

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/07/2017

latest unit price \$1.4957	return since inception (March 2012) 112.49%	return 1 month 3.24%	FE Crown Rating*
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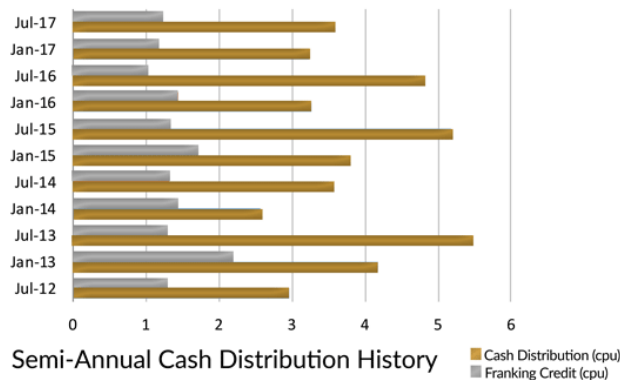


FUND OUTLINE

Fund Manager: Carlos Gil (CIO)

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

57.95 c Total Cash and Franking Credits RETURNED SINCE INCEPTION

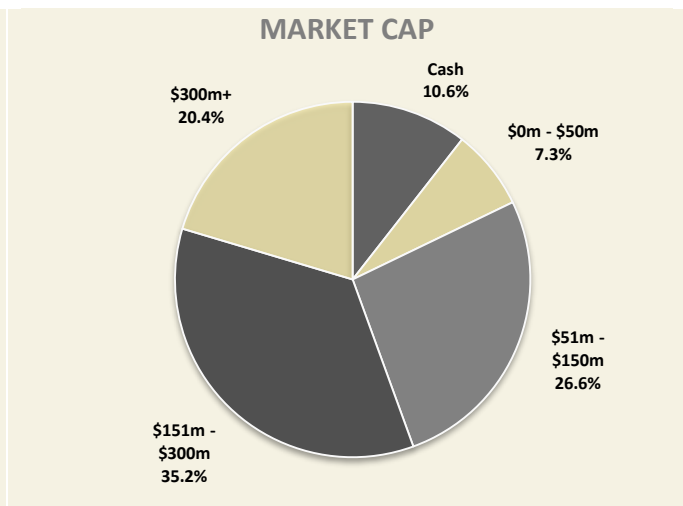
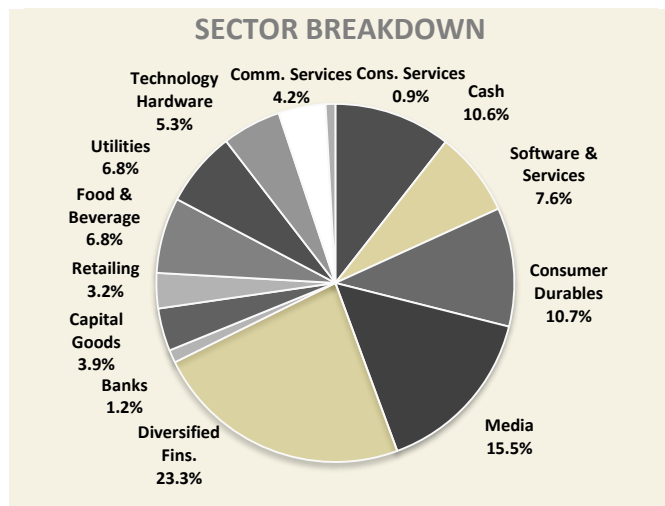


Current Forecast Grossed Up Dividend Yield

+7.71%**

**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
HIMF	3.24%	15.53%	11.46%	15.43%	112.49%	14.93%
All Ords Accum	0.18%	6.62%	5.34%	10.82%	65.52%	9.75%
Outperformance	3.06%	8.91%	6.12%	4.61%	46.97%	5.18%



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MARKET UPDATE AND COMMENTARY

Despite solid employment growth, Australia remains in a low wage growth climate with the four-year moving average at around 2% pa, well below its 20-year average of 4%. However, these depressed numbers are likely to see a significant turnaround as the recent 3.3% annual rise in minimum wage growth will fuel overall wage growth to a likely 3% rate. Wage growth will also spur inflation which is why the RBA flagged the official cash rates are likely to rise. The timing of a rate rise is still uncertain but by mid 2018 Australia should be into a new cycle of monetary policy tightening.

We question the sustainability of the strong resurgent Australian dollar in July. The US Federal Reserve needs to raise rates, given the strength of the US economy is incongruent with a monetary policy that is overtly expansionary. We suspect some of the US Dollar weakness was due to political developments or more precisely reform ineffectiveness. Ironically, a weaker dollar will suit Trump's administration just fine.

Microequities High Income Value Microcap Fund returned 3.24% versus the All Ordinaries Accumulation Index 0.18% in July; this brings the total return net of fees to 112.49% for the Fund since inception in March 2012 compared to 65.52% for the All Ordinaries Accumulation Index.

Our investment team sold out of our long term business partnership in Data#3 (ASX:DTL) after initiating a sell down process that had lasted a few months. The sell down was instigated on valuation grounds, where we considered the current market value of Data#3 to be well in excess of its intrinsic value. Additionally, our business partnership in Pengana Capital (formerly Hunter Hall) (ASX:PCG) was also fully exited.

Offsetting these two divestments was one new investment in the professional services space. Currently this new investment represents a mere 0.5% of the fund. Price permitting, further capital will be allocated into the investment in the months ahead. The total number of companies has decreased from 32 to 31 at month end.

Projected EPS Growth FY17 (on a weighted basis)	+4.8%
Projected EPS Growth FY18 (on a weighted basis)	+15.6%

Number of companies	31
Top 5 Holdings % of NAV	30.8%
Top 10 Holdings % of NAV	53.0%
Top 20 Holdings % of NAV	78.5%
Cash Position % of NAV	10.6%

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.