

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/03/2018

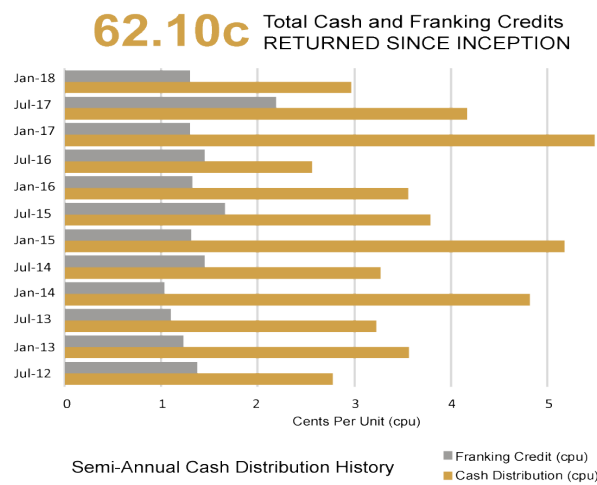
latest unit price \$1.4520	return since inception (March 2012) 110.23%	return 1 month -1.61%	Morningstar rating* ★★★
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FUND OUTLINE

Fund Manager: Carlos Gil (CIO)

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

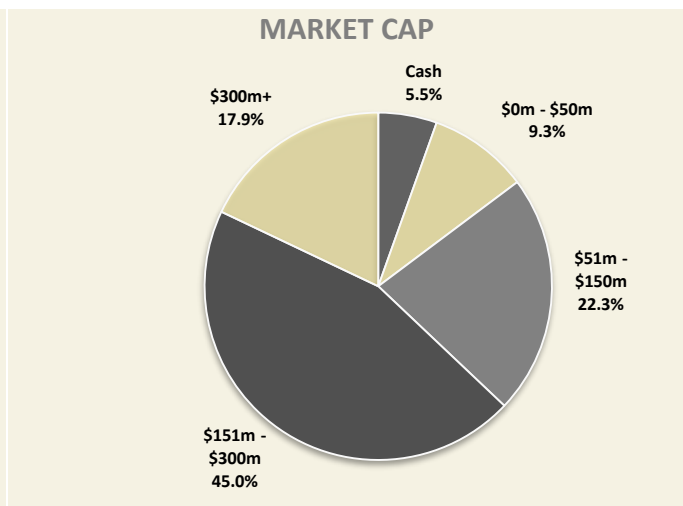
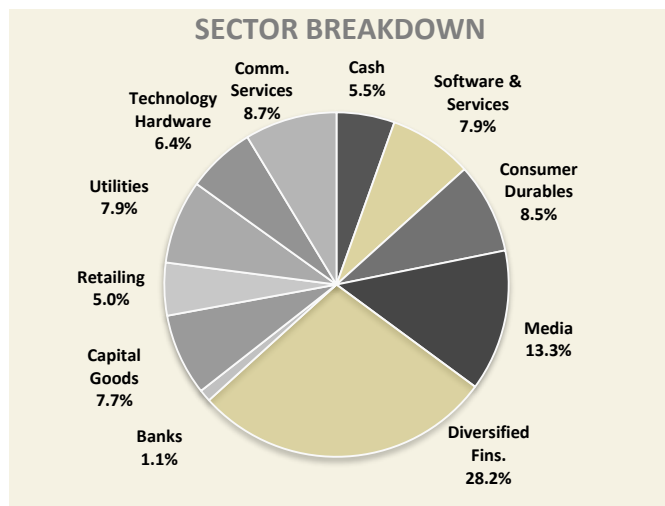


**Current Forecast
Grossed Up
Dividend Yield**

+7.18%**

**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	-1.61%	5.13%	8.81%	10.04%	12.99%	110.23%
All Ords Accum	-3.55%	3.65%	4.43%	7.86%	9.52%	73.93%
Outperformance	1.94%	1.48%	4.38%	2.18%	3.47%	36.30%



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MARKET UPDATE AND COMMENTARY

March was a month in which international trade dominated the market's attention as the US sought to redress its large trade deficit with China by imposing a set of tariffs aimed at imported steel and aluminium. The imposition of those tariffs was later followed by the Trump administration's intention to levy new tariffs targeting up to \$60b USD of Chinese imports. These new potential tariffs are supposedly aimed at what the administration considers unfair trade practices. So far, the Chinese response has been measured and whilst China has announced new tariffs affecting 128 classes of goods, it will only affect \$3b worth of trade. It is likely that the Trump administration is employing a hardened brinkmanship approach in order to lower a commercial trade deficit with China that has spiralled to \$375bn a year (and increasing). Trade and free trade at that, is the bedrock of market driven economies and propels economic development. China and the US are bound to a mutually dependent co-existence. Both sides know this, though neither would openly recognise it. The Trump posturing is about redressing some of the imbalances in that coexistence, not severing it.

Microequities High Income Value Microcap Fund returned -1.61% versus the All Ordinaries Accumulation Index -3.55% in March; this brings the total return net of fees to 110.23% for the Fund since inception in March 2012 compared to 73.93% for the All Ordinaries Accumulation Index.

During the month, the Fund divested its business partnership in the Food & Beverage sector taking the total number of business partnerships to 33. The investment management team seeks to govern the number of investee companies, and we have a self-imposed limit of 40. Pleasingly, the Fund is maintaining its high conviction approach, and its top 20 business partnerships account for 80% of the Fund's total assets. It is likely that the total number of companies owned by the Fund will continue to fall over coming periods as we look to increase concentration in some of the higher yielding business partnerships that are currently underweight in the Fund.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+11.7%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+12.7%

Number of companies	33
Top 5 Holdings % of NAV	34.3%
Top 10 Holdings % of NAV	56.3%
Top 20 Holdings % of NAV	80.2%
Cash Position % of NAV	5.5%

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/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.