

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 30/04/2021

latest unit price (exit price) \$1.3330	return since inception (Feb 2019) 41.00%	return 1 month 5.31%
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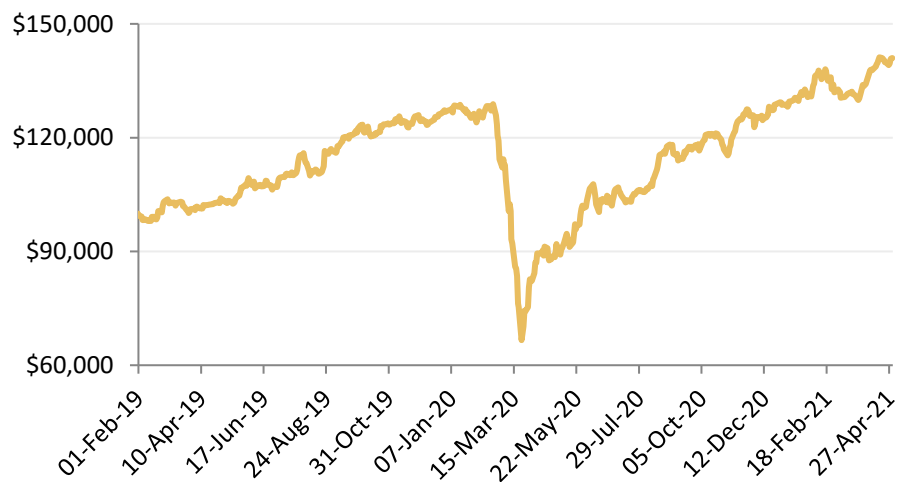


FUND OUTLINE

Fund Manager: Carlos Gil
(CIO)

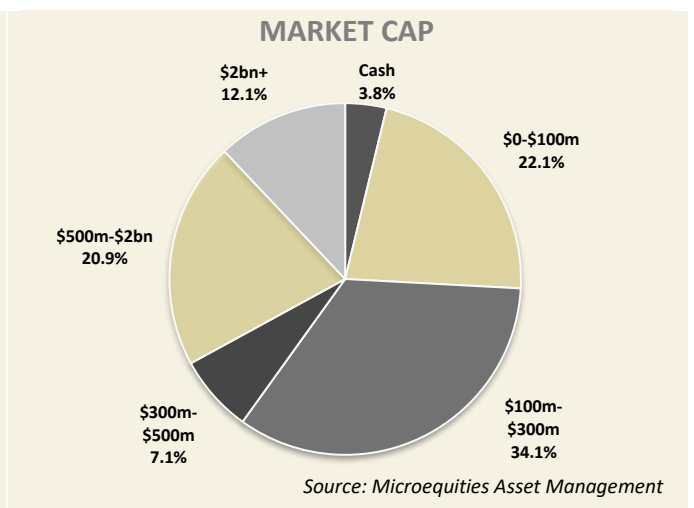
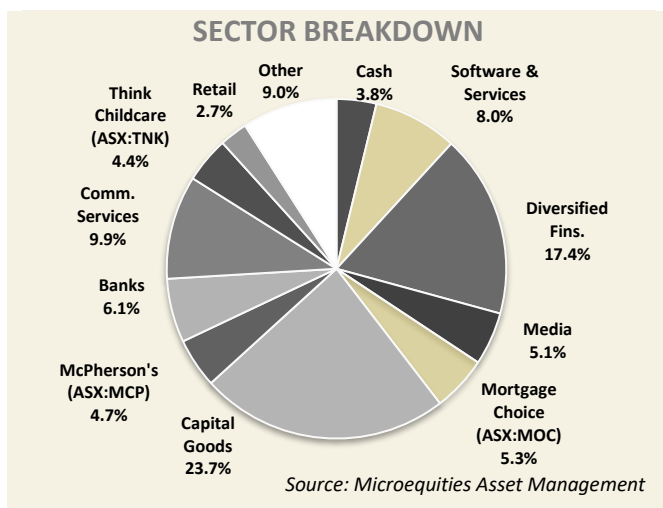
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies.

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$141,002**



Past performance is not a reliable indicator of future performance. Total return shown for "VIF" has been calculated using exit prices after taking into account all ongoing fees and assuming reinvestment of distributions. No allowance has been made for entry fees or taxation

Returns are shown net of fees	Compound p.a. since inception	Total since inception	2 Year	1 Year	6 Month	1 Month
Microequities Value Income Fund (VIF)	16.50%	41.00%	18.06%	53.34%	21.02%	5.31%



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MARKET UPDATE AND COMMENTARY

As the economic recovery across the world gathers space, forward looking financial markets are increasingly focused on the outlook for inflation. The US March quarter CPI number was 2.6%, slightly above consensus. Stripping out energy and food prices, core inflation was 1.6%, also ahead of expectations. While the number is still significantly below the long-term core inflation range, the trend is clearly upward. The difficulty for financial markets is its currently very difficult to form a reasonable basis for what the inflationary climate will look like over the next 12 months, let alone 36 months. Covid-19 and then the subsequent government stimuli has distorted the underlying basis of economic activity, meaning extrapolating what is short term adulterated forces versus true underlying factors is a difficult exercise. Clouding the picture even further is supply chain disruption specially in Asia, increasing short term prices for many end consumer goods. Removing the distortive temporal effects and acknowledging demand is likely to increase means it is highly likely US core inflation will move above 2% over the medium term.

Microequities Value Income Fund returned 5.31% in April; this brings the total return net of fees to 41.00% for the Fund since inception in February 2019.

McPherson's Ltd (ASX:MCP) last month received an opportunistic on-market takeover bid for 100% of the company by Gallin Pty Ltd. The bid came in at \$1.34, a 9.8% premium to the last traded price. That opportunistic bid was this month subsequently trumped by a competing offer from Arrotex Australia Group Pty Ltd, which has provided an indicative price of \$1.60. Gallin Pty Ltd has yet to respond to the competing offer. McPherson's Ltd represents 4.7% of the Fund. We continue to welcome the fact this has put McPherson's in play with potential other rival offers from trade buyers such as **BWX Limited (ASX:BWV)** or private equity that can see value in various parts of the business.

Think Child Care (ASX:TNK) had previously received a bid by private equity group Alceon at \$1.35 which was subsequently trumped by Busy Bees (owned by the Ontario Teachers' Pension Fund) at \$1.75, and that bid was matched by Alceon. Busy Bees came back with an improved indicative offer price of \$2.10. Earlier this month, in order to secure Alceon's support with their 19% stake, Busy Bees came back with an indicative offer of \$3.20 per share, **143% higher than Think Childcare's share price prior to the first bid for the company.** Think Child Care Group Ltd represented 4.4% of the assets of Fund at month end.

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Number of companies	39
Top 5 Holdings % of NAV	25.3%
Top 10 Holdings % of NAV	43.7%
Top 20 Holdings % of NAV	70.3%
Cash Position % of NAV	3.8%

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.

This communication contains general information only and does not take into account investment objectives, financial situation or needs of any particular individual or entity. It does not constitute financial, tax or legal advice, nor is it an offer, invitation or recommendation to subscribe or purchase a unit in the Fund or any other financial product. Before acting on any information contained in this communication, you should consider whether it's appropriate to you, in light of your objectives, financial situation or needs.

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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.