

HIGH INCOME

VALUE MICROCAP FUND

MICROEQUITIES
ASSET MANAGEMENT

MONTHLY PERFORMANCE AS AT 31/08/2016

latest unit price \$1.3973	return since inception (March 2012) +89.39%	return 1 month +2.97%	FE Crown Rating* 👑👑👑👑👑
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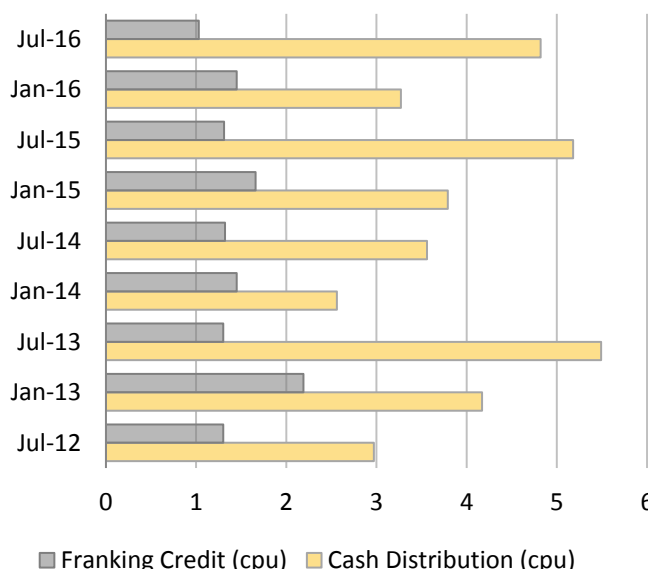
FUND OUTLINE

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



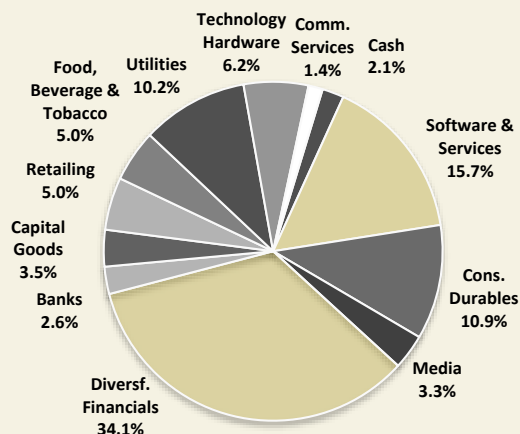
Current Forecast
Grossed Up
Dividend Yield

+7.90%**

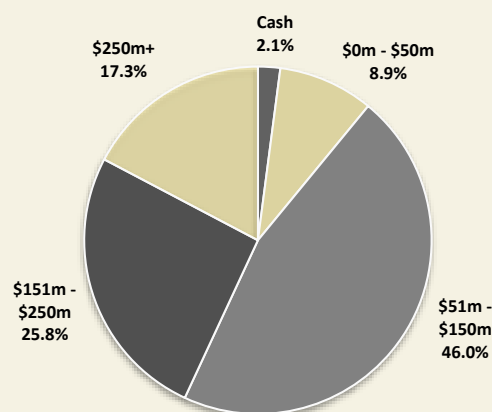
**Represents the annual dividend yield of the companies in the portfolio grossed up for franking credits. It is based on internal forecasts and actual results may vary. It is not a forecast distribution as distributions will depend on actual dividend income received, expenses of the fund and actual number 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
HIMF	2.97%	18.29%	9.45%	11.36%	15.02%	89.39%	15.25%
All Ords Accum	-1.33%	10.72%	3.64%	7.12%	10.94%	53.18%	10.14%
Outperformance	4.30%	7.58%	5.81%	4.24%	4.08%	36.21%	5.11%

SECTOR BREAKDOWN



MARKET CAP



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MARKET UPDATE AND COMMENTARY

A lot of time and energy is being wasted speculating whether the US Federal Reserve will hike rates next month from 0.50% to 0.75%. Whether the Fed raises rates or not will not affect the direction of the US economy which is now close to achieving a full strength job market. Wages growth in non-oil states is tracking +2.9% and has increased sharply over the past two years. The tighter labour market conditions point to further strengthening in wages. This is good news for the US economy because it will underpin its economic growth for the foreseeable future as higher incomes will stimulate the consumer driven US economy.

Microequities High Income Value Microcap Fund returned 2.97% versus the All Ordinaries Accumulation Index -1.33% in August; this brings the total return net of fees to 89.39% for the Fund since inception in March 2012 compared to 53.18% for the All Ordinaries Accumulation Index.

Our High Income Value Fund has continued to provide with a combination of growth and income. The FY16 reporting season was encouraging in demonstrating the growth generative capability of our business partnerships. Whilst we had 3 business partnerships that delivered disappointing results, overall we are pleased with the performance. Our updated projected blended EPS growth for FY17 will slow down as a number of our business partnerships will be in transition phases with overall projected EPS growth expected to increase substantially in FY18.

FY16 Financial Performance of High Income Value Microcap Fund Constituents		
Exceeded our expectations No. of constituents	8	31%
Met our expectations No. of constituents	15	58%
Below our expectations No. of constituents	3	11%
Company does not report during August No. of constituents	1	

Projected EPS Growth FY17 (on a weighted basis)	+7.9%
Projected EPS Growth FY18 (on a weighted basis)	+13.5%

Number of companies	27
Top 5 Holdings % of NAV	39.3%
Top 10 Holdings % of NAV	63.2%
Top 20 Holdings % of NAV	90.6%
Cash Position % of NAV	2.1%

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.

(*) FE Crown Fund Ratings enable investors to distinguish between funds that are strongly outperforming their benchmark and those that are not. The top 10% of funds will be awarded five FE Crowns, the next 15% receiving four Crowns and each of the remaining three quartiles will be given three, two and one Crown(s) respectively. Rebalanced twice a year in January and August, the rating takes into account three key measurements to derive a fund's performance: alpha, volatility and consistently strong performance. FE Crown Fund Ratings are frequently used by professional advisers to screen for the best performing funds in a sector and at a factsheet level are used as part of an adviser's paper trail to show thorough and rigorous research has been undertaken.