

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 31/10/2022

latest unit price (exit price) \$1.4065	return since inception (Feb 2019) 66.77%	return 1 month 3.31%
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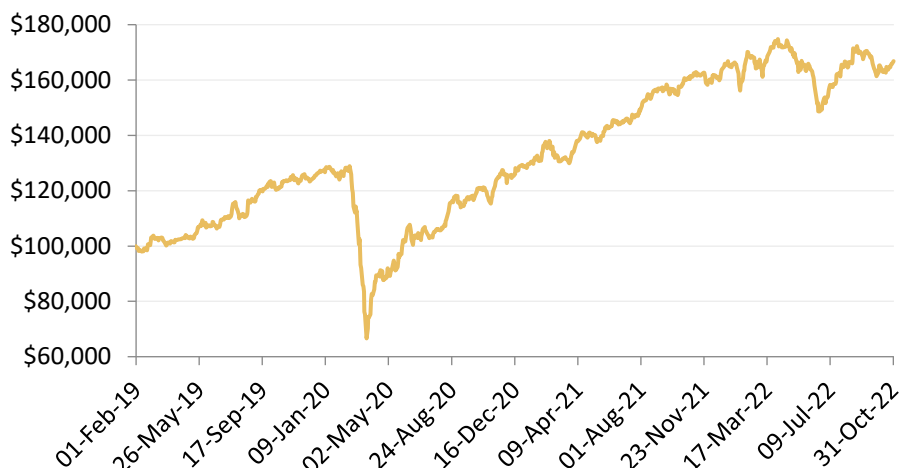


Fund Manager: Carlos Gil (CIO)

FUND OUTLINE

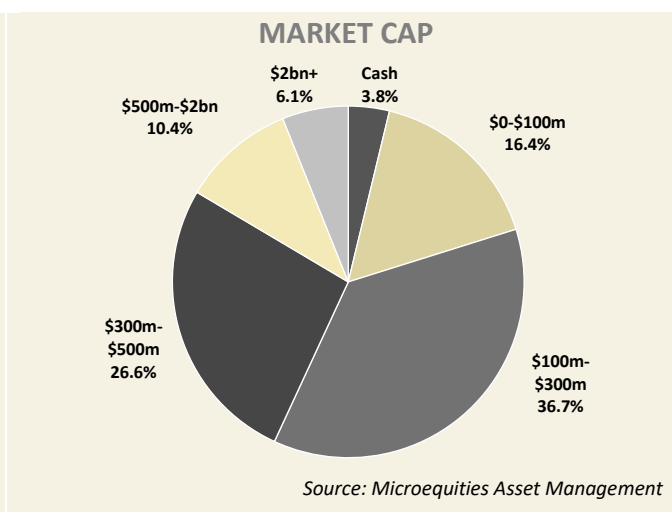
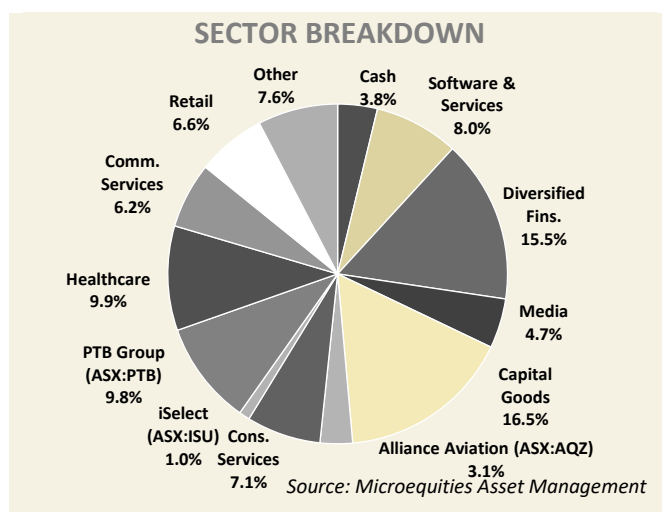
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies. This fund is appropriate for investors with "High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the pursuit of capital growth with a medium to long investment timeframe. Investors should refer to the [TMD](#) for further information.

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$166,766**



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	3 Year	2 Year	1 Year	6 Month	1 Month
Microequities Value Income Fund (VIF)	14.61%	66.77%	10.56%	19.64%	3.28%	-2.81%	3.31%



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MARKET UPDATE AND COMMENTARY

Inflation unsurprisingly continues to be the dominant thematic that is driving short term sentiment and equity market direction over the short term. Markets continue to speculate and ponder at what point central banks will begin their cessation of hiking rates. The Bank of Canada rarely makes world economic headlines but earlier this month when it raised rates by 50 basis points to 3.75%, short of the 75 basis points expected by the markets, its Governor stated “This tightening phase will draw to a close. We are getting closer, but we are not there yet”. The statement buoyed markets in the hope that the US Federal Reserve will follow suit at its next meeting in November. While that is unlikely, and 75 basis points hike is the most probable outcome, commentary on future increases will be the focus for markets. A lot of economic data is very delayed, and it is therefore important to look for data points that are both more current and future looking. One key commonality coming out of the US this reporting season is that big business, particularly US big tech; Amazon, Meta, Alphabet (Google) are entering a new period of fiscal prudence, with ensuing cost and job cuts imminent. These might be the forward-looking data points that central banks should be monitoring.

Microequities Value Income Fund returned 3.31% net of fees in October; this brings the total return net of fees to 66.77% for the Fund since inception in February 2019.

During the month we received the cash proceeds from the **Maca Limited (ASX:MLD)** takeover as the bidder Thiess achieved majority ownership. We also exited two large cap investments in a financial services sector and an infrastructure services business. We deployed the cash into an online centric business which has multiple growth avenues across multiple geographies. This business has a solid long term earnings growth trajectory, highly profitable and long track record of dividend payments.

The AGM season so far has seen a number of important trading updates for our companies. One of our enterprise software businesses announced they are in contract negotiations on a large multi-year contract, we think could be upwards of \$50 million in total contract value. **Reckon Limited (ASX:RKN)** announced a special dividend of 57c per share or nearly half of its market capitalisation, following the sale of its Accountants Practice Management division. We think the remaining Small Business accounting software business remains materially undervalued by the market.

Unitholders will note our cash weighting is now less than 4%, down from over 10% last month. Cash has been deployed across the portfolio in a number of our best ideas in mining services/education/professional and financial services companies.

Number of companies	43
Top 5 Holdings % of NAV	32.4%
Top 10 Holdings % of NAV	46.7%
Top 20 Holdings % of NAV	69.1%
Cash Position % of NAV	3.8%

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.

This communication contains general information only and does not take into account investment objectives, financial situation or needs of any particular individual or entity. It does not constitute financial, tax or legal advice, nor is it an offer, invitation or recommendation to subscribe or purchase a unit in the Fund or any other financial product. Before acting on any information contained in this communication, you should consider whether it's appropriate to you, in light of your objectives, financial situation or needs.

While every effort has been made to ensure the information in this communication is accurate; its accuracy, reliability or completeness is not guaranteed and none of The Trust Company (RE Services) Limited (ACN 003 278 831), Microequities Asset Management Pty Ltd or any of their related entities or their respective directors or officers are liable to you in respect of this communication. A Product Disclosure Statement (PDS) issued in September 2022 is available for the Fund on the following website: <http://microequities.com.au/valueincomefund>

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/>