

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/05/2020

latest unit price \$1.2365 Cum-distribution	return since inception (March 2012) 98.46%	return 1 month 12.46%
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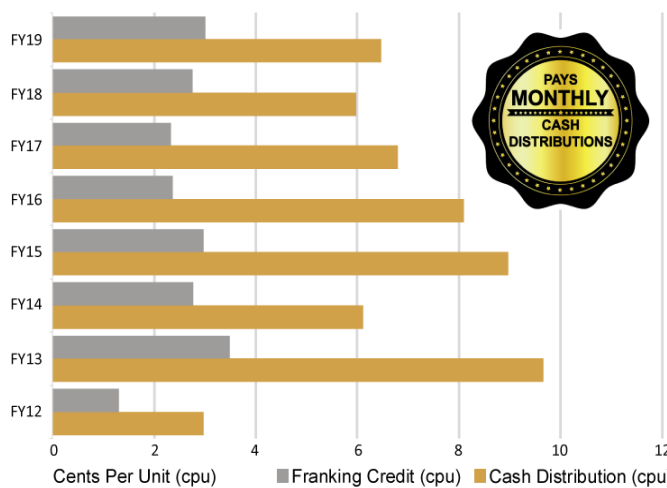


FUND OUTLINE

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

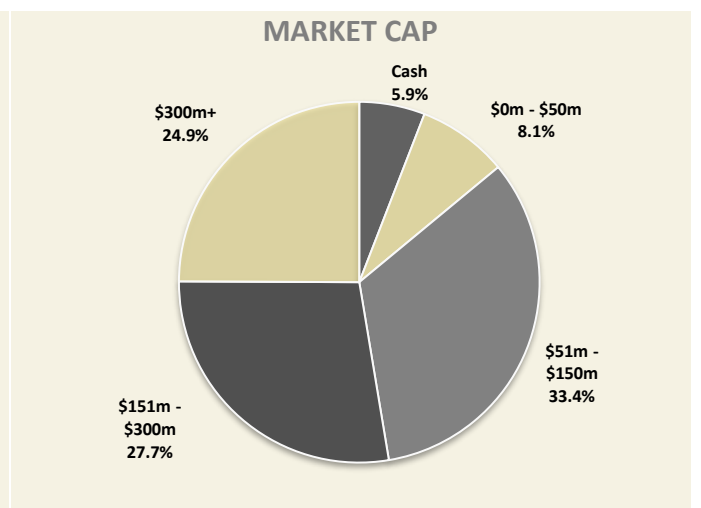
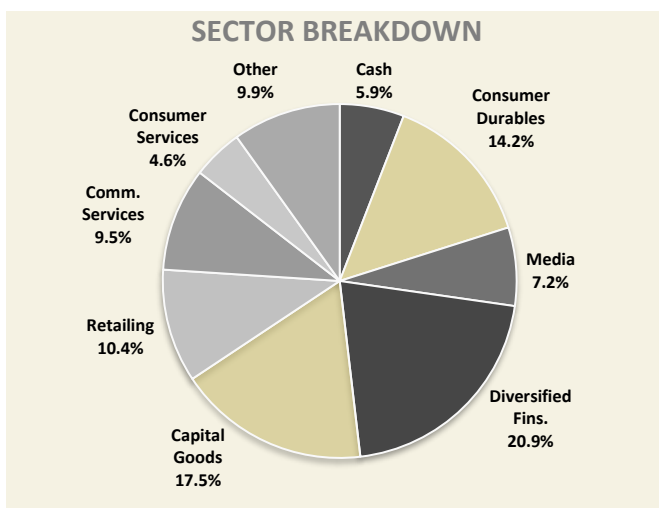


Current Forecast Grossed Up Dividend Yield

+4.85%**

**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	98.46%	8.66%	6.20%	3.44%	-0.26%	-5.62%	12.46%



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MARKET UPDATE AND COMMENTARY

World equity markets continued their ascendancy during the month of May, buoyed by optimistic news flow regarding the phasing out of restrictions around some European countries and the semblance of some normality returning. Domestically, the effectiveness of the draconian control measures instigated by Federal and State governments have paid dividends. Australia is now facing a “best case scenario” with the number of active Covid-19 cases and contagion levels falling dramatically. In response to this positive evolution, state governments around the country have begun to implement loosening of restrictions, which will aid the economic recovery. Just how rapid and enduring the economic recovery will be, is still subject to a high level of uncertainty. We are however in a better place than eight weeks ago. Some sectors like tourism and education will still face enormous challenges until cross border travel restrictions are lifted. Encouragingly, the Federal government is looking to undertake economic reform aimed at removing red tape, including industrial and tax reform. An opportunity for Australia to come out of Covid-19 with a more competitive framework for sustainable economic growth is within our grasp.

Microequities High Income Value Microcap Fund returned 12.46% in May; this brings the total return net of fees to 98.46% for the Fund since inception in March 2012.

During the month we fully exited three financial services businesses, all achieved at a profit and at a high return on investment to the Fund. The sale of these three businesses brings the total number of companies down to 32 and has bolstered the cash assets of the Fund to 5.9%.

As Australia slowly emerges from lockdown mode, various investee companies provided operational updates. We are pleased to report the following;

- The biggest investee company in our retail sector exposure, representing 6.3% of the Fund’s asset reported double digit growth in like for like sales, and online growth in the triple digits.
- Our second largest investee company in the capital goods sector informed the market that it expects its PBT for FY20 to be at least 20% higher than FY19 and about 40% than market expectations. This is an outstanding performance by the company.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	-2.34%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+6.80%

Number of companies	32
Top 5 Holdings % of NAV	38.6%
Top 10 Holdings % of NAV	59.1%
Top 20 Holdings % of NAV	83.2%
Cash Position % of NAV	5.9%

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.