 75 basis points hike is the most probable outcome, commentary on future increases will be the focus for markets. A lot of economic data is very delayed, and it is therefore important to look for data points that are both more current and future looking. One key commonality coming out of the US this reporting season is that big business, particularly US big tech; Amazon, Meta, Alphabet (Google) are entering a new period of fiscal prudence, with ensuing cost and job cuts imminent. These might be the forward-looking data points that central banks should be monitoring.

**Microequities Global Value Microcap Fund returned 9.28% in October; this brings the total return net of fees to 57.11% for the Fund since inception in December 2015.**

**Home24 SE (ETR:H24)** has agreed to a voluntary takeover offer at 7.50 Euros per share, representing a 124% premium to the closing price of the shares on October 4<sup>th</sup> prior to the takeover announcement. Home24 represented 1.2% of the assets of the Global Value Microcap Fund and was disposed of before month end. The offer comes after the takeovers in recent months in the Fund of **Piteco Spa, Caretech Ltd, ThinkSmart Ltd, VMWare and Prodware SA.**

Our second largest investment in the Fund, a fintech business based in Germany published its 3QCY22 results. Revenue: €91.9m in 3Q22, vs €88.1m in 3Q21 and €91.6m in 2Q22. Adjusted EBITDA: €24.2m in 3Q22 vs €27.3m in 3Q21. The decline in earnings is mostly due to the cyclical nature of underlying demand for its services, but overall, we remain positive about the long term prospects of the business including expansion to new geographies, increasing market share and the benefits to earnings that will come from increasing ECB interest rates.

<b>Projected EPS Growth</b> 1 Year Forward (on a weighted basis)	<b>+13.8%</b>
<b>Projected EPS Growth</b> 2 Years Forward (on a weighted basis)	<b>+17.5%</b>

<b>Number of companies</b>	<b>37</b>
<b>Top 5 Holdings</b> % of NAV	<b>34.0%</b>
<b>Top 10 Holdings</b> % of NAV	<b>49.8%</b>
<b>Top 20 Holdings</b> % of NAV	<b>68.5%</b>
<b>Cash Position</b> % of NAV	<b>18.8%</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.