

# MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



## MONTHLY PERFORMANCE AS AT 28/02/2023

latest unit price (exit price) <b>\$1.3774</b>	return since inception (Feb 2019) <b>67.04%</b>	return 1 month <b>-1.40%</b>
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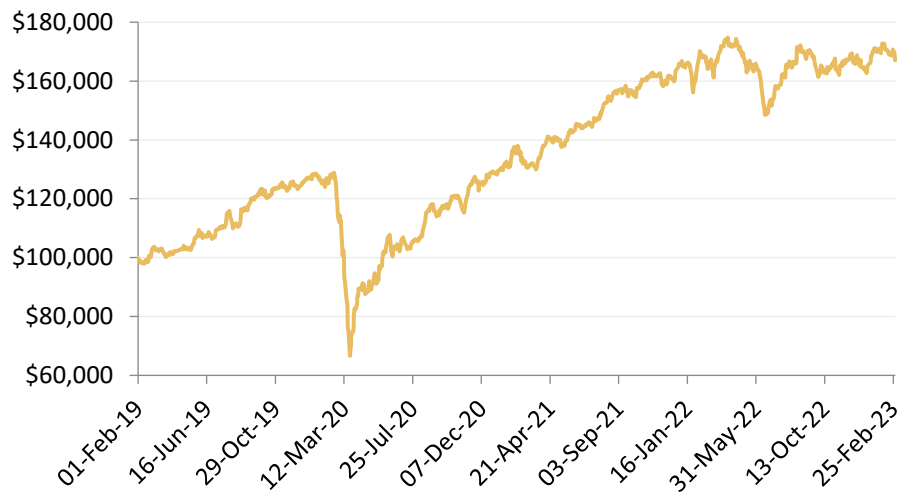


Fund Manager: Carlos Gil (CIO)

### FUND OUTLINE

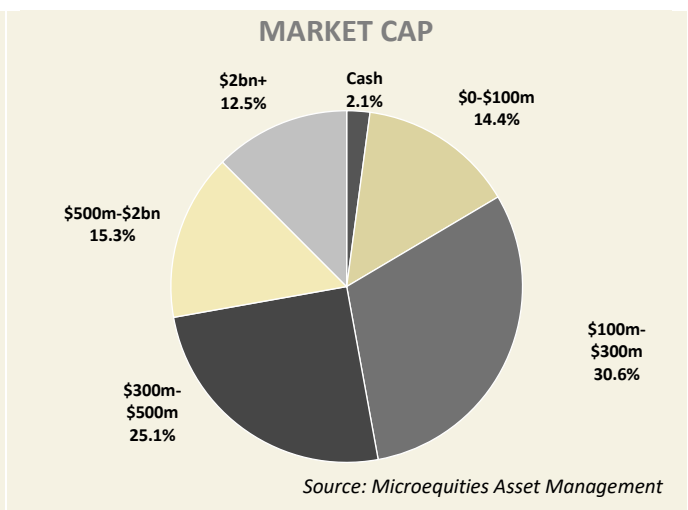
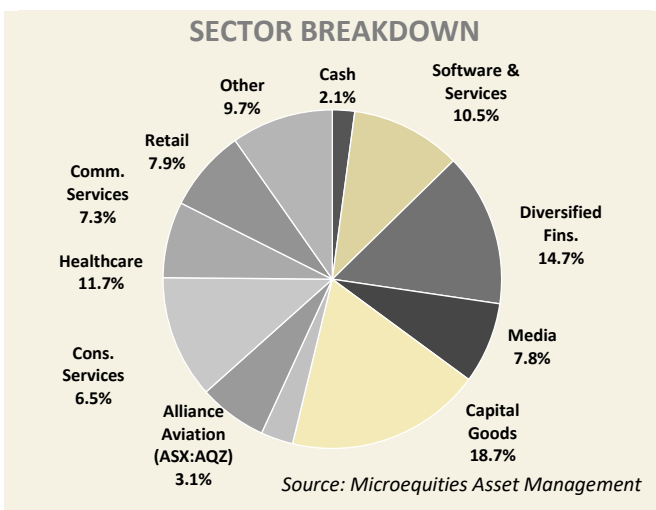
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies. This fund is appropriate for investors with "High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the 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 > **\$167,038**



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	4 Year	3 Year	2 Year	1 Year	1 Month
<b>Microequities Value Income Fund (VIF)</b>	<b>13.39%</b>	<b>67.04%</b>	<b>12.84%</b>	<b>13.49%</b>	<b>12.52%</b>	<b>1.43%</b>	<b>-1.40%</b>



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## MARKET UPDATE AND COMMENTARY

Equity market sentiment and direction continue to be governed by interpreting every economic data point in the context of its impact to near term monetary policy. The US Personal Consumption expenditures index (PCE) for the month of January increased by +0.6% to an annual rate of 5.4%, up from 5.3% on the previous month. Core PCE which strips out food and energy, rose by +0.6% to 4.7%. The increases were higher than expected and came following other recent macroeconomic data points like employment and retail numbers that came in stronger than expected pointing to a lack of an economic slowdown needed to slow inflation. The reading increases the probability that the US Federal Reserve will increase rates by 50 basis points at its next meeting. In Australia, the unemployment rate unexpectedly increased from 3.5% to 3.7% as the number of unemployed rose by 22,000. The weaker employment number was soon followed by a wage growth data that came lower than expected at 3.3%, missing the forecast of 3.5%. While these are softer numbers than expected, we still think it is highly likely the RBA will increase rates by another 25 bps at its next meeting on the 7<sup>th</sup> of March.

**Microequities Value Income Fund returned -1.40% net of fees in February; this brings the total return net of fees to 67.04% for the Fund since inception in February 2019.**

February was once again a busy reporting month for the Fund with 41 out of 44 companies reporting their financial results (either half year or full year). It was a very mixed reporting season with common themes of strong cost inflation weighing on margins, continued labour shortages, and some signs of weaker consumer confidence and spending in the earlier weeks of the new calendar year. On a weighted basis, 62% of companies in the portfolio reported financial results in line or better than our expectations with just 8 companies reporting ahead of expectations. Of the 28% that were below expectations, the common themes related to slower customer decision making, labour shortages affecting new client wins/onboarding/servicing demand rebound, significant cost inflations and inability to pass through these costs in a timely manner. Very few of the results show material structural issues with their business models.

	<b>% Weighting of companies that reported during February 2023</b>
<b>Above Expectations</b>	32% (8 companies)
<b>Met Expectations</b>	40% (17 companies)
<b>Below Expectations</b>	28% (16 companies)

There were no substantive changes to the composition of the portfolio during the month. We were pleased with the dividend outcomes for the Fund across the board at reporting season in February, with no substantial surprises. The Fund remains well diversified across 12 industry sectors and each company we own have their own business specific growth initiatives, largely independent of the macroeconomic outlook.

<b>Number of companies</b>	<b>44</b>
<b>Top 5 Holdings % of NAV</b>	<b>29.7%</b>
<b>Top 10 Holdings % of NAV</b>	<b>45.3%</b>
<b>Top 20 Holdings % of NAV</b>	<b>69.9%</b>
<b>Cash Position % of NAV</b>	<b>2.1%</b>

**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.

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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/>