

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/10/2019

latest unit price \$1.4926 Cum-distribution	return since inception (March 2012) 134.21%	return 1 month 0.56%
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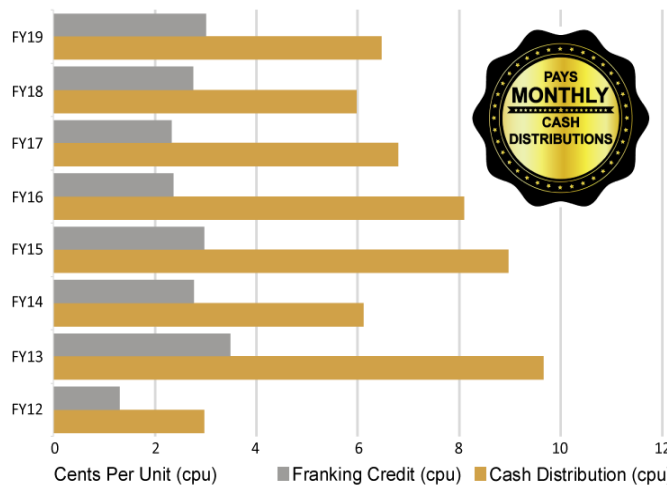


FUND OUTLINE

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

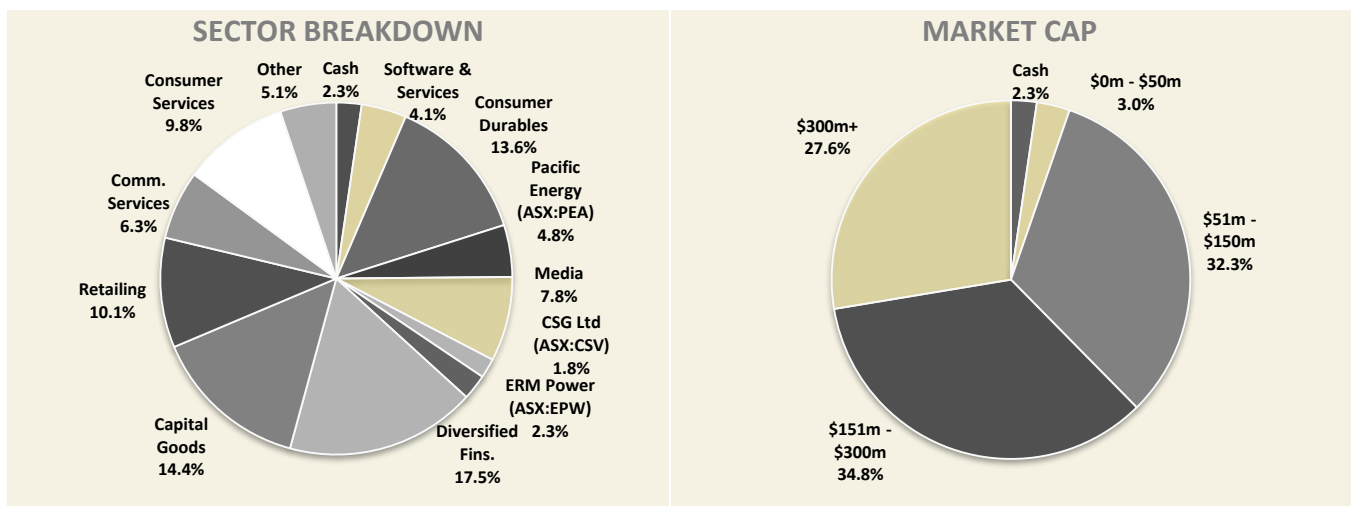


Current Forecast
Grossed Up
Dividend Yield

+6.96%**

**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	134.21%	11.74%	12.05%	9.14%	6.45%	17.77%	0.56%



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MARKET UPDATE AND COMMENTARY

Whilst the Australian stock market fell for the month, the US equity market nudged into record territory as a Sino-US trade deal, at least an interim one, looks more likely. If that wasn't enough, the Federal Reserve continued its dovish monetary stance by undertaking its third interest rate cut in 2019, cutting its benchmark funds rate by 25 basis points to a range of 1.5% to 1.75%. The Federal Reserve is now likely to pause on further cuts to the benchmark funds rate. Across the Atlantic, the chances of a no-deal Brexit look low as Britons will face another political election that is likely to determine whether Boris Johnson's proposed EU deal will be ratified by parliament. Whatever the UK election outcome, we view the possibility of a no deal Brexit as low. The economic impact of Johnson's proposed Brexit deal remains unclear and is subject to significant debate. The UK will still need to negotiate a long-term trade agreement with the EU. However, over the short term, the ratification of the deal would remove uncertainty and likely to lead to a boost of investment in Britain and overall investor confidence.

Microequities High Income Value Microcap Fund returned 0.56% in October; this brings the total return net of fees to 134.21% for the Fund since inception in March 2012.

During the month the Fund fully divested out of its stake in **Gale Pacific Ltd (ASX:GAP)**. Whilst the investment has been moderately successful the last three financial years, the company has failed to deliver material growth in earnings. Whilst good progress has been made in its US operations, the investment management team viewed that other investment opportunities were superior within the portfolio.

We are also pleased to announce two new investments in the Fund. The first is a professional services business which has been purchased at an 80% discount to its IPO price some years ago and at 11%+ grossed up dividend yield. The second company is a mining services business well known to the investment management team. The company is experiencing a tailwind of improved demand conditions and increased customer base that will continue to help build its forward earnings. Both of these investments are exciting additions to the Fund.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+6.67%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+13.50%

Number of companies	33
Top 5 Holdings % of NAV	39.4%
Top 10 Holdings % of NAV	59.6%
Top 20 Holdings % of NAV	85.7%
Cash Position % of NAV	2.3%

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.