

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 31/03/2022

latest unit price (exit price) \$1.5155	return since inception (Feb 2019) 74.08%	return 1 month 5.71%
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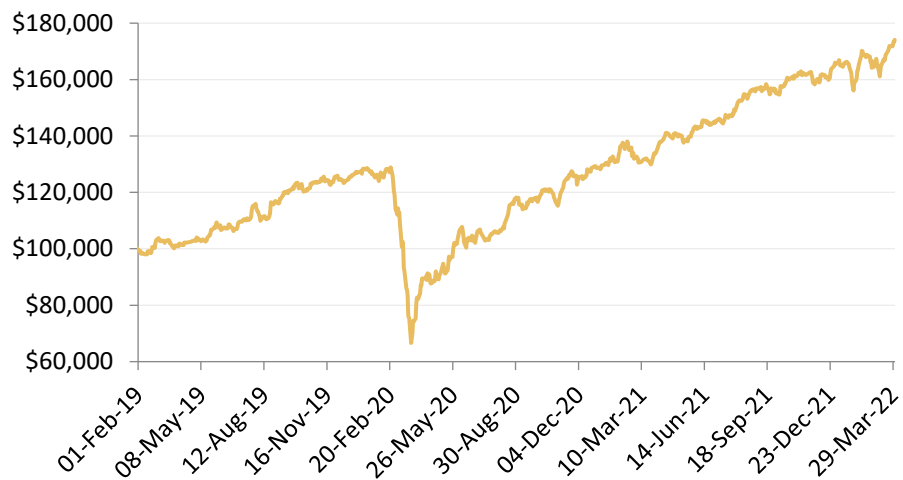


FUND OUTLINE

Fund Manager: Carlos Gil (CIO)

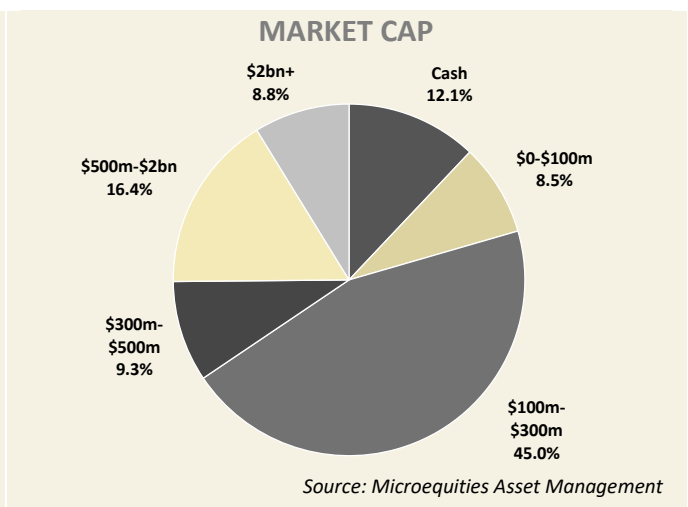
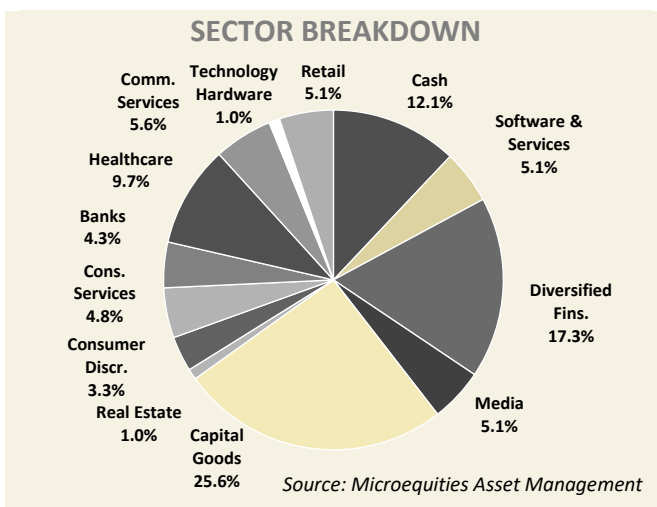
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies.

VALUE OF \$100,000 INVESTED AT INCEPTION > \$174,084



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)	19.13%	74.08%	19.83%	46.98%	30.01%	11.29%	5.71%



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MARKET UPDATE AND COMMENTARY

The US Federal Reserve (Fed) raised rates by 25 basis points during March, taking the primary interest rate range to 0.25% - 0.50%. The Fed also signalled an aggressive pathway for the following six meetings, indicating they expect to increase rates at each of the rest of meetings for 2022. In all, the primary rate in the US is expected to increase by 1.75% by the end of 2022. The adjustment to monetary policy follows sustained increases in core inflation and wage increases. Private sector wage increases in the US have grown by 5.1% over the past 12 months, with sectors such as leisure and hospitality observing increases of 11.2%. CPI is currently tracking at 7.5%, the highest rate in 40 years. The labour market in the US remains extremely strong with robust hiring. The jobless rate currently sitting at 3.8% is close to a 50-year low (3.5%). In Australia we are mirroring similar conditions with our unemployment rate falling to 4.0%, the lowest rate since August 2008. Job creation in Australia has been strong, with over 200,000 jobs created over the last 12 months. We believe a tightening cycle now looms and the RBA will likely increase rates above +1% before the end of 2022. These monetary responses should be contextualised for what they are, still far too accommodative. Higher rates are warranted.

Microequities Value Income Fund returned 5.71% net of fees in March; this brings the total return net of fees to 74.08% for the Fund since inception in February 2019.

The investment management team continues to focus on the fundamentals of the businesses within the Fund; are they selling more of their products or services, do they have pricing power in the current inflationary environment, what are their medium to long term growth initiatives and do they have an appropriate capital management policy consisting of dividends, acquisitions, organic reinvestment and share buybacks. Share prices may be volatile in the short term but it is purely fundamentals that will lead to long term total shareholder returns. It is solely the latter the team focuses on, whilst taking advantage of the fall in share prices to add to our existing holdings.

Another month of strong inflow into the Fund has seen an abnormally high cash position remain at over 12%. Investors should not take that as a view on market directions. Over time, we expect the Fund to maintain cash closer to 5-10%. We continued to add to a wide range of our holdings in aviation services, healthcare, non-bank financials, media, consumer products, childcare services, retail, wholesale distribution and mining services.

Some notable announcements in the portfolio companies included:

- Five portfolio companies are currently undertaking buybacks, which we think will be strongly accretive to shareholder value.
- Asset maintenance and mining services business made an opportunistic acquisition at what we think was around a 2x EBIT multiple. This yet again demonstrates the quality of the management team focusing on creating shareholder value.
- Consumer products business signed a preferred supplier agreement with one of its major customers that could add 40-50% to EBIT earnings over a 3 year period. The agreement is low risk and likelihood of success is good but does come at the cost of issuing scrip at what we consider a low price.

Number of companies	43
Top 5 Holdings % of NAV	27.7%
Top 10 Holdings % of NAV	42.6%
Top 20 Holdings % of NAV	65.8%
Cash Position % of NAV	12.1%

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.

This communication contains general information only and does not take into account investment objectives, financial situation or needs of any particular individual or entity. It does not constitute financial, tax or legal advice, nor is it an offer, invitation or recommendation to subscribe or purchase a unit in the Fund or any other financial product. Before acting on any information contained in this communication, you should consider whether it's appropriate to you, in light of your objectives, financial situation or needs.

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.

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/>