

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 30/09/2017

latest unit price \$1.4872	return since inception (March 2012) 111.29%	return 1 month -1.25%	FE Crown Rating*
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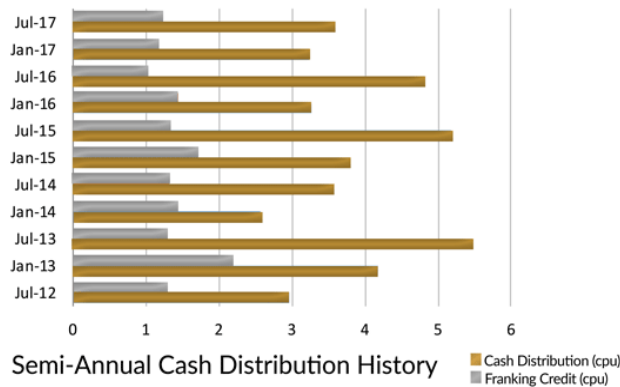


FUND OUTLINE

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

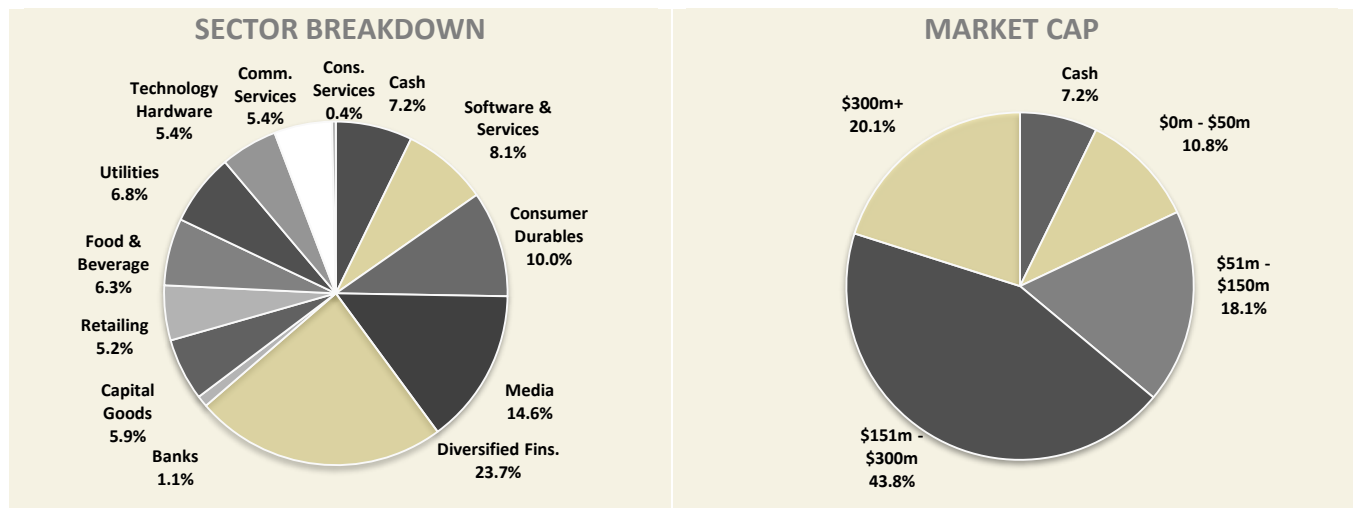


Current Forecast Grossed Up Dividend Yield

+7.79%**

**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	-1.25%	8.92%	10.72%	14.63%	14.34%	111.29%
All Ords Accum	0.05%	8.53%	7.30%	10.08%	9.61%	66.91%
Outperformance	-1.30%	0.39%	3.42%	4.55%	4.73%	44.38%



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MARKET UPDATE AND COMMENTARY

Australia's labour market continues to strengthen and while caution needs to be applied to month on month figures, the underlying trend is evident, it is a strong labour market. During the month of August, Australia added 54,200 jobs of which 40,100 were full time. The indications are that the labour market will continue to strengthen with job vacancies hitting the highest level on record. The vacancies rate is a leading indicator of employment growth. The strength in employment contrasts with wage growth which has been a laggard. We do expect wage growth to pick up over the medium term and some industries are already increasing wages as tight labour supply dynamics kick in.

Internationally, the Bank of England has hinted it may raise rates for the first time since 2007 as inflation surged past its targeted 2% ceiling (current UK inflation is at 2.9%). Across the Atlantic, the US Federal Reserve will almost definitely increase rates one more time before the end of the 2017 as it seeks to remove monetary stimulus in a surging US economy.

Microequities High Income Value Microcap Fund returned -1.25% versus the All Ordinaries Accumulation Index 0.05% in September; this brings the total return net of fees to 111.29% for the Fund since inception in March 2012 compared to 66.91% for the All Ordinaries Accumulation Index.

A quiet month for the High Income Value Microcap Fund with no new business partnerships bought and no existing business partnerships sold. This is not particularly usual, as many of our investors know our investment doctrine entails an ownership model of investing versus a buy and sell model. Business partnerships are entered into within the context of a long-term investment horizon (5+ years) and hence we may have many months in which there is an absence of any buying or selling. The investment management deems the current constituent of business partnerships well placed to achieve the Fund's two objectives of high cash income and long term capital growth.

Projected EPS Growth FY18 (on a weighted basis)	+11.2%
Projected EPS Growth FY19 (on a weighted basis)	+10.6%

Number of companies	34
Top 5 Holdings % of NAV	30.4%
Top 10 Holdings % of NAV	51.8%
Top 20 Holdings % of NAV	77.0%
Cash Position % of NAV	7.2%

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.