

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 30/11/2021

latest unit price (exit price) \$1.4063	return since inception (Feb 2019) 59.50%	return 1 month -1.22%
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FUND OUTLINE

Fund Manager: Carlos Gil (CIO)

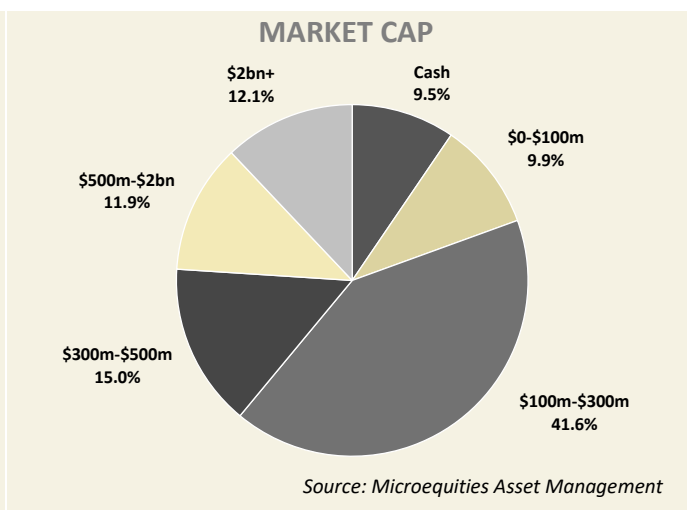
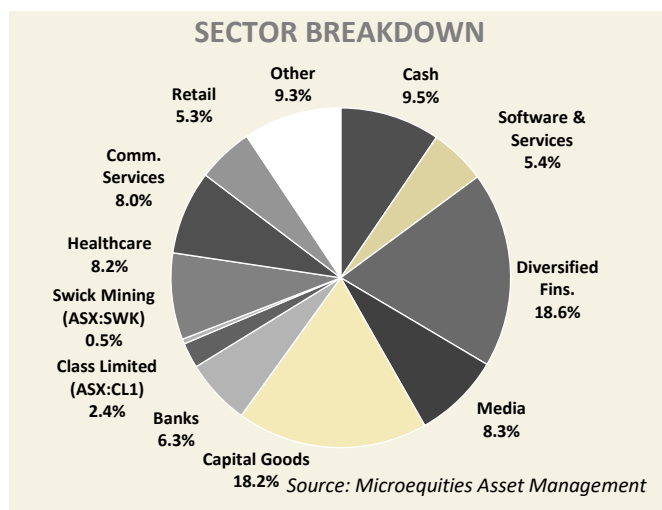
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies.

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$159,499**



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)	17.91%	59.50%	12.69%	26.71%	11.19%	-1.22%



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MARKET UPDATE AND COMMENTARY

The US employment numbers provided another tangible data point that the world's largest economy needs very little stimulus to continue its growth phase. The US economy added an impressive 531,000 jobs last month pointing towards accelerating economic growth. Average hourly earnings is now tracking at a growth rate of +4.9%, suggesting wage inflationary pressure. That figure will likely be closely watched over the coming months. For much of the past decade, despite solid economic growth, the average US hourly earnings failed to grow beyond rates of +2.5%. The current growth rate is the highest ever recorded since the US Bureau of Labour Statistics started tracking the measure back in March 2007. The inflationary risks which we have previously cited in our updates, appear to be increasing and increase the chances that the Federal Reserve may raise rates in 2022. In Australia trading conditions and consumer spending are likely to end the calendar year on a strong note as pent up demand during the lockdowns is unleashed, particularly in the services sector of the economy.

Microequities Value Income Fund returned -1.22% in November; this brings the total return net of fees to 59.50% for the Fund since inception in February 2019.

AGM commentary was the dominant focus for this month with many of our businesses providing trading updates and qualitative guidance. Broadly we are seeing a significant rebound in business and consumer activity as we emerge out of lockdown. Some specific updates to call out include:

- Labour hire business at its AGM reported 15% growth in NPAT in Q1 and is seeing good demand across its clients in labour hire demand. We think this business is really under the radar, trading at less than 10x PE and grossed up dividend yield of 9.8%. Management have maintained a conservative balance sheet and continue to make small but strategic and well-priced acquisitions.
- Invoice finance business at its AGM upgraded NPATA guidance for growth of 50% over FY21. Rebound in demand from its SME client base for invoice financing and now rebound in its equipment financing book are the drivers of this growth. The current share price implies just 9x PE and grossed up dividend yield of 8.8%.
- Aircraft maintenance business provided FY22 guidance for 13-22% PBT growth, with underlying growth much stronger at 30%+ excluding the prior year's Jobkeeper income. Shares continue to trade at low teen PE and grossed up dividend yield of 6.7% with outlook for strong EPS growth given their foothold in the US.
- Healthcare business Q1 showing good customer volumes and strong forward pipeline. 1H22 is expected to see 8% NPAT growth and 2H is expected to grow further. We estimate this business is trading on 13x PE and grossed up yield of 7%. Balance sheet remains net cash and could see upside from acquisitions.

Number of companies	44
Top 5 Holdings % of NAV	23.3%
Top 10 Holdings % of NAV	38.0%
Top 20 Holdings % of NAV	62.0%
Cash Position % of NAV	9.5%

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.

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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.

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/>