

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 30/06/2021

latest unit price (exit price) \$1.3729 Cum-distribution	return since inception (Feb 2019) 45.22%	return 1 month 1.24%
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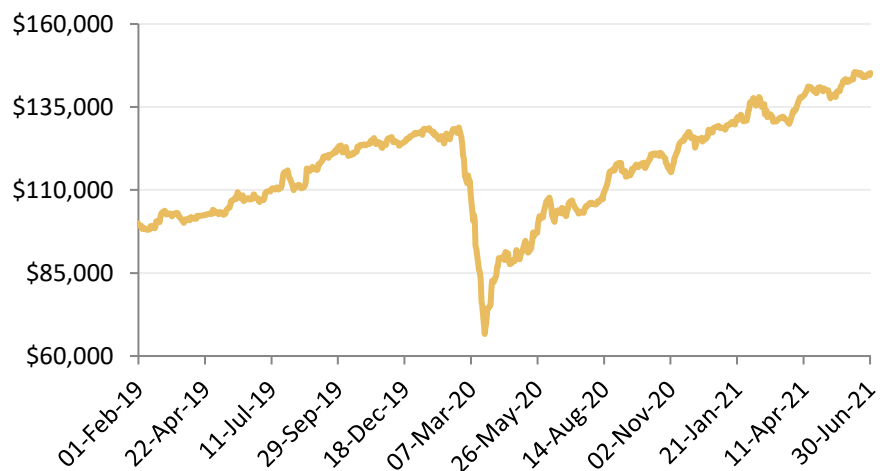


FUND OUTLINE

Fund Manager: Carlos Gil
(CIO)

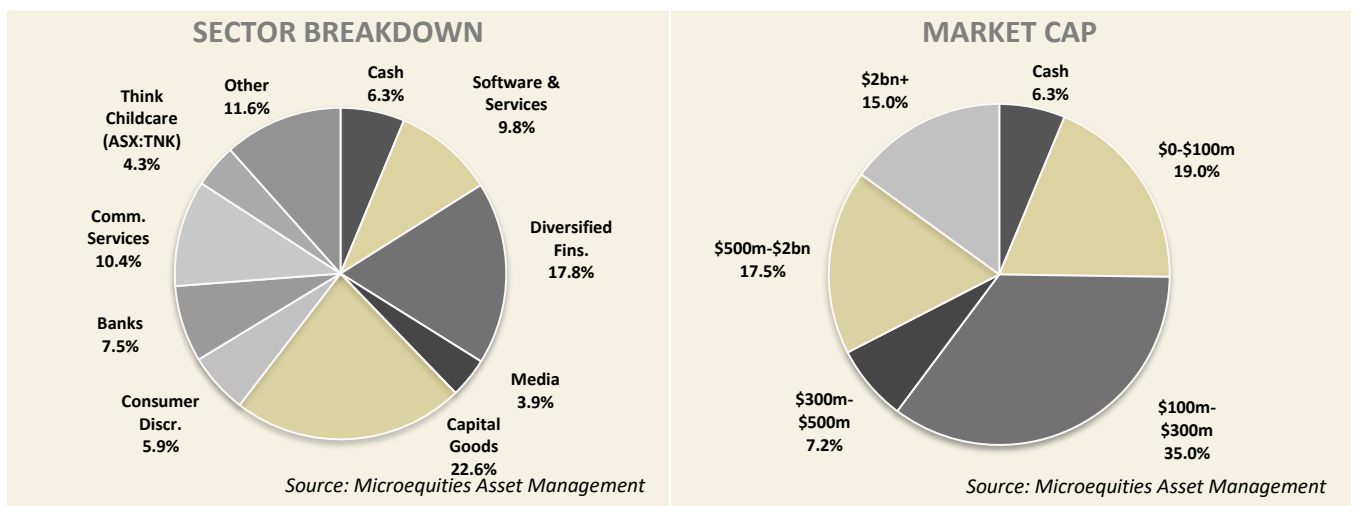
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies.

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$145,223**



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	2 Year	1 Year	6 Month	1 Month
Microequities Value Income Fund (VIF)	16.69%	45.22%	19.81%	40.22%	12.87%	1.24%



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MARKET UPDATE AND COMMENTARY

The US Federal Reserve's meeting during the month provided compelling insight into the fine line the institution is walking as it faces a stronger than anticipated recovery, rising inflation and a health pandemic that is yet to be completely nullified. There is growing evidence that the labour market is strengthening, and companies are increasingly raising wages to attract workers as a subset of workers remain stubbornly opposed to returning to the labour market. Whilst wage growth has risen slightly to +2% per annum, the pace of wage growth picked up in April and May. The Federal Reserve revised its core inflation upwards to 3%. Against that backdrop the Fed shifted interest rate rise expectations from 2024 to 2023, projecting it will make at least two rate rises during 2023. Inflation upside risk remains and there is a possibility the Fed may have to raise rates before 2023. Whilst markets and the financial media may make a lot of noise about the impact of such an event, a return to a normalised inflationary and central bank rate environment would be a welcomed development. Domestically, Australia's economy has recovered even stronger than the US, with the May unemployment rate dropping to 5.1%. This is lower than when the pandemic started, and faster wage growth is now highly probable.

Microequities Value Income Fund returned 1.24% in June; this brings the total return net of fees to 45.22% for the Fund since inception in February 2019.

During the month, **McPherson's Ltd (ASX:MCP)** which was subject to an indicative takeover offer from Arrotex Australia, saw the bidder walk away and not proceed with a formal offer. We remain supportive of the company's current growth strategy and added to our holdings as the share price pulled back.

Think Education (ASX:TNK), childcare operator, was previously under due diligence by Busy Bees. During the month it entered a scheme of arrangement at \$3.28 cash and associated franking credits. We think this is an excellent outcome for shareholders. Think Education accounts for 4.3% of the Fund at month end.

We initiated a new holding in a company exposed to the positive East Coast housing market. Under the radar since IPO several years ago, management have slashed the cost base and solidified the balance sheet. The company also restarted dividends at the interim which we expect to continue going forward. We added to an existing holding in non-bank lending and trimmed positions in mining services and consumer products where the share price has run ahead of fundamentals.

Number of companies	40
Top 5 Holdings % of NAV	23.5%
Top 10 Holdings % of NAV	41.5%
Top 20 Holdings % of NAV	67.2%
Cash Position % of NAV	6.3%

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.