


GLOBAL VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/01/2024

| | | | |
|--------------------------------------|--|---------------------------------|---|
| latest unit price \$1.4854 | return since inception 102.49% | return 1 month -0.89% |  monthly currency impact TAILWIND MODERATE (1-3%) |
|--------------------------------------|--|---------------------------------|---|



FUND OUTLINE







Fund Manager:

Carlos Gil (CIO)

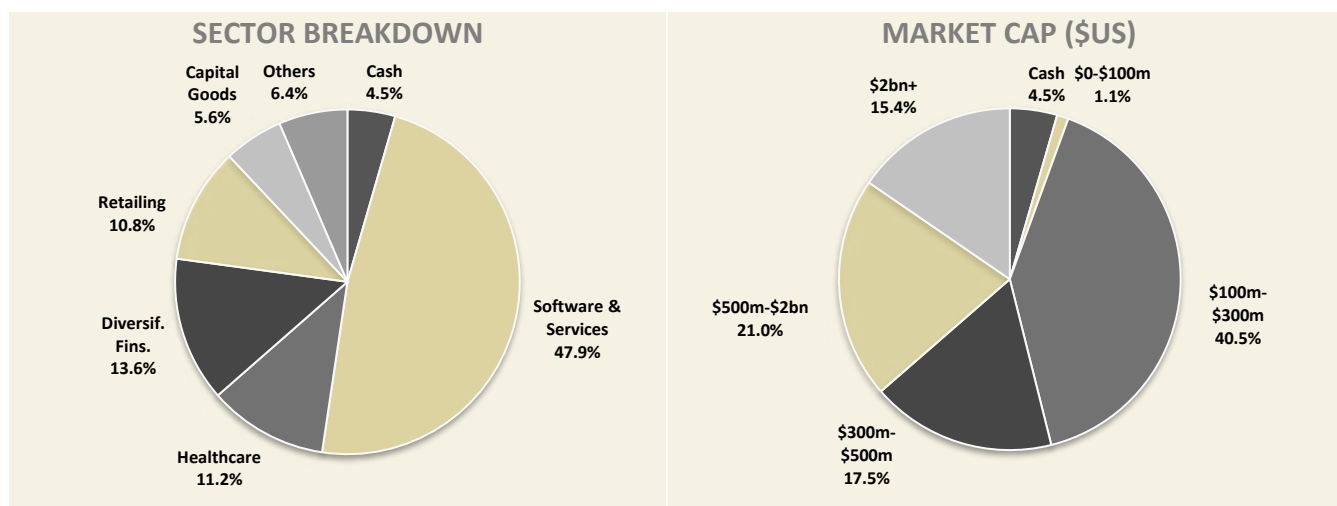
The Global Value Microcap Fund is a wholesale fund investing in a selection of undervalued, profitable and growing companies listed in predominantly advanced economies around the world.

COUNTRY BREAK UP

% of NAV

| | | |
|---|----------------|---------------|
|  | United Kingdom | 22.6% |
|  | United States | 22.7% |
|  | Cont. Europe | 35.7% |
|  | Australia | 4.6% |
|  | Canada | 1.4% |
|  | New Zealand | 8.5% |
| | Cash | 4.5% |
| | 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 | 102.49% | 9.02% | 9.63% | 9.55% | 4.76% | 18.30% | -0.89% |



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MARKET UPDATE AND COMMENTARY

Some important US macroeconomic data prints came out late in January. Firstly, USA GDP growth for the 4th quarter of 2023 increased at annual pace of 3.3%, surpassing market expectations. US personal consumption expenditure (PCE), an important metric for inflation that the Federal Reserve follows closely, increased 0.2% for December, 2.6% year on year, whilst the core PCE (excluding fuel and food prices) rose by 0.2% and 2.9% year on year. Both metrics below the key red line of 3%. The PCE now sits at a 3-year low. Whilst the PCE is not solely determinant, it adds weight to the view that the Fed is done with rate rises and rate decreases are probable in 2024. The recent stream of data emanating from the USA has some economists puzzled given strong employment and consumption are being combined with a moderating inflationary outlook. Those are the elements required for a “Goldilocks” economics setting, a scenario that is becoming increasingly probable. Domestically, Australia’s inflation rate has dropped to an annual rate of 4.1%, marking the likely peak of interest rate rises.

Microequities Global Value Microcap Fund returned -0.89% in January; this brings the total return net of fees to 102.49% for the Fund since inception in December 2015.

As we announced last month, we had begun to reduce our investment in UK based budget sofa retailer **ScS Group (LON:SCS)**. We now confirm we have fully exited our entire stake. This marks a successful investment in the UK retailer and our exit came via the takeover of the company by Italian furniture retailer, **Poltronasofà**, which put forward a bid for the company at a +66% premium to the market price. The proceeds of the sale have boosted our cash position in the Fund. We have, concurrently to the ScS exit, also recalibrated some of the portfolio, with various on market sell-downs taking place in several investee companies which have experienced significant rerating that has closed part of the gap between intrinsic valuations and market prices. These on market sell-downs have been partially offset by on market buying of two companies that we already own. So, what are we buying? We have continued to build our stake in one of the leading online travel agencies in the UK which is not only gaining traction in a post Covid travel rebound but also seems to benefit from the structural change in the UK market from offline to online. The business remains highly undervalued and our increased stake in it means the company is now a top 5 investment for the Global Value Microcap Fund. In addition to this, we continue to slowly accumulate a stake in the most recent addition to the Fund; an Italian based founder led healthcare clinic operator. The ongoing buying has taken the weighting of the business to 1.8% of the total assets of the Fund.

| | |
|---|----------------|
| Projected EPS Growth 1 Year Forward (on a weighted basis) | +23.2 % |
| Projected EPS Growth 2 Years Forward (on a weighted basis) | +24.4% |

| | |
|------------------------------------|--------------|
| Number of companies | 37 |
| Top 5 Holdings % of NAV | 36.9% |
| Top 10 Holdings % of NAV | 61.0% |
| Top 20 Holdings % of NAV | 80.7% |
| Cash Position % of NAV | 4.5% |

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.