

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/07/2020

latest unit price \$1.2730 Cum-distribution	return since inception (March 2012) 106.11%	return 1 month 2.72%
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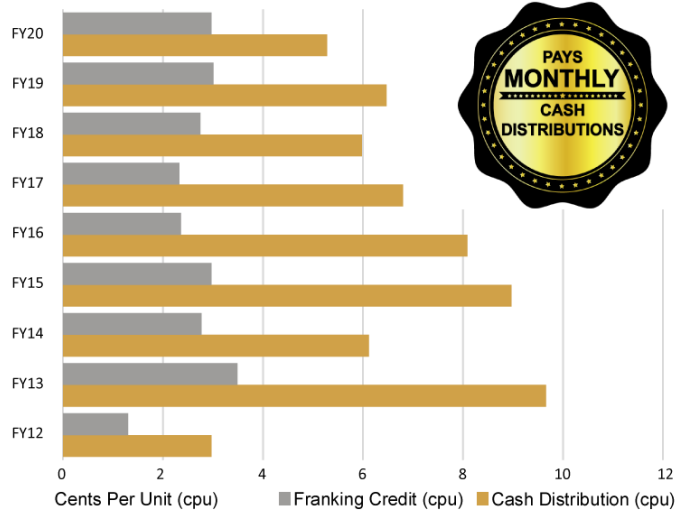


FUND OUTLINE

Fund Manager: Carlos Gil (CIO)

The High Income Value Microcap Fund is a wholesale fund investing in high dividend paying, undervalued, ASX microcap companies.

84.29c Total Cash and Franking Credits RETURNED SINCE INCEPTION

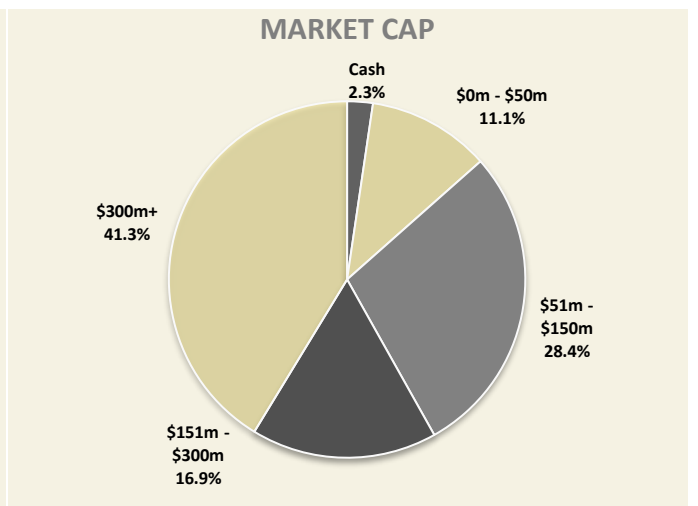
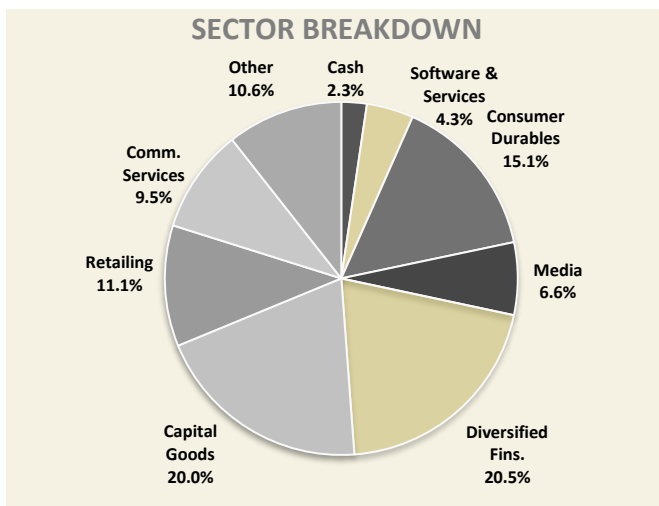


Current Forecast Grossed Up Dividend Yield

+5.31%**

**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	106.11%	8.97%	6.34%	5.58%	-1.01%	-6.24%	2.72%



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MARKET UPDATE AND COMMENTARY

The US GDP declined by 8.4% during the second quarter of 2020. Care should be taken not to extrapolate this number as the current heartbeat of the US economy; it is not. The US economy is going to decline this year, but its decline will likely be at a lower level than the second quarter numbers suggest. The government-imposed shutdowns during March and April severely impacted the US economy and would have had a very material impact on economic activity during the second quarter. The focus in coming weeks will now shift to the second stimulus package. The Republicans and Democrats will need to carve out a deal, but the scale of the stimulus package is likely to be enormous and will provide fresh support to an economy that will face a challenging outlook.

Domestically, the Australian government also announced extensions to its JobKeeper and JobSeeker programs. In all, the extensions are worth \$20b+. It is probable that the federal government will provide further stimuli as fiscal restraints are deprioritised and economic growth takes precedence.

Microequities High Income Value Microcap Fund returned 2.72% in July; this brings the total return net of fees to 106.11% for the Fund since inception in March 2012.

We received a positive operational update from the biggest investment in the Fund. Strong revenue growth across the company's brands will underpin an excellent FY20 earnings result. The company has also declared an increased final dividend that was ahead of our internal forecasts. Encouragingly, we believe the company is well positioned to continue to deliver double digit EPS growth into FY21 and maintain a very lowly geared balance sheet providing strong funding capability should it pursue a sizable acquisition.

Dicker Data Ltd (ASX:DDR), a top 10 investment in the Fund, provided a 1H20 financial and operating update (it has a calendar year financial year). Revenue is up +18.1%, NPBT +30.4% and NPAT is +23.5%. Recurring software revenue grew by +53.1% and now accounts for more than 20% of Dicker's revenue. This was a strong result for a business that is now in a strong position to bolster its inorganic growth potential.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+1.14%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+4.34%

Number of companies	33
Top 5 Holdings % of NAV	42.0%
Top 10 Holdings % of NAV	61.9%
Top 20 Holdings % of NAV	87.3%
Cash Position % of NAV	2.3%

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.