

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 31/10/2021

latest unit price (exit price) \$1.4236	return since inception (Feb 2019) 61.46%	return 1 month 3.22%
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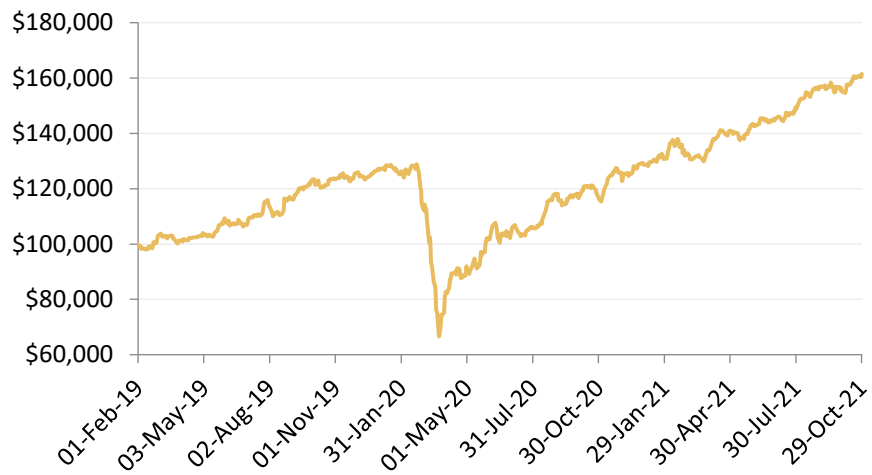


FUND OUTLINE

Fund Manager: Carlos Gil (CIO)

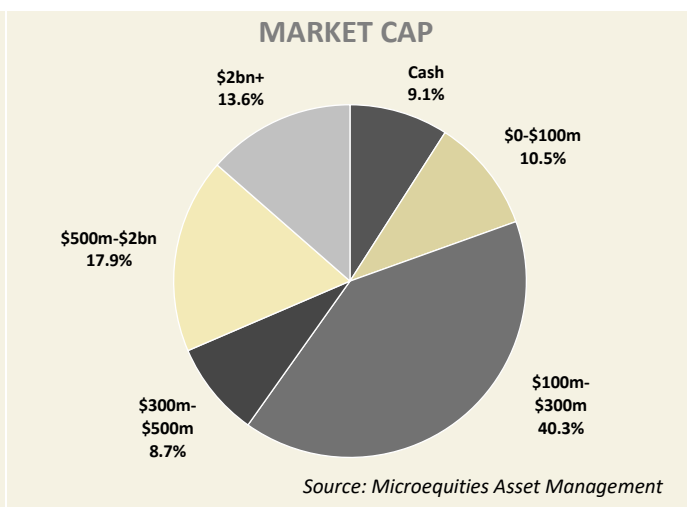
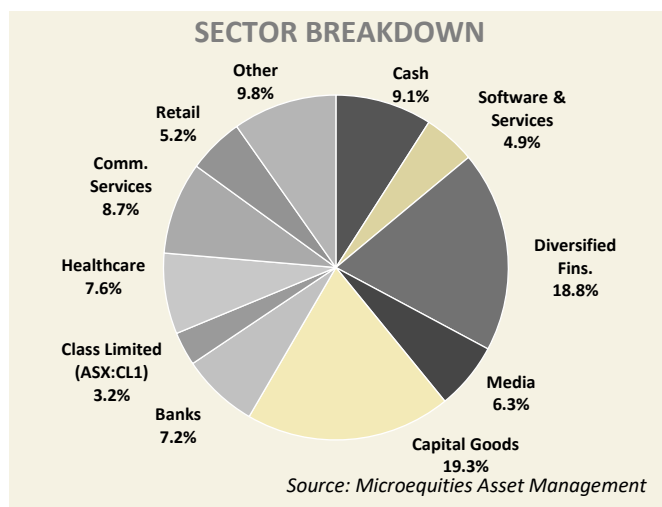
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies.

VALUE OF \$100,000 INVESTED AT INCEPTION > \$161,463



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)	19.03%	61.46%	14.38%	38.58%	14.51%	3.22%



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MARKET UPDATE AND COMMENTARY

Increases in gas and oil prices are expected to exacerbate upward pressure on short term inflation rates across the world. These increases come at an unwelcome time for the world economy which is already grappling with global supply chain issues. To shed light on the supply chain issues, Amazon.com Inc. told investors this month it will incur several additional billions of dollars of costs to manage what it says are "labour supply shortages, increased wage costs, global supply chain issues, and increased freight and shipping costs". What this means for the inflation outlook is that uncomfortably short-term inflation rates that are rising all over the world, will persist for some time and are likely to worsen.

Domestically, as we had previously anticipated, the Australian economy is experiencing a fast rebound as its two most populous states, NSW and Victoria emerge from lockdowns. Early data coming through is suggesting some of the large pool of savings in Australia has begun to flow back into the economy. Retail sales for September grew by +1.3% a trend that will continue into October as Victoria emerges from its lockdown.

Microequities Value Income Fund returned 3.22% in October; this brings the total return net of fees to 61.46% for the Fund since inception in February 2019.

In our last month's report, we noted that the Fund's holding in **Smartgroup (ASX:SIQ)** received a non-binding offer from TPG Capital consortium at \$10.35, 31.7% premium to the last traded price. In October, the consortium came back with a reduced price of \$9.25 which was quickly rebuffed by the board. We continue to hold Smartgroup despite the offer falling apart, as it remains a high-quality business model with strong cash flow generation, reasonable valuation, and long track record of dividend remuneration.

M&A activity continued during the month. **Class Limited (ASX:CL1)**, provider of SMSF admin and trust admin software received a cash and scrip offer from **HUB24 (ASX:HUB)** at a 71.6% premium to the last traded price. Class represents 3.2% of the Fund's assets at month end. **Swick Mining Services (ASX:SWK)**, provider of predominantly underground drilling services to gold and copper miners, received an all scrip takeover offer from **DDH1 (ASX:DDH)** at 35c per share, approximately 32% premium to the last traded price. Swick accounts for approximately 0.4% of the Fund's assets at month end.

Number of companies	43
Top 5 Holdings % of NAV	22.0%
Top 10 Holdings % of NAV	37.4%
Top 20 Holdings % of NAV	62.9%
Cash Position % of NAV	9.1%

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.

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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/>