

# MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



## MONTHLY PERFORMANCE AS AT 28/02/2022

latest unit price (exit price) <b>\$1.4336</b>	return since inception (Feb 2019) <b>64.68%</b>	return 1 month <b>3.05%</b>
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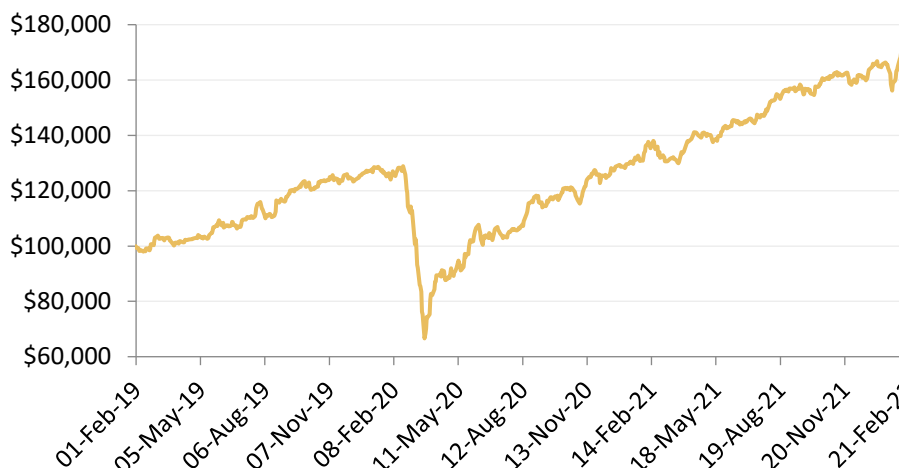


### FUND OUTLINE

Fund Manager: Carlos Gil (CIO)

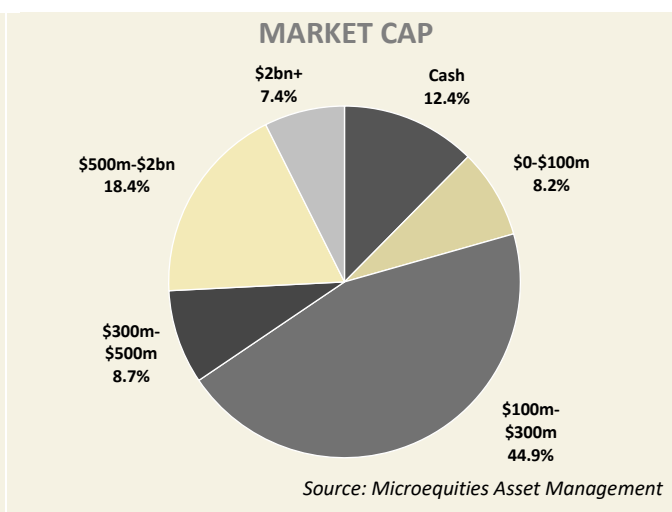
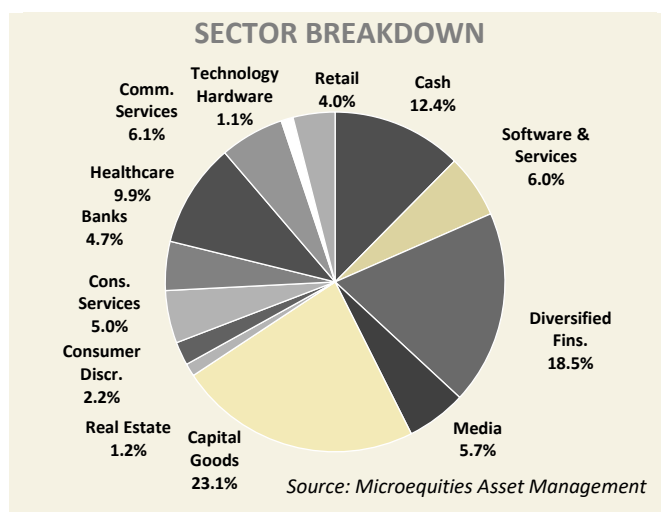
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies.

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$164,678**



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>17.56%</b>	<b>64.68%</b>	<b>16.92%</b>	<b>20.04%</b>	<b>24.82%</b>	<b>4.99%</b>	<b>3.05%</b>



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## MARKET UPDATE AND COMMENTARY

The month saw financial markets become unsurprisingly pre-occupied and focused on the geopolitical events taking place in Russia and Ukraine. The military conflict is tragic from a human perspective and likely to have lasting geopolitical effects and consequences. Economically, the short-term impact will be higher energy prices (and commodities) which, will create further impetus for those European economies that have their energy base reliant on hydrocarbons to move faster *towards* renewables. Beyond, the geopolitics and energy market impacts, both of which will be substantial, the conflict is likely to have limited impact on the world economy. Russia's GDP is not much bigger than Spain's, i.e., it's a mid-size economy, with an over weighted energy sector. It has to a significant degree decoupled its trading relationship with the West (with the exception of Germany which it exports gas and imports capital equipment). China is by far Russia's biggest trading partner and the economic interconnection between the West and Russia beyond energy is very limited. The increase in energy prices comes at an unwelcome time for the world economy which already has significant input cost pressures to contain.

**Microequities Value Income Fund returned 3.05% net of fees in February; this brings the total return net of fees to 64.68% for the Fund since inception in February 2019.**

February was a busy reporting month for the Fund with companies reporting their financial results (either half year or full year). The common thematic from companies was the disruptions they are seeing during to the recent Omicron wave, whether it was shortage in staff availability, componentry shortages due to shipping delays, wage inflation or volatile consumer spending patterns.

Pleasingly, of the 43 companies that reported during February, 95% of companies on a weighted basis increased or maintained their dividend per share payments. This is a good illustration of the value accretion in our portfolio as dividend payments over the long term follow earnings per share growth.

	<b>% Weighting of companies that reported during February 2022</b>
<b>Increased dividends</b>	60%
<b>Maintained dividends</b>	35%
<b>Reduced dividends</b>	5%

There was only one change in the portfolio during the month which was the exit of a Big 4 bank position that we bought opportunistically towards the end of 2020. We continued to add to our holdings in aviation services, healthcare, non-bank financials, consumer products and childcare services. Strong inflow into the Fund during the month has seen abnormally high cash position of over 12% at month end. Investors should not take that as a view on the market directions, rather it is an outcome of timing of inflows. Over time, we expect the Fund to maintain cash closer to 5%.

<b>Number of companies</b>	<b>43</b>
<b>Top 5 Holdings % of NAV</b>	<b>26.8%</b>
<b>Top 10 Holdings % of NAV</b>	<b>41.0%</b>
<b>Top 20 Holdings % of NAV</b>	<b>64.8%</b>
<b>Cash Position % of NAV</b>	<b>12.4%</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/>