

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 31/07/2019

latest unit price (exit price) \$1.1113 Ex-distribution	return since inception (Feb 2019) 14.48%	return 1 month 6.88%
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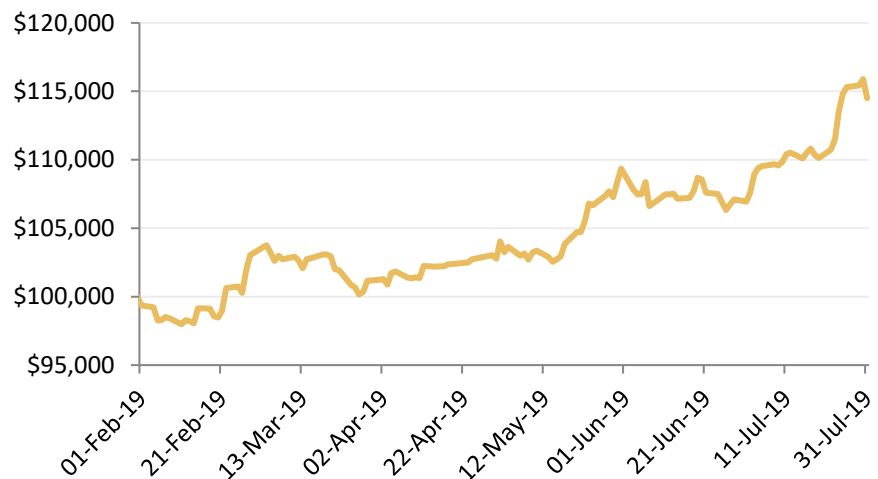


FUND OUTLINE

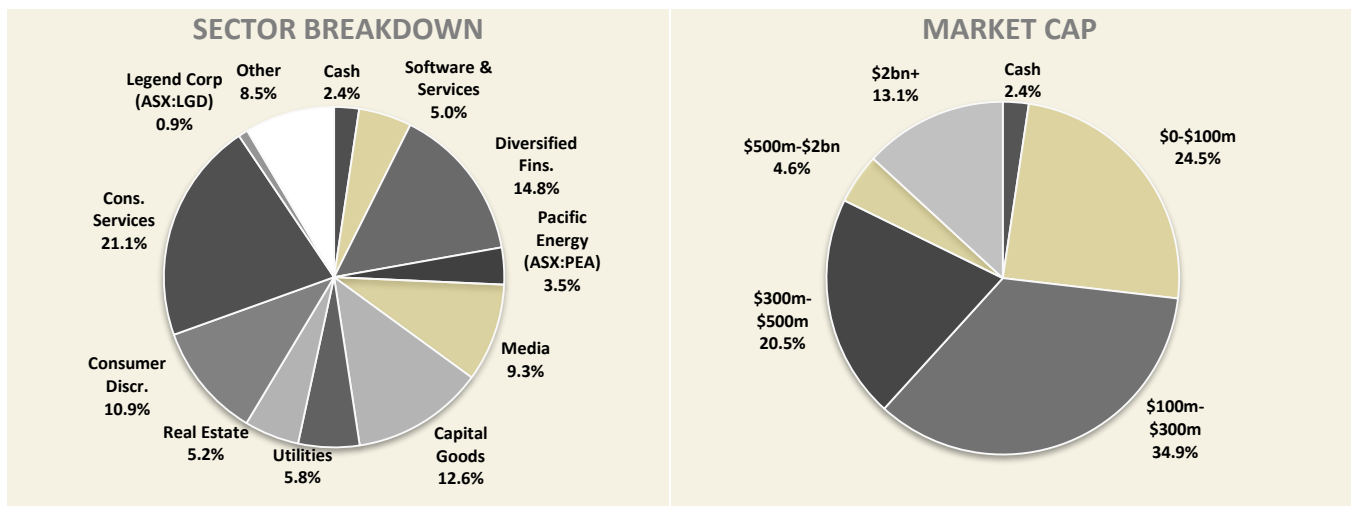
Fund Manager: Carlos Gil
(CIO)

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 > **\$114,484**



	Total since inception	1 Year	6 Month	1 Month
VIF	14.48%	-%	14.48%	6.88%



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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 Value Income Fund returned 6.88% in July; this brings the total return net of fees to 14.48% for the Fund since inception in February 2019.

There were no changes to the number of constituent companies in the Fund during the month. We added to our holding in a consumer products business which released a strong trading update. On our forecasts, the business trades on 12x FY20 earnings and 7%+ dividend yield. We have trimmed some other positions where the market price has risen significantly without any corresponding changes to the business fundamentals.

Remote mining utility company **Pacific Energy (ASX:PEA)** announced it had entered into a binding Scheme of Arrangement with QIC Private Equity. The total price of \$0.975 represented a 35% premium to the share price before the takeover. There is still the likely chance of competing offers as we deem the quality of Pacific Energy's assets to be of good quality for a trade buyer or other infrastructure and private equity funds. Pacific Energy represented 3.5% of the Fund as the end of the month and the shares were up 42% during the month.

Number of companies	28
Top 5 Holdings % of NAV	31.9%
Top 10 Holdings % of NAV	55.1%
Top 20 Holdings % of NAV	87.2%
Cash Position % of NAV	2.4%

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.