

# HIGH INCOME

## VALUE MICROCAP FUND



### MONTHLY PERFORMANCE AS AT 31/03/2019

latest unit price <b>\$1.3050</b>	return since inception (March 2012) <b>97.30%</b>	return 1 month <b>-0.53%</b>
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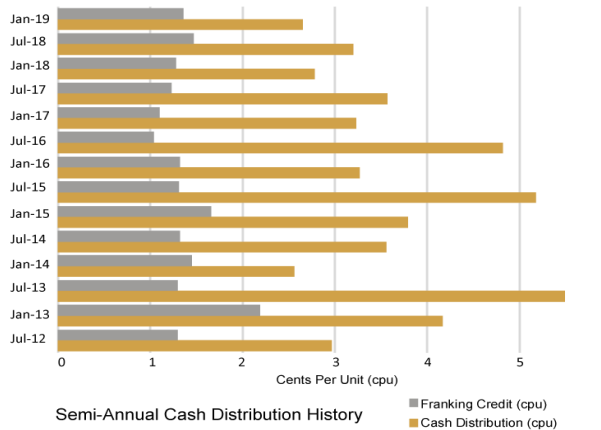


#### FUND OUTLINE

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

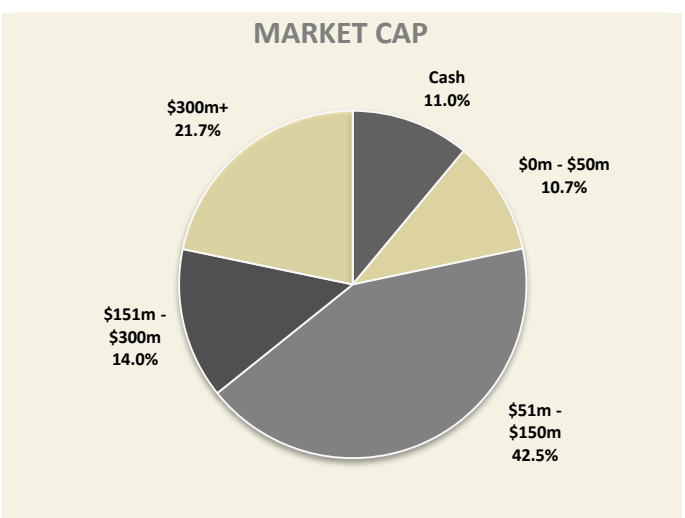
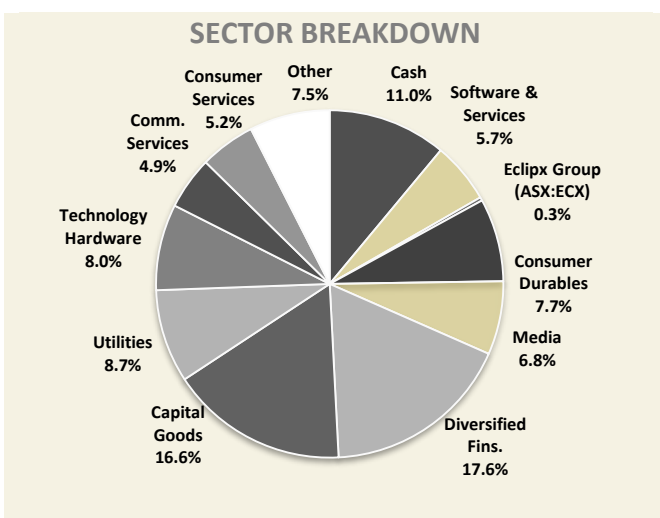


**Current Forecast  
Grossed Up  
Dividend Yield**

**+7.29%\*\***

\*\*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	97.30%	10.07%	9.87%	6.61%	5.18%	-6.15%	-0.53%



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### MARKET UPDATE AND COMMENTARY

The most significant financial market occurrence during the month was the inversion of US treasury yield curve. During the month, the 10-year US treasury was trading at a lower yield than the 3-month US treasury as investors bought up the longer duration bonds sending yields down. The inversion of the US bond yield has normally been an indicator of a forthcoming economic recessions. Whilst that might be a historical trend, this latest inversion has been triggered by a change in the US Federal Reserve monetary policy stance. US Federal Reserve Chairman Jerome Powell stated that the Federal Reserve would indefinitely stick with an extended pause on rate changes and there would be no rate hikes for the remainder of 2019. At the same time, Fed officials downgraded US GDP growth rate from +2.3% to +2.1% for 2019. The more dovish stance coincides with the world economy facing increased risk of a slowdown across several of its geographies.

**Microequities High Income Value Microcap Fund returned -0.53% in March; this brings the total return net of fees to 97.30% for the Fund since inception in March 2012.**

It was an uneventful month in which the main Fund activity was confined to a slight recalibration of some of the weightings. The recalibration involved a partial sell down of a utilities business and an IT services business we own. Both businesses had experienced strong market price performance and the sell down reflected our expectations of a lower return profile. The investment management team views the current weightings as appropriate, reflecting the risk/reward potential of the Fund's constituents and consistent with the investment objectives. First half FY19 dividends have now been received for most the Fund's investee companies and these funds have been quarantined for distribution, expected to be paid in early July.

The investment management team will continue to review opportunities outside of the portfolio and test the potential risk/reward profile of each opportunity against that of its current constituents.

<b>Projected EPS Growth</b> 1 Year Forward (on a weighted basis)	<b>+9.00%</b>
<b>Projected EPS Growth</b> 2 Years Forward (on a weighted basis)	<b>+11.2%</b>

<b>Number of companies</b>	<b>31</b>
<b>Top 5 Holdings</b> % of NAV	<b>29.5%</b>
<b>Top 10 Holdings</b> % of NAV	<b>50.0%</b>
<b>Top 20 Holdings</b> % of NAV	<b>78.9%</b>
<b>Cash Position</b> % of NAV	<b>11.0%</b>

**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.