

# MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



## MONTHLY PERFORMANCE AS AT 31/07/2020

latest unit price (exit price) <b>\$1.0108</b>	return since inception (Feb 2019) <b>5.87%</b>	return 1 month <b>2.22%</b>
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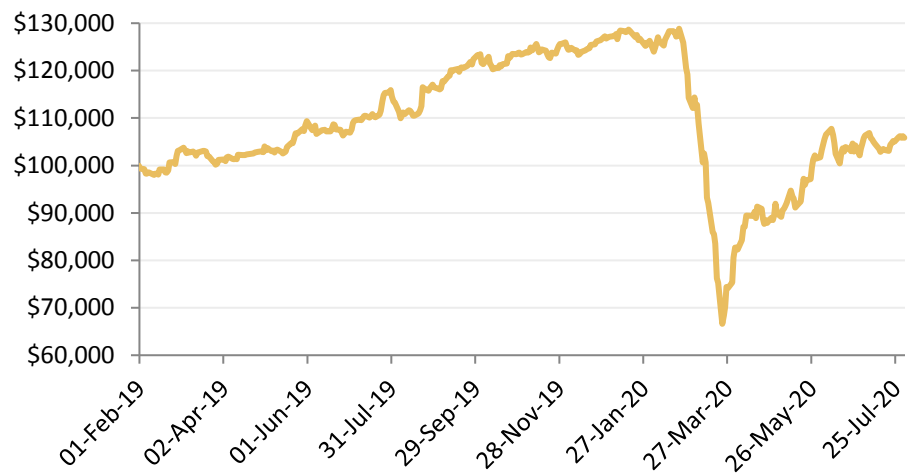


### FUND OUTLINE

Fund Manager: Carlos Gil  
(CIO)

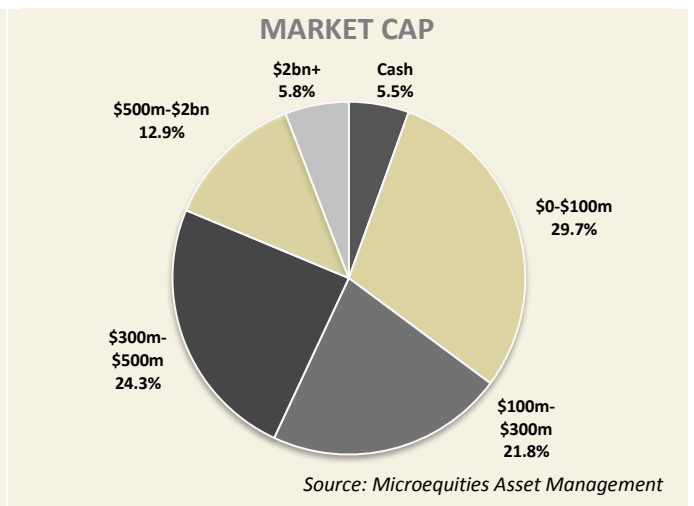
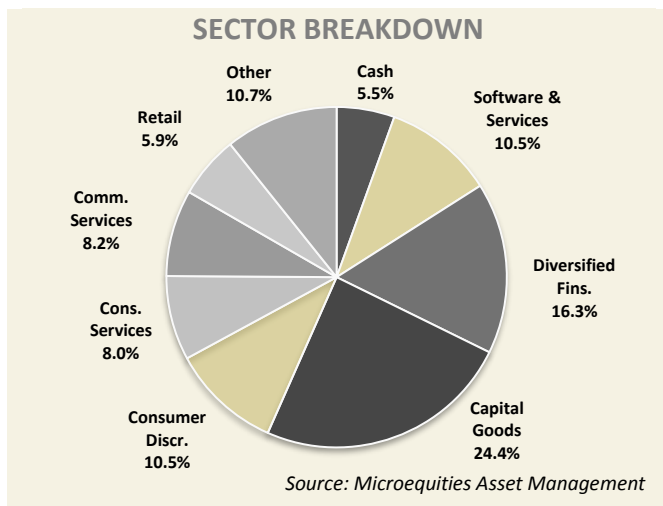
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$105,869**



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
<b>Microequities Value Income Fund (VIF)</b>	<b>5.87%</b>	<b>-7.52%</b>	<b>-16.16%</b>	<b>2.22%</b>



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## MARKET UPDATE AND COMMENTARY

The US GDP declined by 8.4% during the second quarter of 2020. Care should be taken not to extrapolate this number as the current heartbeat of the US economy; it is not. The US economy is going to decline this year, but its decline will likely be at a lower level than the second quarter numbers suggest. The government-imposed shutdowns during March and April severely impacted the US economy and would have had a very material impact on economic activity during the second quarter. The focus in coming weeks will now shift to the second stimulus package. The Republicans and Democrats will need to carve out a deal, but the scale of the stimulus package is likely to be enormous and will provide fresh support to an economy that will face a challenging outlook.

Domestically, the Australian government also announced extensions to its JobKeeper and JobSeeker programs. In all, the extensions are worth \$20b+. It is probable that the federal government will provide further stimuli as fiscal restraints are deprioritised and economic growth takes precedence.

**Microequities Value Income Fund returned 2.22% in July; this brings the total return net of fees to 5.87% for the Fund since inception in February 2019.**

There were no substantive changes to the portfolio during the month, rather several business within the Fund provided trading updates.

1. Financial administration business announced a contract win with a large independent platform provider and will provide trusteeship services for a core product. This is the second substantial contract win for this business in as many months.
2. Retailer of small furniture products reported 7.2% growth in same store sales, 50% growth in online sales and underlying net profit growth of 16%.
3. IT distribution business **Dicker Data (ASX:DDR)** provided unaudited 1H20 results showing 18% revenue growth and 23% net profit growth as it continues to benefit from the working from home trend and requirement for IT hardware and software. The company is on the lookout for sizeable overseas acquisition opportunities which provides a long term growth runway.
4. Health and wellness consumer products company announced unaudited FY20 results showing 6% revenue growth and 20% PBT growth ahead of guidance. Its range of products have benefited from the supermarket panic buying and strong export demand.

<b>Number of companies</b>	<b>33</b>
<b>Top 5 Holdings % of NAV</b>	<b>34.0%</b>
<b>Top 10 Holdings % of NAV</b>	<b>52.1%</b>
<b>Top 20 Holdings % of NAV</b>	<b>76.9%</b>
<b>Cash Position % of NAV</b>	<b>5.5%</b>

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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.