

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 30/06/2019

latest unit price \$1.3448 Cum-distribution	return since inception (March 2012) 103.32%	return 1 month -3.31%
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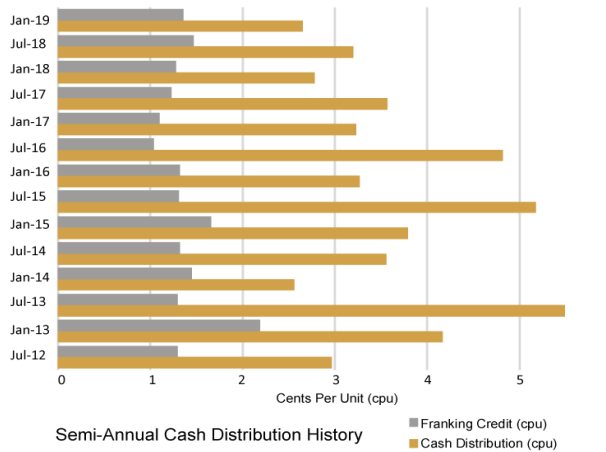


FUND OUTLINE

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

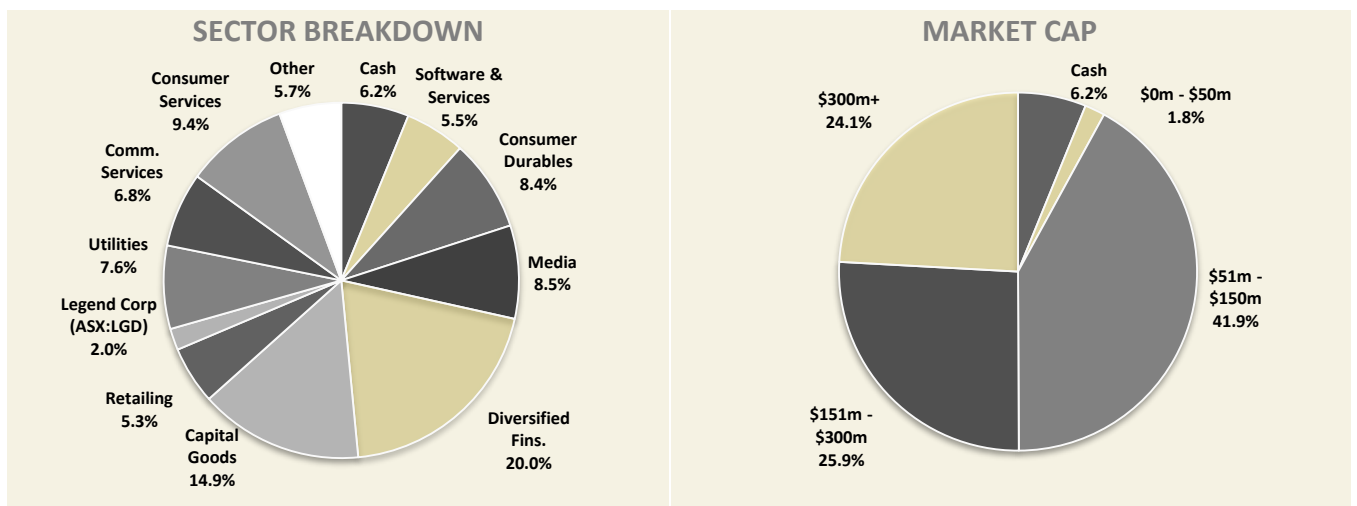


**Current Forecast
Grossed Up
Dividend Yield**

+7.09%**

**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	103.32%	10.16%	10.98%	7.30%	6.56%	-4.22%	-3.31%



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MARKET UPDATE AND COMMENTARY

The Australian small and microcap equity market has been bifurcated into two opposing realms. On the one hand, you have very fast-growing companies some of which are profitable, others yet to make a profit. This segment of companies has market values that are inflated, unjustifiable and some are simply in pure bubble territory. At the other end of the market, we have profitable modest growth companies whose market values have either not risen or retracted over the past 12 to 24 months. Some of these companies are at extreme low, GFC-like market values and we happen to own a lot of these companies. This dichotomy in market values has become quite extreme and is being driven by investment flows into valuation indiscriminate index funds (further fuelling valuations of overpriced companies) and the closure of many active fund manager businesses (Adam Smith Funds Management, Sigma Funds Management, KIS Capital, Janus Henderson) which has accentuated further pricing dislocation (in the undervalued realm). Interestingly this bifurcation is a domestic phenomenon and is not currently being observed in global equities markets.

Microequities High Income Value Microcap Fund returned -3.31% in June; this brings the total return net of fees to 103.32% for the Fund since inception in March 2012.

Several companies in the Fund released noteworthy announcements.

Alliance Aviation (ASX:AQZ) updated investors on their positive operating performance. The company will generate a \$32.5m PBT result for FY19, up over +25% on the FY18 result and the biggest PBT result in its 17 year history.

CSG Ltd (ASX:CSV) continued its financial turnaround and the company expects to achieve its \$17m EBITDA result for FY19. The result will be within the guidance range provided to the market and up +70% on the FY18 result. We are also pleased to report that investee company **Pacific Energy (ASX:PEA)** upgraded its FY19 EBITDA earnings guidance from \$60m-\$61m to \$65m.

The High Income Value Microcap Fund will be paying its 15th consecutive cash distribution since inception. From July 2019 onwards the Fund will move to monthly cash distributions.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+7.30%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+11.6%

Number of companies	30
Top 5 Holdings % of NAV	31.9%
Top 10 Holdings % of NAV	53.9%
Top 20 Holdings % of NAV	82.3%
Cash Position % of NAV	6.2%

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.