

# MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



## MONTHLY PERFORMANCE AS AT 30/04/2022

latest unit price (exit price) <b>\$1.4937</b>	return since inception (Feb 2019) <b>71.58%</b>	return 1 month <b>-1.44%</b>
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### FUND OUTLINE

Fund Manager: Carlos Gil (CIO)

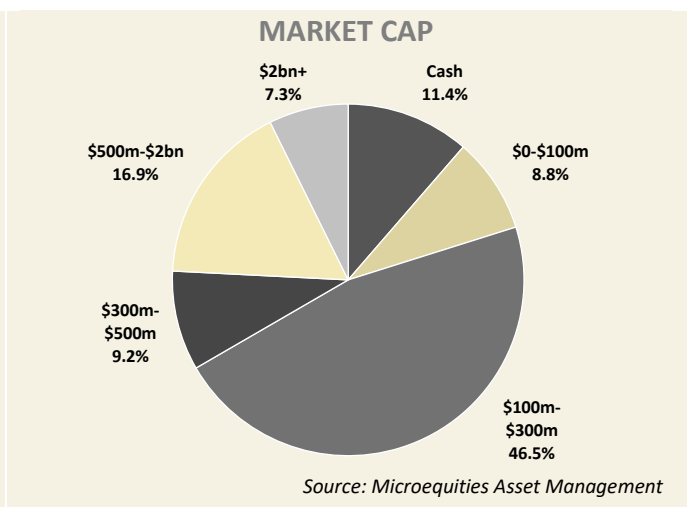
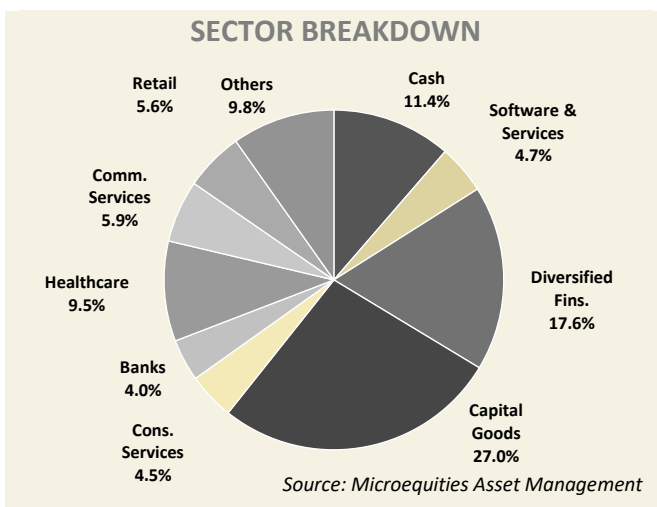
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies.

### VALUE OF \$100,000 INVESTED AT INCEPTION > **\$171,581**



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	3 Year	2 Year	1 Year	6 Month	1 Month
<b>Microequities Value Income Fund (VIF)</b>	<b>18.07%</b>	<b>71.58%</b>	<b>18.63%</b>	<b>36.60%</b>	<b>21.69%</b>	<b>6.27%</b>	<b>-1.44%</b>



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## MARKET UPDATE AND COMMENTARY

US Federal Reserve Chairman Jerome Powell recognised increasing concerns about the pace of inflation and indicated the central bank is committed to raising rates “expeditiously” to contain it. The market has interpreted that an interest rate hike of 50 basis points at the May meeting is now a very likely possibility. The previous market assumption of the official rates to be at 1.75% by the end 2022 now seems implausible given the more hawkish rhetoric emanating from Powell. Despite this, it would seem highly unlikely we would have rates beyond 2.5% before the end of 2022. There are clear and distinctive structural features in this inflationary wave, making the current long held accommodative stance at best highly imprudent, at worse irresponsible. A level of 2.5% would fall within a neutral monetary policy stance, neither accommodating nor restricting economic activity. The Federal Reserve would be wise to raise to those levels but not beyond them. The current macroeconomic environment is the most complex in recent decades. Faster wage and household income growth, a returning to normal global economic conditions, logistic and supply chain constraints, geopolitical conflict, rapidly rising energy prices and a world labour market in which the balance of power has shifted to the employee. Better to have less variables at play in a decision-making framework.

**Microequities Value Income Fund returned -1.44% net of fees in April; this brings the total return net of fees to 71.58% for the Fund since inception in February 2019.**

The investment management team took advantage of market price falls in the microcap and small cap segments of the market to add to our existing holdings. We also continue to experience strong net inflows into the Fund which again explains the current high cash holdings, but comes at an opportune time given the market volatility. We continued to add to a wide range of our holdings in aviation services, labour hire services, non-bank financials, retail, media, consumer products, wholesale distribution, fleet management, professional services, and mining services/asset maintenance. The broad industry sectors demonstrate the diversity of the underlying earnings and dividend sources of the Fund and that it is really company specific reasons for our conviction to add to these holdings.

Some notable announcements in the portfolio companies during the month included:

- Aviation services business announced a substantial upgrade to earnings for FY22. We believe the business is still undervalued and continue to back the management team to grow a substantially larger US operation over the next few years.
- Healthcare services business continues to trade at a discount to a peer competitor under takeover bids by private equity. The business we own has better organic growth prospects, better balance sheet and more attractive valuation.
- Mining services laboratory business announced 9 month year to date results showing 21% revenue growth and 45% underlying PBT growth. This is a relatively undiscovered business which is attracting more investor attention.

<b>Number of companies</b>	<b>44</b>
<b>Top 5 Holdings % of NAV</b>	<b>28.6%</b>
<b>Top 10 Holdings % of NAV</b>	<b>43.4%</b>
<b>Top 20 Holdings % of NAV</b>	<b>66.2%</b>
<b>Cash Position % of NAV</b>	<b>11.4%</b>

**Disclaimer:** This communication has been prepared and 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.

The PDS and target market determination can be obtained by calling 02 9009 2900 or visiting our website <https://microequities.com.au/our-funds/value-income-fund/>