

# MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



## MONTHLY PERFORMANCE AS AT 31/03/2023

latest unit price (exit price) <b>\$1.3608</b>	return since inception (Feb 2019) <b>65.02%</b>	return 1 month <b>-1.21%</b>
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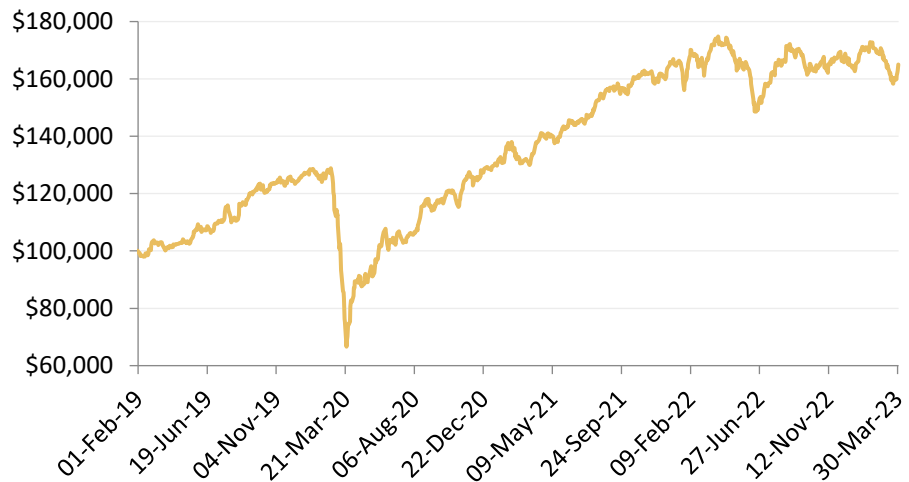


Fund Manager: Carlos Gil (CIO)

### FUND OUTLINE

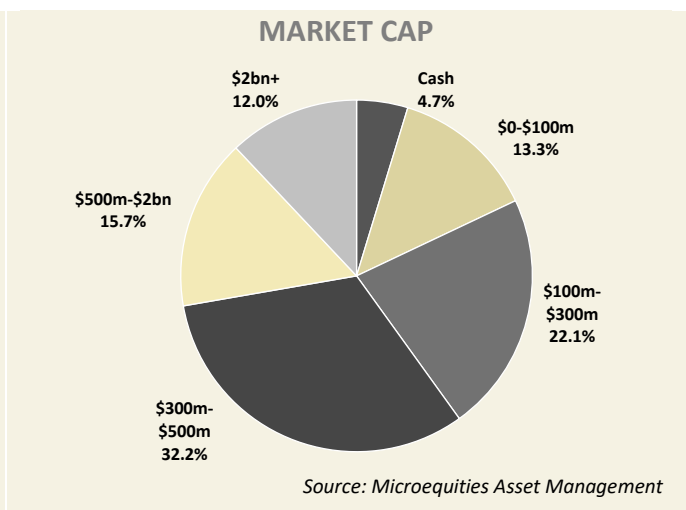
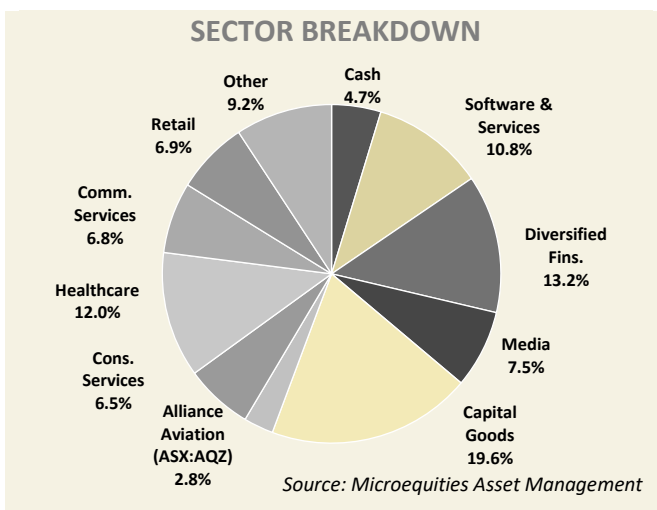
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies. This fund is appropriate for investors with "High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the 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 > **\$165,023**



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>12.77%</b>	<b>65.02%</b>	<b>13.01%</b>	<b>26.99%</b>	<b>11.02%</b>	<b>-5.20%</b>	<b>-1.21%</b>



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## MARKET UPDATE AND COMMENTARY

Whilst we think the inflation rate in Australia has peaked, we are still within 25 to 75 basis points of peak interest rates in this cycle. With the labour market undersupplied and resilient consumption, the RBA has plenty of cushion to continue to elevate its monetary policy towards a restrictive zone to fight inflation. Therefore, we still expect the RBA to raise rates at its April board meeting by 25 basis points. We do however note that peak rates are getting close. In China, the official non-manufacturing Purchasing Managers' Index (PMI) climbed sharply to 58.2, the highest mark in 11 years. The services sector is an important contributor to China's economy and labour market. It accounts for 55% of GDP and 48% of employment. While manufacturing is rebounding slower than expected, the services side of the economy will provide an important boost to economic activity as China strives to shift its economy to a more services driven mix. The data point also reinforces the view that economic activity in China was strong throughout March.

**Microequities Value Income Fund returned -1.21% net of fees in March; this brings the total return net of fees to 65.02% for the Fund since inception in February 2019.**

March was a quiet month in terms of announcements and news flow for the constituent companies in the Fund. The most notable announcements included:

- Our investment in a profitable online based business raised capital during the month to acquire a majority stake in an international division it previously held a minority stake. This business has a long term track record of adding value to acquisitions and now have 3 credible international growth markets in addition to its market leading and extremely profitable domestic operations.
- Non-bank consumer lender acquired its UK franchisee operations. This follows on the back of acquiring its NZ franchisee operations. Acquisitions of these remaining franchisee operations will provide impetus for new geographic expansion.
- Asset maintenance and mining services company announced a series of new contract wins, taking contract wins announced to well over \$1bn in FY23 so far. The business conducted an equity raising in February to acquire an asset maintenance business from a much larger listed peer in what appears to be another well priced and strategically sound move. We estimate this business is trading on a prospective FY24 EBITDA multiple of 3.8x, and grossed up dividend yield of circa 7.6%.
- Consumer products distribution business announced the closure and sale of its home appliances division. This is a loss making business having lost distribution relationships with key retailers and the closure/sale of the division will release circa \$12m of net working capital currently supporting the business. Shares are trading at NTA and the grossed up dividend yield is circa 14% and PE ratio of circa 7x based on FY23 guidance provided.

<b>Number of companies</b>	<b>44</b>
<b>Top 5 Holdings % of NAV</b>	<b>31.1%</b>
<b>Top 10 Holdings % of NAV</b>	<b>46.2%</b>
<b>Top 20 Holdings % of NAV</b>	<b>69.3%</b>
<b>Cash Position % of NAV</b>	<b>4.7%</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.

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<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/>