

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 28/02/2018

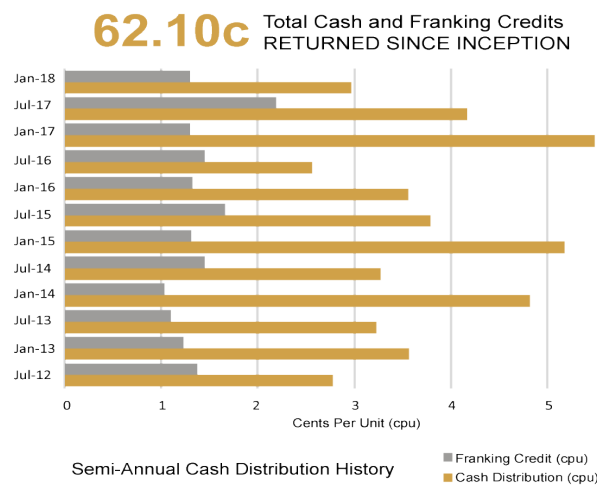
latest unit price \$1.4758	return since inception (March 2012) 113.68%	return 1 month 0.63%	Morningstar rating* ★★★
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FUND OUTLINE

Fund Manager: Carlos Gil (CIO)

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

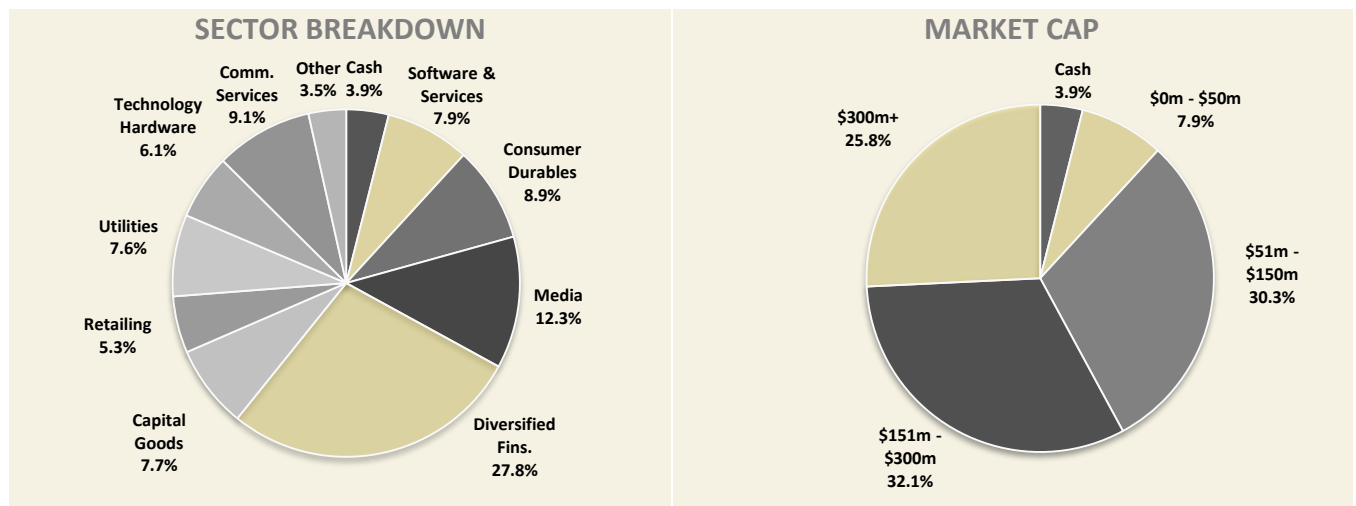


Current Forecast Grossed Up Dividend Yield

+7.15%**

**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	Compound p.a. since inception	Total since inception
HIMF	0.63%	9.69%	9.99%	10.71%	13.49%	113.68%
All Ords Accum	0.18%	10.85%	5.68%	8.15%	10.33%	80.32%
Outperformance	0.45%	-1.16%	4.31%	2.56%	3.16%	33.36%



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MARKET UPDATE AND COMMENTARY

2018 beckons as a year of continued world economic expansion, with a significant expected recovery in both investment and trade. Some advanced economies, like the US, will see central banks gradually remove monetary stimulus due to the strength of labour markets and clear signs that the depressed inflationary pattern is changing. Just how accentuated the increase in inflation will be, remains difficult to forecast. The US labour department's latest figures saw hourly earnings rise by 2.9% during the year, the best gain since 2009. With the unemployment rate at 4.1% and the economy continuing to create a staggering amount of new jobs each month, economic theory would suggest upward pressure in wages will exacerbate during 2018. Domestically, we are facing a similar pattern. Whilst Australia has created 292,000 full time jobs over the last 12 months, unlike the US however our wage growth remains suppressed at 2.1%.

Microequities High Income Value Microcap Fund returned 0.63% versus the All Ordinaries Accumulation Index 0.18% in February; this brings the total return net of fees to 113.68% for the Fund since inception in March 2012 compared to 80.32% for the All Ordinaries Accumulation Index.

24 business partnerships representing 78.7% of Fund met or exceeded our expectations for the financial performance over the last 6 months. Pleasingly 6 companies representing 27.2% of the Fund exceeded our expectations.

1H18 Financial Performance of Fund Constituents	No. of companies	Weighted % Basis
Exceeded our expectations	6	27.2%
Met our expectations	18	51.5%
Below our expectations	7	13.2%
Does not report during February	3	4.2%
Cash Assets		3.9%

Projected EPS Growth 1 Year Forward (on a weighted basis)	+10.6%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+11.5%

Number of companies	34
Top 5 Holdings % of NAV	33.7%
Top 10 Holdings % of NAV	55.4%
Top 20 Holdings % of NAV	80.0%
Cash Position % of NAV	3.9%

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. © 2018 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/fsq.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.