

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/03/2017

latest unit price \$1.4422	return since inception (March 2012) 99.97%	return 1 month +2.65%	FE Crown Rating*
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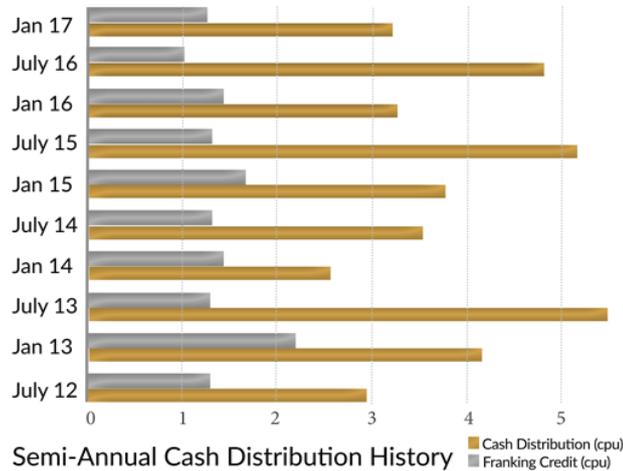
FUND OUTLINE

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

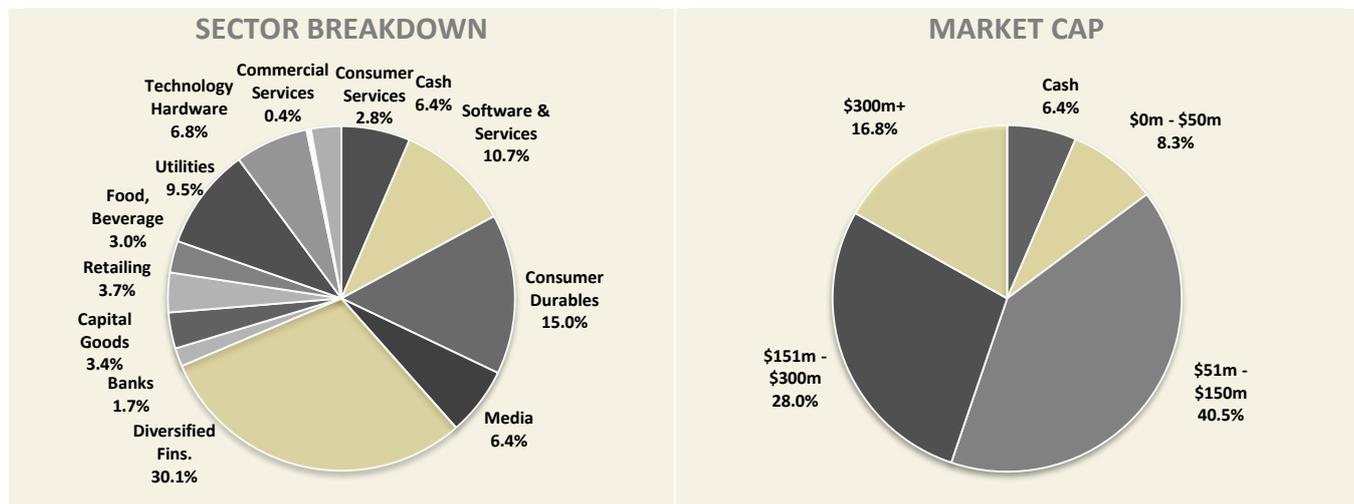


**Current Forecast
Grossed Up
Dividend Yield**

+7.51%**

**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	2.65%	17.94%	11.75%	14.39%	99.97%	14.61%
All Ords Accum	3.16%	19.49%	7.56	10.66%	67.81%	10.72%
Outperformance	-0.51%	-1.55%	4.19%	3.74%	32.16%	3.89%



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MARKET UPDATE AND COMMENTARY

During the month, the US Federal Reserve raised its benchmark interest rate from 0.75% to 1.00%. The rate rise is academic in nature and will not have any noticeable effect on the US economy. Surprisingly however, despite the US inflation rising above the Fed's preferred 2% target, the policy setting committee did not see fit to accelerate the pace of monetary tightening. The Fed is clearly now willing to tolerate a higher pace of price rises. It is a surprisingly dovish stance which entails medium term risks for the US economy and given the strength of the labour market and widespread robust economic data, it is a policy stance that is difficult to reconcile. Across in the UK we remain vigilant as early signs point to the economy entering a more difficult economic environment. Real household income fell by 0.4% in the last quarter of 2016 and the household savings ratio fell to a 50 year low of 3.3% indicating there is little scope for households to increase their consumption. How the headlines of global financial headquarters been uprooted from the city of London will affect economic confidence over the short term, remain a cause of concern.

Microequities High Income Value Microcap Fund returned +2.65% versus the All Ordinaries Accumulation Index 3.16% in March; this brings the total return net of fees to 99.97% for the Fund since inception in March 2012 compared to 67.81% for the All Ordinaries Accumulation Index.

We added one business partnership to our High Income Value Microcap Fund. The business is in the media sector and has various different divisions facing differing growth dynamics. Due weight has been given, as always, to the assessed intrinsic valuation of the business and this represents a considerable premium to the current market value. Our investment case is not centred upon the business altering its growth trajectory. The myopic nature of capital markets can lead to scenarios that open up formidable gaps in the valuation and this type of opportunity is very much a staple of our investment strategy in our High Income Value Microcap Fund.

Projected EPS Growth FY17 (on a weighted basis)	+6.8%
Projected EPS Growth FY18 (on a weighted basis)	+15.2%

Number of companies	30
Top 5 Holdings % of NAV	36.4%
Top 10 Holdings % of NAV	55.4%
Top 20 Holdings % of NAV	81.9%
Cash Position % of NAV	6.4%

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.