

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 30/09/2020

latest unit price (exit price) \$1.1192	return since inception (Feb 2019) 17.22%	return 1 month -0.81%
---	--	---------------------------------

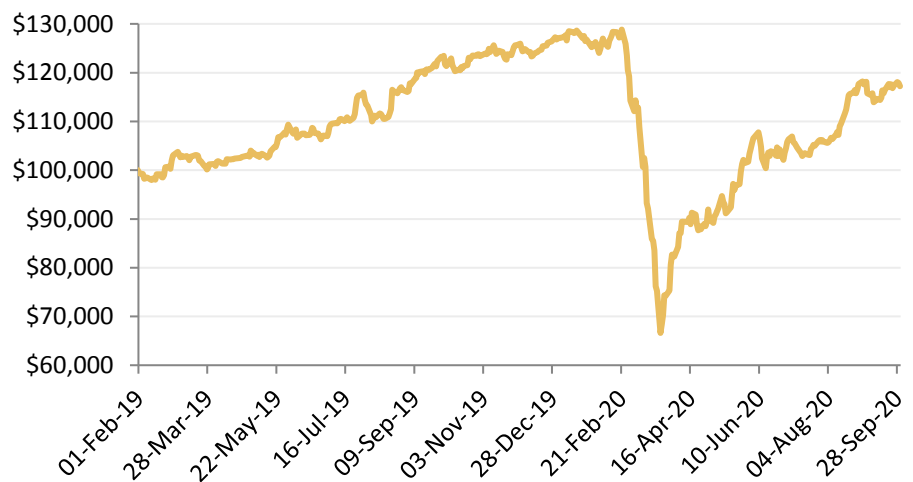


FUND OUTLINE

Fund Manager: Carlos Gil
(CIO)

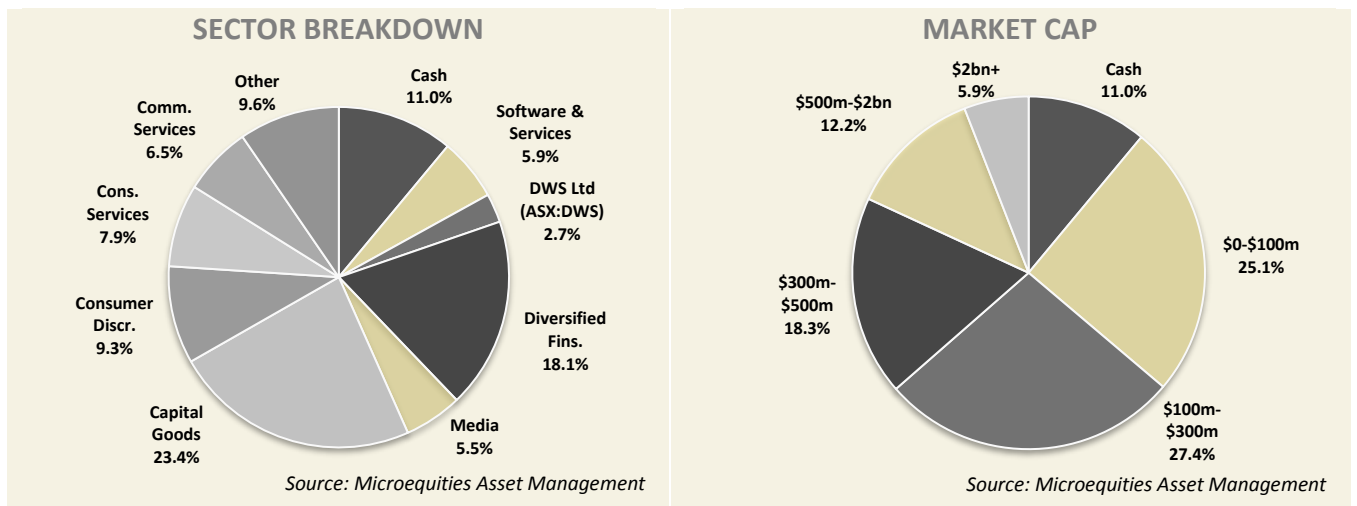
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$117,218**



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)	17.22%	-4.91%	45.47%	-0.81%



MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MARKET UPDATE AND COMMENTARY

Following on from our commentary last month, new data points out of China during September indicate continued evidence of its economic recovery. Electricity generation rose strongly during August and subway passenger volume is now just 10% off pre-Covid levels. The Chinese economy is likely to have expanded in the mid-single digits during the third quarter of 2020, leaving China as the only G20 member that is likely to post positive growth during 2020. However, the recovery mirrors the unbalanced Chinese economy which still has consumer consumption at 39% of GDP compared to +60% for most developed economies. The resurgence in Chinese consumer spending has been slow and it is industrial production and construction that have driven economic activity in recent months. There are however some green shoots opening in consumer consumption with retail figures rising +0.5% in August versus a year ago, the first register of growth in the Covid impacted 2020 year. Domestically, the Federal government will be placing fiscal discipline as a distance secondary consideration as it seeks to prioritise economic growth and boost economic spending by way of government spending and running large deficits. This is likely to have a positive impact for several of our investee companies.

Microequities Value Income Fund returned -0.81% in September; this brings the total return net of fees to 17.22% for the Fund since inception in February 2019.

During the month, our holding in **DWS Limited (ASX:DWS)** received a takeover offer from Indian IT company HCL Technologies. The cash offer of \$1.20 represents a 33% premium to the last price. DWS has been a consistent dividend payer during our ownership and represents 2.7% weighting in the Fund at the end of the month.

The investment management team added a new holding in the financial services sector during the month. This business provides equity capital markets (ECM) and brokerage services to institutional and retail clients. Interestingly it has a number of self-developed technologies and business divisions which we think are underappreciated by the market and help to smooth out the more volatile earnings in brokerage and ECM. The business has a strong track record of profitability, earnings growth and dividend payments. We have bought the business on a 9.5% gross up dividend yield and we expect positive equity market conditions to drive earnings growth as well.

Number of companies	32
Top 5 Holdings % of NAV	32.1%
Top 10 Holdings % of NAV	48.6%
Top 20 Holdings % of NAV	72.9%
Cash Position % of NAV	11.0%

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.

While every effort has been made to ensure the information in this communication is accurate; its accuracy, reliability or completeness is not guaranteed and none of The Trust Company (RE Services) Limited (ACN 003 278 831), Microequities Asset Management Pty Ltd or any of their related entities or their respective directors or officers are liable to you in respect of this communication. A Product Disclosure Statement (PDS) issued in January 2019 is available for the Fund on the following website: <http://microequities.com.au/valueincomefund>

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.