

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 31/05/2020

latest unit price (exit price) \$0.9698	return since inception (Feb 2019) 1.42%	return 1 month 10.30%
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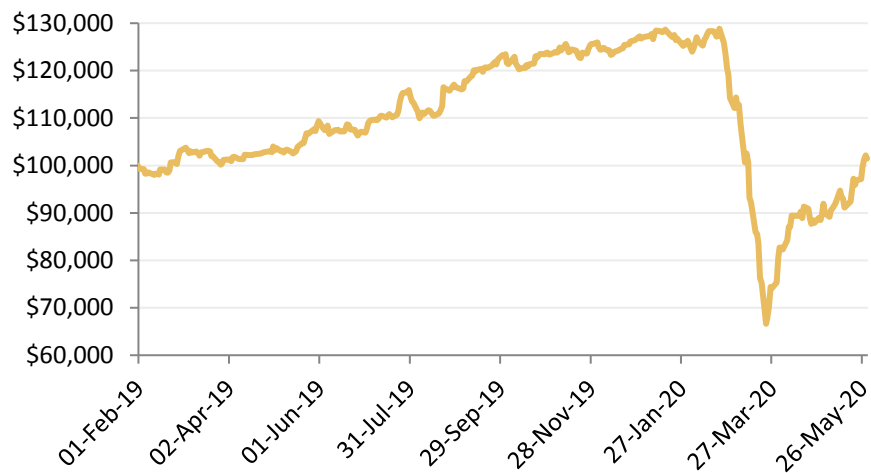


FUND OUTLINE

Fund Manager: Carlos Gil
(CIO)

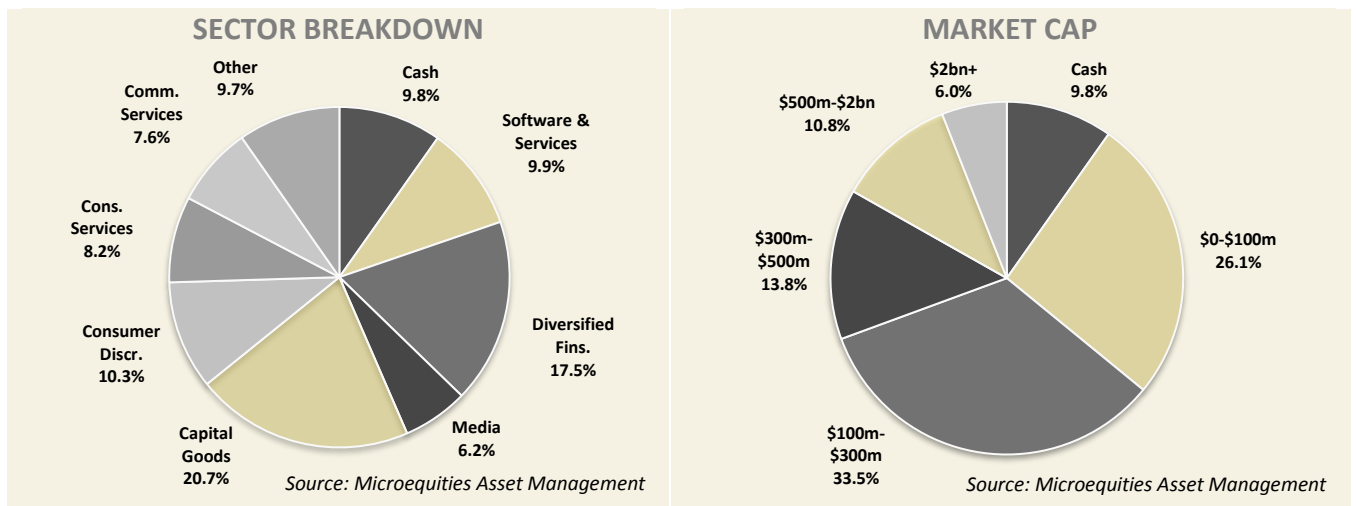
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$101,423**



Past performance is not a reliable indicator of future performance. Total return shown for "VIF" has been calculated using exit prices after taking into account all ongoing fees and assuming reinvestment of distributions. No allowance has been made for entry fees or taxation

Returns are shown net of fees	Total since inception	1 Year	6 Month	1 Month
Microequities Value Income Fund (VIF)	1.42%	-7.26%	-19.25%	10.30%



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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 Value Income Fund returned 10.30% in May; this brings the total return net of fees to 1.42% for the Fund since inception in February 2019.

During the month, the Fund exited its basket of three financial services businesses that were added recently as an opportunistic value play that had a long track record of fully franked dividends. When we bought these, they were trading at a discount to book value and share prices reflecting dire macroeconomic outcomes. Late in the month, the share prices rallied over 15% above our purchase prices as lockdowns were gradually eased. Given the likelihood of dividend suspensions, we exited these positions. There were some other notable announcements in the portfolio. Our investment in a specialist retailer announced a positive trading update. Whilst its bricks and mortar store sales performance was impacted severely by the lockdowns, online sales grew at over 300% and total sales growth accelerated during the lockdown. Shares rose over 50% and we took the opportunity to take some profits. Our holding in a commercial transport business surprised the market with a profit guidance update that was 40% higher than consensus forecasts for FY20 and 20% higher than FY19 results. Our holding in a financial administration business that we added last month reinstated guidance for FY20 and we expect dividend payments to resume at the full year results in August.

Number of companies	32
Top 5 Holdings % of NAV	32.3%
Top 10 Holdings % of NAV	50.7%
Top 20 Holdings % of NAV	74.1%
Cash Position % of NAV	9.8%

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.

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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.