

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 28/02/2019

latest unit price \$1.3120	return since inception (March 2012) 98.36%	return 1 month 4.31%
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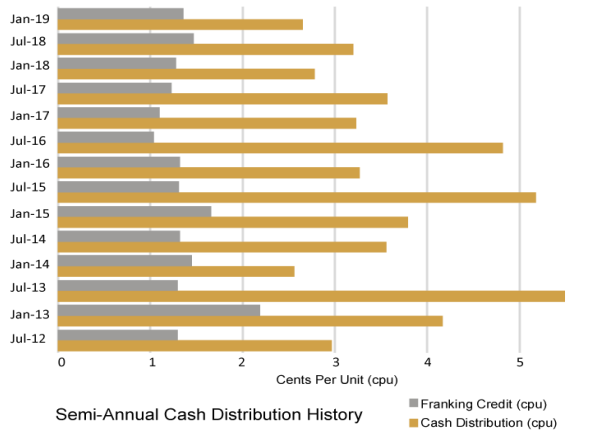


FUND OUTLINE

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

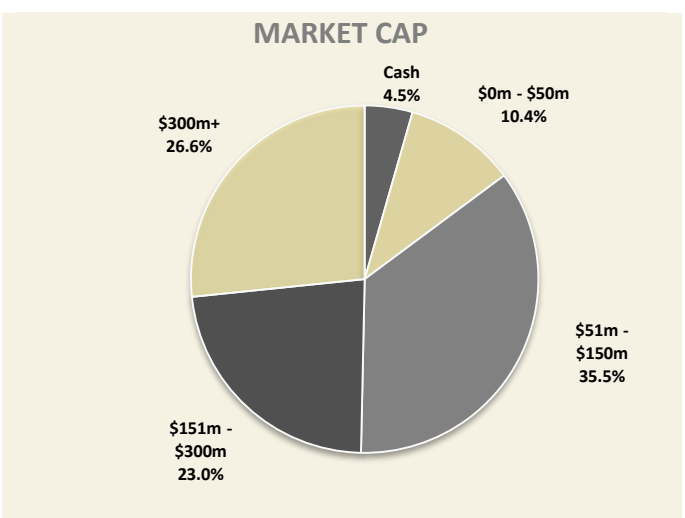
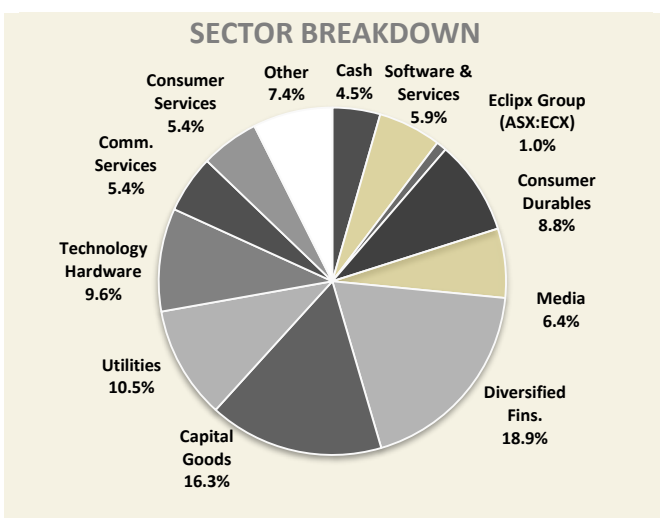


**Current Forecast
Grossed Up
Dividend Yield**

+7.53%**

**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	7 Year	5 Year	3 Year	1 Year	1 Month
HIMF	98.36%	10.28%	10.28%	6.92%	6.73%	-7.17%	4.31%



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MARKET UPDATE AND COMMENTARY

As we look at the world economic growth prospects for 2019, the overall assessment is that the pace of economic growth will moderate into 2019. Western Europe is likely to have the slowest growth outlook, with several of its economies likely to enter negative growth and others at trend pace. China's economic growth will continue to grow at relatively high levels, but nominal growth rates are expected to moderate. We still expect the US to deliver +2.4% growth which is above its long-term growth trend but likely below the 3.0% it achieved in 2018. This leaves world central banks in a conundrum. Most central banks have rates around historical lows and in accommodative bands. Under a scenario where growth is moderating, they are unlikely to pursue rate cuts, but for those economies that enter negative growth they have little, if any, monetary policy levers to pull. The likely, but far less orthodox, policy response mechanism is quantitative easing. Quantitative easing was successfully used to avert a deep financial crisis during the GFC, but it has yet to be tested as a tool to spur economic growth under much milder cyclical downturns.

Microequities High Income Value Microcap Fund returned 4.31% in February; this brings the total return net of fees to 98.36% for the Fund since inception in March 2012.

We are pleased to report that 47.5% of the Fund's weighted investments exceed our expectations during the 1st Half reporting season. **In total 86.2% of the funds weighted investments met or exceed our expectations. An excellent reporting season that also helps solidify the dividend outlook of our investee companies.** The investment management team was particularly pleased to see the underlying security of the dividend income stream that supports the Fund's cash distributions being reaffirmed. We are making some new investments which we will update you on next month.

	P% Weighting of companies that reported during February 2019
Above Expectations	47.5%
Met Expectations	39.7%
Below Expectations	12.8%

Projected EPS Growth 1 Year Forward (on a weighted basis)	+9.80%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+10.5%

Number of companies	31
Top 5 Holdings % of NAV	32.9%
Top 10 Holdings % of NAV	55.2%
Top 20 Holdings % of NAV	84.4%
Cash Position % of NAV	4.5%

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 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.