

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 30/09/2019

latest unit price \$1.4883 Cum-distribution	return since inception (March 2012) 132.91%	return 1 month 4.49%
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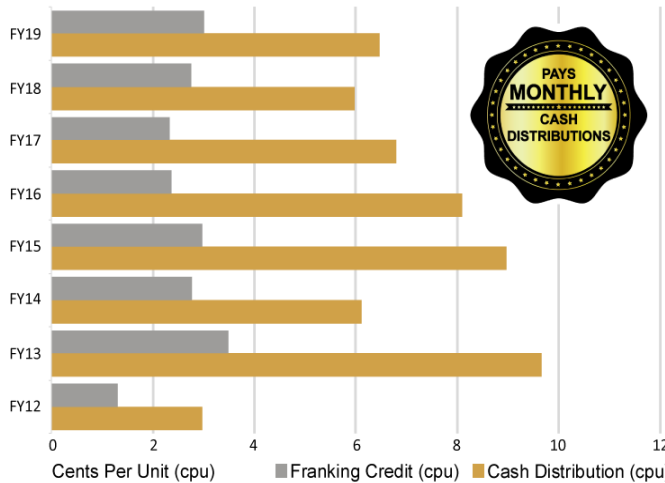


FUND OUTLINE

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

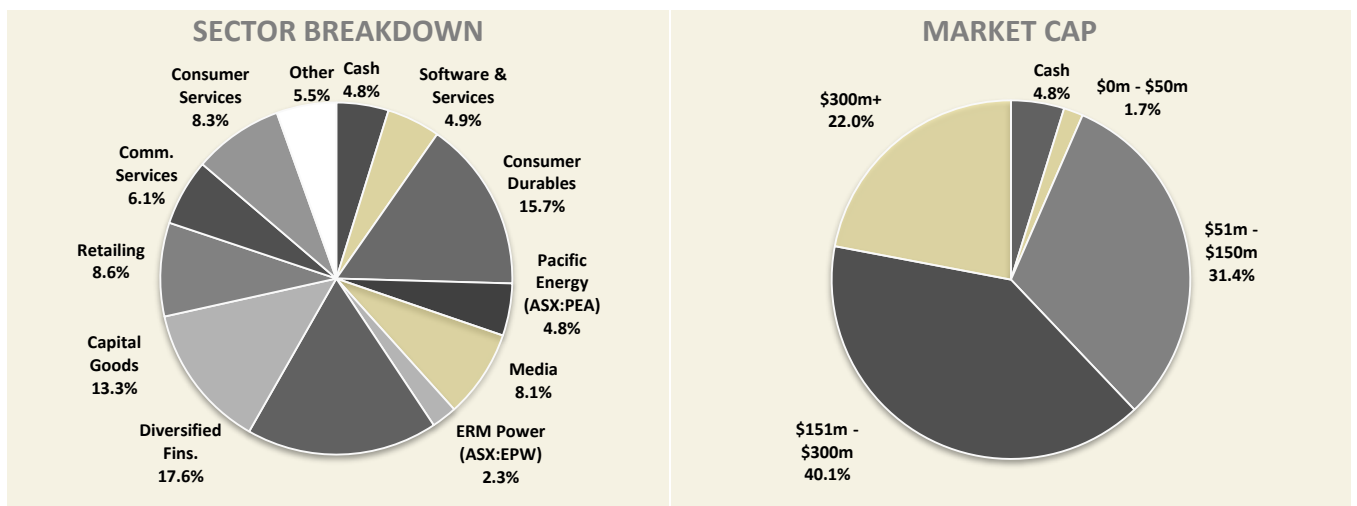


Current Forecast
Grossed Up
Dividend Yield

+6.87%**

**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	132.91%	11.79%	11.79%	8.39%	6.29%	7.78%	4.49%



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MARKET UPDATE AND COMMENTARY

Chinese manufacturing activity rebounded in the month of September thanks to improved domestic demand despite overseas orders dropping. China's PMI (Purchasing Managers Index) rose from 49.5 in August to 49.8 in September. Notwithstanding the improvement, a PMI figure below 50 still denotes a contraction in manufacturing activity. Earlier this year, the Chinese government introduced a range of fiscal stimulus initiatives as it seeks to offset a challenging export market as a result of the US-Sino trade war. The manufacturing sector was also a primary receiver of large tax reductions. In June, the government also introduced various consumer stimulus measures for a range of important economic product categories such as electric vehicles, 5G mobile devices and home appliances. The bigger picture is to shift the balance of economic growth to a more domestic consumption led economy. This transition is already taking place; in 2018, consumption growth contributed to 76.2% of China's GDP growth. In the context of a more uncertain external export market, this is a timely transition.

Microequities High Income Value Microcap Fund returned 4.49% in September; this brings the total return net of fees to 132.91% for the Fund since inception in March 2012.

We are pleased to report that **Pacific Energy (ASX:PEA)** which was subject to a friendly takeover bid by private equity group, QIC at \$0.975 cash per share received a competing bid by OPTrust and Infrastructure Capital Group at \$1.085 cash. QIC subsequently matched the bid and is now the preferred bidder again. We welcome the competing bid and note that the takeover process might not yet have arrived at a definitive finality. **Pacific Energy currently represents 4.8% of the net assets of the Fund.**

The investment management team is excited by the addition of a new entrant in the Fund this month. The business operates in the media sector within a highly specialised vertical niche. Over the past 12 months the market price for the business has fallen by over 60% and the investment management team believes the present market price represents an opportunistic investment at less than 5x operational earnings and a grossed up prospective yield of +8%. The current weighting of this new investment is 1.7% with further accumulation expected to take place over the ensuing months.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+6.40%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+13.70%

Number of companies	32
Top 5 Holdings % of NAV	38.6%
Top 10 Holdings % of NAV	59.0%
Top 20 Holdings % of NAV	84.3%
Cash Position % of NAV	4.8%

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.