

HIGH INCOME

VALUE MICROCAP FUND

MICROEQUITIES
ASSET MANAGEMENT

MONTHLY PERFORMANCE AS AT 31/03/2016

latest unit price \$1.2996	return since inception (March 2012) +69.55%	return 1 month +3.92%	Morningstar Rating* ★★★
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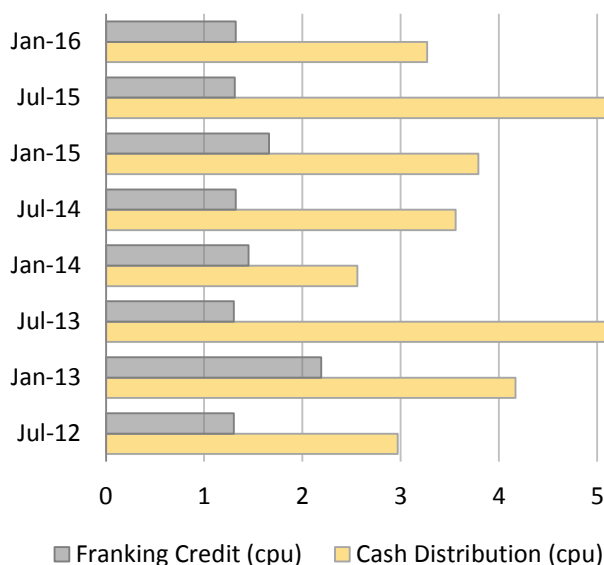
FUND OUTLINE

Fund Manager:

Carlos Gil (CIO)

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

SEMI-ANNUAL DISTRIBUTION HISTORY



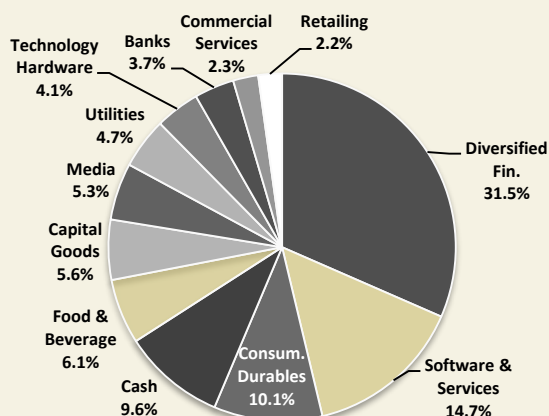
Current Forecast
Grossed Up
Dividend Yield

+9.41%**

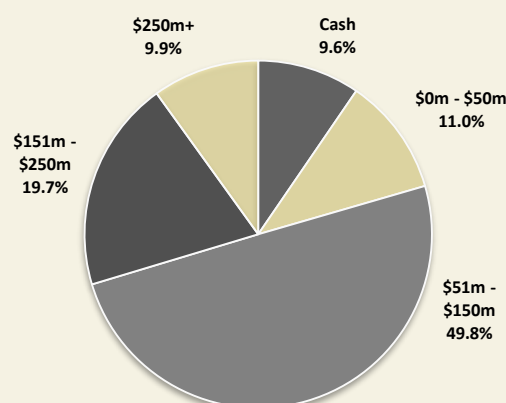
**Represents the annual dividend yield of the companies in the portfolio grossed up for franking credits. It is based on internal forecasts and actual results may vary. It is not a forecast distribution as distributions will depend on actual dividend income received, fees of the fund and actual number 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	3.92%	3.91%	8.78%	9.17%	9.17%	69.55%	13.80%
All Ords Accum	4.74%	-8.05%	2.05%	5.63%	5.63%	40.44%	8.67%
Outperformance	-0.82%	11.95%	6.73%	3.53%	3.53%	29.11%	5.13%

SECTOR BREAKDOWN



MARKET CAP



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MARKET UPDATE AND COMMENTARY

We continue to see an unprecedented benign central bank rate environment across Western economies. The US Federal Reserve will maintain dovish slow interest rate increases despite strong economic data. Across Europe, ECB President Maria Draghi lowered the rate on deposits for commercial banks at the central bank to -0.4% from -0.3% and increased the scale of its monthly bond purchases from 60 billion Euro to 80 billion (ie increased its printing money activity). In Japan, central rates remained unchanged at -0.1%. These extraordinary monetary policy stances have driven equity values upwards. The shift to equity has been exacerbated by the fact that dividend yields across Western economies are higher than their risk free rates. At Microequities we continue to apply above current market risk free rates in our internal valuations. That is, we do not assume that the depressed risk free rates will last indefinitely. We are deriving more conservative valuations than if we used market based interest rates.

Microequities High Income Value Microcap Fund returned 3.92% versus the All Ordinaries Accumulation Index 4.74% in March; this brings the total return net of fees to 69.55% for the Fund since inception in March 2012 compared to 40.44% for the All Ordinaries Accumulation Index.

The number of business partnerships in the High Income has been reduced from 27 to 25. We dissolved our business partnership in Shiro Ltd and Maca Ltd whilst we have significantly increased our investments in an existing food & beverage business that we believe will sharply increase profitability over the coming years. During the month of April, we expect to substantially increase our investment in one of our investee business partnerships in the consumer durables sector which is beginning to experience a material improvement in its earnings capacity after years of significant business transformation. Although this may not be reflected in the current marked to market reporting, the intrinsic growth opportunity amongst the 25 constituents of our Fund is the best growth potential we have seen since we have been managing the Fund. We are excited by the growth prospects of the Fund.

Projected EPS Growth FY16 (on a weighted basis)	+19.7%
Projected EPS Growth FY17 (on a weighted basis)	+10.2%

Number of companies	25
Top 5 Holdings % of NAV	38.6%
Top 10 Holdings % of NAV	60.6%
Top 20 Holdings % of NAV	85.7%
Cash Position % of NAV	9.6%

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.

(*) 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. 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.