

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 31/12/2020

latest unit price (exit price) \$1.2284	return since inception (Feb 2019) 28.66%	return 1 month 2.21%
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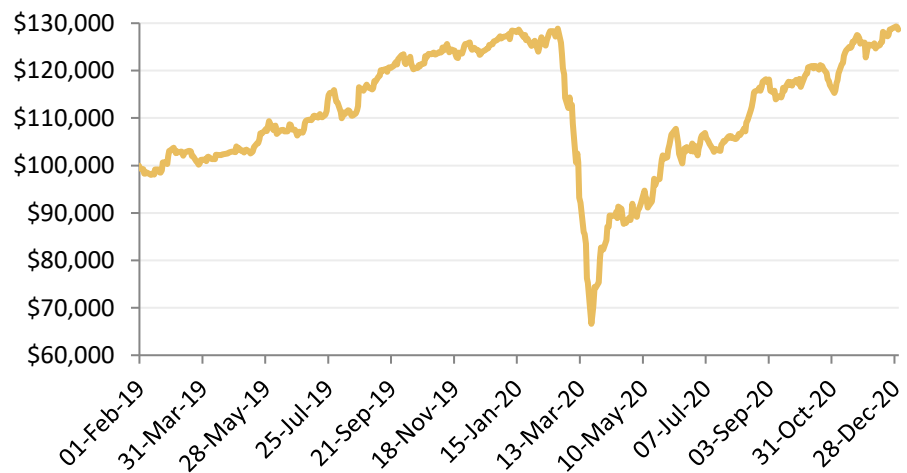


FUND OUTLINE

Fund Manager: Carlos Gil
(CIO)

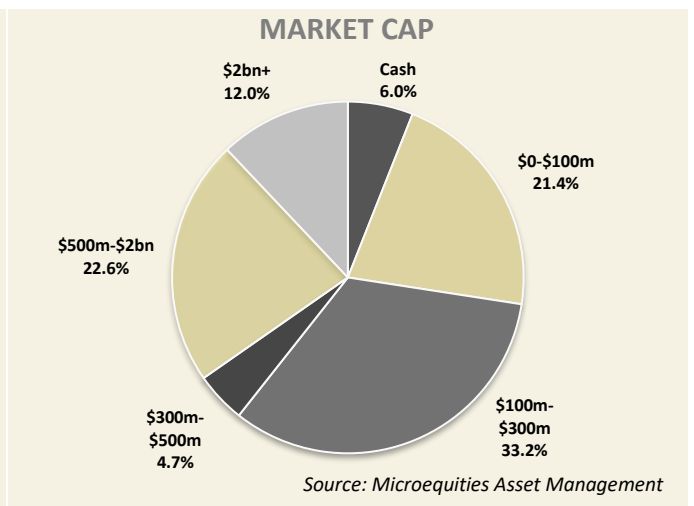
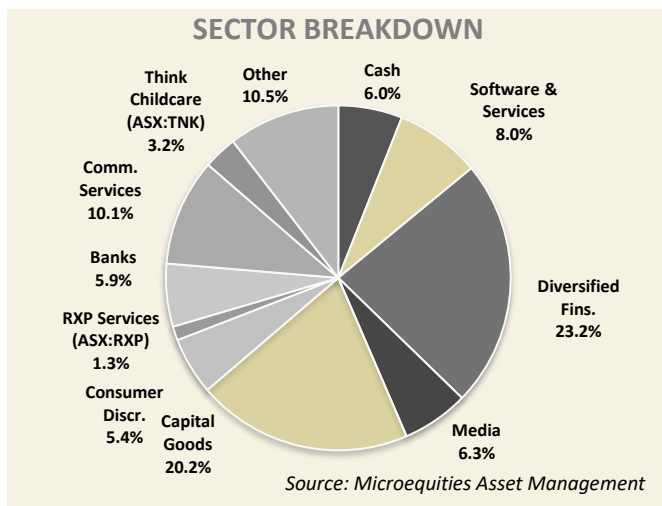
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies.

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$128,661**



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)	28.66%	1.48%	24.23%	2.21%



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MARKET UPDATE AND COMMENTARY

Financial markets digested two significant events during the month: The US presidential election outcome and Brexit. The US presidential election outcome was not a surprise to financial markets which were also imbued with confidence given the status quo result in the chambers. A Republican held Senate and a Democrat majority House of Representatives will continue. Across the Atlantic, it was a case of relief. After years of arduous, tenacious and at times strenuous negotiations, the European Commission and UK finally agreed on a Brexit pathway that will see the UK leave the EU after 47 years of membership. The main elements of the deal focuses on capital and goods both of which will still be able to move freely between the EU and UK. The deal will see the end of the free movement of people within the bloc, however services, which makes up to 80% of the UK economy have to a significant degree been left out of the agreement and will require further negotiations between the parties. Despite the shortcomings, the accord does however remove a significant risk element to financial markets and provides a more stable regulatory platform for companies to make investment decisions.

Microequities Value Income Fund returned 2.21% in December; this brings the total return net of fees to 28.66% for the Fund since inception in February 2019.

The Fund exited **DWS Limited (ASX:DWS)** after the successful completion of the takeover offer. We also exited our holding in **Carsales.com (ASX:CAR)** which we opportunistically purchased in early 2019 at a large discount to intrinsic value and 6% grossed up dividend yield. At our exit price, the yield has compressed to 3.3% grossed up.

Our investment in **Think Childcare (ASX:TNK)**, a premium childcare provider received a revised indicative offer of \$1.75 from Alceon after a raid on its shares where it accumulated a 19%+ stake. At this point in time, both Busy Bees and Alceon are still actively considering formal offers for the company and we think there is more to play out here.

We added a new position, which is in the financial and banking sector. This is part of three companies in our basket in this sector (approximately 6% in total weighting) that are positively leveraged to a rebound in the domestic economy, housing market and credit growth. We believe the sector will return to more normalised dividend payouts in 2021 and based on this have purchased the shares on a forecast yield of more than 8% grossed up. Recent regulatory developments and strong Australian economic rebound means the fundamental outlook for these businesses is strong.

Number of companies	37
Top 5 Holdings % of NAV	25.8%
Top 10 Holdings % of NAV	44.3%
Top 20 Holdings % of NAV	71.4%
Cash Position % of NAV	6.0%

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.

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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.