

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 30/06/2021

latest unit price \$1.7253 (Cum-distribution)	return since inception (March 2012) 185.46%	return 1 month 0.88%
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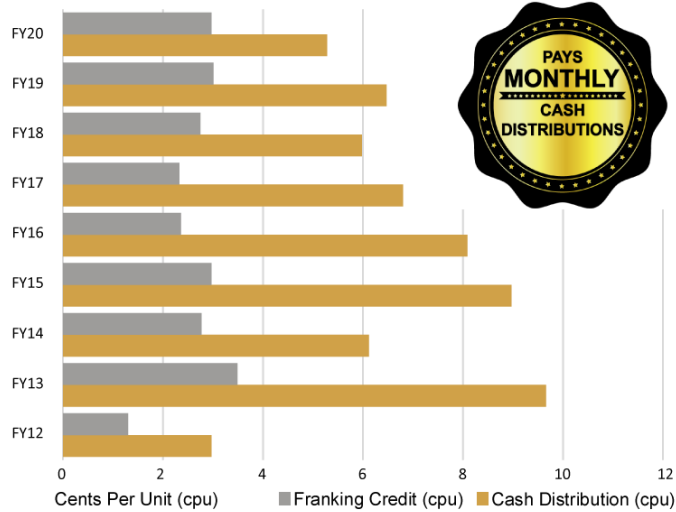


FUND OUTLINE

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

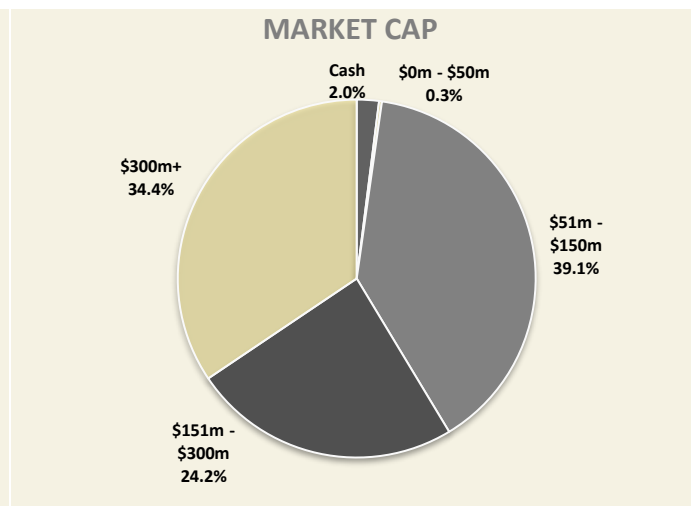
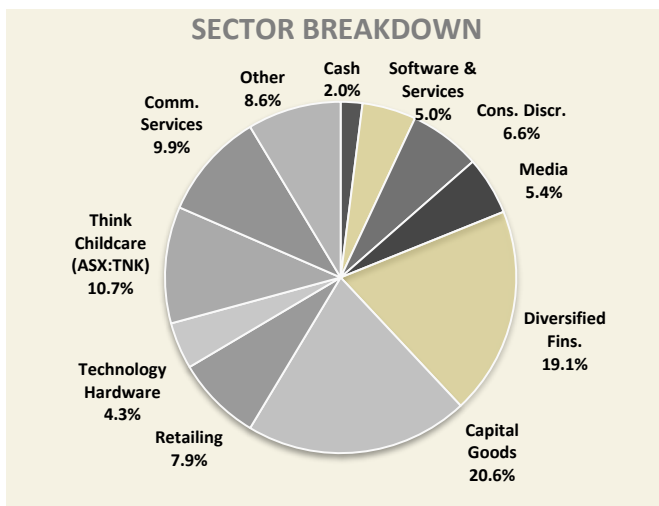


Current Forecast
Grossed Up
Dividend Yield

+5.69%**

**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	9 Year	7 Year	5 Year	3 Year	1 Year	1 Month
HIMF	185.46%	11.89%	12.61%	10.38%	11.18%	10.38%	42.27%	0.88%



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MARKET UPDATE AND COMMENTARY

The US Federal Reserve's meeting during the month provided compelling insight into the fine line the institution is walking as it faces a stronger than anticipated recovery, rising inflation and a health pandemic that is yet to be completely nullified. There is growing evidence that the labour market is strengthening, and companies are increasingly raising wages to attract workers as a subset of workers remain stubbornly opposed to returning to the labour market. Whilst wage growth has risen slightly to +2% per annum, the pace of wage growth picked up in April and May. The Federal Reserve revised its core inflation upwards to 3%. Against that backdrop the Fed shifted interest rate rise expectations from 2024 to 2023, projecting it will make at least two rate rises during 2023. Inflation upside risk remains and there is a possibility the Fed may have to raise rates before 2023. Whilst markets and the financial media may make a lot of noise about the impact of such an event, a return to a normalised inflationary and central bank rate environment would be a welcomed development. Domestically, Australia's economy has recovered even stronger than the US, with the May unemployment rate dropping to 5.1%. This is lower than when the pandemic started, and faster wage growth is now highly probable.

Microequities High Income Value Microcap Fund returned 0.88% in June; this brings the total return net of fees to 185.46% for the Fund since inception in March 2012.

We are pleased to report that the **Think Childcare (ASX:TNK)** potential transaction has evolved into a formal scheme of arrangement at \$3.28 per share. Microequities is supportive of the transaction.

We have fully divested of a small remnant stake in **EQT Holdings (ASX:EQT)**. That divestment was offset by a new entrant into the Fund. The new entrant is a business that we have previously owned in the professional services space and in which the investment management team believes is at an inflection point in its earnings.

Iress Ltd (ASX:IRE) which currently makes up 4.4% of the total assets of the Fund, enjoyed a strong price rally during the month following media speculation that several takeover suitors are eyeing the company with a view to putting forward a transaction. Iress has appointed defence advisors.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+14.6%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+16.1%

Number of companies	37
Top 5 Holdings % of NAV	33.1%
Top 10 Holdings % of NAV	54.6%
Top 20 Holdings % of NAV	78.3%
Cash Position % of NAV	2.0%

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.