

# HIGH INCOME

## VALUE MICROCAP FUND



### MONTHLY PERFORMANCE AS AT 31/12/2019

latest unit price <b>\$1.5345</b> Cum-distribution	return since inception (March 2012) <b>142.07%</b>	return 1 month <b>1.99%</b>
--	---	--------------------------------

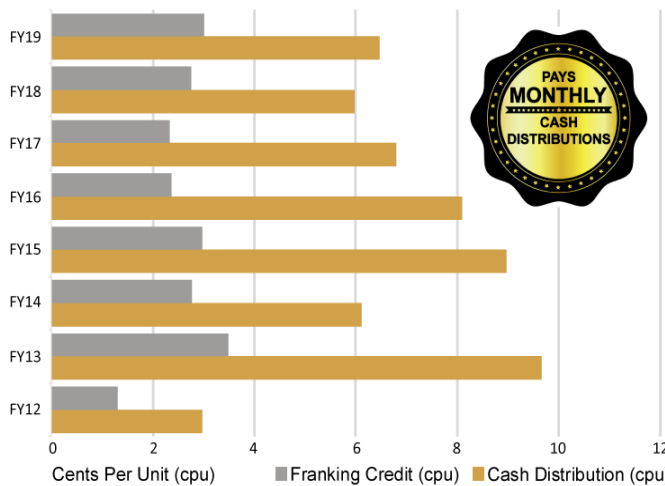


#### FUND OUTLINE

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

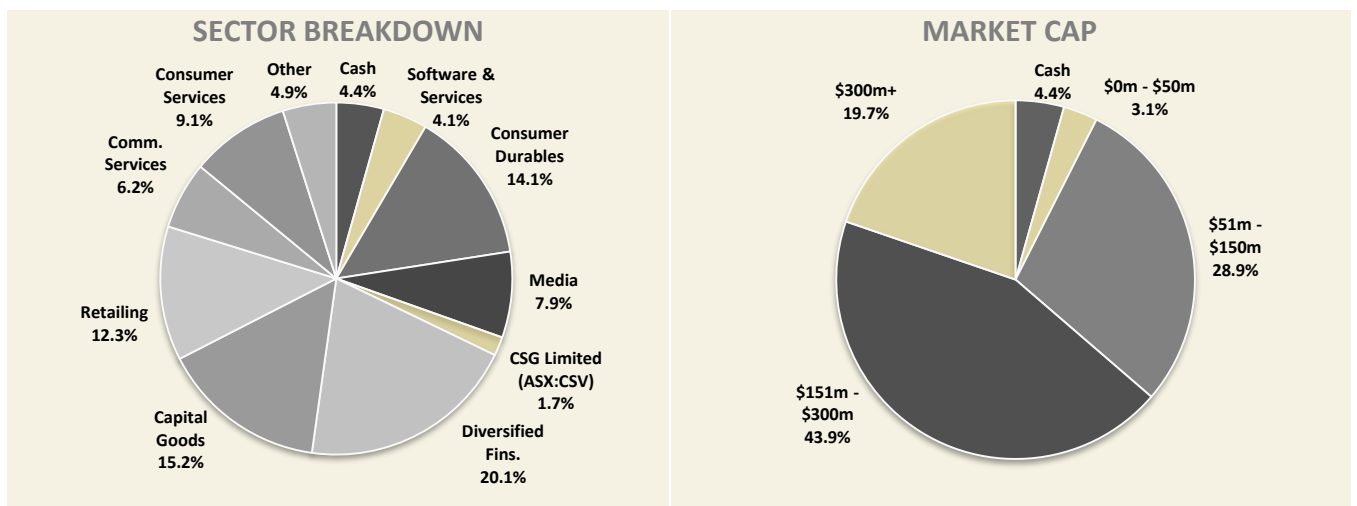


**Current Forecast Grossed Up Dividend Yield**

**+6.68%\*\***

\*\*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	142.07%	11.95%	11.77%	9.98%	7.52%	29.52%	1.99%



# HIGH INCOME

## VALUE MICROCAP FUND



### MARKET UPDATE AND COMMENTARY

December provided financial markets with two important positives; an in-principle phase one Sino-US trade agreement and a UK election result that provides a clear Brexit mandate. The in-principle phase one trade deal winds back some of the US imposed tariffs on Chinese goods to 7.5% whilst also suspending new planned tariffs on a range of goods. It also includes some intellectual property protection measures sought by the US and solidifies the enforcement regime with a framework similar to what the US has with other trading partners. The agreement is more substantive than previously thought but leaves out contentious issues such as state subsidies, digital trade, manufacturing sector imbalances and data localisation restrictions. The second event, the British election was a de facto second referendum on Brexit and removed a significant nascent economic risk to the world economy; the possibility of radical anti-free market policies being enacted upon the British economy. Had the Labor Party won government a series of radical anti-free market economic policies would have been enacted including moving to a 32-hour week, the nationalisation of UK utilities, giving 10% of shares of companies to workers and massively growing the size of government. The British electorate voted in favour of common sense and rejected the Labor Party's manifesto.

**Microequities High Income Value Microcap Fund returned 1.99% in December; this brings the total return net of fees to 142.07% for the Fund since inception in March 2012.**

Whilst it was a quiet month in terms of active management for the Fund with no changes to our portfolio, the investment management team is currently assessing a number of potential entrants into the fund for 2020. These businesses are broadly in the mining services sector with several undergoing material market price reductions over the past 24 months.

We are pleased to announce that January will see a "true-up" distribution of 0.6 cents per unit paid to unitholders. This is the 6<sup>th</sup> consecutive distribution since the monthly distribution regime was introduced. The High Income Value Microcap Fund has paid consistent and uninterrupted cash distributions since the fund's inception in March 2012.

<b>Projected EPS Growth</b> 1 Year Forward (on a weighted basis)	<b>+9.62%</b>
<b>Projected EPS Growth</b> 2 Years Forward (on a weighted basis)	<b>+12.98%</b>

<b>Number of companies</b>	<b>32</b>
<b>Top 5 Holdings</b> % of NAV	<b>41.1%</b>
<b>Top 10 Holdings</b> % of NAV	<b>59.5%</b>
<b>Top 20 Holdings</b> % of NAV	<b>84.9%</b>
<b>Cash Position</b> % of NAV	<b>4.4%</b>

**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.