


GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/10/2023

latest unit price \$1.3395	return since inception 82.60%	return 1 month -1.93%	 monthly currency impact TAILWIND MODERATE (1-3%)
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FUND OUTLINE







Fund Manager:

Carlos Gil (CIO)

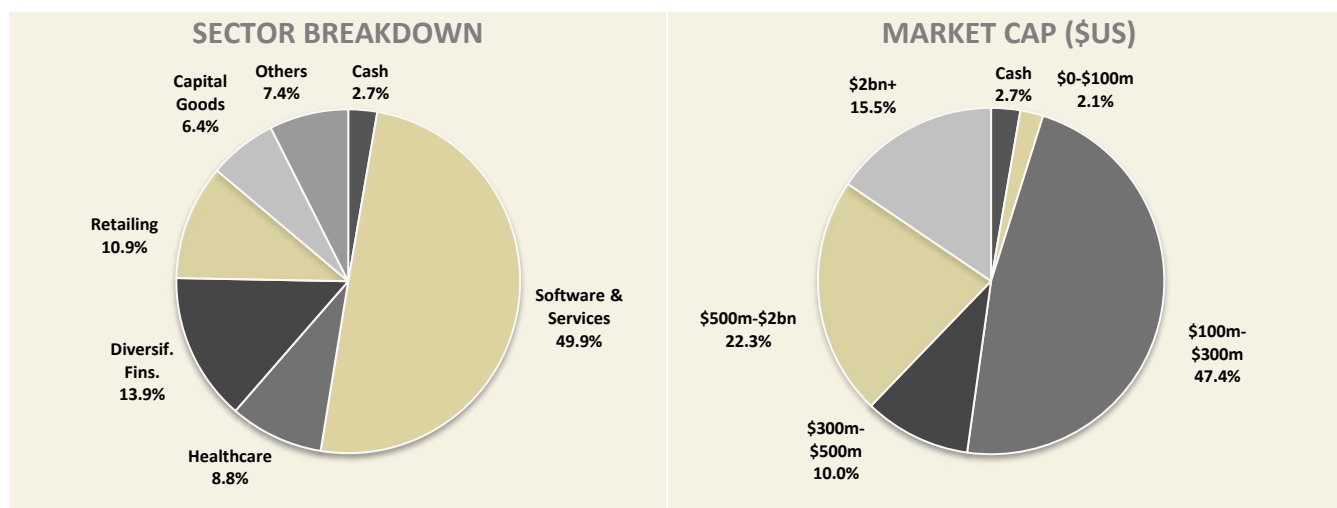
The Global Value Microcap Fund is a wholesale fund investing in a selection of undervalued, profitable and growing companies listed in predominantly advanced economies around the world.

COUNTRY BREAK UP

% of NAV

	United Kingdom	20.8%
	United States	23.1%
	Cont. Europe	37.4%
	Australia	5.8%
	Canada	2.2%
	New Zealand	8.0%
	Cash	2.7%
	Total	100.0%

	Total since inception	Compound p.a. since inception	7 Year	5 Year	3 Year	1 Year	1 Month
GVMF	82.60%	7.90%	9.11%	7.04%	8.10%	16.22%	-1.93%



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MARKET UPDATE AND COMMENTARY

The geopolitical landscape and upsetting events in the Middle East have dominated investor sentiment during the month. Outside of the human tragedy of the events taking place, the evolving and fluid military conflict has at the time of writing a potentially broad spectrum of potential geopolitical consequences and it will take some time to identify a more probable narrower range. In economic news, the strength of the US economy was further validated via the third quarter US GDP figures which printed a surprising 4.9% economic growth number. The number more than doubled the pace of the previous quarter's 2.1% print. We do not expect the US to sustain this pace of economic growth as falling credit availability and the higher cost of credit will impact consumer demand. In Australia, a hotter than expected CPI report for the September quarter of 1.2% (up from 0.8% previous quarter) places the annual inflation rate at 5.4%. The rate has markedly increased the probability of an RBA rate increase at the November meeting. China has announced a US\$137b government bond issuance to boost economic growth into 2024.

Microequities Global Value Microcap Fund returned -1.93% in October; this brings the total return net of fees to 82.60% for the Fund since inception in December 2015.

UK affordable furniture retailer **ScS Group PLC (LON:SCS)**, one of the longest held investee companies in the Global Value Microcap Fund, has agreed to be acquired by Italy's Poltroneseofa. The bidder will pay 280p a share, inclusive of a 10p dividend, valuing ScS at GBP 99.4m, representing **a 66% premium to the last traded price**. The deal marks a successful investment outcome for the Fund and provides a cash injection at a time when the opportunity set for the Global Value Microcap Fund is excellent.

One of our newly added cyber security software investee companies published 3QFY23 financial results during the month. It delivered 25.8% revenue growth and 9.8% EBITDA growth whilst NPAT fell by 37.9% after it incurred higher R&D costs following an acquisition and some transitional service agreements most of which are expected to be terminated by the end of 2023. The business has announced a restructuring plan that will reduce up to 70 full time jobs, with an expected \$9m savings impact going forward. Whilst the quarterly result is disappointing, we think 2023 will mark a trough in the earnings of the business and demand fundamentals mark a pathway to a resumption of earnings growth. The current price of the business is highly attractive.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+21.9 %
Projected EPS Growth 2 Years Forward (on a weighted basis)	+17.1%

Number of companies	38
Top 5 Holdings % of NAV	38.6%
Top 10 Holdings % of NAV	60.1%
Top 20 Holdings % of NAV	81.1%
Cash Position % of NAV	2.7%

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.