


GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 30/09/2022

latest unit price \$1.2063	return since inception 43.78%	return 1 month -2.39%	 monthly currency impact TAILWIND MODERATE (1-3%)
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FUND OUTLINE







Fund Manager:

Carlos Gil (CIO)

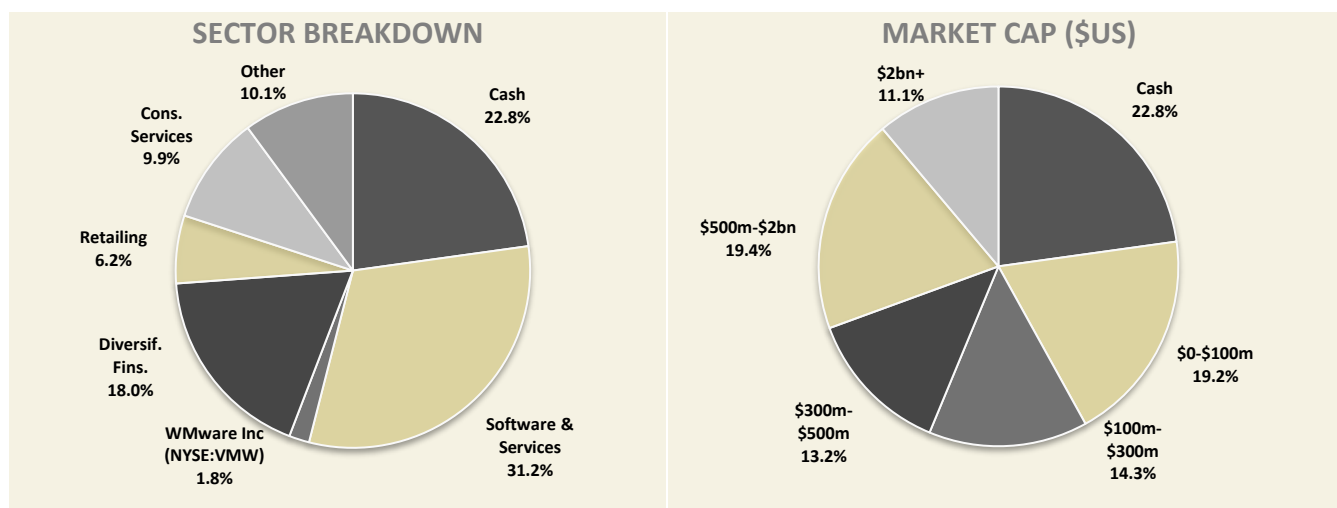
The Global Value Microcap Fund is a wholesale fund investing in a selection of undervalued, profitable and growing companies listed in predominantly advanced economies around the world.

COUNTRY BREAK UP

% of NAV

	United Kingdom	14.2%
	United States	20.5%
	Cont. Europe	28.9%
	Australia	7.4%
	Canada	1.4%
	New Zealand	4.8%
	Cash	22.8%
	Total	100.0%

	Total since inception	Compound p.a. since inception	5 Year	3 Year	2 Year	1 Year	1 Month
GVMF	43.78%	5.46%	4.77%	4.05%	2.14%	-25.98%	-2.39%



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MARKET UPDATE AND COMMENTARY

Whilst it is possible that US headline inflation has peaked, it is highly unlikely to return to the target 2-3% range anytime soon. If we remove the currently highly geopolitically driven inputs of oil and food prices (both intimately related) wage growth and wage expectations are unlikely to come down rapidly. This is not only due to the fact the US labour market is extremely tight, with a 3.7% unemployment rate and an economy that created 300,000 jobs in August, but the reality is that wage setting expectations in the market have structurally shifted as a result of both the tight labour market and the high headline inflation rate. The wage price feedback loop is a real phenomenon and can set the basis for embedding a structural element in wage increases that will take many years to unwind. The good news so far is that real wage increases (removing the impact of inflation) have been negative in most economies including Australia. Job creation in the US and Australia will very likely slow down over the next 12 months and should lead to an increase in the unemployment rate and cooling of a very tight labour markets that will weaken though not entirely remove the wage price feedback loop.

Microequities Global Value Microcap Fund returned -2.39% in September; this brings the total return net of fees to 43.78% for the Fund since inception in December 2015.

Volatile currency markets continue to persist, with the US Dollar strengthening, whilst the Euro and specially the British Pound subject to strong price declines. Overall, the Global Value Microcap Fund benefited from currency movements during the month of September.

During the month we received the cash proceeds for **Caretech Holdings PLC (LON:CTH)** after the successful takeover of the business. The investment in Caretech was a significant one for the Fund and it represented circa 7% of the Fund's net assets.

The divestment of Caretech Holdings PLC was offset by a new investment in the United States. Taking advantage of the tech selloff, the Fund has begun to deploy capital in a high quality enterprise software business with high free cash flow generation, high recurring revenue, strong competitive position, and intellectual property which allows the business to command EBITDA margins of over 40%. The mission critical nature of its product offering ensures that its revenue is sticky, non-discretionary and therefore highly sustainable. The growing business is currently being acquired at PE multiple of just under 13x FY23 earnings.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+12.8%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+16.4%

Number of companies	36
Top 5 Holdings % of NAV	33.9%
Top 10 Holdings % of NAV	48.4%
Top 20 Holdings % of NAV	65.7%
Cash Position % of NAV	22.8%

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.