

# MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



## MONTHLY PERFORMANCE AS AT 31/07/2023

latest unit price (exit price) <b>\$1.3781</b>	return since inception (Feb 2019) <b>74.80%</b>	return 1 month <b>6.07%</b>
---	--	--------------------------------

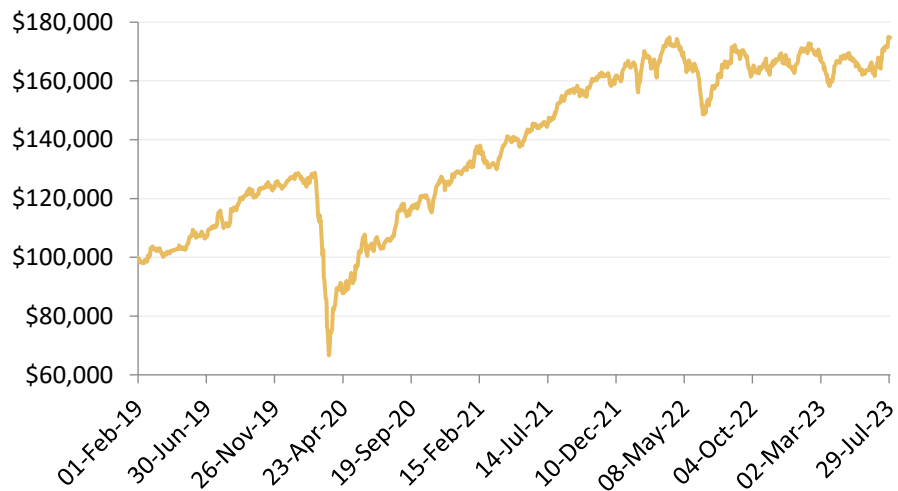


Fund Manager: Carlos Gil (CIO)

### FUND OUTLINE

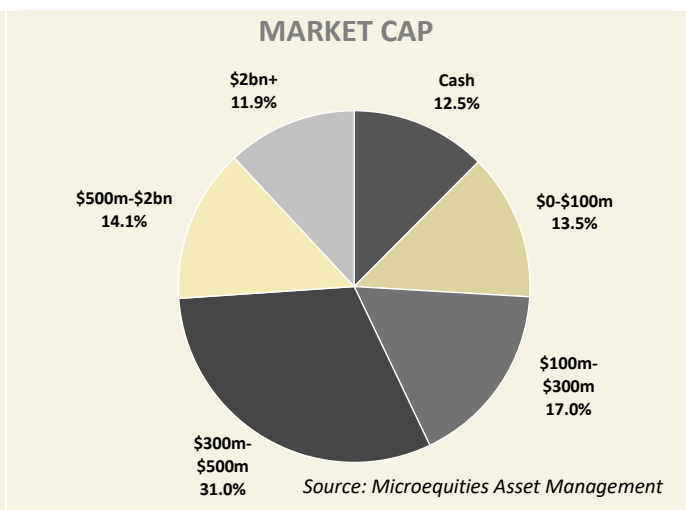
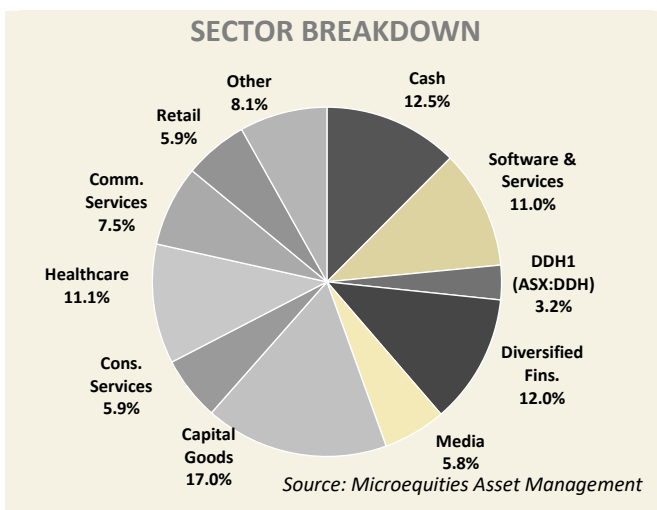
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies. This fund is appropriate for investors with "High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the 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 > **\$174,798**



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>13.21%</b>	<b>74.80%</b>	<b>11.16%</b>	<b>18.19%</b>	<b>8.40%</b>	<b>5.56%</b>	<b>6.07%</b>



# MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



## MARKET UPDATE AND COMMENTARY

Chinese quarterly GDP data which was released in the middle of the month showed a significant deceleration of economic activity as the growth rate slowed to 0.8% or 3.2% on annual basis. The print compares unfavourably to the 2.2% registered in the first quarter of 2023. Part of the slowdown can be blamed on Western consumption which post Covid has shifted from consumer goods to services like tourism and restaurants. That trend will not last indefinitely. However, what is more worrying is consumer confidence in China has worsened and that was reflected in weak retail sales which in June rose by just +0.2% against the previous month (and running at +3.2% on annual basis). Employment in China remains stable though youth unemployment is on the rise. To further cloud the picture, China is not experiencing inflationary pressures, on the contrary, its latest CPI report has inflation running at an annual rate of 2% with a monthly change of 0.2%. It is not all gloomy as the tamed inflation affords the Politburo ample margin to inject stimuli into the domestic economy without threatening to trigger inflation.

**Microequities Value Income Fund returned 6.07% net of fees in July; this brings the total return net of fees to 74.80% for the Fund since inception in February 2019.**

July saw a flurry of company updates ahead of the reporting season next month. These included:

- Wholesale distribution business made a small but strategic acquisition after last month stating EBIT earnings will be 38-41% higher than FY22.
- **Alliance Aviation (ASX:AQZ)** announced FY23 PBT of \$56.9m ahead of prior guidance of \$50-55m. FY24 is shaping up to be a step change earnings year following ramp up of its wet leasing deal with Qantas and significantly expanded aircraft fleet.
- Niche media business has made a management change with its long term chief executive departing. The board and significant shareholders are looking to new management to better control costs and drive up margins. FY23 revenue growth will be circa 10% higher with EBITDA 11-17% higher.
- Consumer products distribution company expects to come in slightly below prior guidance by 5%. This is a credible result for a business with a long track record of profitability and high dividend payments. Net cash on hand represents almost 40% of today's market cap and we expect a very large final FY23 dividend. The shares trade on just 2.8x EBITDA multiple.
- Funds management company **GQG Partners (ASX:GQG)** has indicated it is expected to submit a non-binding offer for **Pacific Current (ASX:PAC)**, after rival **Regal Partners (ASX:RPL)** launched a non-binding offer for PAC. We do not quite see the logic of GQG to acquiring Pacific Current which is effectively an investment company with minority stakes in a basket of mostly alternative asset managers. Separately GQG announced for the six months to June 30, it experienced net fund inflows of US\$6.2bn, comparable to the same period last year. Total funds under management is US\$104.1bn up 18% in the past 6 months alone.

<b>Number of companies</b>	<b>44</b>
<b>Top 5 Holdings % of NAV</b>	<b>31.2%</b>
<b>Top 10 Holdings % of NAV</b>	<b>44.7%</b>
<b>Top 20 Holdings % of NAV</b>	<b>64.8%</b>
<b>Cash Position % of NAV</b>	<b>12.5%</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.

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/>