

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 31/08/2020

latest unit price (exit price) \$1.1283	return since inception (Feb 2019) 18.18%	return 1 month 11.63%
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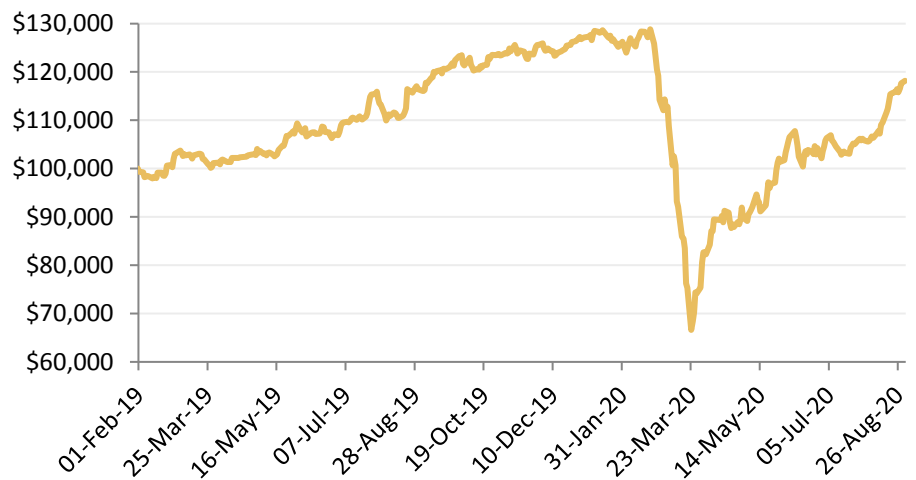


FUND OUTLINE

Fund Manager: Carlos Gil
(CIO)

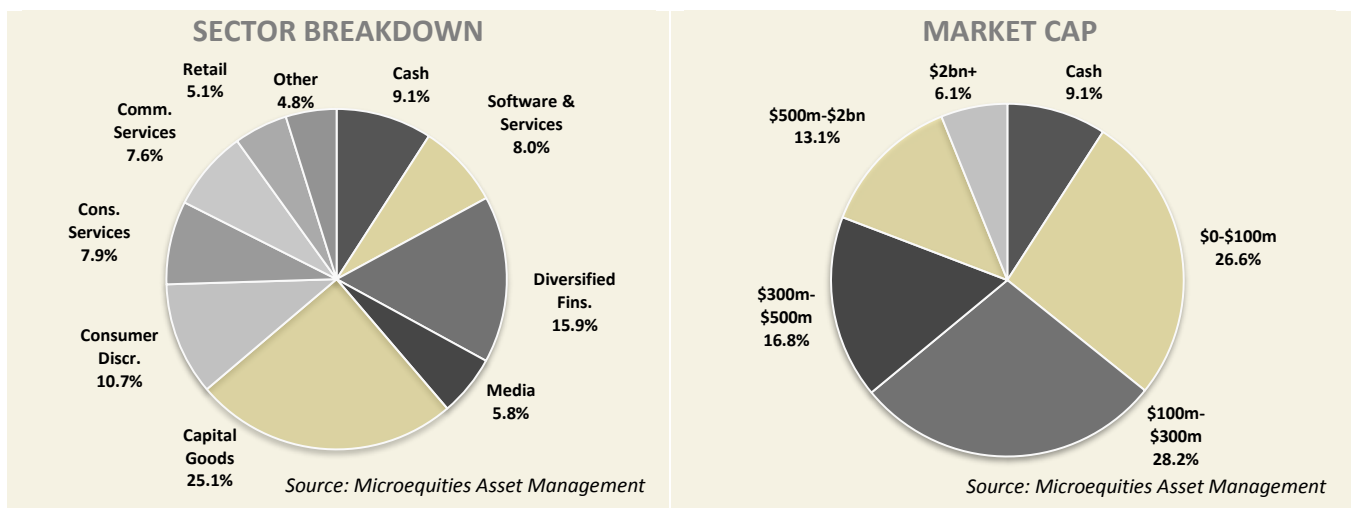
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$118,177**



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	Total since inception	1 Year	6 Month	1 Month
Microequities Value Income Fund (VIF)	18.18%	1.46%	3.41%	11.63%



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MARKET UPDATE AND COMMENTARY

The Chinese economy is recovering quickly from the effects of the Covid-19 pandemic. In data published last week, domestic air travel bookings are at 98% of the levels of 2019, marking the first domestic aviation market anywhere in the world that is back to normal pre-Covid levels. The aviation data is coherent with the recovery seen across the overall Chinese economy which expanded by +3.2% in the second quarter of 2020. Interestingly some major luxury brands across fashion to car manufacturing have reported double digit revenue growth in China over the second quarter. The Chinese economy was of course the first economy to feel the brunt of the effects of the Covid-19 so its recovery will be an indicator of the potential speed of recovery in other economies that manage to contain Covid-19.

Microequities Value Income Fund returned 11.63% in August; this brings the total return net of fees to 18.18% for the Fund since inception in February 2019.

There were no substantive changes to the portfolio during the month, rather all companies in the Fund reported either full year or half year financial results. Notable results in the Fund include:

1. Skincare and consumer products company reported 33% growth in underlying PBT on 11% revenue growth as it benefited from Covid panic buying in supermarkets and strong growth in its Chinese export business. We expect continues circa 15% EPS growth in the next two years. Dividends were slightly down on last year which included a special dividend.
2. Aviation maintenance business was relatively unscathed from the impact of Covid as it has low exposure to passenger flights or tourism. EPS was flat as it issued shares to make an US acquisition. We expect more than 40% EPS growth in FY21 and dividend yield of over 9% grossed up.
3. Super fund administration software reported 15% revenue and 1% EBITDA growth. It also made its second acquisition this year which expands its addressable market by 25%. Dividend was flat on FY19 however we think this business has a nice combination of capital growth and some dividend income.
4. Personal care retailer reported sales growth of 16% and NPAT growth of 44% as it benefited from the consumer buying during lockdown. Early FY21 has continued to see elevated sales growth of 27%. Dividends were 6% higher and represents 7.5% grossed up yield.

Number of companies	31
Top 5 Holdings % of NAV	34.7%
Top 10 Holdings % of NAV	51.9%
Top 20 Holdings % of NAV	75.4%
Cash Position % of NAV	9.1%

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.