

# HIGH INCOME

## VALUE MICROCAP FUND



### MONTHLY PERFORMANCE AS AT 28/02/2017

latest unit price <b>\$1.4050</b>	return since inception (March 2012) <b>94.81%</b>	return 1 month <b>-1.46%</b>	FE Crown Rating* 
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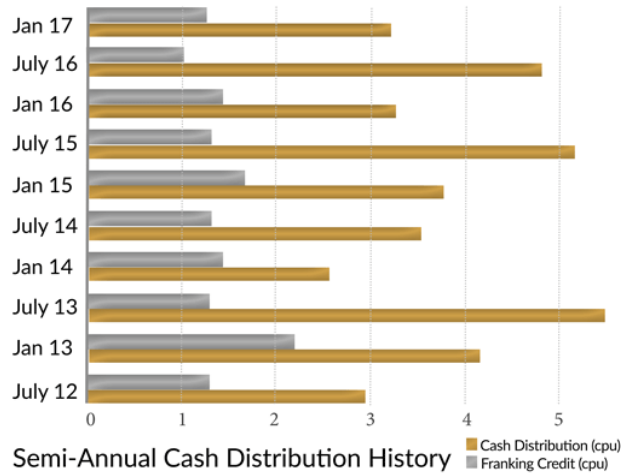
#### FUND OUTLINE

Fund Manager:

Carlos Gil (CIO)

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

**53.34 c** Total Cash and Franking Credits RETURNED SINCE INCEPTION

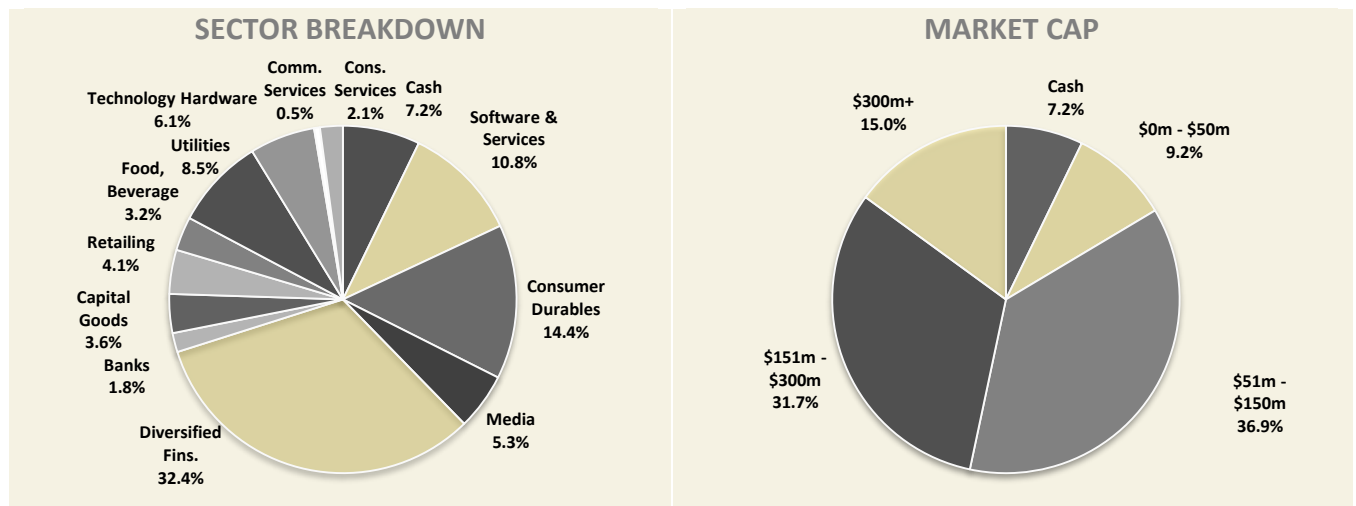


**Current Forecast  
Grossed Up  
Dividend Yield**

**+7.45%\*\***

\*\*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	3 Year	5 Year	Total since inception	Compound p.a. since Inception
<b>HIMF</b>	-1.46%	19.40%	11.12%	14.27%	94.81%	14.27%
<b>All Ords Accum</b>	2.09%	21.33%	6.54%	10.40%	62.67%	10.40%
<b>Outperformance</b>	-3.55%	-1.93%	4.58%	3.87%	32.14%	3.87%



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### MARKET UPDATE AND COMMENTARY

US President Donald Trump will shortly address Congress and the speech is expected to provide greater details around economic policy. We expect Trump's policy will boost the US economy through a combination of income tax cuts and infrastructure spending. The Trump administration has inherited a resurging US economy with strong employment and real wage growth. Trump will look to implement a protectionist nationalist economic doctrine which risks a protectionist reaction from its major trading partners.

**Microequities High Income Value Microcap Fund returned -1.46% versus the All Ordinaries Accumulation Index 2.09% in February; this brings the total return net of fees to 94.81% for the Fund since inception in March 2012 compared to 62.67% for the All Ordinaries Accumulation Index.**

The reporting season saw 28 of our total 29 business partnerships report their operating and financial performance in February or provide equivalent earnings guidance. Overall it was a solid reporting season for the High Income Value Fund with 82.2% of the Fund's investee companies, on a weighted basis, meeting or exceeding our earnings expectations. We are pleased with the performance of our businesses.

1H17 Financial Performance of High Income Value Microcap Fund	No. of companies	Weighted % Basis
Exceeded our expectations	6	19.1%
Met our expectations	16	63.1%
Below our expectations	6	16.5%
Company does not report during February	1	1.3%

We have started to purchase a business partnership in the media sector taking the total number of business partnerships to 29, however one of constituents will likely be sold soon with SMX Ltd (ASX SMX) becoming subject to a friendly takeover bid by DWS Ltd (ASX DWS). The business represents 1.4% of total assets.

<b>Projected EPS Growth FY17</b> (on a weighted basis)	<b>+7.3%</b>
<b>Projected EPS Growth FY18</b> (on a weighted basis)	<b>+14.6%</b>

<b>Number of companies</b>	<b>29</b>
<b>Top 5 Holdings % of NAV</b>	<b>33.6%</b>
<b>Top 10 Holdings % of NAV</b>	<b>55.3%</b>
<b>Top 20 Holdings % of NAV</b>	<b>82.2%</b>
<b>Cash Position % of NAV</b>	<b>7.2%</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.

(\*) 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.