

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 30/04/2019

latest unit price (exit price) \$1.0278	return since inception (Feb 2019) 2.78%	return 1 month 1.60%
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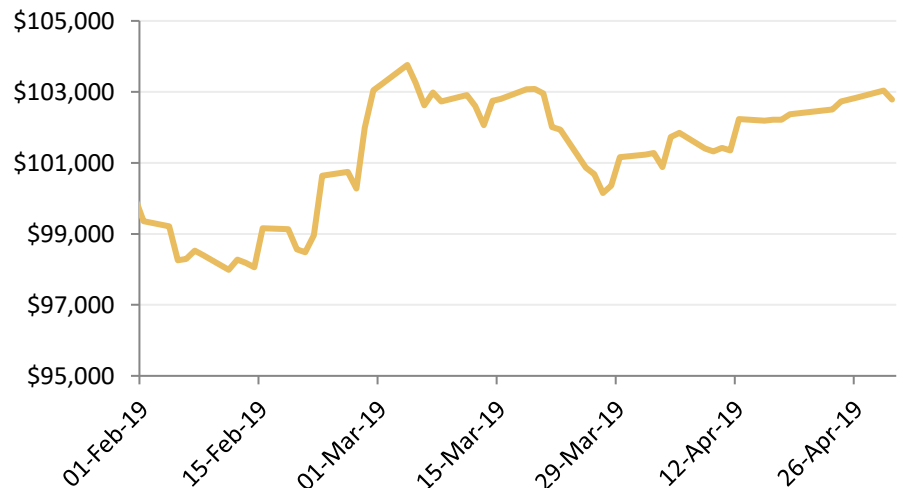


FUND OUTLINE

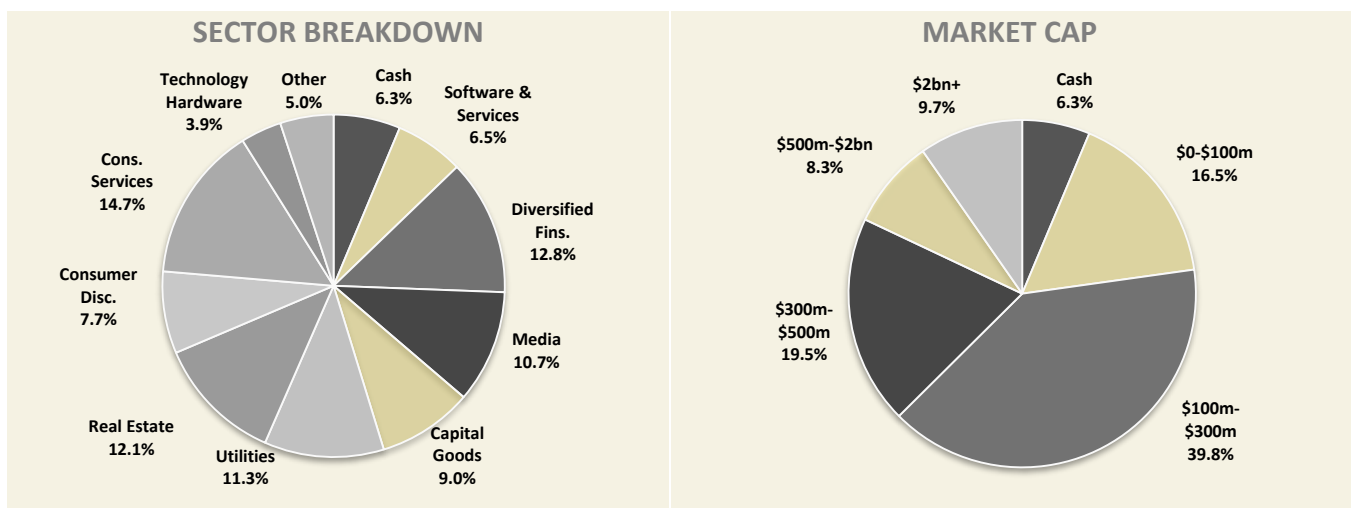
Fund Manager: Carlos Gil
(CIO)

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

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$102,783**



	Total since inception	1 Year	6 Month	1 Month
VIF	2.78%	-%	-%	1.60%



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MARKET UPDATE AND COMMENTARY

The world's two largest economies have started 2019 with strong momentum. The US economy powered back to strong growth in the 1st quarter of 2019, with GDP rising at an adjusted annual rate of 3.2%. The 1st quarter number marks a significant improvement on the 4th quarter 2018 GDP number of 2.2%. Whilst the headline number looks strong, there is a caveat; the key consumer spending segment of the economy which makes up circa 70% of the US economy slowed to 1.2%, down from 2.5% in the previous quarter. Following the positive momentum in the US was China's GDP figures, which expanded at an annual pace of 6.4% during the first three months of 2019. The improvement in the Chinese economy follows concerted efforts by the government to stimulate the economy. Economic growth was powered by a sharp increase in investment and industrial production which surged 8.5% year on year. Other economic data suggests that the Chinese economy will improve the pace of expansion over the rest of 2019.

Microequities Value Income Fund returned 1.60% in April; this brings the total return net of fees to 2.78% for the Fund since inception in February 2019.

The Fund added one new position that provides consulting and legal services for commercial customers. The business operates in a mature domestic market which we think can grow at 2-4% per annum. It has a foothold into the faster Asian markets which can sustain 10% per annum growth. Combined with tuck in acquisitions, we think overall the group can generate high single digit revenue and profit growth per annum over 3-5 years. The business has strong cash flows, low capital requirements and was purchased on a grossed up dividend yield of 9.7% and FY19 P/E of around 11x.

Three portfolio companies released noteworthy announcements. A company in the commercial aircraft services business announced its annual dividend, up 40% from last year and represents a grossed up yield of 12.5%. Our investment in a consumer products business reiterated earnings guidance for FY19 of 10-15% growth. This company currently trades on a grossed up yield of 8.3%. Finally, our holding in a national media business sold off a non-core asset. The company has the enviable position of having one of the strongest balance sheets in the media sector with a remaining portfolio of digital growth assets.

Number of companies	29
Top 5 Holdings % of NAV	31.3%
Top 10 Holdings % of NAV	53.8%
Top 20 Holdings % of NAV	82.7%
Cash Position % of NAV	6.3%

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.

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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.