

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/01/2020

latest unit price \$1.5264 Cum-distribution	return since inception (March 2012) 141.74%	return 1 month -0.14%
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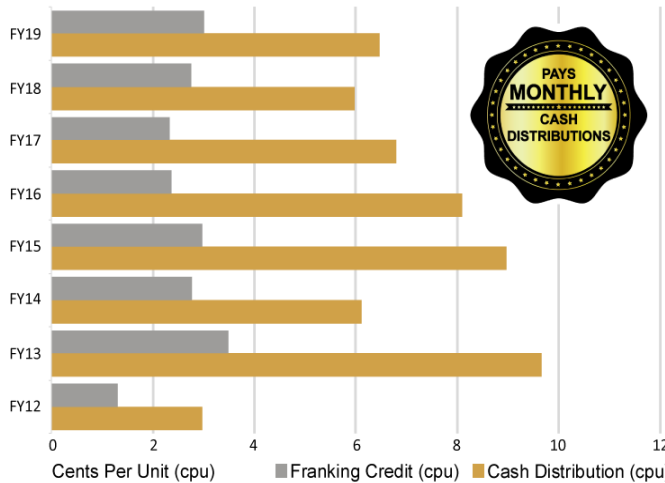


FUND OUTLINE

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

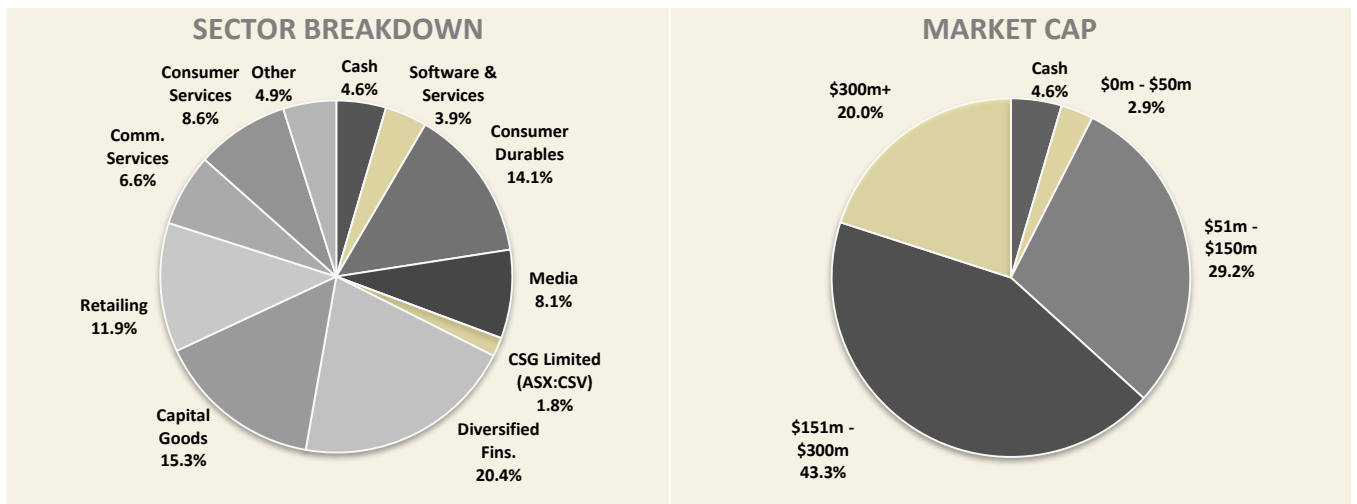


Current Forecast
Grossed Up
Dividend Yield

+6.71%**

**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	141.74%	11.80%	10.06%	9.84%	6.93%	27.12%	-0.14%



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MARKET UPDATE AND COMMENTARY

The US economy heads into 2020 at a solid pace of growth with the world's largest economy registering a GDP growth rate of +2.1%. That rate is slightly below the 2019 overall growth rate of +2.3% but a solid result in the context of a major trade dispute with the world's second largest economy, China. Robust yet unspectacular growth in personal and household income and sustained employment growth bode well for a continuation of trend like growth for the US economy into 2020. Notwithstanding the positive outlook, we expect the second phase of US-Sino trade negotiations to come into the fore towards the end of 2020 as the US presidential elections comes to its conclusion.

The end of the month saw financial markets become increasingly focused on a new coronavirus which originated in China. Whilst we do not profess to be genome or pandemic experts, there are several factors in the virus' development that leads us to think that the overall economic impact will be mild, meaning that short term weaknesses in markets may present a window of investment opportunity.

Microequities High Income Value Microcap Fund returned -0.14% in January; this brings the total return net of fees to 141.74% for the Fund since inception in March 2012.

The most important event for the Fund during the month was one of the investee companies, currently weighted at 2.9% of the total assets of the Fund, announced a major transformative acquisition. The investment team views the acquisition as one of those rare acquisitions that present low levels of integration risk and bring significant industrial synergies. As such, we believe the major cost synergies from the acquisition will be eminently achievable. It is the intention of the investment management team to increase the investment in this business significantly and make it a top 5 holding (price permitting). The intended weighting would require an additional \$3m of capital which is currently above the cash holdings of the Fund. As such we are calling on investors to consider increasing their investment into the Fund to take full advantage of this opportunity.

Outside of this investment, two potential new companies are currently being assessed as potential new entrants into the Fund.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+9.37%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+13.02%

Number of companies	32
Top 5 Holdings % of NAV	40.6%
Top 10 Holdings % of NAV	58.6%
Top 20 Holdings % of NAV	84.0%
Cash Position % of NAV	4.6%

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.