

# MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



## MONTHLY PERFORMANCE AS AT 31/03/2021

latest unit price (exit price) <b>\$1.2658</b>	return since inception (Feb 2019) <b>33.90%</b>	return 1 month <b>1.49%</b>
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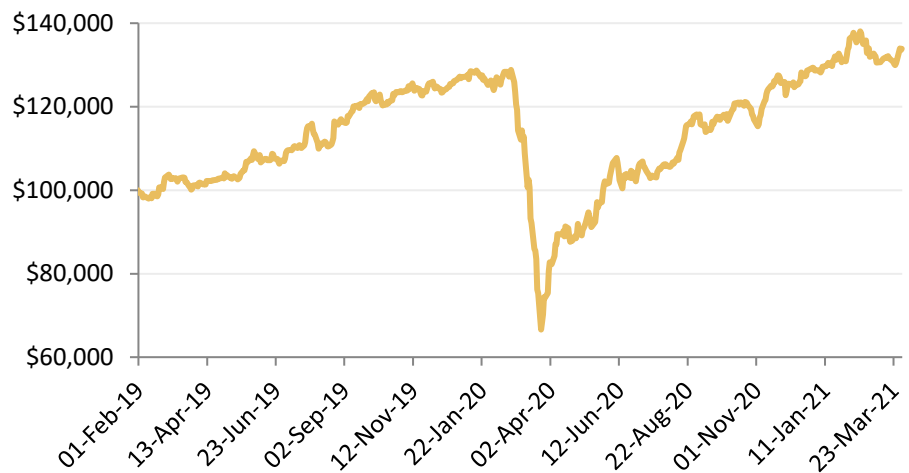


### FUND OUTLINE

Fund Manager: Carlos Gil  
(CIO)

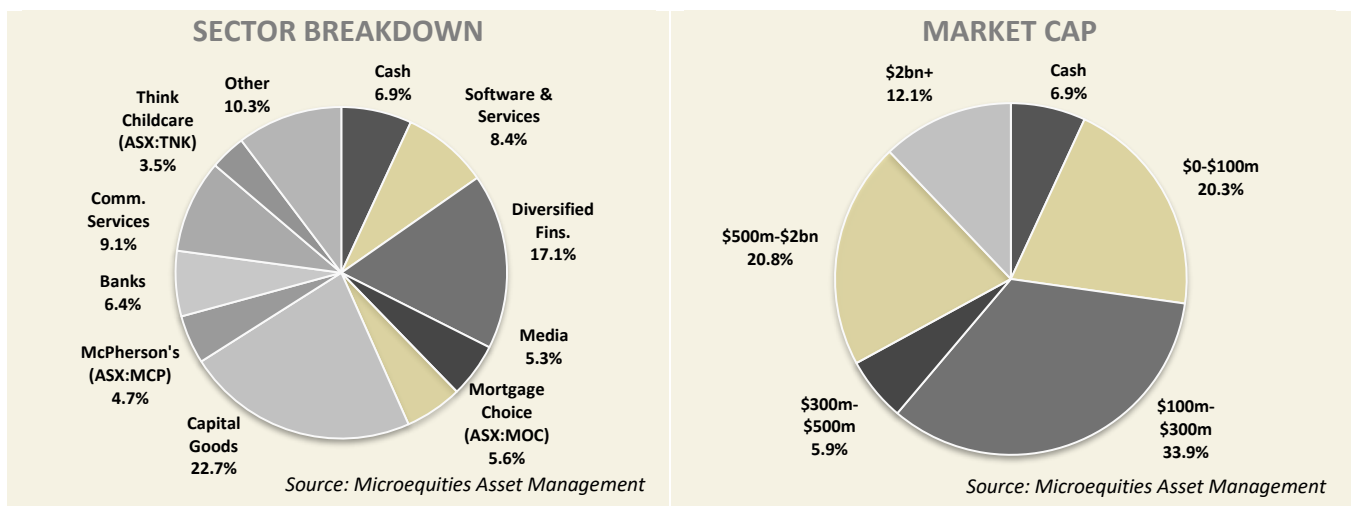
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies.

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$133,898**



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
<b>Microequities Value Income Fund (VIF)</b>	<b>14.42%</b>	<b>33.90%</b>	<b>15.05%</b>	<b>66.17%</b>	<b>14.23%</b>	<b>1.49%</b>



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## MARKET UPDATE AND COMMENTARY

To our surprise, financial markets have spent most of the month coming to terms with the probable fact that bond prices have probably peaked and therefore yields are likely to rise over the medium to long term. The US 10-year treasury yield has risen by more than 50 basis points since the beginning of 2021 but remains at a benign 1.75%. The bond market is essentially pricing in two things a). Federal Reserve next interest move will be an increase b). greater likelihood that inflation, will at some stage tick higher. Both are eminently reasonable. It is highly likely that the US Federal Reserve's next interest rate move will be upwards and that its ultra-accommodative monetary stance will at some point over the medium term be unwound. However, that is unlikely to happen anytime soon, top Federal Reserve officials have consistently stated that the US central bank support for the economy will stay in place until they see an accelerating recovery across all levels of American society, which might be 2 or 3 years away. When the ensuing recovery does take place, the Fed has pledged to make very gradual movements on its rates. So, bond markets are in fact behaving logically and coherently. It would be alarming if they had not begun to price such likely eventualities.

**Microequities Value Income Fund returned 1.49% in March; this brings the total return net of fees to 33.90% for the Fund since inception in February 2019.**

The Fund's holding in **McPherson's Limited (ASX:MCP)** received an opportunistic takeover from Raphael Geminder's family office. The \$1.34 on market offer was only a 9.8% premium to the last closing price and comes at a time when McPherson's didn't have a permanent CEO and delivered a weak 1H21 result. We think the offer falls well short of fair value but welcome the fact this has put McPherson's in play with potential rival offers from trade buyers such as **BWX Limited (ASX:BWV)** or private equity that can see value in various parts of the business. McPherson's accounted for 4.7% of the Fund's assets at month end.

**Mortgage Choice (ASX:MOC)**, another one of the Fund's constituents also received a cash takeover offer from **REA Group (ASX:REA)** at \$1.95 per share. This was a 66% premium to the last closing price. We deem the offer to be strong and likely to be voted in favour at the upcoming scheme meeting. Mortgage Choice accounts for 5.6% weighting of the Fund's assets at month end.

<b>Number of companies</b>	<b>38</b>
<b>Top 5 Holdings % of NAV</b>	<b>25.0%</b>
<b>Top 10 Holdings % of NAV</b>	<b>43.1%</b>
<b>Top 20 Holdings % of NAV</b>	<b>69.3%</b>
<b>Cash Position % of NAV</b>	<b>6.9%</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.