

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/12/2020

latest unit price \$1.5608 Cum-distribution	return since inception (March 2012) 155.41%	return 1 month 0.96%
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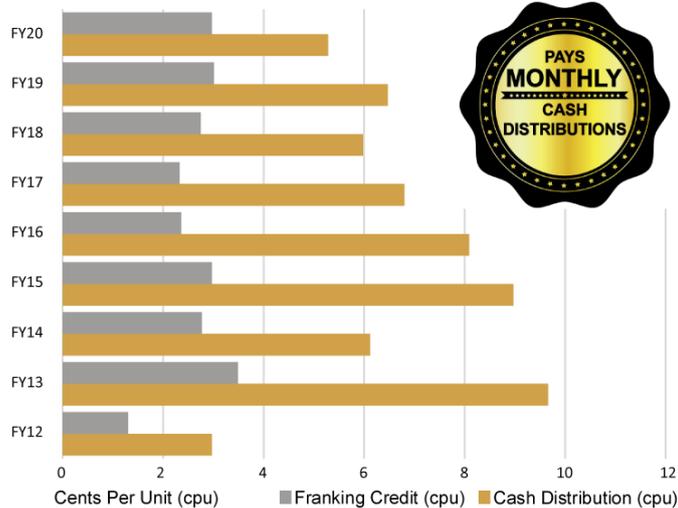


FUND OUTLINE

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

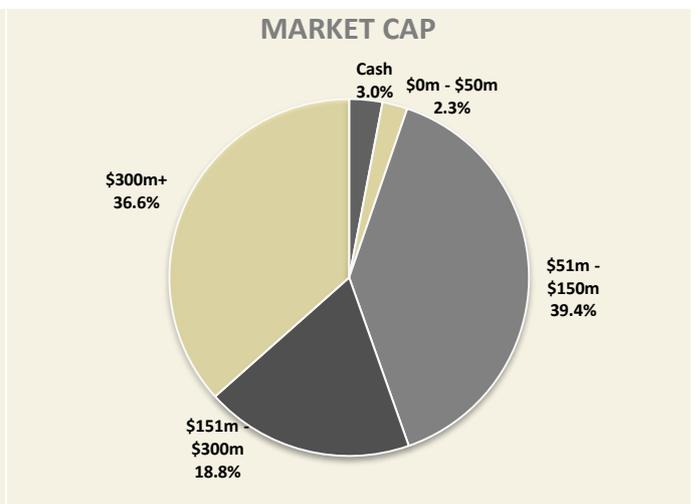
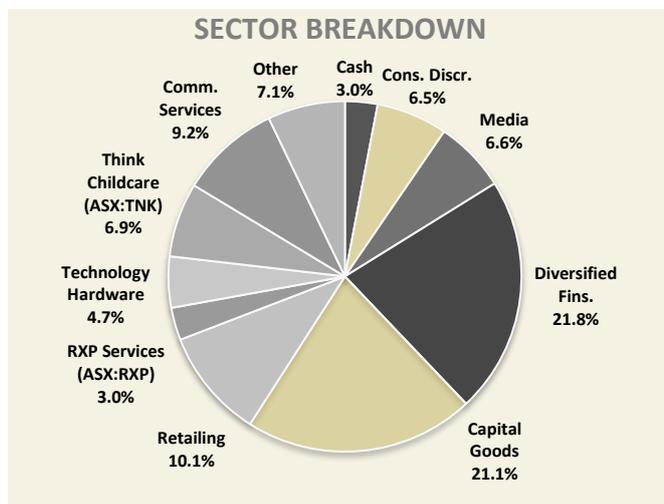


Current Forecast Grossed Up Dividend Yield

+5.22%**

**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	155.41%	11.20%	8.12%	9.07%	6.66%	5.51%	0.96%



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MARKET UPDATE AND COMMENTARY

Financial markets digested two significant events during the month: The US presidential election outcome and Brexit. The US presidential election outcome was not a surprise to financial markets which were also imbued with confidence given the status quo result in the chambers. A Republican held Senate and a Democrat majority House of Representatives will continue. Across the Atlantic, it was a case of relief. After years of arduous, tenacious and at times strenuous negotiations, the European Commission and UK finally agreed on a Brexit pathway that will see the UK leave the EU after 47 years of membership. The main elements of the deal focuses on capital and goods both of which will still be able to move freely between the EU and UK. The deal will see the end of the free movement of people within the bloc, however services, which makes up to 80% of the UK economy have to a significant degree been left out of the agreement and will require further negotiations between the parties. Despite the shortcomings, the accord does however remove a significant risk element to financial markets and provides a more stable regulatory platform for companies to make investment decisions.

Microequities High Income Value Microcap Fund returned 0.96% in December; this brings the total return net of fees to 155.41% for the Fund since inception in March 2012.

The month saw the ratification of the **DWS Limited (ASX:DWS)** takeover deal taking the Fund's cash assets* from 0.1% to 3.0%. The total number of investee companies declines from 36 to 35. Potentially, that number could decline further if the takeover battle for **Think Childcare (ASX:TNK)** comes to a favourable conclusion. The company is currently the subject of two alternate bids. One of these comes from industrial competitor Busy Bees, owned by the Ontario Teachers' Pension Fund. The other bid is by private equity group Alceon. After an initial indicative bid by Alceon at \$1.35 per share which was consequently trumped by Busy Bee's \$1.75 bid, Alceon countered late in December matching Busy Bee's \$1.75 and taking a 19.2% stake in the company. We believe that the \$1.75 per share price still materially undervalues Think's excellent childcare business and therefore significant value is still available to both bidders. Think Childcare currently represents 6.9% of the total assets of the High Income Value Microcap Fund.

* Notes: DWS takeover proceeds to be received early in January 2021

Projected EPS Growth 1 Year Forward (on a weighted basis)	+10.6%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+13.6%

Number of companies	35
Top 5 Holdings % of NAV	33.3%
Top 10 Holdings % of NAV	56.2%
Top 20 Holdings % of NAV	81.7%
Cash Position % of NAV	3.0%

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.