

# MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



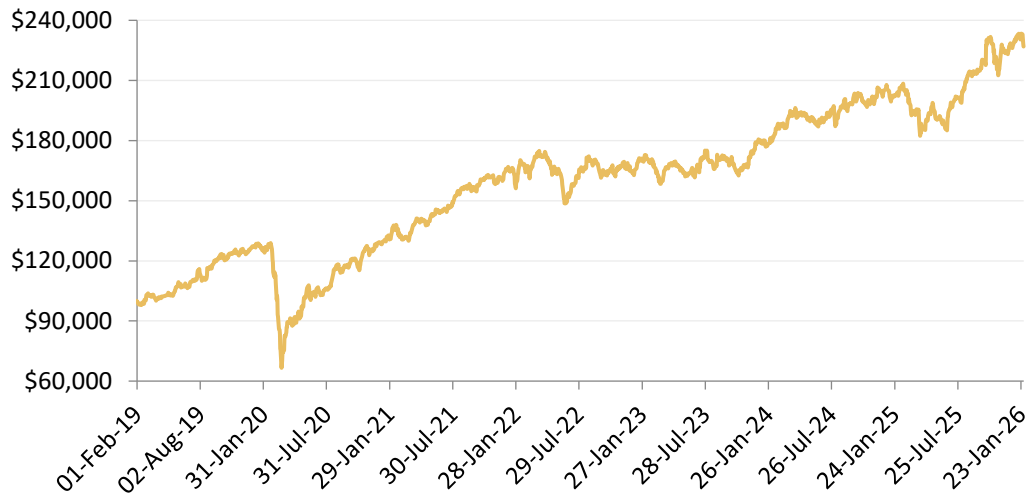
## MONTHLY PERFORMANCE AS AT 31/01/2026

latest unit price (exit price) <b>\$1.6599</b> <small>Ex-distribution</small>	return since inception (Feb 2019) <b>126.90%</b>	return 1 month <b>-0.47%</b>
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### FUND OUTLINE

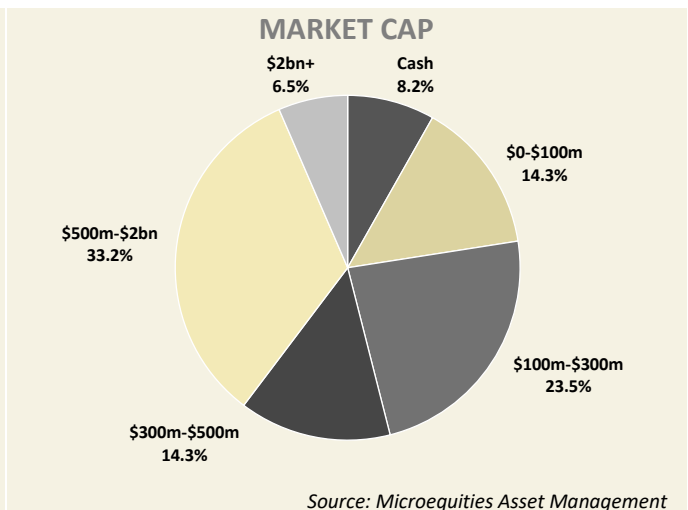
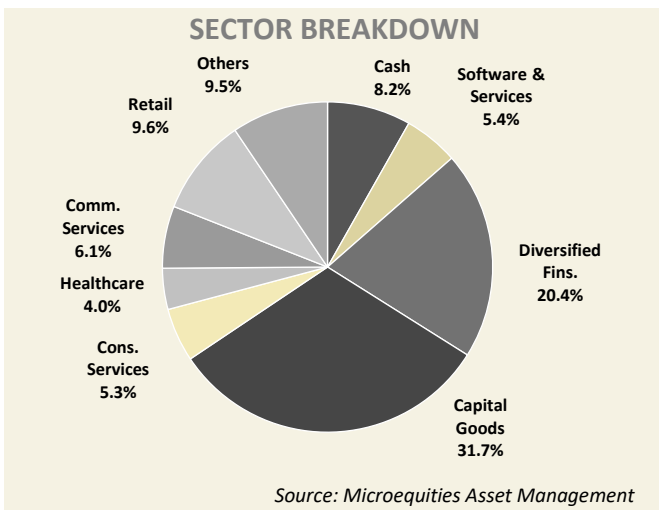
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies. This fund is appropriate for investors with "High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the pursuit of capital growth with a medium to long investment timeframe. Investors should refer to the [TMD](#) for further information.

### VALUE OF \$100,000 INVESTED AT INCEPTION > \$226,895



Past performance is not a reliable indicator of future performance. Total return shown for "VIF" has been calculated using exit prices after taking into account all ongoing fees and assuming reinvestment of distributions. No allowance has been made for entry fees or taxation

Returns are shown net of fees	Compound p.a. since inception	Total since inception	7 Year Annual Compound	5 Year Annual Compound	3 Year Compound Annual	1 Year	1 Month
<b>Microequities Value Income Fund (VIF)</b>	<b>12.42%</b>	<b>126.90%</b>	<b>12.42%</b>	<b>11.60%</b>	<b>10.23%</b>	<b>11.15%</b>	<b>-0.47%</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 Value Income Fund returned -0.47% net of fees in January; this brings the total return net of fees to 126.90% for the Fund since inception in February 2019.**

During the month, we sold our holding in **Humm Group (ASX:HUM)**, noting deteriorating corporate governance concerns. We are closely following the battle between largest shareholder/chairman and a couple of activist shareholders, the latter if successful could be a catalyst for us to revisit the company.

Our 3<sup>rd</sup> largest holding, which is a financial services company provided a trading update noting NPAT growth for 2025 of circa 48% on the back of strong investment performance, fund inflows and overall growth in assets under management by circa 16% over the year.

Mining services company with exposure to gold, base metals and met coal end clients provided a 1H26 update showing 3% revenue growth and 69% EBITDA growth. The company had a poor FY25 results and FY26 so far has been a period of strong operating productivity and generally a lack of weather interruptions in its operations. Margins have been restored for the group to over 20% at the EBITDA level, free cash flow generation has been strong with the company moving from a \$8.4m net debt position to \$7.2m net cash position in just 6 months. We would expect the board to prioritise dividend payments at the upcoming results given the company's franking credit balance, self-sufficiency in terms of capex requirements for the operating business and rock bottom market valuation of 2.1x EBITDA or 3.8x EBIT multiple.

Finally, our holding in a real estate company upgraded guidance for FY26 EBIT of between \$80-\$84m (previously \$72-76m), an upgrade in free cash flow and expected dividends. The strong operating performance has been driven by increased occupancies in existing sites. The company holds a significant unencumbered cash balance equivalent to 20% of its market cap. We have steadily increased our weighting in this company over the past quarter, and it remains on a very undemanding multiple and off the radar of most investors.

<b>Number of companies</b>	<b>43</b>
<b>Top 5 Holdings % of NAV</b>	<b>33.3%</b>
<b>Top 10 Holdings % of NAV</b>	<b>48.7%</b>
<b>Top 20 Holdings % of NAV</b>	<b>69.0%</b>
<b>Cash Position % of NAV</b>	<b>8.2%</b>

**Disclaimer:** This communication has been prepared and issued by Microequities Asset Management Pty Ltd ABN 96 134 984 768 AFS Licence No 287 526, as investment manager of the Microequities Value Income Fund ARSN 629 674 175. The Trust Company (RE Services) Limited (ACN 003 278 831) (AFSL 235150) is the responsible entity.

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<http://microequities.com.au/valueincomefund>

You should obtain the PDS for the Fund and consider the risks and disclosures for your circumstances before deciding whether to acquire, or continue to hold, an interest in the Fund. Initial Applications for units in the Fund can only be made pursuant to the application form attached to the PDS. Past performance is not a reliable indicator of future performance.

The PDS and target market determination can be obtained by calling 02 9009 2900 or visiting our website <https://microequities.com.au/our-funds/value-income-fund/>