

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 30/06/2019

latest unit price (exit price) \$1.0711 Cum-distribution	return since inception (Feb 2019) 7.11%	return 1 month -2.06%
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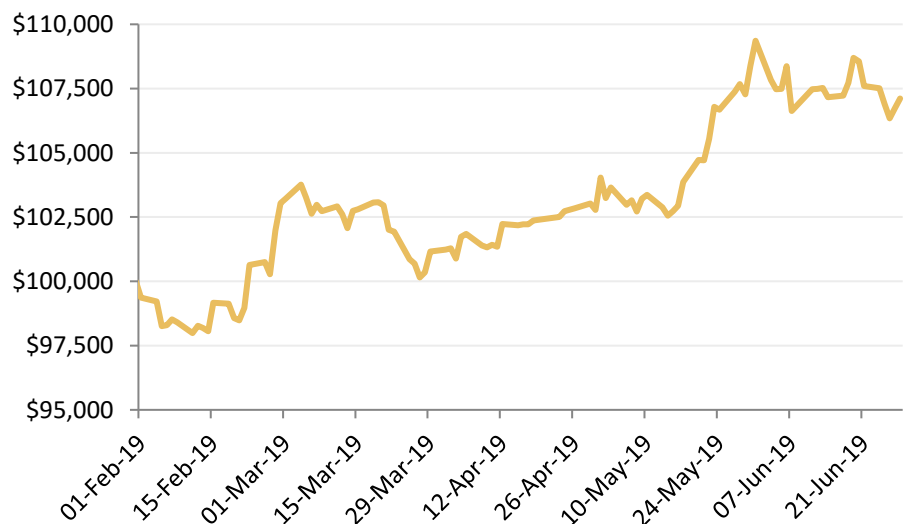


FUND OUTLINE

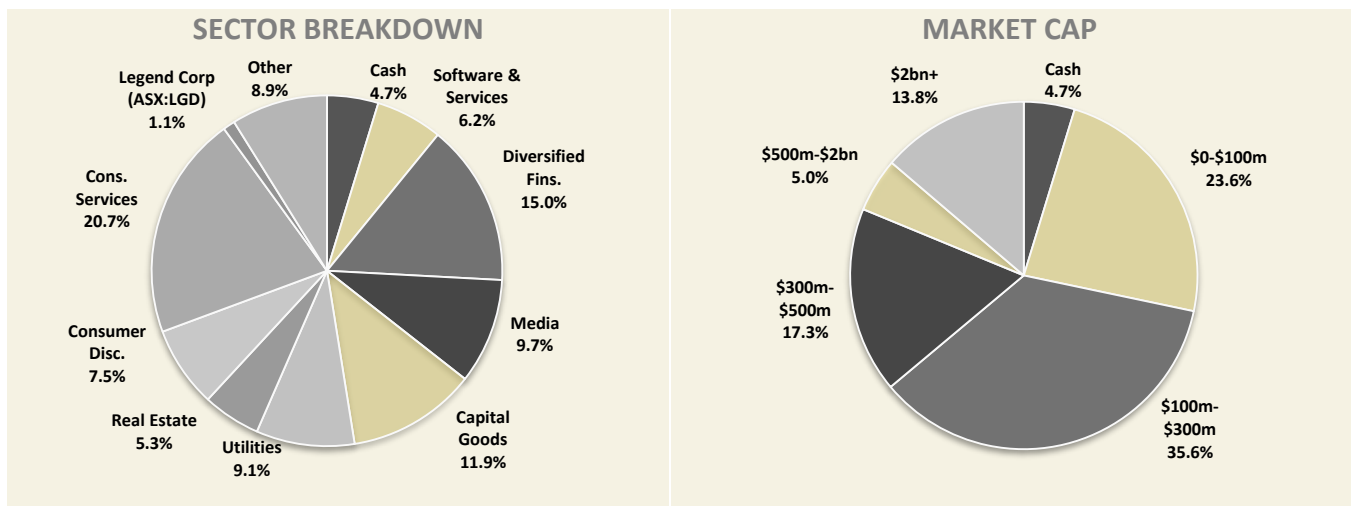
Fund Manager: Carlos Gil
(CIO)

The Microequities Value Income Fund (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies.

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$107,111**



	Total since inception	1 Year	6 Month	1 Month
VIF	7.11%	-%	-%	-2.06%



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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 Value Income Fund returned -2.06% in June; this brings the total return net of fees to 7.11% for the Fund since inception in February 2019.

The Fund added one new business in the leisure and entertainment sector. The Fund purchased this business after a recent sell off on the back of an earnings downgrade. We believe these issues are transitory in nature, the assets owned by the business are largely recession proof and it operates in a monopoly market structure in each market.

Remote mining utility company **Pacific Energy (ASX:PEA)** announced an upgrade to their earnings guidance of \$65m EBITDA, compared to the previous range of \$60m-\$61m. The business operates power stations for mine sites in remote locations in Australia and is a low risk way to play the mining services sector. The business year in year out generates incremental growth from its existing mining customers as well as winning new greenfield projects. Financial planning, platform and funds management group **Fiducian Group (ASX:FID)** announced the acquisition of **Mystate Limited's (ASX:MYS)** financial planning business. We think this is another sensible acquisition from a management team that has delivered double digit earnings growth for many consecutive years. The shares trade at just 13x FY20 PE which we think is far too low for a business of this quality.

Number of companies	28
Top 5 Holdings % of NAV	28.6%
Top 10 Holdings % of NAV	51.8%
Top 20 Holdings % of NAV	84.2%
Cash Position % of NAV	4.7%

Disclaimer: This communication has been 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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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.