

# HIGH INCOME

## VALUE MICROCAP FUND



### MONTHLY PERFORMANCE AS AT 31/01/2026

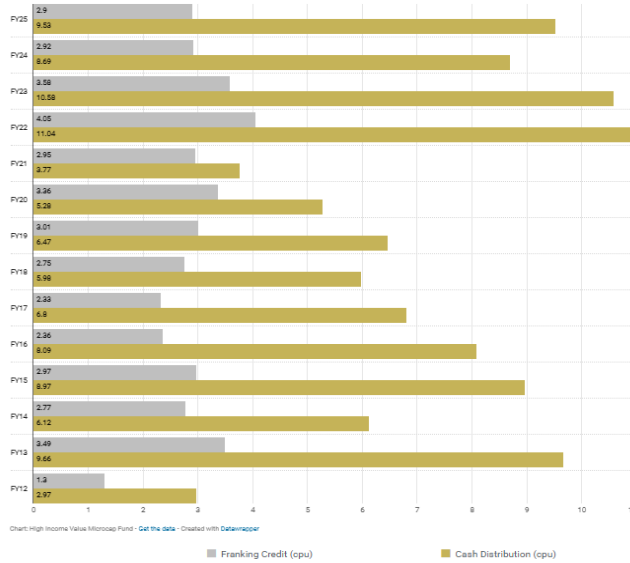
latest unit price <b>\$1.8378</b> (Cum-distribution)	return since inception (March 2012) <b>290.71%</b>	return 1 month <b>-1.24%</b>
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#### FUND OUTLINE

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

#### \$1.4469 Total Cash and Franking Credits RETURNED SINCE INCEPTION

Cash Distribution History as at FY24 (cents per unit)

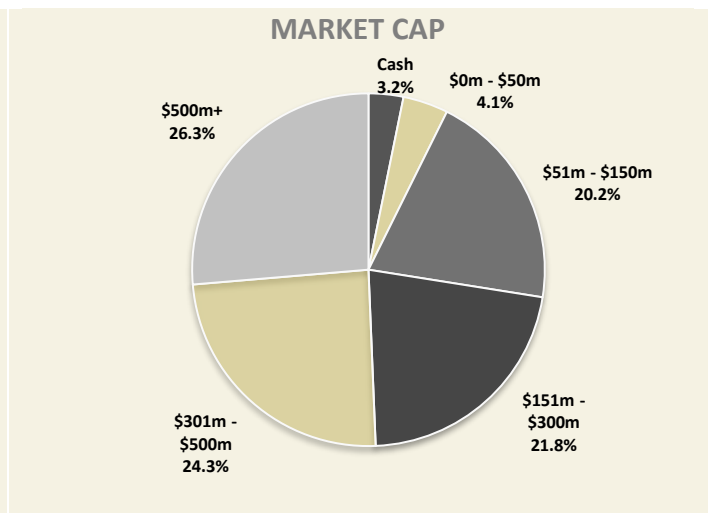
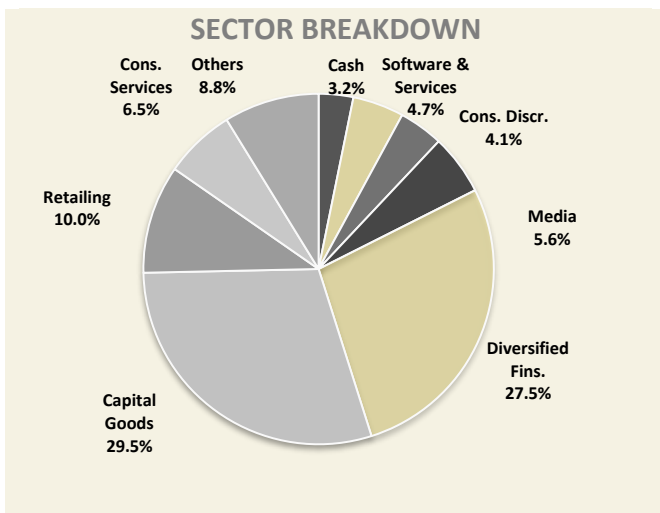


**Current Forecast  
Grossed Up  
Dividend Yield**

**+5.80%\*\***

\*\*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	12 Year Annual Compound	10 Year Annual Compound	5 Year Annual Compound	3 Year Annual Compound	1 Year	1 Month
<b>HIMF</b>	<b>290.71%</b>	<b>10.29%</b>	<b>8.62%</b>	<b>9.08%</b>	<b>8.29%</b>	<b>7.27%</b>	<b>9.82%</b>	<b>-1.24%</b>



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### MARKET UPDATE AND COMMENTARY

In last month's report, we noted that the RBA's February policy decision was finely balanced. Rising core inflation and a stubbornly strong labour market, underpinned by tight labour supply, were complicating the RBA's dovish policy stance. The two data prints released in January (quarterly inflation and employment numbers) have now decisively tilted the balance towards a rate increase at this week's meeting. We expect the RBA will yield to the data and take the prudent step of lifting rates by 25 basis points. In the United States, the economy is likely to surprise on the upside in 2026. Tariff revenues provide a potential pathway to income tax cuts, while rising real wages and household wealth are creating a supportive backdrop for the consumption-led economy. The US economy appears on track to deliver above-trend growth of around the mid-2% range. Also likely to surprise on the upside is the Chinese economy, which has demonstrated resilience in the face of US tariffs. Rising technological innovation, with R&D spending now accounting for approximately 2.8% of GDP (above the OECD average), is gradually shifting the structure of the Chinese economy. That said, China continues to face some formidable structural challenges.

**Microequities High Income Value Microcap Fund returned -1.24% in January; this brings the total return net of fees to 290.71% for the Fund since inception in March 2012.**

Despite the Fund's negative return in January, it was a positive month for the Fund from a fundamental perspective, with several investee companies providing operational and financial updates. Of the three updates, the most significant came from a top three holding in the financial services sector, which reported strong growth in its core business and a substantial increase in profit. This positive earnings update is likely to result in higher dividend payments when the company reports its results in February. The other two updates came from smaller investee companies, one in mining services and the other in professional services. Both updates indicated healthy operational momentum and continued underlying growth in their respective businesses. There were also two important portfolio actions during the month. First, the investment management team fully exited **Humm Group (ASX:HUM)** after concluding that the company's corporate governance culture represented an unacceptable risk to capital. The position, which had a portfolio weighting of approximately 0.6%, was exited at a strong positive IRR. Capital was subsequently redeployed into a consumer staples business following a material decline in its share price. The investment management team views the sell-off as providing a compelling entry opportunity and has commenced building a position at a high single-digit dividend yield.

<b>Projected EPS Growth</b> 1 Year Forward (on a weighted basis)	<b>+11.0%</b>
<b>Projected EPS Growth</b> 2 Years Forward (on a weighted basis)	<b>+9.3%</b>

<b>Number of companies</b>	<b>38</b>
<b>Top 5 Holdings</b> % of NAV	<b>39.7%</b>
<b>Top 10 Holdings</b> % of NAV	<b>57.1%</b>
<b>Top 20 Holdings</b> % of NAV	<b>80.4%</b>
<b>Cash Position</b> % of NAV	<b>3.2%</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.