

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/08/2021

latest unit price \$1.8204 (Cum-distribution)	return since inception (March 2012) 202.71%	return 1 month 4.05%
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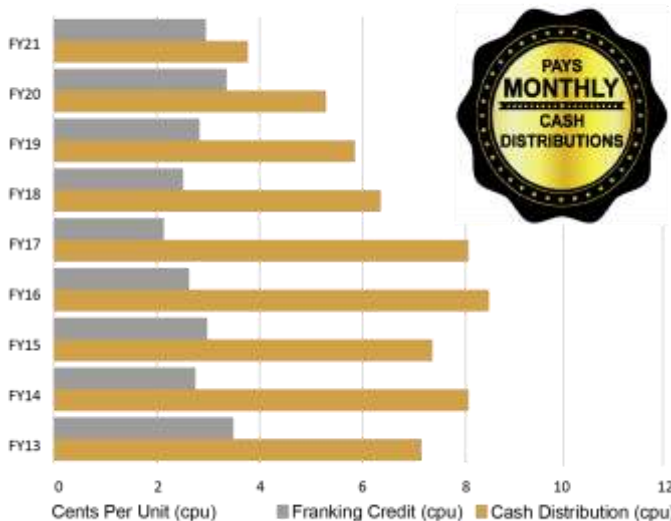


FUND OUTLINE

Fund Manager: Carlos Gil (CIO)

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

85.93c Total Cash and Franking Credits RETURNED SINCE INCEPTION

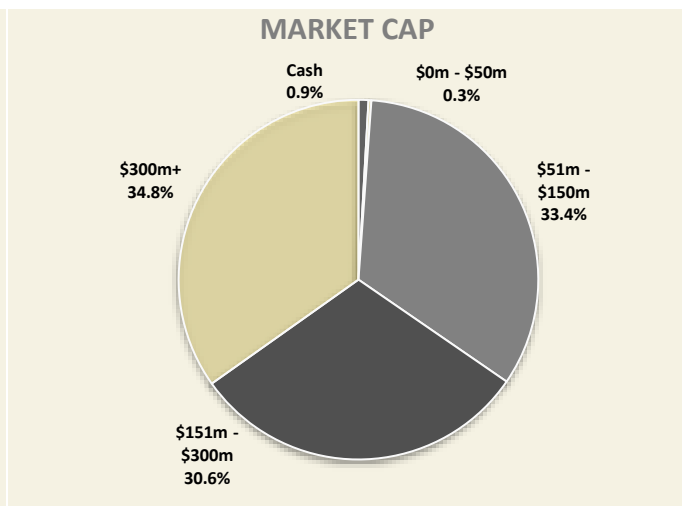
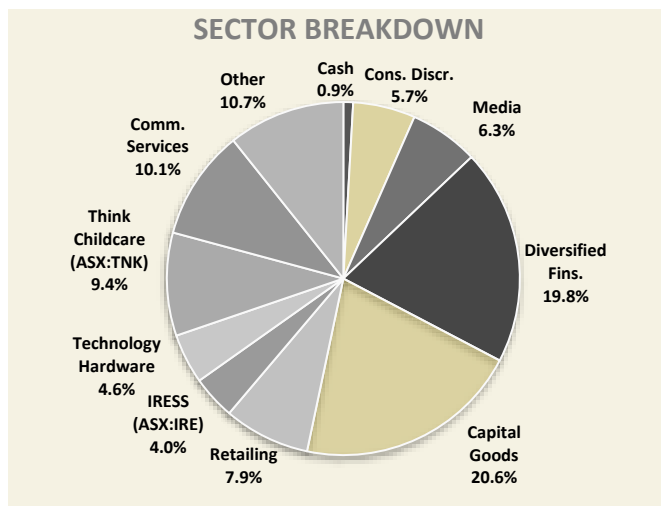


Current Forecast Grossed Up Dividend Yield

+6.09%**

**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	202.71%	12.37%	12.11%	9.73%	9.83%	11.95%	30.34%	4.05%



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MARKET UPDATE AND COMMENTARY

The US Federal Reserve gave its strongest signal that it is likely to begin tapering its massive bond buying program after acknowledging it had met two if its key goals required to unwind it. The Federal Reserve chairman recognised the US economy had made clear progress towards achieving full employment and inflation had gathered pace sufficiently to warrant removal of bond buying. The US Federal Reserve has been buying \$120b USD of bond securities each month since July 2020, the biggest quantitative easing programme in the history of economics. Whilst there appears to be clear consensus amongst US Federal Treasury members about cessation of the bond buying programme the exact timeline remains unclear though we believe it is likely to happen towards the end 2021. Domestically Australia's most populated states, NSW and Victoria remain in a prolonged lockdown that will have distortive economic effects for the 1H22 period, however we are expecting a difference of two halves. Unwinding of the lockdowns towards the end of October with resultant pent-up demand will lead to resurging economic conditions in the last two months of this half.

Microequities High Income Value Microcap Fund returned 4.05% in August; this brings the total return net of fees to 202.71% for the Fund since inception in March 2012.

Of the 38 companies that make up the High Income Value Microcap Fund, 28 reported their FY21 results during the month of August. These 28 companies represented 70.3% of the non-cash assets of the Fund. Some very strong earnings growth for some of the largest weighted investee companies like **Shaver Shop (ASX SSG)** drove the weighted EPS growth of the Fund to a record +32.2%. Long term investors in this Fund will know that typically the EPS growth profile of the Fund sits between +5% to +14%. This was an unusually strong growth year. Our FY22 & FY23 EPS growth forecasts are more commensurate with the historical earnings profile of the investee companies of this Fund.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+6.4%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+12.3%

Number of companies	38
Top 5 Holdings % of NAV	31.0%
Top 10 Holdings % of NAV	52.6%
Top 20 Holdings % of NAV	78.8%
Cash Position % of NAV	0.9%

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.

	FY21 EPS Growth Weighted Average
28 companies of the total 38 companies reported FY21 financial results in August. (The 28 companies represent 70.3% of the non-cash assets of the Fund)	+32.2%