

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 30/11/2022

latest unit price (exit price) \$1.4155	return since inception (Feb 2019) 67.80%	return 1 month 0.64%
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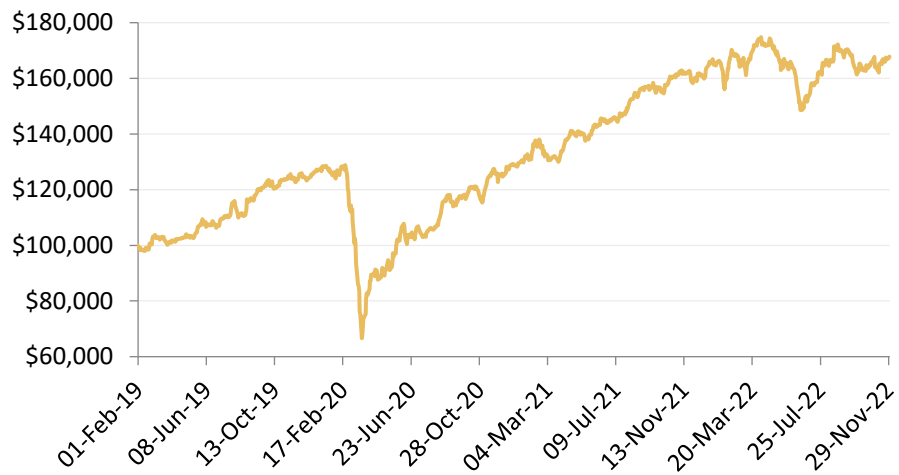


Fund Manager: Carlos Gil (CIO)

FUND OUTLINE

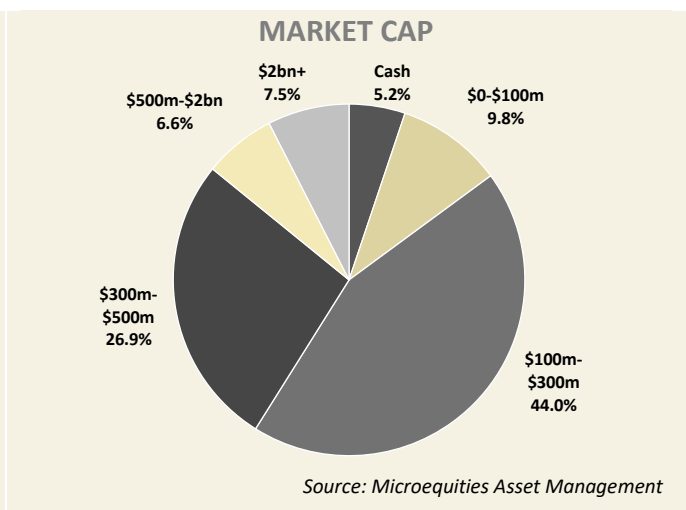
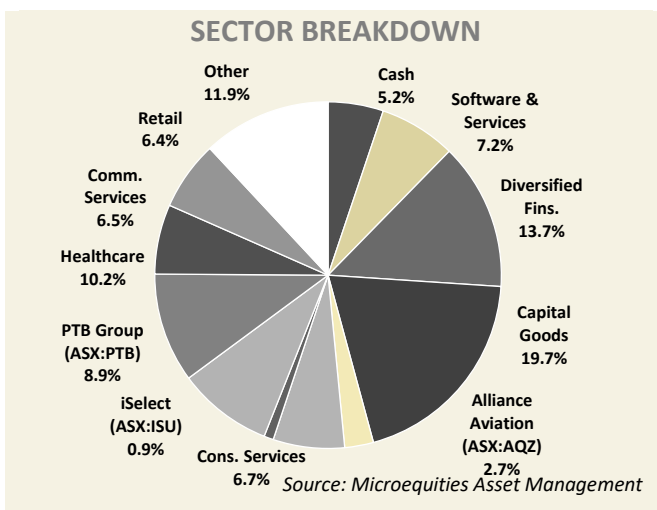
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies. This fund is appropriate for investors with "High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the 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 > \$167,799



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)	14.46%	67.80%	10.14%	15.46%	5.20%	1.50%	0.64%



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MARKET UPDATE AND COMMENTARY

Financial markets continue to postulate that the US Federal Reserve will begin to taper the size of interest rate increases as the heat comes off the US labour market. The thesis was further strengthened after minutes from the last Federal Reserve meeting were released stating “A substantial majority of participants judged that a slowing in the pace of increase would likely soon be appropriate”. We kindly doubt there will be a pivot. Chairman Powell has been consistently hawkish in all his recent public announcements whilst Richmond Federal Reserve Bank president Thomas Barkin has publicly pronounced additional tightening and St Louis Fed president James Bullard has also reaffirmed the need for further tightening. Supply chain issues continue to persist and will contain deflationary pressures whilst China incurs another Covid induced lockdown that will not help. Domestically the Australian labour market remains buoyant with the Australian economy creating 32,000 jobs during the month of October and taking the unemployment rate to a half century low of 3.4%. The Australian labour market is extremely tight and the risks of further wage growth very high. The RBA will raise rates at its next December board meeting, but we think it unlikely to deviate from its 25-basis points path, at least at this meeting.

Microequities Value Income Fund returned 0.64% net of fees in November; this brings the total return net of fees to 67.80% for the Fund since inception in February 2019.

During the month, we received the 57c special dividend from **Reckon (ASX:RKN)** as part of its asset sale. In early December, we expect to receive the proceeds from the **PTB (ASX:PTB)** scheme of arrangement, totalling circa 9.0% of the asset value of the Fund. We also fully divested out of the remaining stake in **Bell Financial Group (ASX:BFG)**. The divestment follows the investment management team’s view that the capital markets division of the company faces a more challenging environment and that within the existing portfolio there are more compelling investment opportunities.

There were no additions to the Fund, but one notable trading update was for one of our larger positions in a distribution business. It is led by an experienced management team and has largely self-funded its growth in the past. Recently it has made a couple of small bolt on acquisitions that expand its addressable market into faster growth segments. At it’s AGM, the company forecast 1H23 will deliver circa 25% revenue and EBIT growth.

Across the Fund holdings, we continued to top up holdings in B2B software, mining services, specialist retail, media, and commercial services. Once we receive the proceeds from PTB, we will be looking to add to more of our existing holdings. In terms of trading updates at AGMs for our portfolio companies, we note general cautious optimism. Investors should note the Fund is diversified across 12 different industry sectors and 42 companies currently, each with company specific growth outlooks and dividend income generation.

Number of companies	42
Top 5 Holdings % of NAV	32.8%
Top 10 Holdings % of NAV	46.6%
Top 20 Holdings % of NAV	68.5%
Cash Position % of NAV	5.2%

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/>