

# HIGH INCOME

## VALUE MICROCAP FUND



### MONTHLY PERFORMANCE AS AT 30/11/2018

latest unit price <b>\$1.3064</b>	return since inception (March 2012) <b>93.37%</b>	return 1 month <b>-2.76%</b>
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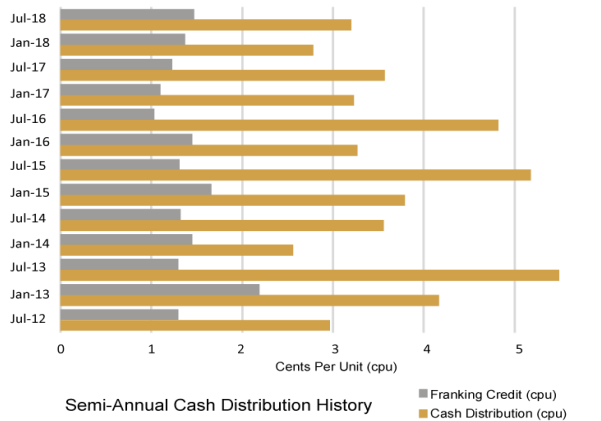


#### FUND OUTLINE

Fund Manager: Carlos Gil (CIO)

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

**66.56c** Total Cash and Franking Credits RETURNED SINCE INCEPTION

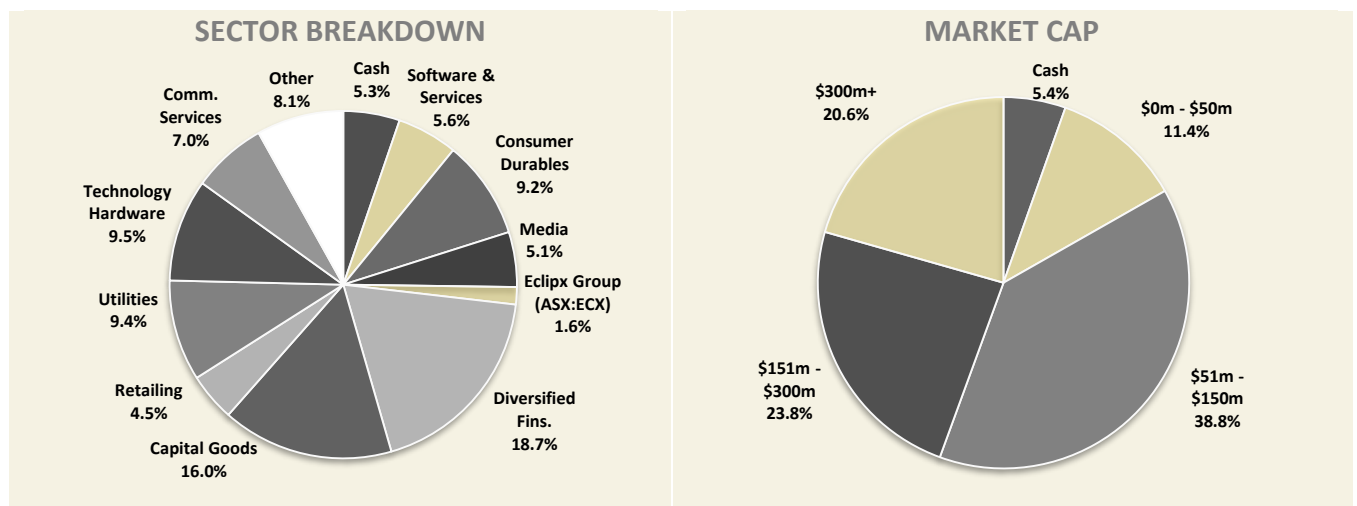


Current Forecast  
Grossed Up  
Dividend Yield

**+7.78%\*\***

\*\*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
<b>HIMF</b>	<b>93.37%</b>	<b>10.26%</b>	<b>5.41%</b>	<b>5.22%</b>	<b>-8.52%</b>	<b>-2.76%</b>



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### MARKET UPDATE AND COMMENTARY

A more dovish narrative from US Federal Reserve Chairman, Jerome Powell, has tempered expectations that the Fed will continue to raise rates in 2019 as it looks to adjust monetary policy. Whilst in October Powell had said the Fed was “a long way” from a neutral monetary stance, November saw the rhetoric soften to “just below the broad range of estimates of the level that would be neutral for the economy”. The prepared comments of the Federal Open Market Committee also suggest a more flexible approach to forthcoming interest rate decisions, as the Fed observes fallout from the trade war and downward shifts in sentiment. The change in the commentary comes at an interesting time for the Fed as wages inflation rose +3.1% in the quarter, the biggest rise in a decade. Wages had been the missing ingredient out of the Goldilocks economic boom in the US. Should the rise in wages continue, and so far, employment growth maintains a very solid trajectory, the Fed will be forced to continue its rate hikes irrespective of this month’s appeasing rhetoric that placated capital markets.

**Microequities High Income Value Microcap Fund returned -2.76% in November; this brings the total return net of fees to 93.37% for the Fund since inception in March 2012.**

The Fund successfully exited its stake in **A2B Australia Ltd (formerly Cabcharge Ltd)**. The exit was driven by valuation reasons and the competing opportunities available of existing investments within the portfolio. The sell down takes the total number of companies to 29. The number is within our own self-imposed target of between 20 to 40 investee companies.

The investment management team will look to increase its investment across several currently underweighted investee companies.

Additionally, various additional investment opportunities are being considered and assessed for potential future inclusion into the Fund.

<b>Projected EPS Growth</b> 1 Year Forward (on a weighted basis)	<b>+6.2%</b>
<b>Projected EPS Growth</b> 2 Years Forward (on a weighted basis)	<b>+11.8%</b>

<b>Number of companies</b>	<b>29</b>
<b>Top 5 Holdings</b> % of NAV	<b>31.6%</b>
<b>Top 10 Holdings</b> % of NAV	<b>54.4%</b>
<b>Top 20 Holdings</b> % of NAV	<b>83.0%</b>
<b>Cash Position</b> % of NAV	<b>5.3%</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.