

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 31/01/2022

latest unit price (exit price) \$1.3911	return since inception (Feb 2019) 59.80%	return 1 month -3.40%
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FUND OUTLINE

Fund Manager: Carlos Gil (CIO)

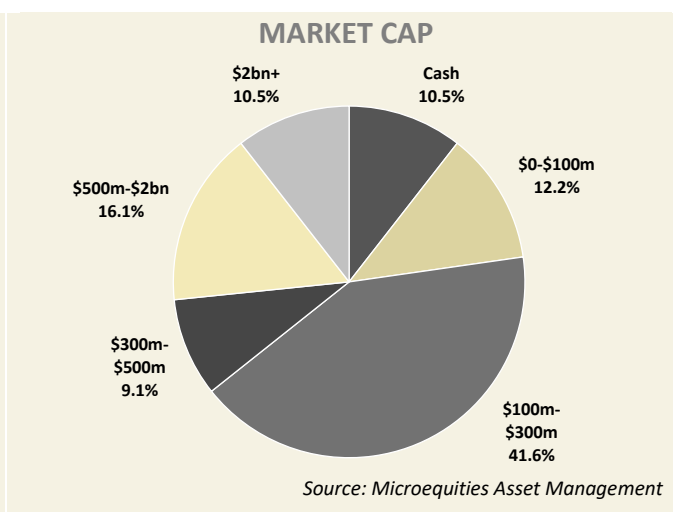
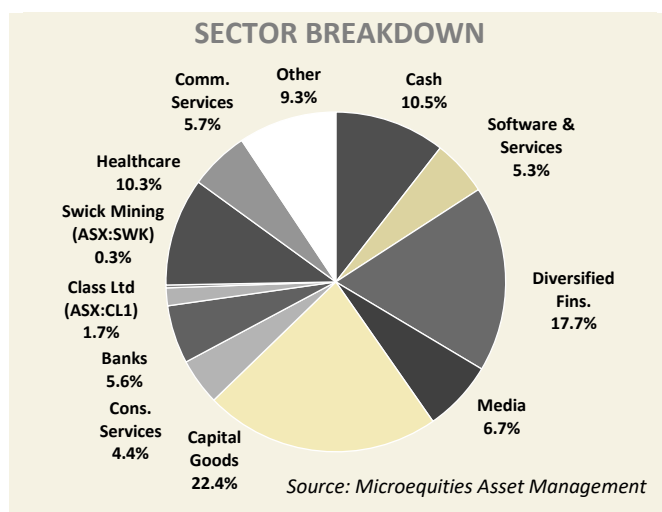
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies.

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$159,797**



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
Microequities Value Income Fund (VIF)	16.91%	59.80%	16.91%	12.49%	21.92%	7.42%	-3.40%



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MARKET UPDATE AND COMMENTARY

As we enter 2022, we expect Australia to accelerate its economic growth and register one of the most expansionary years in decades. Despite the short-term disruption caused by Omicron, high vaccination rates, more effective treatment and increasing societal resilience means any further negative impacts of the pandemic will be weaker. As we move through the year, a strong labour market, reopening of international borders and the fastest wage growth since 2012 will improve consumer sentiment and drive economic confidence. These combined factors make a +4% GDP growth number an attainable target. The biggest risk to our positive economic growth outlook is taming increasing structural inflation. Not all inflation however is bad and the much-needed increase in real wages is fundamental to the purchasing and borrowing power of households. Across the US, inflation surged to 7% in numbers published during December, the largest jump since 1982. Core inflation, which removes the impact of volatile inputs such as energy and food prices, jumped to 5.5%. The data points towards a picture of underlying structural inflation, with the Federal Reserve now increasingly likely to raise rates more than 3 times during 2022.

Microequities Value Income Fund returned -3.40% net of fees in January; this brings the total return net of fees to 59.80% for the Fund since inception in February 2019.

News flow was light during the month as most of our portfolio companies will report their interim results in February.

During the month, the more notable developments included:

- We exited our stake in **Orexlore Technologies (ASX:OXT)**, the spin-off from Swick Mining Services (ASX:SWK). We regard Orexlore as an early-stage venture bet on largely uncommercialised technology, and therefore not in line with our investment philosophy.
- **PTB Group (ASX:PTB)**, an engine maintenance business servicing propeller plane engines announced 1H22 trading update showing 44% revenue growth and 56% underlying PBT growth. FY22 guidance has been kept unchanged but now looks extremely conservative. We estimate PTB is still trading on a 6.5% grossed up dividend yield and 10.5x PBT multiple with substantial growth potential in its USA division and leasing business.
- Our investment in a media business provided a 1H22 trading update showing double digit revenue growth and substantially higher EBITDA growth due to its fixed operating cost structure. This is a business that is underfollowed by the investment community, and we think is extremely undervalued on any profitability metric.
- Our investment in a health services business benefitted from corporate activity in its sector during the month and has been speculated as a potential M&A target given its conservative balance sheet and strong cash flow generation.

Number of companies	44
Top 5 Holdings % of NAV	27.1%
Top 10 Holdings % of NAV	41.5%
Top 20 Holdings % of NAV	63.9%
Cash Position % of NAV	10.5%

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/>