

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 31/05/2019

latest unit price (exit price) \$1.0936	return since inception (Feb 2019) 9.36%	return 1 month 6.40%
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FUND OUTLINE

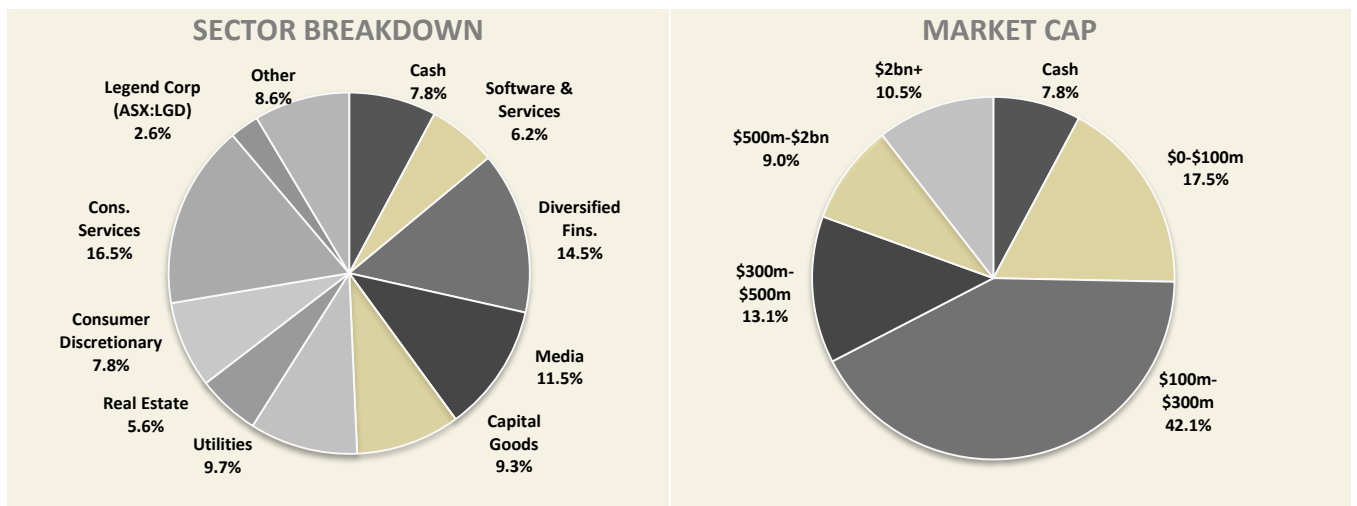
Fund Manager: Carlos Gil
(CIO)

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

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$109,360**



	Total since inception	1 Year	6 Month	1 Month
VIF	9.36%	-%	-%	6.40%



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MARKET UPDATE AND COMMENTARY

Escalating tensions pertaining to the Sino-US trade war is currently front of mind for investors. Unlike other equity market preoccupations, the economic fallout from this will be very real. So far, trade tariffs from both sides will affect products worth over \$300b in trade. The US has already announced measures to widen the tariff net, a measure that will inevitably be countered by China. Whilst most US businesses initially supported the Trump administration's heavy handed approach to China trade policy, that support will likely weaken as the tariffs begin to bite at consumer demand. Whilst the rhetoric has hardened on both sides, we still believe a trade deal is the more likely outcome, for the simple fact that it remains in both sides' interest to strike one. Rational behaviour does not guarantee an outcome but does make it the most probable. Domestically, the Coalition victory at the federal election was the best possible outcome to restore consumer confidence and stabilise a weakening property market. One word defines the prevailing mood around Australian businesses, relief.

Microequities Value Income Fund returned 6.40% in May; this brings the total return net of fees to 9.36% for the Fund since inception in February 2019.

The Fund exited three small positions in the real estate and diversified financial sectors. The investment management team felt the funds could be better applied to other investments. We have also slightly trimmed our investment in a number of holdings in the IT hardware, media and utilities sectors where we felt the market price had gotten ahead of the fundamentals and the implied dividend yields had compressed.

Our investee company in the consumer services sector conducted an investor site visit and re-confirmed full year earnings guidance. Since the start of the year, revenue growth has been positive and costs well controlled. We added to our investment and at month end, it accounted for 7.8% of the Fund.

The Fund also received a takeover offer for investee company, **Legend Corporation (ASX:LGD)**. The takeover offer was a **+22.7% premium to the market price**. Legend Corporation currently represents 2.6% of the Fund's assets.

Number of companies	27
Top 5 Holdings % of NAV	31.7%
Top 10 Holdings % of NAV	52.8%
Top 20 Holdings % of NAV	81.8%
Cash Position % of NAV	7.8%

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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.