


GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/07/2023

latest unit price \$1.4187	return since inception 93.40%	return 1 month 2.99%	 monthly currency impact HEADWIND LOW (0-1%)
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FUND OUTLINE







Fund Manager:

Carlos Gil (CIO)

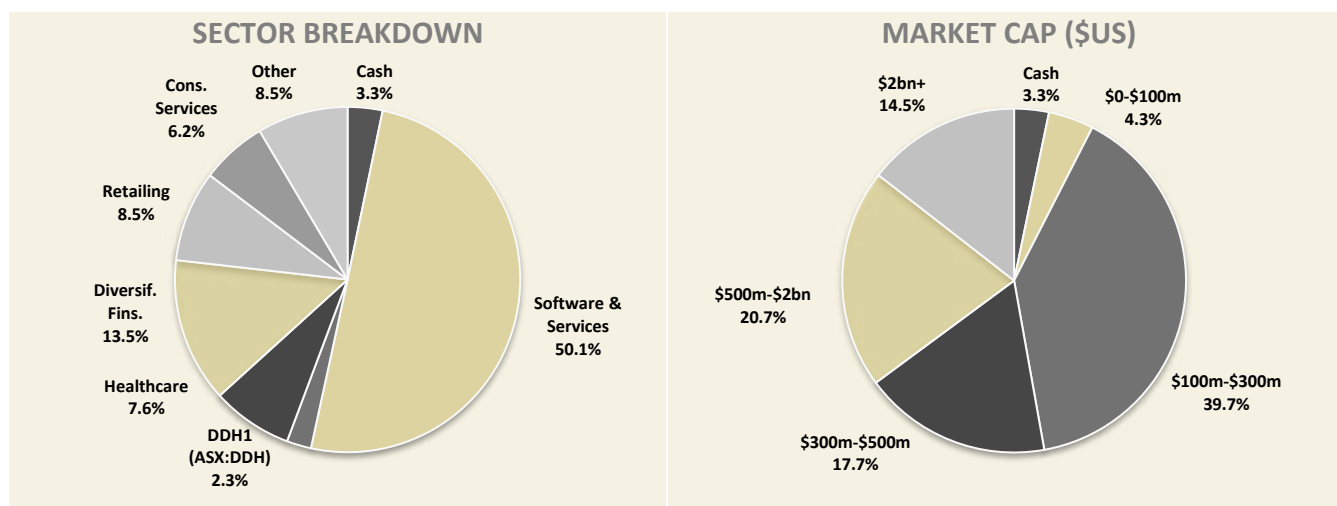
The Global Value Microcap Fund is a wholesale fund investing in a selection of undervalued, profitable and growing companies listed in predominantly advanced economies around the world.

COUNTRY BREAK UP

% of NAV

	United Kingdom	19.2%
	United States	22.2%
	Cont. Europe	37.1%
	Australia	7.2%
	Canada	1.6%
	New Zealand	9.4%
	Cash	3.3%
	Total	100.0%

	Total since inception	Compound p.a. since inception	7 Year	5 Year	3 Year	1 Year	1 Month
GVMF	93.40%	8.98%	10.05%	8.49%	13.79%	28.89%	2.99%



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MARKET UPDATE AND COMMENTARY

Chinese quarterly GDP data which was released in the middle of the month showed a significant deceleration of economic activity as the growth rate slowed to 0.8% or 3.2% on annual basis. The print compares unfavourably to the 2.2% registered in the first quarter of 2023. Part of the slowdown can be blamed on Western consumption which post Covid has shifted from consumer goods to services like tourism and restaurants. That trend will not last indefinitely. However, what is more worrying is consumer confidence in China has worsened and that was reflected in weak retail sales which in June rose by just +0.2% against the previous month (and running at +3.2% on annual basis). Employment in China remains stable though youth unemployment is on the rise. To further cloud the picture, China is not experiencing inflationary pressures, on the contrary, its latest CPI report has inflation running at an annual rate of 2% with a monthly change of 0.2%. It is not all gloomy as the tamed inflation affords the Politburo ample margin to inject stimuli into the domestic economy without threatening to trigger inflation.

Microequities Global Value Microcap Fund returned 2.99% in July; this brings the total return net of fees to 93.40% for the Fund since inception in December 2015.

Checkpoint Software (NSDQ:CHKP) one of five cyber security software companies owned by the Global Value Microcap Fund, reported 2QFY23 financial results during the month. Revenue grew by +3.1% whilst gross profit increased by 5.3% as margins improved by 190 bps. Pleasingly the gross margin improvement filtered down to the bottom line with EBITDA increasing 6.7% to \$213.2m. Management noted more optimistic macroeconomic conditions with the American business segment seeing some tangible signs of improvement. Checkpoint was a recent addition to the Fund and the stake was acquired at a deep value price point which we think is likely to lead to a strong capital growth outcome for this investment.

One of our top 5 holdings in the Global Value Microcap Fund reported 2QFY23 financial results during the month. The German headquartered business which provides B2C online broker services as well as a B2B technology platforms for mid-size banks continued to grow its total customer accounts by low double digits though transaction volumes declined sharply due to bearish market sentiment. Revenue however grew by +7.8% due to higher commission fees per transaction. EBITDA margins and EBITDA also both grew with EBITDA rising by +24.2%. At 6.2x EV/EBITDA the business remains markedly undervalued and should benefit from improved investor confidence.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+22.1%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+20.2%

Number of companies	38
Top 5 Holdings % of NAV	39.4%
Top 10 Holdings % of NAV	59.8%
Top 20 Holdings % of NAV	80.8%
Cash Position % of NAV	3.3%

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.