

# HIGH INCOME

## VALUE MICROCAP FUND



### MONTHLY PERFORMANCE AS AT 30/06/2020

latest unit price <b>\$1.2461</b> Cum-distribution	return since inception (March 2012) <b>100.65%</b>	return 1 month <b>1.10%</b>
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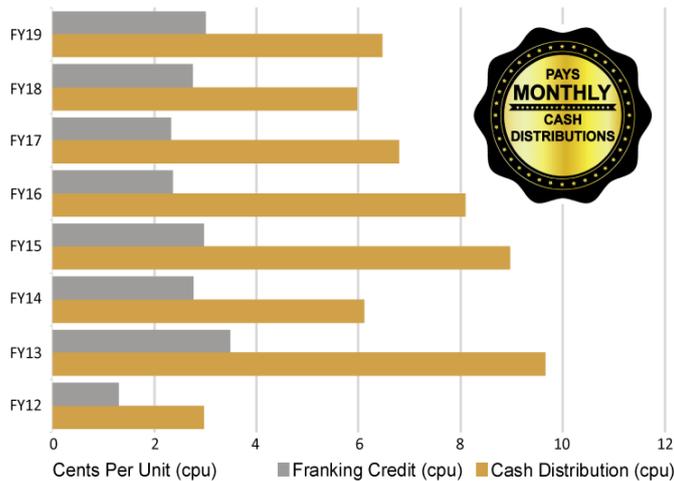


#### FUND OUTLINE

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

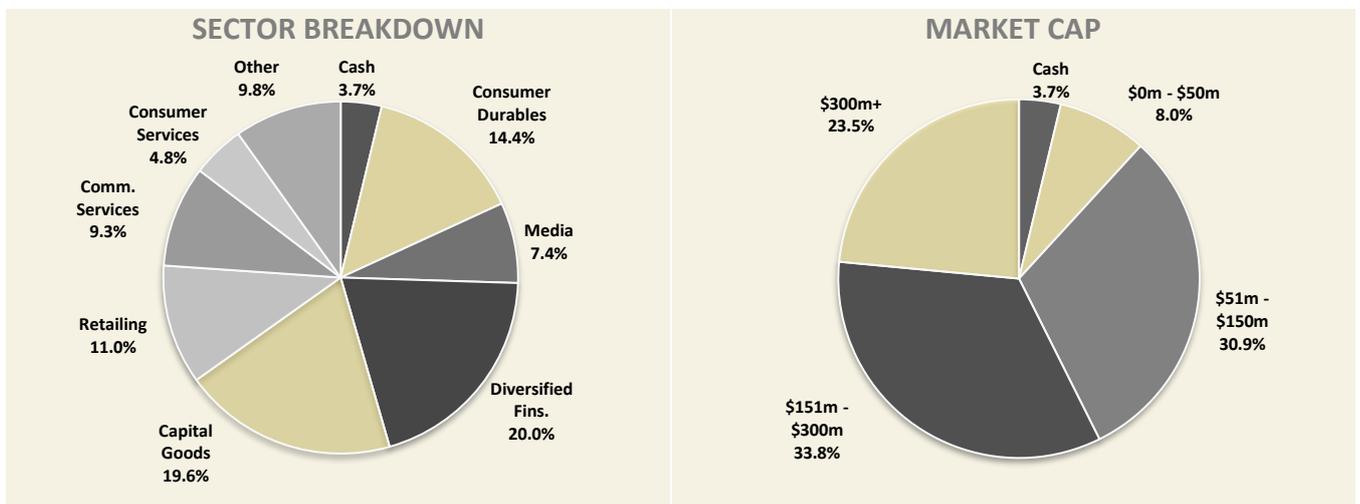


Current Forecast  
Grossed Up  
Dividend Yield

**+5.10%\*\***

\*\*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
<b>HIMF</b>	<b>100.65%</b>	<b>8.72%</b>	<b>6.94%</b>	<b>6.13%</b>	<b>-0.84%</b>	<b>-1.31%</b>	<b>1.10%</b>



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### MARKET UPDATE AND COMMENTARY

Europe, Asia and North America face different Covid-19 dynamics and by consequence different short-term economic outlooks. Europe which bore the brunt of new cases early in the pandemic is progressively relaxing restrictions and consumer consumption data in its major economies all point to a substantial recovery in spending behaviour. Asia, whilst facing different regional undercurrents, is experiencing a recovery in major economies with China and South Korea leading the economic recovery. Effective management of the pandemic outbreaks allowed their economies to reopen earlier. Japan which is a more export reliant economy faces a harder road to recovery as domestic demand resurgence will not offset the sharp fall in exports. The US is now experiencing a sharp rise in new Covid cases, potentially endangering the unlocking of its economic activity.

The likely scenario is regional outbreaks of Covid will continue to be experienced across the world, but it is improbable that state responses will be as aggressive as the shutdowns enacted at the beginning of the pandemic. We have likely entered a “management phase” of the pandemic with less severe government intrusion upon the economic system.

**Microequities High Income Value Microcap Fund returned 1.10% in June; this brings the total return net of fees to 100.65% for the Fund since inception in March 2012.**

The Fund owns three retail businesses that cumulatively make up 10.4% of total assets of the Fund. Two of these three businesses provided trading updates for FY20 during the month.

One of those companies is **Shaver Shop Ltd (ASX:SSG)** in which Microequities is a substantial shareholder. Shaver Shop total sales are up YoY by +16.3% whilst online sales are up +105%. EBITDA for FY20 is expected to be in the range of \$17.25m to \$18.25m up +28% to +35% on the FY19 result. The company also reinstated its interim dividend of 2.1 cents per share and we expect the company to also declare a final dividend for FY20. This was an impressive FY20 result which has strengthened the company’s balance sheet and competitive position within its product category specialisation. The other retail business the Fund owns also provided a strong operational update with FY20 total sales growth of +7% including online growth of almost +50%.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+0.58%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+5.18%</b>

<b>Number of companies</b>	<b>33</b>
<b>Top 5 Holdings</b> % of NAV	<b>41.0%</b>
<b>Top 10 Holdings</b> % of NAV	<b>61.3%</b>
<b>Top 20 Holdings</b> % of NAV	<b>85.7%</b>
<b>Cash Position</b> % of NAV	<b>3.7%</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.