

# HIGH INCOME

## VALUE MICROCAP FUND



### MONTHLY PERFORMANCE AS AT 31/10/2021

latest unit price <b>\$1.8584</b> (Cum-distribution)	return since inception (March 2012) <b>210.40%</b>	return 1 month <b>2.70%</b>
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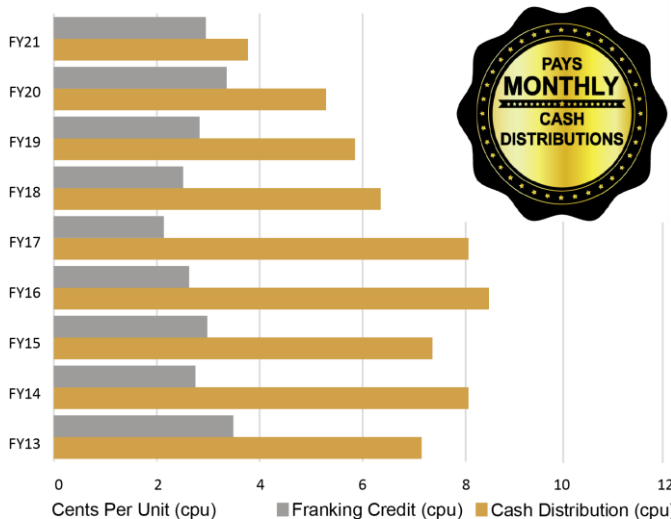


#### FUND OUTLINE

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

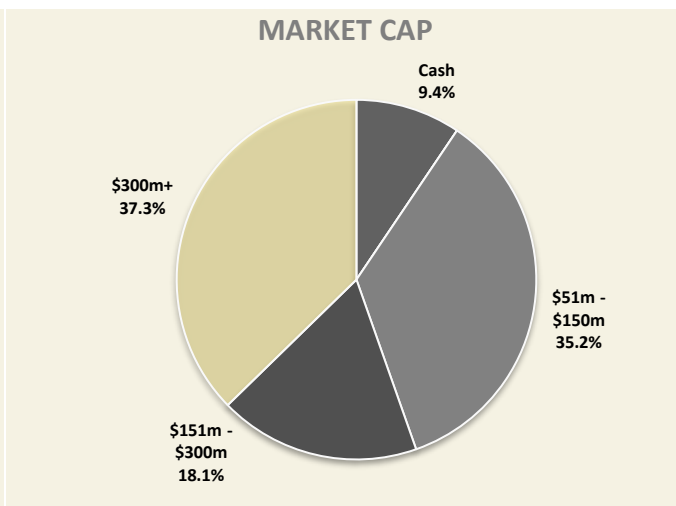
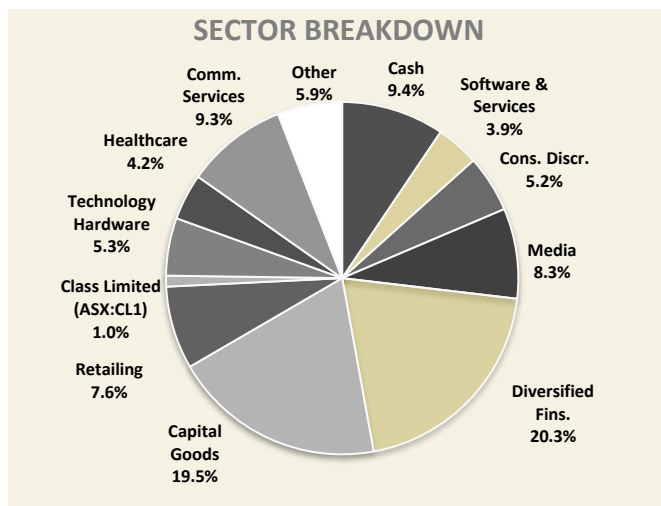


**Current Forecast Grossed Up Dividend Yield**

**+5.58%\*\***

\*\*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
<b>HIMF</b>	<b>210.40%</b>	<b>12.43%</b>	<b>12.72%</b>	<b>10.82%</b>	<b>9.84%</b>	<b>16.00%</b>	<b>34.19%</b>	<b>2.70%</b>



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### MARKET UPDATE AND COMMENTARY

Increases in gas and oil prices are expected to exacerbate upward pressure on short term inflation rates across the world. These increases come at an unwelcome time for the world economy which is already grappling with global supply chain issues. To shed light on the supply chain issues, Amazon.com Inc. told investors this month it will incur several additional billions of dollars of costs to manage what it says are "labour supply shortages, increased wage costs, global supply chain issues, and increased freight and shipping costs". What this means for the inflation outlook is that uncomfortably short-term inflation rates that are rising all over the world, will persist for some time and are likely to worsen.

Domestically, as we had previously anticipated, the Australian economy is experiencing a fast rebound as its two most populous states, NSW and Victoria emerge from lockdowns. Early data coming through is suggesting some of the large pool of savings in Australia has begun to flow back into the economy. Retail sales for September grew by +1.3% a trend that will continue into October as Victoria emerges from its lockdown.

**Microequities High Income Value Microcap Fund returned 2.70% in October; this brings the total return net of fees to 210.40% for the Fund since inception in March 2012.**

During the month we fully exited the remaining holding in **Think Childcare Ltd (ASX:TNK)** after the company was successfully acquired by Busy Bees in a transaction that provided a significant return to our investors.

The proposed takeover bid for **Smartgroup Corporation Ltd (ASX:SIQ)** did not eventuate after private equity group TPG Global LLC lowered its indicative price from \$10.35 to \$9.25, a price that the board of Smartgroup Ltd. rejected. We remain committed to our investment in Smartgroup which currently represents 2.6% of the total assets of the Fund.

Our small investment in **Class Ltd (ASX:CL1)** will yield a high return on investment given **HUB24 (ASX:HUB)** launched a takeover at a 71.6% premium to the market price at the time. Currently Class Ltd represents 1.0% of the net assets of the Fund.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+9.7%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+8.3%</b>

<b>Number of companies</b>	<b>36</b>
<b>Top 5 Holdings</b> % of NAV	<b>26.8%</b>
<b>Top 10 Holdings</b> % of NAV	<b>46.1%</b>
<b>Top 20 Holdings</b> % of NAV	<b>70.8%</b>
<b>Cash Position</b> % of NAV	<b>9.4%</b>

**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.