


GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/12/2023

latest unit price \$1.4988	return since inception 104.32%	return 1 month 5.62%	 monthly currency impact HEADWIND MODERATE (1-3%)
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FUND OUTLINE







Fund Manager:

Carlos Gil (CIO)

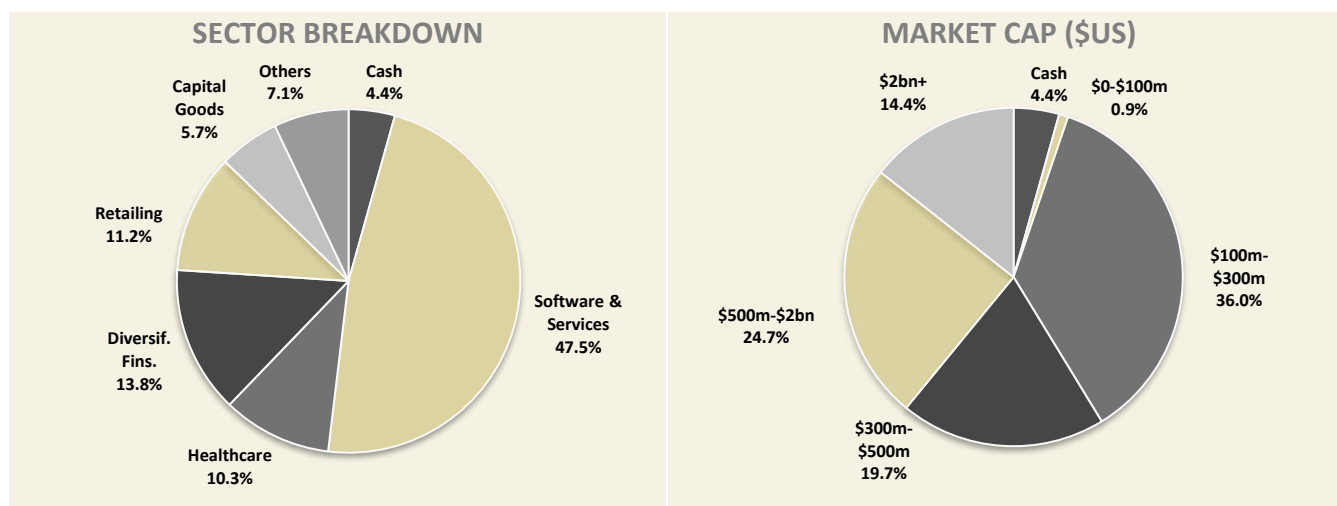
The Global Value Microcap Fund is a wholesale fund investing in a selection of undervalued, profitable and growing companies listed in predominantly advanced economies around the world.

COUNTRY BREAK UP

% of NAV

	United Kingdom	22.6%
	United States	22.4%
	Cont. Europe	36.4%
	Australia	4.8%
	Canada	1.4%
	New Zealand	8.0%
	Cash	4.4%
	Total	100.0%

	Total since inception	Compound p.a. since inception	7 Year Compound Annual	5 Year Compound Annual	3 Year Compound Annual	1 Year	1 Month
GVMF	104.32%	9.24%	9.18%	10.52%	6.90%	27.39%	5.62%



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MARKET UPDATE AND COMMENTARY

Given the recent tame US CPI data, the Federal Reserve meeting in the middle of December was loaded with expectations. Equity markets were hoping that the Fed would signal both peak rates and that rate cuts would be on the agenda in 2024. The meeting did not disappoint, the Fed kept rates unchanged acknowledging the decline in inflationary pressures. The Fed also recognised monetary tightening was at or near its peak. Crucially, 17 out of 19 members of the Fed expect rates to be lower by the end of 2024, specifically they expect 3 rate cuts to occur during 2024. The meeting was a decisive one with broad implications for both interest rates and global asset prices. It triggered an equity market rally and a fall in the risk-free rate (US 10-year treasury bonds) which had already peaked at 5% during October, contracting sharply to 3.85%. The large drop in the 10-year US treasury yield has immediate implications for many asset prices and explains the aggressive upward move in equity prices. Domestically, it could trigger inflows into small caps and microcaps as risk appetite increases and a lower risk free yield itself makes long term investments more attractive. The Australian Small Ordinaries Industrial Index has been in a bear market for almost two and a half years, and this might well prove to be the trigger for an overdue rally for the asset class.

Microequities Global Value Microcap Fund returned 5.62% in December; this brings the total return net of fees to 104.32% for the Fund since inception in December 2015.

While there were no new investments or exits in the Global Value Microcap Fund this month, it has been quite an active month with significant recalibration of weightings taking place. We reduced our investment in UK based budget sofa retailer **ScS Group Ltd (LON:SCS)** as the investment management team sought to recycle the cash proceeds into other investments within the Fund. ScS Group is under a takeover offer with very limited upside potential left in the investment. We have also sold down some of our investments in Poland following a significant increase in the weighting of these after recent strong share price rally. The recycled cash proceeds were principally used to increase our investment into one of the leading UK online travel agencies (OTA) and our new investee healthcare company. Over the past two months the investment management team has doubled the weighting of the investment in the UK OTA business and is now a top 5 investment in the Fund. We also continued to deploy more capital into our newest entrant, a private health facility provider focused on the economic prosperous region of northern Italy which has a property backed balanced sheet and is led by its founder and majority shareholder.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+22.2 %
Projected EPS Growth 2 Years Forward (on a weighted basis)	+17.7%

Number of companies	38
Top 5 Holdings % of NAV	37.3%
Top 10 Holdings % of NAV	60.6%
Top 20 Holdings % of NAV	80.1%
Cash Position % of NAV	4.4%

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.