

# HIGH INCOME

## VALUE MICROCAP FUND

**MICROEQUITIES**  
ASSET MANAGEMENT

### MONTHLY PERFORMANCE AS AT 30/04/2016

latest unit price <b>\$1.2895</b>	return since inception (March 2012) <b>+68.23%</b>	return 1 month <b>-0.78%</b>	Morningstar Rating* <b>★★★</b>
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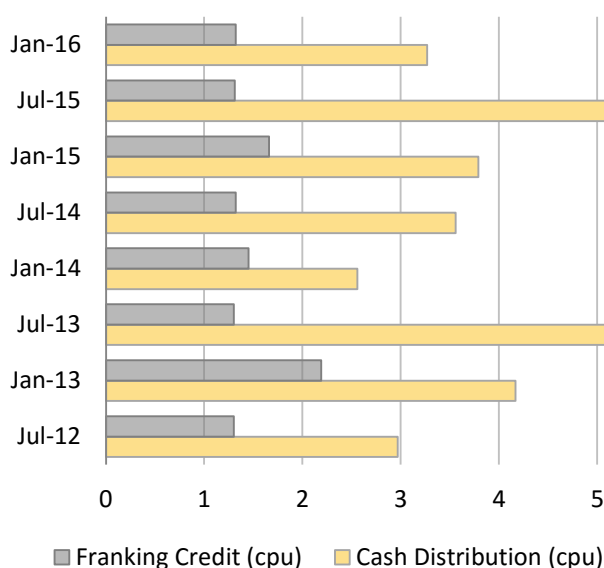
#### FUND OUTLINE

Fund Manager:

Carlos Gil (CIO)

The High Income Value Microcap Fund is a wholesale fund investing in high dividend paying, undervalued, ASX microcap companies.

#### SEMI-ANNUAL DISTRIBUTION HISTORY

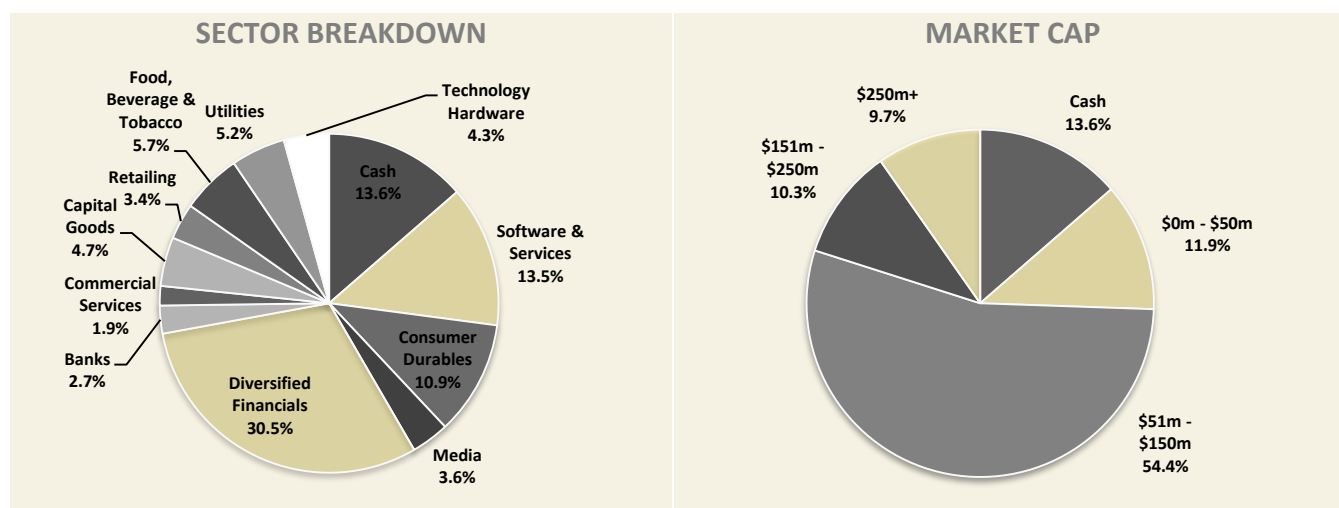


Current Forecast  
Grossed Up  
Dividend Yield

**+8.73%\*\***

\*\*Represents the annual dividend yield of the companies in the portfolio grossed up for franking credits. It is based on internal forecasts and actual results may vary. It is not a forecast distribution as distributions will depend on actual dividend income received, expenses of the fund and actual number of units on issue at the time a distribution is made.

	1 Month	1 Year	2 Year	3 Year	4 Year	Total since inception	Compound p.a. since Inception
<b>HIMF</b>	-0.78%	2.51%	8.64%	8.36%	12.68%	68.23%	13.30%
<b>All Ords Accum</b>	3.24%	-3.65%	3.02%	5.43%	9.12%	44.98%	9.32%
<b>Outperformance</b>	<b>-4.01%</b>	<b>6.16%</b>	<b>5.62%</b>	<b>2.92%</b>	<b>3.56%</b>	<b>23.25%</b>	<b>3.97%</b>



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### MARKET UPDATE AND COMMENTARY

China's services sector continued to expand strongly during April with the nation's non-manufacturing PMI data coming in at 53.5 (expansionary is above 50). Whilst the headlines this week will likely focus on the manufacturing PMI which closed above 50 for the first time since June 2015, it is the strength of China's services sector that merits analysis. Most Western observers are failing to comprehend the structural transition taking place in China from a manufacturing led economy to a services led one, hence the erroneous focus on manufacturing. China's services sector expansion denotes a formative milestone in its economic development and will drive the shift towards a more consumer led economy versus an output driven one. The services sector will place pressure on the tightening labour market but it should also continue to underpin real wage increases, (China has one of the world's fastest real wage increase growth rates) a key ingredient in sustainable economic development and a consumer led economy.

**Microequities High Income Value Microcap Fund returned -0.78% versus the All Ordinaries Accumulation Index 3.24% in April; this brings the total return net of fees to 68.23% for the Fund since inception in March 2012 compared to 44.98% for the All Ordinaries Accumulation Index.**

An exciting month for the High Income Fund as we entered three new business partnerships across the financial services, retail and utilities sectors. Whilst the investment case across these three new businesses differ, they all have common characteristics. Market valuations are at large discounts to intrinsic valuations, all have credible long term growth pathways, forecast grossed up dividend yields are 8-10%, two of the three companies have net cash positions, whilst the other has low levels of debt and has high net tangible assets (including strategically valuable assets). These three additions continue to provide favourable upside in the portfolio and enhance the quality of the High Income Fund's growth profile.

<b>Projected EPS Growth</b> FY16 (on a weighted basis)	<b>+28.5%</b>
<b>Projected EPS Growth</b> FY17 (on a weighted basis)	<b>+11.0%</b>

<b>Number of companies</b>	<b>28</b>
<b>Top 5 Holdings</b> % of NAV	<b>35.7%</b>
<b>Top 10 Holdings</b> % of NAV	<b>54.4%</b>
<b>Top 20 Holdings</b> % of NAV	<b>79.1%</b>
<b>Cash Position</b> % of NAV	<b>13.6%</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 Ltd 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.

(\*) The Morningstar Rating is an assessment of a fund's past performance – based on both return and risk – which shows how similar investments compare with their competitors. A high rating alone is insufficient basis for an investment decision. © 2015 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'class service' have been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. Refer to our Financial Service Guide (FSG) for more information at [www.morningstar.com.au/s/fsg.pdf](http://www.morningstar.com.au/s/fsg.pdf). You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement (Australian products) or Investment Statement (New Zealand products) before making any decision to invest.