

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/07/2019

latest unit price \$1.4127 Cum-distribution	return since inception (March 2012) 119.83%	return 1 month 8.12%
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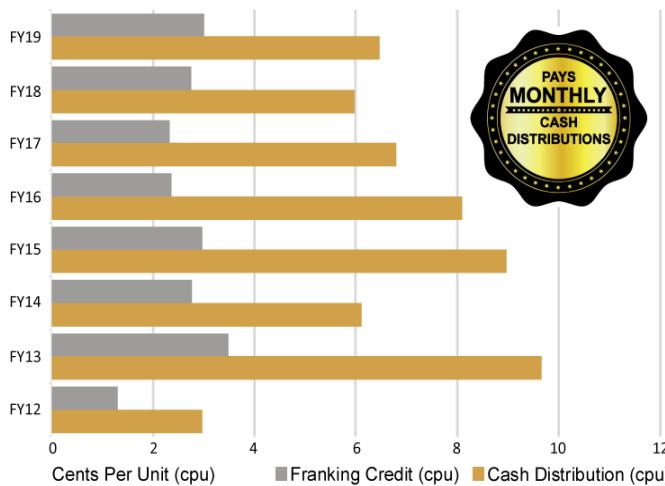


FUND OUTLINE

Fund Manager: Carlos Gil (CIO)

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

76.04c Total Cash and Franking Credits RETURNED SINCE INCEPTION

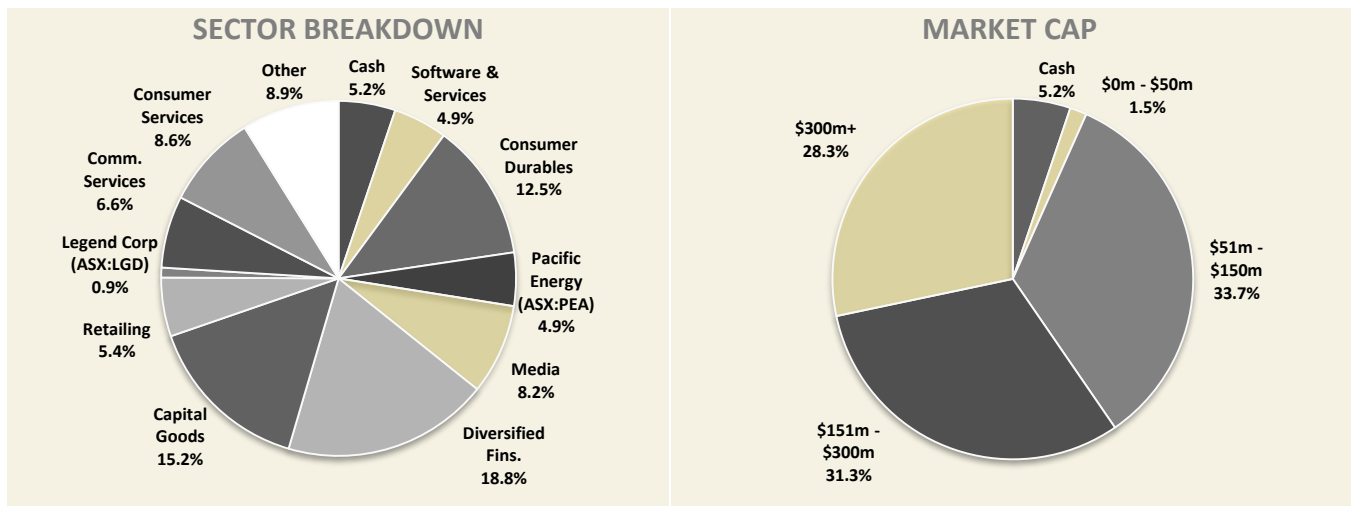


Current Forecast
Grossed Up
Dividend Yield

+6.83%**

**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	119.83%	11.21%	11.33%	7.45%	6.12%	2.64%	8.12%



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MARKET UPDATE AND COMMENTARY

Since the GFC, central banks around the world have adopted highly accommodative monetary policies to stimulate demand and boost employment. More than 10 years on since the GFC, we are experiencing another round of monetary easing at a time when there is neither an economic crisis nor a financial one. Last night, the US Federal Reserve cut its official rate to a range of 2.00% to 2.25%. The rate cut marks the first cut in over a decade. Across Europe, the ECB has signalled its intent to lower rates to an all-time low of -0.5%. In Australia, the RBA has undertaken two rounds of rate cuts bringing the official rate to a new record low of 1%. The expectation is that the RBA will cut rates one more time before the end of the year. This comes at a time when the unemployment rate is at a relatively benign 5.2%. So, what is going on? The answer is we have experienced a seismic structural shift in the long-term risk-free rates. Inflation is barely registering across most advanced economies and stimulating it, along with sustaining current employment levels, has become the number one priority for central banks. Low rates are consequently a structural phenomenon not a cyclical one.

Microequities High Income Value Microcap Fund returned 8.12% in July; this brings the total return net of fees to 119.83% for the Fund since inception in March 2012.

Remote mining utilities provider **Pacific Energy (ASX:PEA)** which last month upgraded its earnings, received a takeover offer from QIC Private Equity at a +35.4% premium to the last traded price and a 50.1% premium to the 90 day VWAP. The company currently represents 4.9% of the total assets of the Fund.

One of the top 5 investee companies in the Fund upgraded its earnings guidance for FY19. We are pleased with the operational update and believe the company is well poised to accelerate earnings growth into FY20.

From July onwards the Fund will begin to pay monthly cash distributions, with the intended cash distributions for the next 5 months being 0.4 cents per unit per month and a true up payment for the month of December will be made in January. An updated distribution payment scheduled will provided in January.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+7.50%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+11.2%

Number of companies	30
Top 5 Holdings % of NAV	35.3%
Top 10 Holdings % of NAV	57.3%
Top 20 Holdings % of NAV	85.4%
Cash Position % of NAV	5.2%

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.