


# GLOBAL VALUE

## MICROCAP FUND



### MONTHLY PERFORMANCE AS AT 31/01/2023

latest unit price <b>\$1.4361</b>	return since inception <b>71.16%</b>	return 1 month <b>6.72%</b>	 monthly currency impact <b>HEADWIND MODERATE (1-3%)</b>
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#### FUND OUTLINE







Fund Manager:

Carlos Gil (CIO)

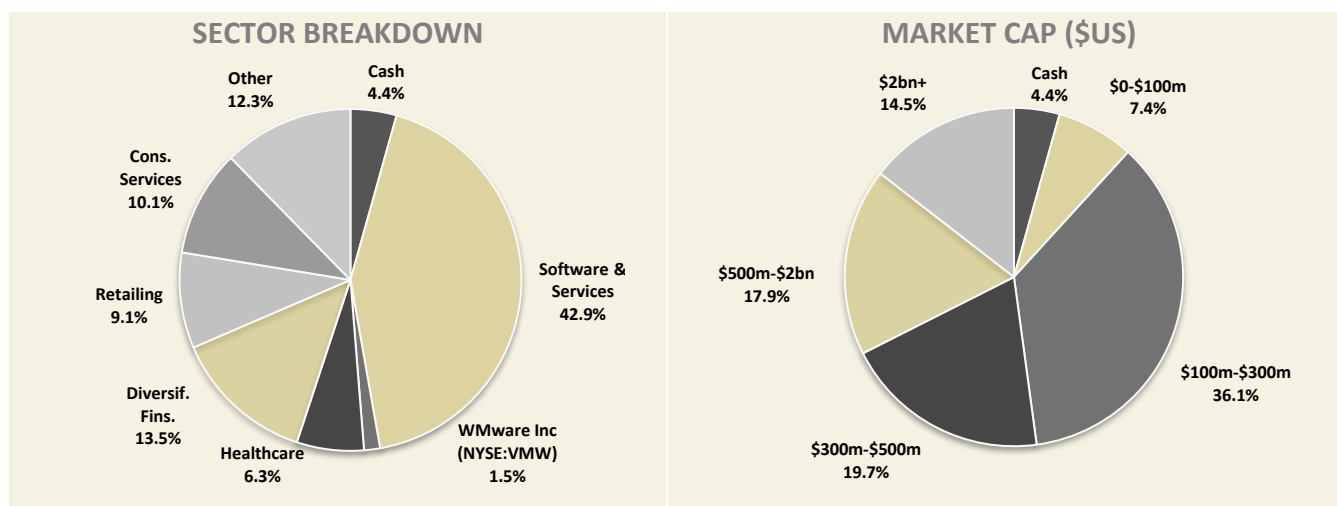
The Global Value Microcap Fund is a wholesale fund investing in a selection of undervalued, profitable and growing companies listed in predominantly advanced economies around the world.

#### COUNTRY BREAK UP

% of NAV

	United Kingdom	19.5%
	United States	24.3%
	Cont. Europe	32.9%
	Australia	9.5%
	Canada	1.4%
	New Zealand	8.0%
	Cash	4.4%
	<b>Total</b>	<b>100.0%</b>

	Total since inception	Compound p.a. since inception	7 Year	5 Year	3 Year	1 Year	1 Month
<b>GVMF</b>	<b>71.16%</b>	<b>7.79%</b>	<b>8.31%</b>	<b>6.41%</b>	<b>5.54%</b>	<b>-5.80%</b>	<b>6.72%</b>



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### MARKET UPDATE AND COMMENTARY

The Covid impacted Chinese economy grew at 3% in 2022, the second slowest growth rate since 1976. The disruptive effects of Covid waves and ensuing shutdowns created havoc in its manufacturing sector, whilst consumer retail spending slumped. Fortunately, the government has dropped its zero Covid policy, a painful but ultimately wise decision that should put China on a pathway to a more normalised +5% GDP growth rate. The early signs are positive, with the country bouncing back more quickly than expected and given the pent-up savings, pent up demand, travel and economic activity should bounce back strongly in 2023. In financial markets, the lower core US inflation helped to boost sentiment that future Federal Reserve rate increases will be at the 25 basis point level and not 50 basis points. The Fed had increased rates by 75 points, four consecutive times, with the December increase coming in at 50 basis points. Markets have been building expectations that 2023 rate rises will be limited to 25 basis points as the Fed sees increasing evidence of an inflationary slowdown.

**Microequities Global Value Microcap Fund returned 6.72% in January; this brings the total return net of fees to 71.16% for the Fund since inception in December 2015.**

We have been observing the cybersecurity industry for over a decade, with a view that it is an industry that has significant long term structural growth, a very large addressable market, and a defensive demand curve for its services and products. We have made the strategic decision to make cybersecurity a key pillar in our Global Value Microcap Fund long term portfolio composition. Our first investment is a highly profitable established USA listed, Israeli cybersecurity software provider. It has operating margins above 40%, generates strong free cash flow, and we think the business will continue to generate higher levels of operating leverage and profit as it increases its revenues. This investment currently represents 4.2% of the net assets of the Global Value Microcap Fund and represents the first building block into our long-term strategic commitment of having cybersecurity industry businesses as a key pillar of our Fund's assets.

Our OTA, **On The Beach Group (LON:OTB)**, has started the financial year strongly with total group transactional value up +68% against the previous corresponding period. The strong recovery in travel is a thematic we have also been following in our Australian domestic investments. Currently the Global Value Fund has two business in the portfolio with exposure to the travel industry.

<b>Projected EPS Growth</b> 1 Year Forward (on a weighted basis)	<b>+12.2%</b>
<b>Projected EPS Growth</b> 2 Years Forward (on a weighted basis)	<b>+18.8%</b>

<b>Number of companies</b>	<b>39</b>
<b>Top 5 Holdings</b> % of NAV	<b>34.4%</b>
<b>Top 10 Holdings</b> % of NAV	<b>53.1%</b>
<b>Top 20 Holdings</b> % of NAV	<b>77.7%</b>
<b>Cash Position</b> % of NAV	<b>4.4%</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.