

# MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



## MONTHLY PERFORMANCE AS AT 31/10/2019

latest unit price (exit price) <b>\$1.1980</b>	return since inception (Feb 2019) <b>23.41%</b>	return 1 month <b>0.12%</b>
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### FUND OUTLINE

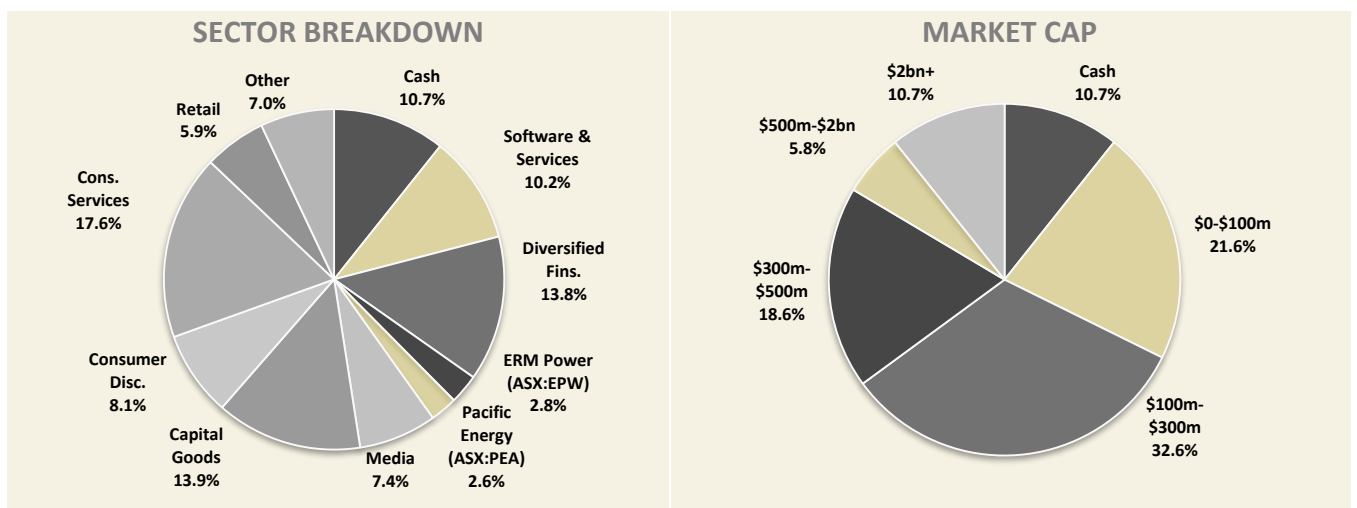
Fund Manager: Carlos Gil  
(CIO)

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 > **\$123,412**



	Total since inception	1 Year	6 Month	1 Month
VIF	23.41%	-%	20.07%	0.12%



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## MARKET UPDATE AND COMMENTARY

Whilst the Australian stock market fell for the month, the US equity market nudged into record territory as a Sino-US trade deal, at least an interim one, looks more likely. If that wasn't enough, the Federal Reserve continued its dovish monetary stance by undertaking its third interest rate cut in 2019, cutting its benchmark funds rate by 25 basis points to a range of 1.5% to 1.75%. The Federal Reserve is now likely to pause on further cuts to the benchmark funds rate. Across the Atlantic, the chances of a no-deal Brexit look low as Britons will face another political election that is likely to determine whether Boris Johnson's proposed EU deal will be ratified by parliament. Whatever the UK election outcome, we view the possibility of a no deal Brexit as low. The economic impact of Johnson's proposed Brexit deal remains unclear and is subject to significant debate. The UK will still need to negotiate a long-term trade agreement with the EU. However, over the short term, the ratification of the deal would remove uncertainty and likely to lead to a boost of investment in Britain and overall investor confidence.

**Microequities Value Income Fund returned 0.12% in October; this brings the total return net of fees to 23.41% for the Fund since inception in February 2019.**

During the month we continued to add to our holding in a retailer that is positively exposed to the improvement in east coast housing market. This retailer at their AGM said they were seeing improving like for like sales since the end of July.

We made several new additions to the Fund. Two of these are enterprise software businesses, both with strong market share in their respective markets, generates strong profitability and dividend payments. Both of these companies have seen recent share price weakness and we have taken the opportunity to buy these quality businesses on sale. The other businesses we added are in commercial services and mining services technology. The commercial services business is under the radar with low free float and a sub \$100m market cap. The business has been disregarded by the rest of the investment community since a disastrous float a number of years ago, but the business has enjoyed a turnaround and now back to paying dividends. The mining services technology business is also enjoying an earnings turnaround with better mining industry conditions. This business trades on just 11x forward PE with dividend growth potential.

<b>Number of companies</b>	<b>31</b>
<b>Top 5 Holdings % of NAV</b>	<b>26.6%</b>
<b>Top 10 Holdings % of NAV</b>	<b>44.9%</b>
<b>Top 20 Holdings % of NAV</b>	<b>72.6%</b>
<b>Cash Position % of NAV</b>	<b>10.7%</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.