

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/01/2019

latest unit price \$1.2578 (ex-distribution)	return since inception (March 2012) 90.17%	return 1 month 1.75%
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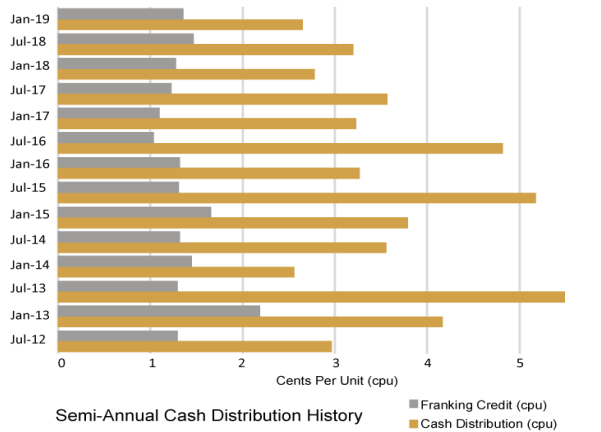


FUND OUTLINE

Fund Manager: Carlos Gil
(CIO)

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

70.57c Total Cash and Franking Credits RETURNED SINCE INCEPTION

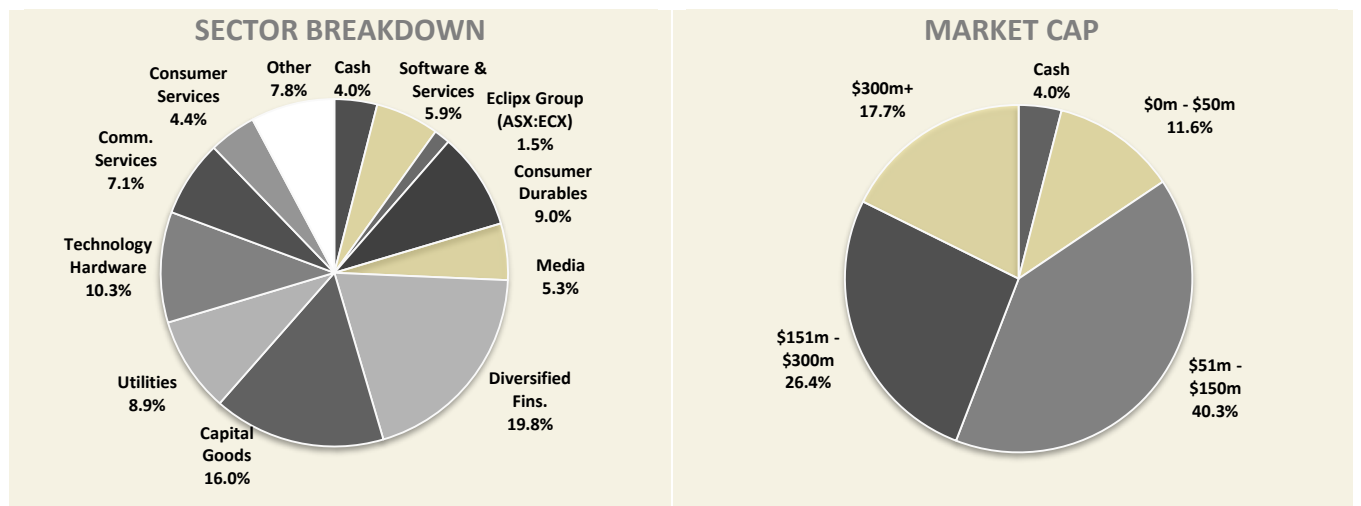


**Current Forecast
Grossed Up
Dividend Yield**

+8.00%**

**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.

	Total since inception	Compound p.a. since inception	5 Year	3 Year	1 Year	1 Month
HIMF	90.17%	9.74%	5.59%	5.10%	-10.44%	1.75%



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MARKET UPDATE AND COMMENTARY

The US Federal Reserve kept rates on hold but, more importantly, pleased markets with a continuation of a more dovish stance on future rate increases. Whilst the Fed still sees economic and job growth as the most likely developments, it removed references to future rate hikes in 2019. In a separate statement, the central bank also stated that its balance sheet reduction was continuing but it was prepared to alter the speed of the unwinding, subject to economic developments. Taken together, both statements depict a Fed absorbing the possibility of increased risks to the economic boom and consequently a more flexible approach to its fiscal and monetary instruments to respond to a potential change in the economic course of the US.

Domestically, a prominent member of the RBA board has candidly conveyed that the next move for Australia's central bank will be a hike in rates. The signalling comes despite a deteriorating property market which is experiencing pronounced price declines that look set to continue during 2019.

Microequities High Income Value Microcap Fund returned 1.75% in January; this brings the total return net of fees to 90.17% for the Fund since inception in March 2012.

One of the top holdings for the Funds pre-reported earnings for the full year 2018. We are pleased to report the IT business will deliver strong double digits earnings growth. The business represents 5.8% of the total assets of the Fund and is a top 5 holding.

It was quite an inactive month for the Fund as the investment management team is comfortable with the current investment composition of the fund. Our investors would be aware that we do not have an impulsive need to act and most of the time we believe the best course of action is no action. The investment management team's activities were thus centred on research. The research provided several attractive investment opportunities which will be considered for future entry into the portfolio. Composition of the Fund will be reviewed upon the release in February of the 1st half earnings result from most of the Fund's constituent companies.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+5.70%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+12.0%

Number of companies	29
Top 5 Holdings % of NAV	32.0%
Top 10 Holdings % of NAV	54.7%
Top 20 Holdings % of NAV	84.0%
Cash Position % of NAV	4.0%

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 Asset Management Group Limited 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.