

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 31/12/2019

latest unit price (exit price) \$1.2307	return since inception (Feb 2019) 26.79%	return 1 month 0.95%
---	--	--------------------------------

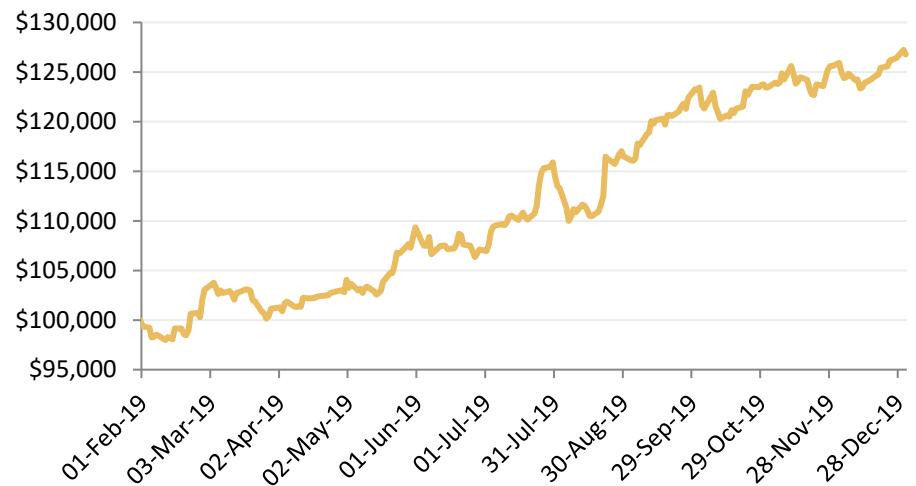


FUND OUTLINE

Fund Manager: Carlos Gil
(CIO)

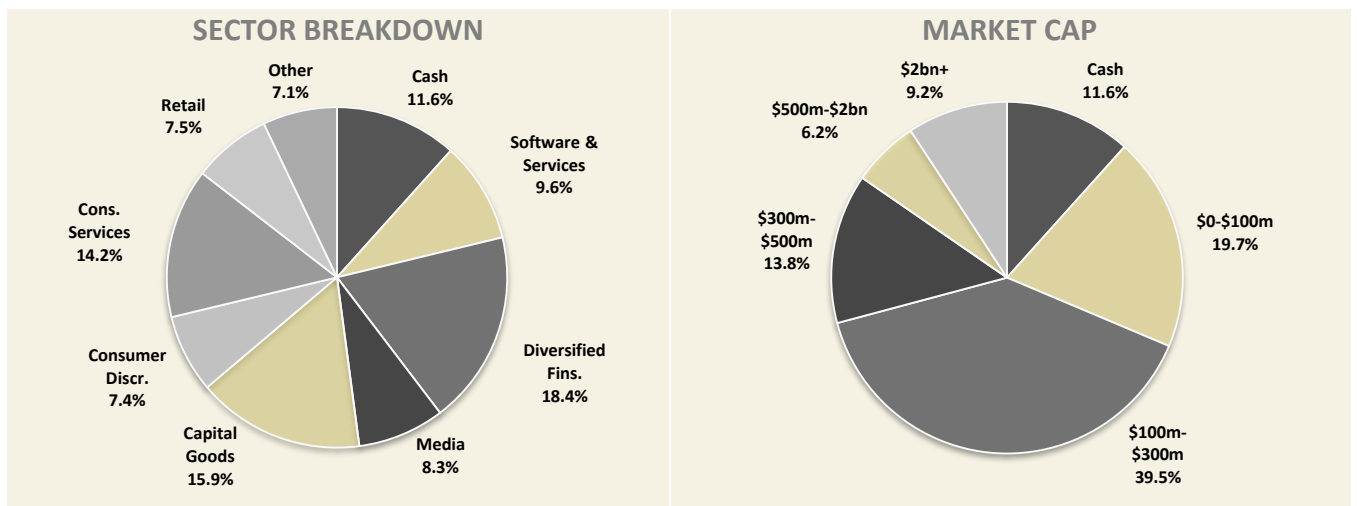
The Microequities Value Income Fund (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies.

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$126,785**



Past performance is not a reliable indicator of future performance

	Total since inception	1 Year	6 Month	1 Month
VIF	26.79%	-%	18.37%	0.95%



MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



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 Value Income Fund returned 0.95% in December; this brings the total return net of fees to 26.79% for the Fund since inception in February 2019.

During the month a number of our businesses provided earnings updates and notable announcements. Our investment in a niche media business provided a quarterly update and 1H20 guidance. Whilst earnings are expected to be down, the cadence of the business performance has improved. Importantly the business continues to generate strong cash flow, reiterated dividend payout guidance and resumed its share buyback.

We continue to add to our investment in a retailer that will grow earnings and dividends significantly in FY20. At our purchase price, we are paying just 6x FY20 PE and dividend yield grossed up of 11%. Our investment in a financial services business made senior management appointments and secured funding to grow one of their business divisions. We think the next 6-12 months could be the inflection point to accelerating EPS growth.

Number of companies	31
Top 5 Holdings % of NAV	26.0%
Top 10 Holdings % of NAV	43.3%
Top 20 Holdings % of NAV	71.4%
Cash Position % of NAV	11.6%

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.

This communication contains general information only and does not take into account investment objectives, financial situation or needs of any particular individual or entity. It does not constitute financial, tax or legal advice, nor is it an offer, invitation or recommendation to subscribe or purchase a unit in the Fund or any other financial product. Before acting on any information contained in this communication, you should consider whether it's appropriate to you, in light of your objectives, financial situation or needs.

While every effort has been made to ensure the information in this communication is accurate; its accuracy, reliability or completeness is not guaranteed and none of The Trust Company (RE Services) Limited (ACN 003 278 831), Microequities Asset Management Pty Ltd or any of their related entities or their respective directors or officers are liable to you in respect of this communication. A Product Disclosure Statement (PDS) issued in January 2019 is available for the Fund on the following website: <http://microequities.com.au/valueincomefund>

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.