

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 31/01/2021

| | | |
|---|--|--------------------------------|
| latest unit price (exit price) \$1.2391 | return since inception (Feb 2019) 31.07% | return 1 month 1.87% |
|---|--|--------------------------------|

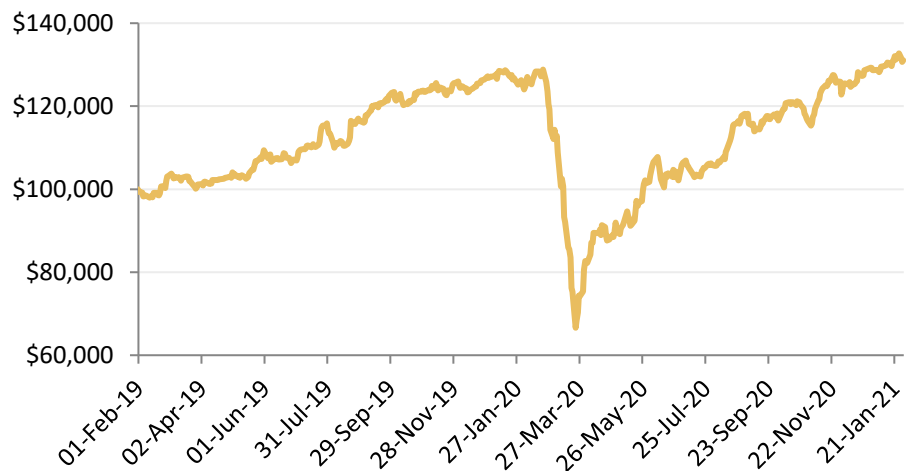


FUND OUTLINE

Fund Manager: Carlos Gil
(CIO)

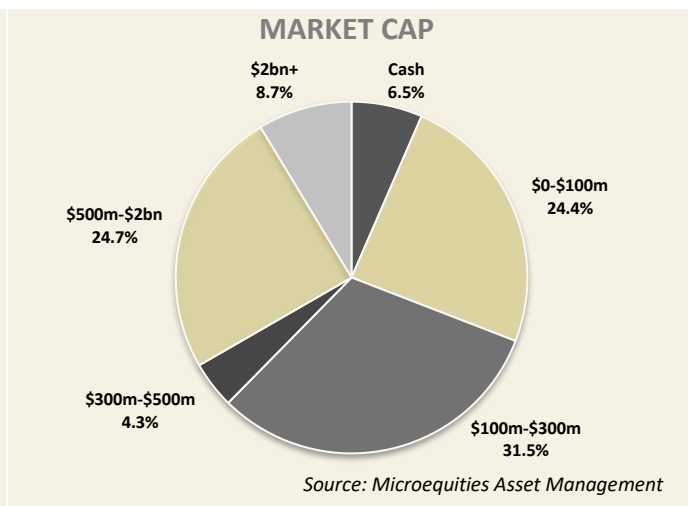
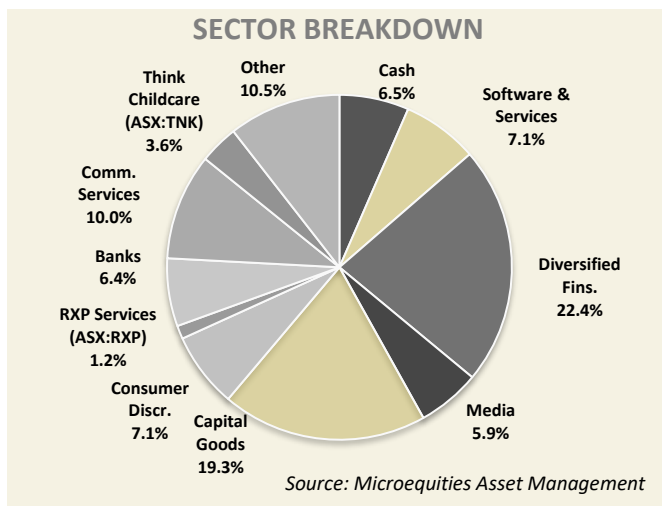
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies.

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$131,067**



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 | 2 Year | 1 Year | 6 Month | 1 Month |
|--|-----------------------|---------------|--------------|---------------|--------------|
| Microequities Value Income Fund (VIF) | 31.07% | 14.48% | 3.79% | 23.80% | 1.87% |



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MARKET UPDATE AND COMMENTARY

2021 will be a year of recovery for the world economy, battered by the distortive effects of Covid-19. The first major economy to feel its effects, China, is also the first economy to come out the Covid induced slow down. In numbers published during the month of December, the Chinese economy expanded by +6.5% during the 4th quarter, taking the annual GDP growth to +2.3%. This was a commendable effort, but it was still the lowest GDP growth experienced in China in more than 40 years. The full year GDP number understates the resurgence of economic activity in the world's second biggest economy. The Chinese economy could expand at a growth rate above +8% during 2021. A growth rate that should help Australian commodity exports. The US economy is also likely to grow at above trend rates as its economy emerges from a 3.4% contraction in 2020. The degree and timing of the US recovery will to some degree depend on the national Covid vaccine rollout, a process that will take months. In Australia, our economy looks set to expand at its fastest rate in more than 20 years, though the recovery will also likely be tilted towards the 2nd half of 2021 and will require some easing of international border restrictions.

Microequities Value Income Fund returned 1.87% in January; this brings the total return net of fees to 31.07% for the Fund since inception in February 2019.

During the month, we added two new positions. The first is a non-bank lender that has historically operated with a conservative approach to lending to small and medium businesses. The majority of their loan book is backed by insured borrowers and blue chip customers. We have bought our stake at a greater than 9% grossed up dividend yield with good earnings growth prospects. The second new position is a consumer products business across home appliances, personal appliances, and other categories. This business is benefiting from strong general retail conditions. We have bought our stake on a greater than 10% grossed up dividend yield.

Other developments in the Fund include **Think Childcare (ASX:TNK)**, a premium childcare provider receiving a revised indicative offer of \$2.10 from Busy Bees. Alceon the other party in the race had previously submitted a \$1.75 offer and currently hold a 19% stake. We welcome the bidding competition and expect further developments in the weeks ahead.

| | |
|---------------------------------|--------------|
| Number of companies | 39 |
| Top 5 Holdings % of NAV | 24.5% |
| Top 10 Holdings % of NAV | 41.8% |
| Top 20 Holdings % of NAV | 68.3% |
| Cash Position % of NAV | 6.5% |

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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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.