

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 30/11/2016

latest unit price \$1.4201	return since inception (March 2012) +92.48%	return 1 month -0.87%	FE Crown Rating* 👑👑👑👑
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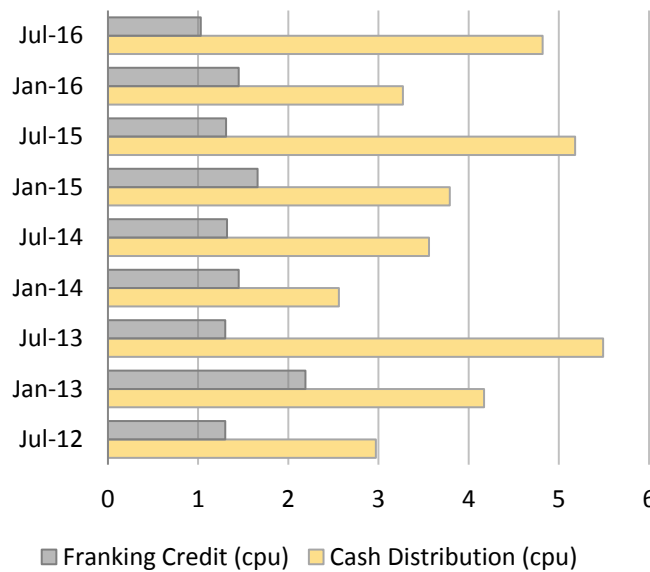
FUND OUTLINE

Fund Manager:

Carlos Gil (CIO)

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

SEMI-ANNUAL DISTRIBUTION HISTORY

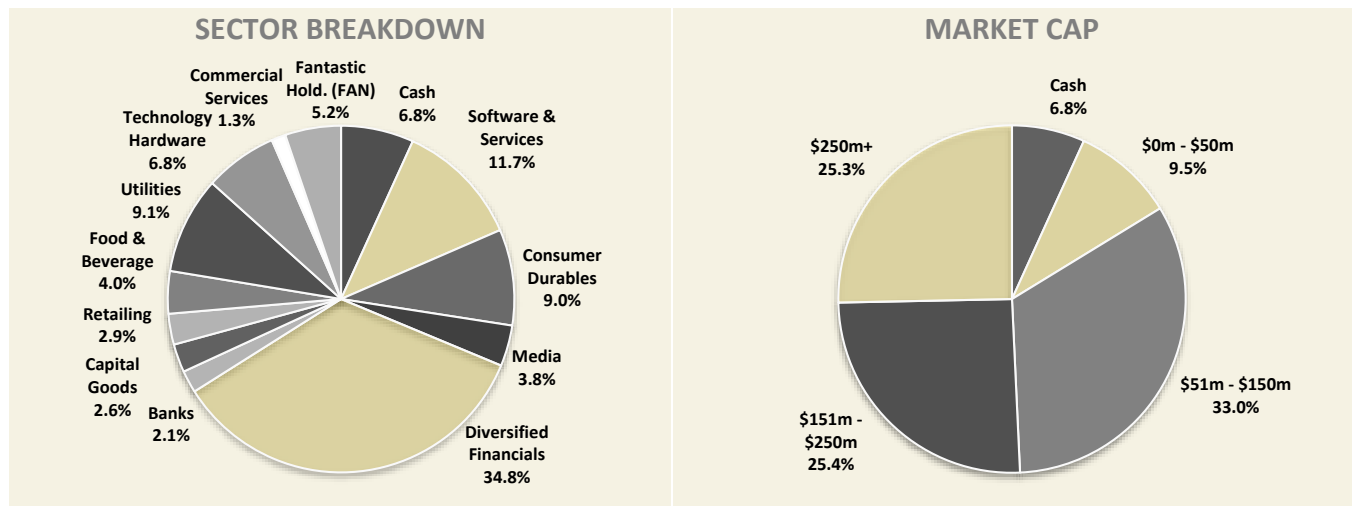


Current Forecast Grossed Up Dividend Yield

+7.38%**

**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	2 Year	3 Year	4 Year	Total since inception	Compound p.a. since Inception
HIMF	-0.87%	15.96%	13.53%	9.00%	16.69%	92.48%	14.78%
All Ords Accum	2.46%	10.01%	6.48%	5.64%	9.65%	54.14%	9.72%
Outperformance	-3.32%	5.95%	7.06%	3.36%	7.04%	38.33%	5.07%



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MARKET UPDATE AND COMMENTARY

The US Federal Reserve is highly likely to raise rates during the month of December. The expected 25 basis points rise is a non-event that I'm sure will capture the financial media's abiding attention. It will have no impact on our business partnerships' economic fortunes, nor will it have any impact on the US economy which is travelling robustly. How much Trump will further stimulate a growing US economy is unclear, though Republicans have control of both houses, Trump will still need to garner support from his fiscally conservative party colleagues to push through a deficit expansionary infrastructure spending program. In Australia, our economy is maintaining a firm employment market with robust consumer spending despite significant underinvestment from the corporate sector.

Microequities High Income Value Microcap Fund returned -0.87% versus the All Ordinaries Accumulation Index 2.46% in November; this brings the total return net of fees to 92.48% for the Fund since inception in March 2012 compared to 54.14% for the All Ordinaries Accumulation Index.

We are pleased to report that the AGM season has reaffirmed the excellent operational metrics of the higher weighted business partnerships in the High Income Value Microcap Fund. Particularly pleasing is our two biggest business partnerships representing a combined 15.9% of the Fund's assets (as of 30th of November 2016) both providing operational updates that met our high expectations. The Fund exited one business partnership during the month. This exit was forced upon us given the business will no longer be ASX listed. The Fund added one new business partnership in the financial services sector. This business has an excellent growth pathway, high cash flow generating business model and, after the recent share price fall, is generating a generous dividend yield. This new business partnership represents 3.6% of the Fund's asset. We continue to observe some compelling investment opportunities and we will be actively buying into our current business partnerships in future months.

Projected EPS Growth FY17 (on a weighted basis)	+6.9%
Projected EPS Growth FY18 (on a weighted basis)	+14.4%

Number of companies	27
Top 5 Holdings % of NAV	34.8%
Top 10 Holdings % of NAV	57.7%
Top 20 Holdings % of NAV	86.6%
Cash Position % of NAV	6.8%

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.