

# MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



## MONTHLY PERFORMANCE AS AT 31/08/2021

latest unit price (exit price) <b>\$1.3830</b>	return since inception (Feb 2019) <b>56.85%</b>	return 1 month <b>5.44%</b>
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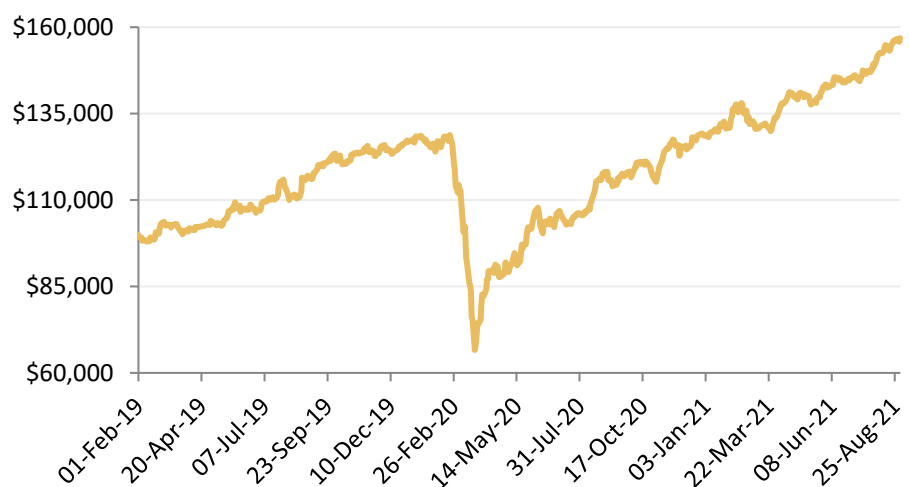


### FUND OUTLINE

Fund Manager: Carlos Gil  
(CIO)

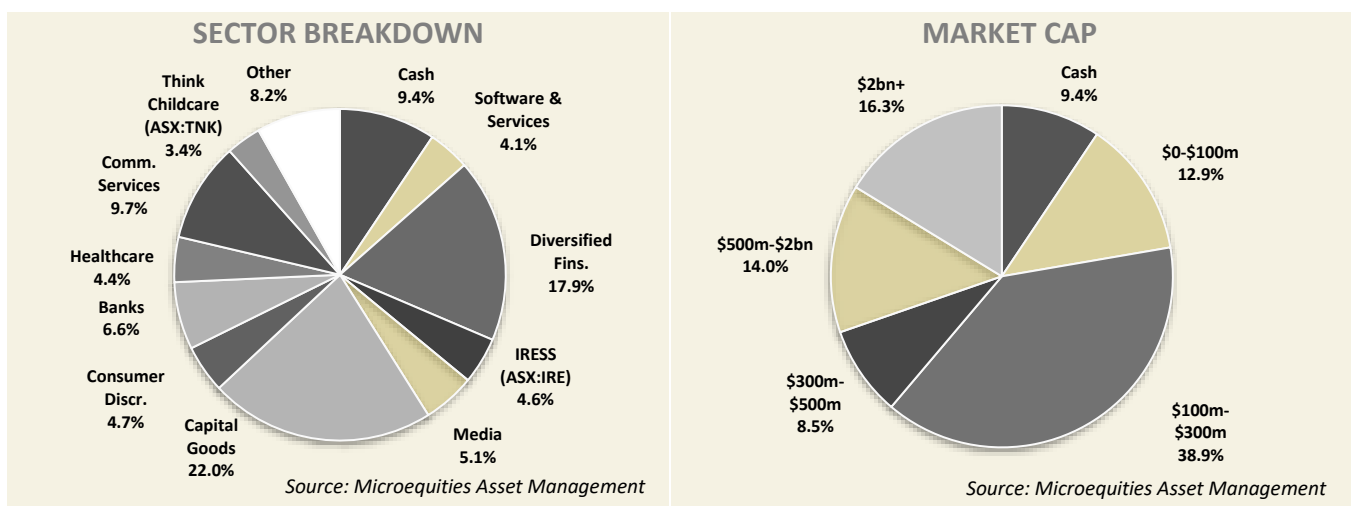
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies.

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$156,847**



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
<b>Microequities Value Income Fund (VIF)</b>	<b>19.03%</b>	<b>56.85%</b>	<b>24.52%</b>	<b>32.72%</b>	<b>18.89%</b>	<b>5.44%</b>



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## MARKET UPDATE AND COMMENTARY

The US Federal Reserve gave its strongest signal that it is likely to begin tapering its massive bond buying program after acknowledging it had met two if its key goals required to unwind it. The Federal Reserve chairman recognised the US economy had made clear progress towards achieving full employment and inflation had gathered pace sufficiently to warrant removal of bond buying. The US Federal Reserve has been buying \$120b USD of bond securities each month since July 2020, the biggest quantitative easing programme in the history of economics. Whilst there appears to be clear consensus amongst US Federal Treasury members about cessation of the bond buying programme the exact timeline remains unclear though we believe it is likely to happen towards the end 2021. Domestically Australia's most populated states, NSW and Victoria remain in a prolonged lockdown that will have distortive economic effects for the 1H22 period, however we are expecting a difference of two halves. Unwinding of the lockdowns towards the end of October with resultant pent-up demand will lead to resurging economic conditions in the last two months of this half.

**Microequities Value Income Fund returned 5.44% in August; this brings the total return net of fees to 56.85% for the Fund since inception in February 2019.**

During August reporting season there were generally very strong results from our portfolio companies and reinstatement or increases in dividend payments. Notable updates from the Fund includes:

- **IRESS Limited (ASX:IRE)** confirmed it received an improved \$15.91 non-binding offer from EQT, improvement from the previous \$15.30 to \$15.50 offer. The board has provided 30 day exclusivity for due diligence.
- Our investment in an aircraft maintenance business reported a 38% improvement in PBT as it benefited from an acquisition made in the US. Outlook is positive with rebound in some of its tourism sector clients and another strategic acquisition made recently. We think this business is very under the radar, a strong sustainable dividend yield of 8% grossed up and earnings growth.
- Vertically integrated financial services business **Fiducian Group (ASX:FID)** reported another set of commendable results with 7% revenue and 11% underlying NPAT growth. We expect even faster growth in FY22 and believe the unique business model can scale to many multiples of today's size. Combined with a 5% grossed up dividend yield, we remain long term shareholders.

<b>Number of companies</b>	<b>43</b>
<b>Top 5 Holdings % of NAV</b>	<b>22.6%</b>
<b>Top 10 Holdings % of NAV</b>	<b>38.8%</b>
<b>Top 20 Holdings % of NAV</b>	<b>64.5%</b>
<b>Cash Position % of NAV</b>	<b>9.4%</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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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.