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MAM FY18 RESULTS

Microequities Asset Management Group Limited

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ABOUT MICROEQUITIES

Microequities Asset Management (Microequities) is a specialist microcap & small cap fund manager

- Business commences operations in 2006
- Expands into funds management in 2008
- Launches flagship Deep Value Fund in March 2009
- Becomes unlisted public company in 2015
- Successfully completes initial public offering (IPO) in April 2018

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OUR BUSINESS MODEL

TWO MAIN SOURCES OF REVENUE



MANAGEMENT FEES

- Recurring in nature, invoiced monthly
- Key operating metric as recurring in nature and generally predictable
- Management internally measure cost to income ratio based on normalised operating costs over recurring revenue



PERFORMANCE FEES

- Non-recurring, subject to performance hurdles being surpassed
- Can have large variances in quantum from period

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BOARD OF DIRECTORS & COO

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Les Szekely- Non Executive Chairman

Les worked as a solicitor before teaching commercial and revenue law at the University of New South Wales, and Sydney University. He was a tax consulting partner with Horwaths Chartered Accountants for 20 years, until the company merged with Deloitte, when he became Director of Taxation in Deloitte Growth Solutions. He holds B.A, LL.B (UNSW) and LL.M. (SydU) degrees and has authored numerous books and articles on taxation law. Since leaving Deloitte, in 2008 Les has dedicated his time to angel and VC investing. He is Chairman of the Investment Committee for the Microequities VC Fund and sits on the Boards of several companies. His focus is the development of business strategy in sectors undergoing digital disruption.



Craig Shapiro- Non Executive Director

Craig is a financial services expert with more than 30 years of experience. He spent 22 years at Macquarie Group where he was the Global Group Treasurer & Executive Director. Prior to joining Macquarie, Craig worked for the State Bank of NSW and Mitsui Trust Finance Australia. In 2015 he co-founded and is currently the Co-CEO of Blue River Group, an impact investment services firm based in Sydney. He holds a Bachelor of Science from the University of Sydney, a Diploma from the Securities Institute of Australia (FINSIA) and is a member of the Australian Institute of Company Directors (MAICD). Craig is currently a director and honorary treasurer of The Sydney Institute and a director of The Jewish Care Foundation.



Carlos Gil- CEO & Chief Investment Officer

Carlos is the founder, CEO and Chief Investment Officer of Microequities. He has worked in stockbroking, funds management, and investment research for over 20 years, and has been an individual investor in Australian Microcaps since he was a teenager. Carlos has held various senior management positions in Europe, including roles as Head of International Securities at BM Securities, and at Banesto Bank (Santander Group). Upon his return to Australia he founded Microequities with a long-term vision of creating a value driven specialist Microcap and Smallcap Fund Manager. Carlos holds a Bachelor of Economics from Sydney University, a Graduate Diploma in Applied Finance and Investment Analysis from the Australian Securities Institute and a Master in Applied Finance and Investment Analysis from the Financial Services Institute of Australia.



Sam Gutman- Executive Director & Company Secretary

Sam brings a wealth of invaluable pragmatic business experience to the management team, obtained through a successful career in the IT industry. Sam has been a long time personal investor in the Microcap asset class, and adamantly shares the investment philosophy of the Microequities team. Sam has B.A with major in Economics and has a Graduate Diploma of Applied Finance & Investment from Financial Services Institute of Australia.



Paul Kaplan- Chief Operating Officer

Paul is a Chartered Accountant with over 20 years of financial services and operational experience. As co-founder of Momentum Corporate, Paul managed the operations of the advisory and funds management business where he also provided strategic and financial advice to private and listed companies. Paul was previously Chief Operations Officer of the Bendon Group, a global apparel retailer and wholesaler. Paul holds a Bachelor of Business Science (Accounting and Finance majors) and Post Graduate Diploma in Accounting from Cape Town University.

Financial & Operational Overview

- **Operational achievements FY18:**

- Successfully launched the Pure Microcap Value Fund
- Positive absolute return performance across all our open ended funds
- Successful fully oversubscribed IPO at minimal cost & disruption to the business
- Enhanced our excellent client service delivery through various operational initiatives including important upgrades to our investor portal

- **Financial highlights FY18:**

- Strong growth across all KPIs including funds under management (FUM), recurring revenue, client numbers
- Maintained operational cost discipline with reduction in cost/income ratio
- Strengthened balance sheet and net tangible assets (NTA)
- Declared FY18 final 1 cent per share fully franked dividend, total FY18 dividend of 3 cents per share (fully franked)

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FY18 FINANCIAL RESULTS HIGHLIGHTS

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Financial Results Highlights	FY17	FY18	
FUM	\$365m	\$432m	+18.4%
Recurring revenue*	\$4.9m	\$7.0m	+42.0%
Ongoing operating expenses	\$2.5m	\$3.2m	+24.0%
Operating profit from recurring revenue	\$2.4m	\$3.9m	+61.3%
Normal opex cost/rec. revenue	51.6%	45.1%	

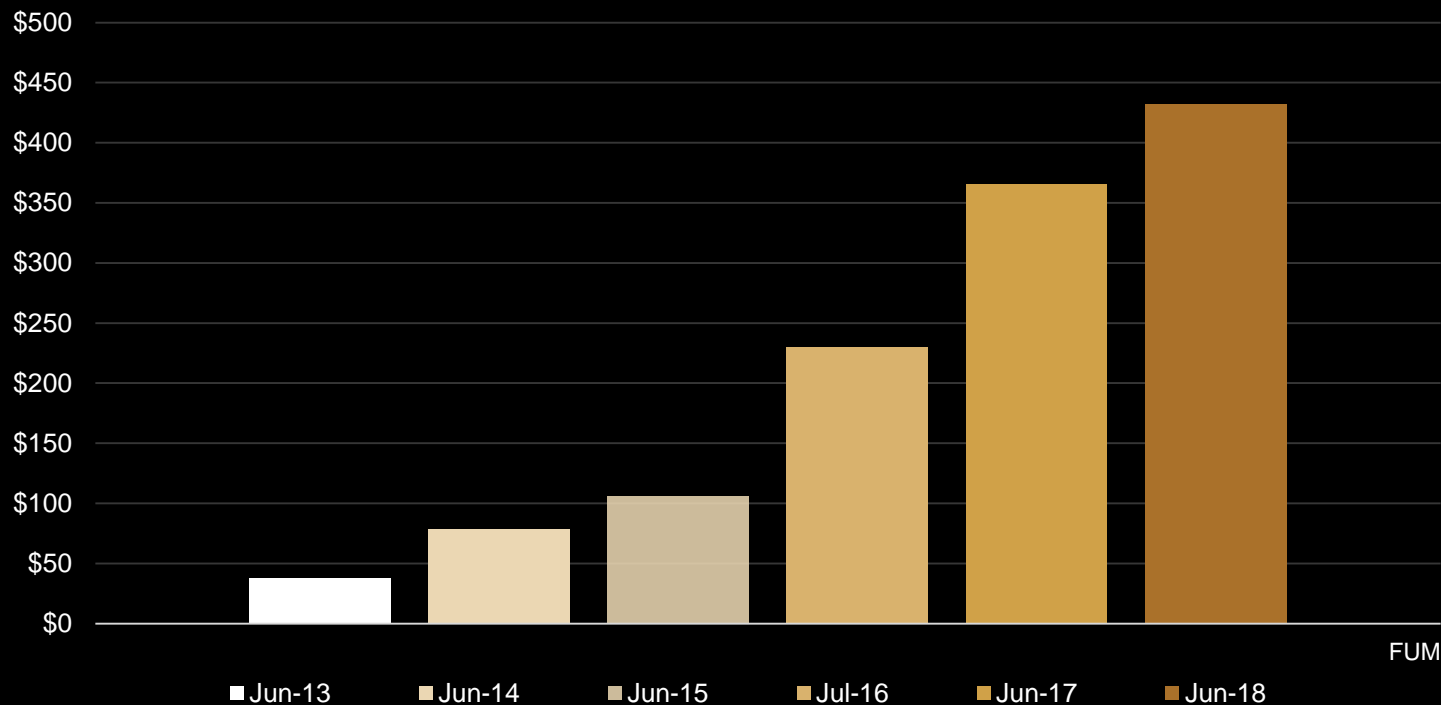
* Represents management fees

Financial Results Highlights	FY17	FY18	
Total revenue	\$15.4m	\$10.8m	
Statutory NPAT	\$9.3m	\$5.2m	
Underlying NPAT**	\$9.3m	\$5.6m	

** Underlying NPAT excludes the after tax cost of listing expenses and employee share based payment expenses

FUM GROWTH

Funds Under Management \$m As of 30/06/2018



Strong year-on-year growth across all open ended funds

PRODUCT PROFILE

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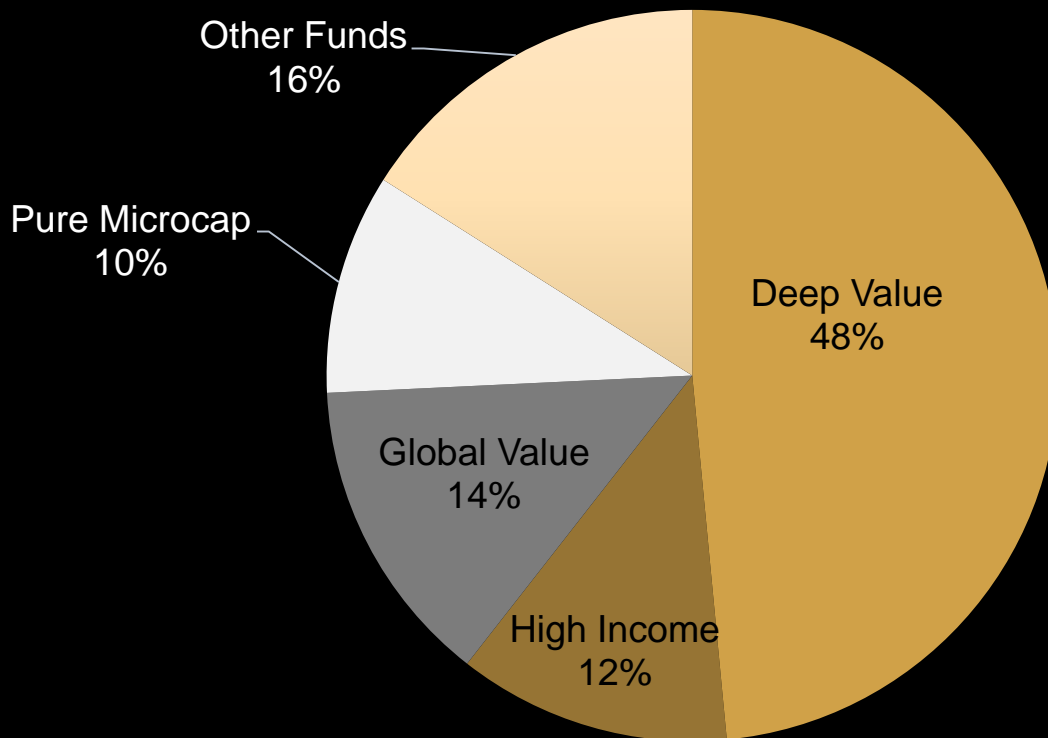
Product profiles (As of 30/06/2018)

FUND	Inception	Objective	Size
Deep Value	March 2009	Capital Growth	\$209m
High Income Value Microcap	March 2012	Income + Capital Growth	\$52m
Global Value Microcap	December 2015	Capital Growth	\$59m
Pure Microcap Value	October 2017	Capital Growth	\$42m
Other Products			\$70m
TOTAL			\$432m

FUM BY PRODUCT

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FUM ACROSS PRODUCTS As of 30/06/2018



FUND	SIZE A\$
Deep Value	\$209m
High Income	\$52m
Global Value	\$59m
Pure Microcap	\$42m
Other Funds	\$70m
Total	\$432m

BALANCE SHEET FURTHER STRENGTHED

Balance Sheet Summary as of 30/06/2018

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	FY17	FY18
Assets		
Cash and Equivalents	\$3.7m	\$6.6m
Trade and other receivables	\$3.8m	\$0.8m
Financial Assets	\$2.8m	\$2.9m
Other	\$0.1m	\$0.2m
Total Assets	\$10.4m	\$10.4m
Liabilities		
Trade and other payables	\$0.7m	\$0.6m
Other	\$3.9m	\$1.0m
Total Liabilities	\$4.6m	\$1.6m
Net Assets	\$5.8m	\$8.8m

Increase in NTA via retained earnings ✓

No financial debt and strong cash position ✓

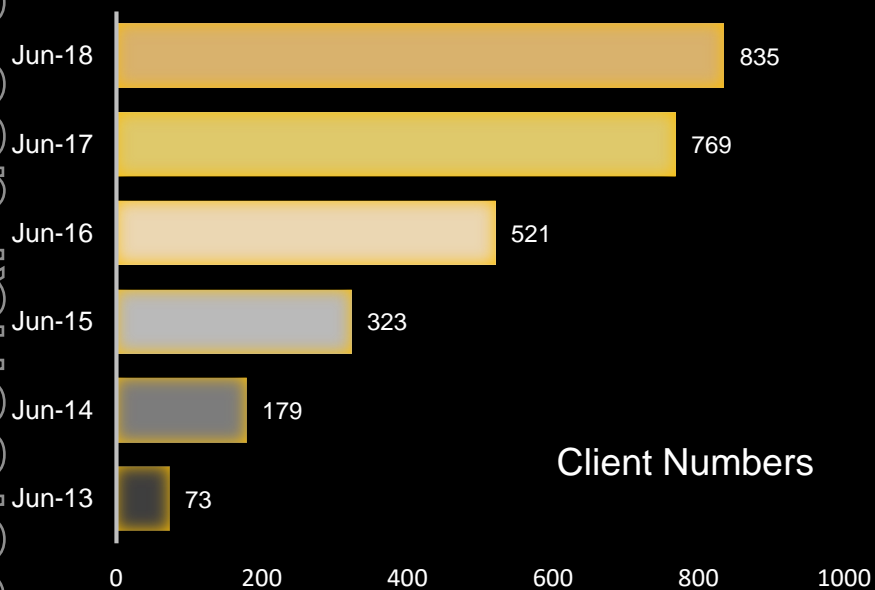
Net tangible assets of \$8.8m ✓

Clean balance sheet ✓

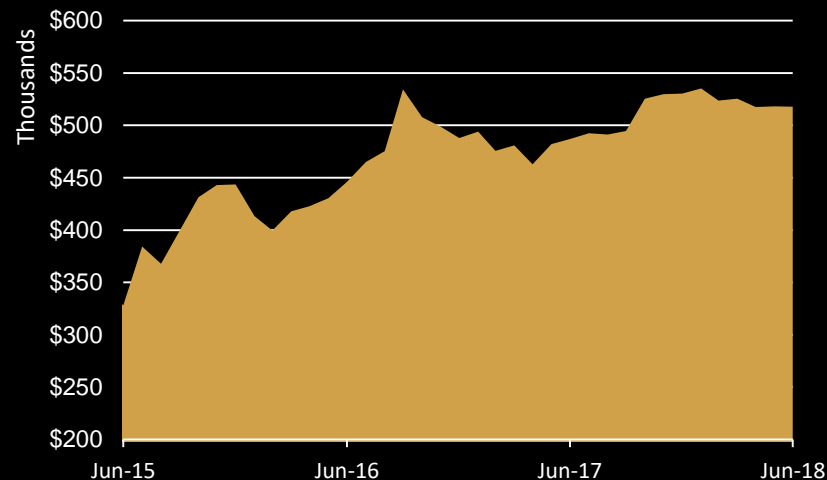


CLIENT GROWTH

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Average aggregate investment per client A\$



Outstanding client growth.

Clients increasing the depth and breath of their relationship with Microequities.

FY19 OUR STRATEGY

PRIORITIES AND INITIATIVES

- **Our core function & investment values:**
 - Laser focus on our long term growth driver; capital deployment
 - Value investment doctrine continues to be strictly upheld
 - Pockets of attractively priced investment opportunities being actively pursued
- **Expansion into the retail market**
 - Our proven High Income Value strategy to be made available to retail investors
 - Entry into retail market opens up large distribution channel
 - Retail offering will further diversify our FUM origination sourcing

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OUR INVESTMENT CASE

The fundamental pillars of our investment case

- Our managed asset classes are fast growing ✓
- Experienced & stable management team ✓
- High quality business model ✓
- History of very strong FUM & profit growth ✓
- Solid & clean balance sheet ✓
- High free cash flow generation ✓
- Generous dividend policy ✓
- Highly aligned client & management team ✓

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