

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 31/08/2022

latest unit price (exit price) \$1.4363	return since inception (Feb 2019) 70.27%	return 1 month 2.82%
---	--	--------------------------------

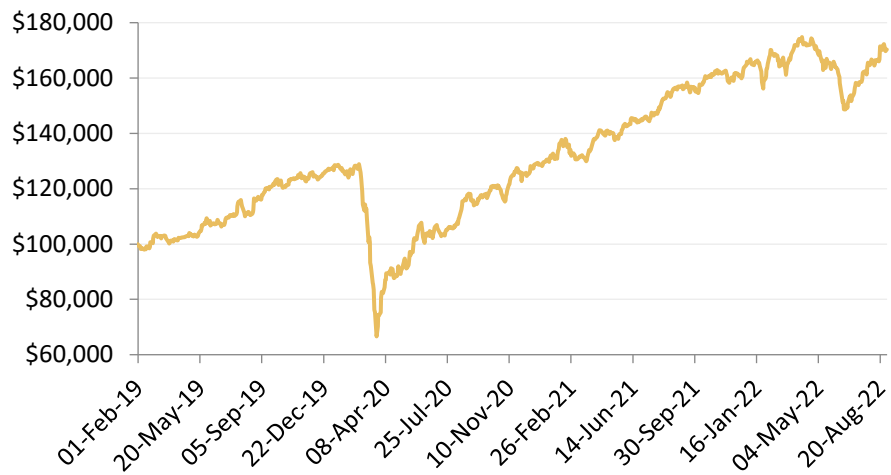


Fund Manager: Carlos Gil (CIO)

FUND OUTLINE

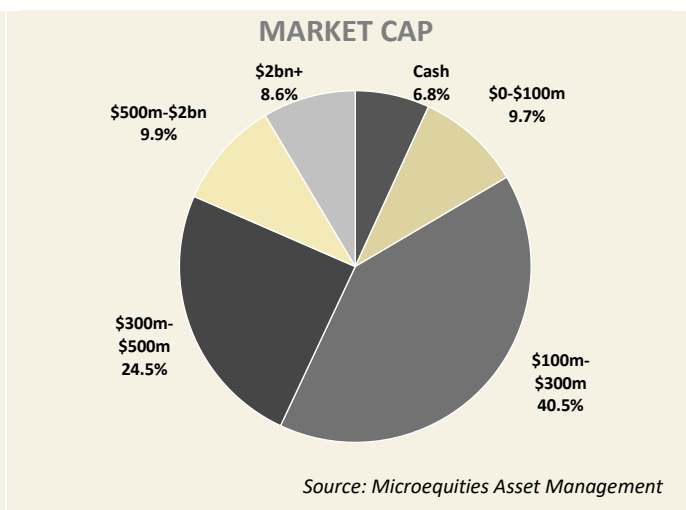
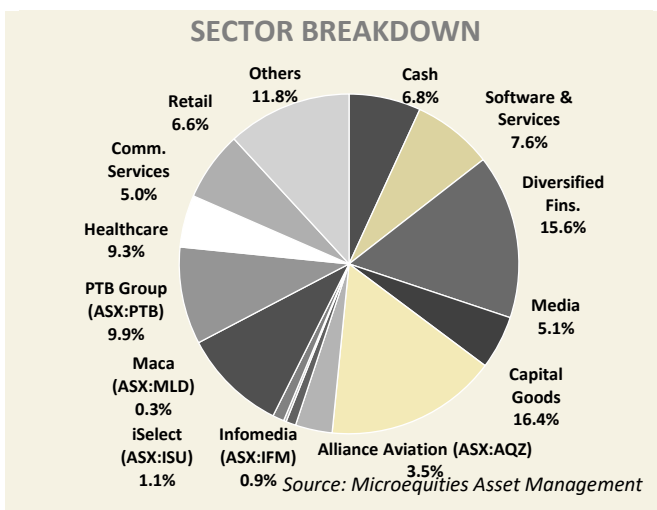
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies. This fund is appropriate for investors with "High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the pursuit of capital growth with a medium to long investment timeframe. Investors should refer to the [TMD](#) for further information.

VALUE OF \$100,000 INVESTED AT INCEPTION > \$170,265



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
Microequities Value Income Fund (VIF)	16.01%	70.27%	13.49%	20.03%	8.55%	3.39%	2.82%



MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MARKET UPDATE AND COMMENTARY

The US Federal Reserve Chairman's address at Jackson Hole dominated financial markets attention during the month, as Jay Powell vowed to continue to raise rates for a "sustained period" to contain inflation. Powell indicated that increasing rates would likely cause some softening in a red-hot labour market and that economic growth might moderate. The address reset financial market expectations about the pace and duration of the current rate rise cycle with the US Federal Reserve prioritising lower inflation and focusing on reducing the risk that inflationary expectations might become entrenched in the US economic system. The European Central Bank officials followed shortly after, with Isabel Schnabel, an ECB executive board member, stating that European monetary policy would have to remain tight for an indefinite period of time. Domestically, the Australian unemployment rate fell to a 48-year low and came in at 3.4%, providing further evidence that there is an undersupply of labour in the Australian economy, a data point sure to be a focal point in the upcoming Australian jobs summit.

Microequities Value Income Fund returned 2.82% net of fees in August; this brings the total return net of fees to 70.27% for the Fund since inception in February 2019.

The investment management team was pleased with the financial results reported by our businesses in the August reporting season. Most companies are noting the impacts of supply chain challenges, wage inflation and business disruptions from Covid-19 and flu related sick leave and isolation requirements. Dividend payouts were generally better than we expected, and a number of companies have initiated share buybacks. During the month, notable announcements across the portfolio:

- Our holding in health insurance comparison website **iSelect (ASX:ISU)** entered into a scheme of arrangement with its main competitor Compare the Market at 30c cash. This was an 87.5% premium to its last price. At month end iSelect accounted for 1.1% of the Fund.
- **Maca Limited (ASX:MLD)**, mining services provider, that was subject to a \$1.025 cash bid by Thiess, received an alternative offer from **NRW Holdings (ASX:NWH)** at \$1.085. The board rejected and cast it as an inferior offer. Thiess, late in the month, improved its offer to \$1.075.
- Our long term holding in **PTB Group (ASX:PTB)** entered into a scheme of arrangement with private equity backed Precision Aviation Group at \$1.595 cash plus \$0.03 dividend. This is a bittersweet outcome as we feel the business was entering a period of strong earnings growth as its US operations was beginning to gain scale. Our holding in PTB accounted for 9.9% of the Fund at month end.
- The Fund owns three specialty retailers, not well followed by our fellow fund managers. These are all very well managed businesses in their own vertical. All three delivered strong financial results and have not really seen any evidence of a slowdown in consumer demand patterns. All three are paying sustained and growing dividends, and have company specific growth plans, whether that be e-commerce penetration, international expansion, adjacent customer segments, new site rollouts or franchisee growth.

Number of companies	45
Top 5 Holdings % of NAV	30.7%
Top 10 Holdings % of NAV	46.3%
Top 20 Holdings % of NAV	67.9%
Cash Position % of NAV	6.8%

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.

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.

While every effort has been made to ensure the information in this communication is accurate; its accuracy, reliability or completeness is not guaranteed and none of The Trust Company (RE Services) Limited (ACN 003 278 831), Microequities Asset Management Pty Ltd or any of their related entities or their respective directors or officers are liable to you in respect of this communication. A Product Disclosure Statement (PDS) issued in January 2019 is available for the Fund on the following website: <http://microequities.com.au/valueincomefund>

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/>