

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 30/06/2023

latest unit price (exit price) \$1.3589	return since inception (Feb 2019) 64.79%	return 1 month 1.62%
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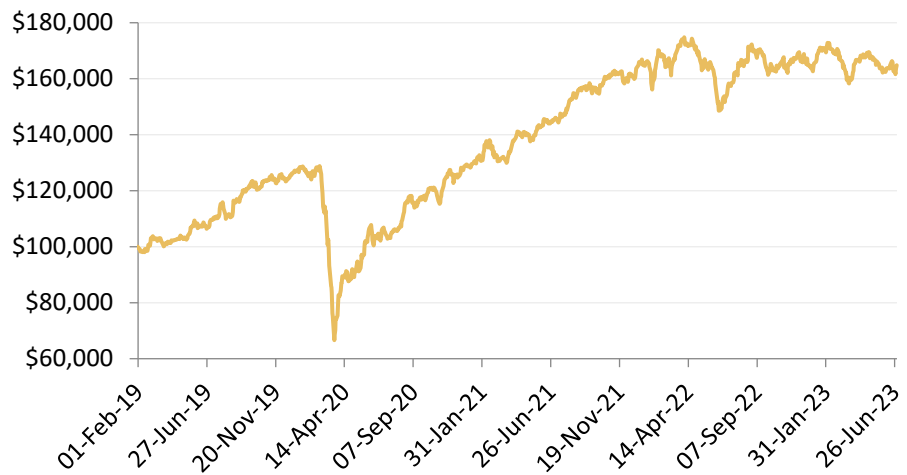


Fund Manager: Carlos Gil (CIO)

FUND OUTLINE

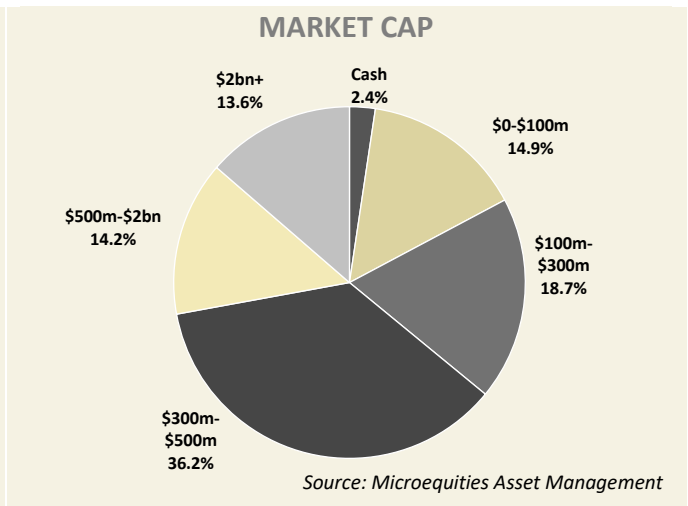
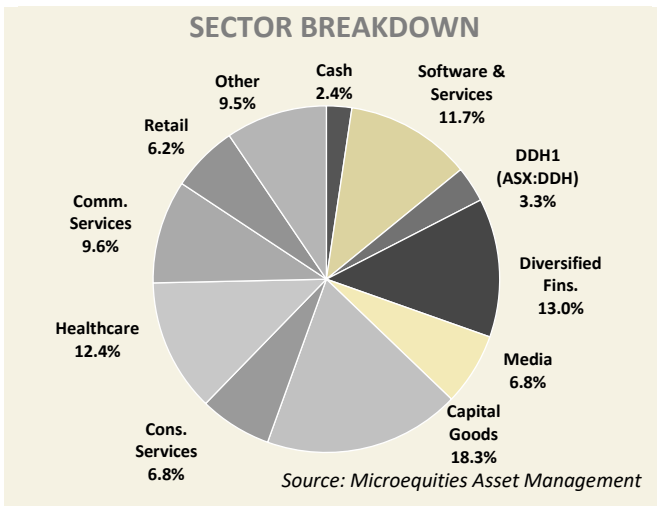
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies. This fund is appropriate for investors with "High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the 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 > **\$164,794**



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
Microequities Value Income Fund (VIF)	11.97%	64.79%	11.37%	16.75%	6.53%	8.67%	1.62%



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MARKET UPDATE AND COMMENTARY

We are at a fascinating macroeconomic juncture with opposing tectonic forces colliding with unknown outcomes. In both the USA and Australia, labour markets remain exceptionally strong despite central banks adopting restrictive monetary policies. Naturally, there is always a lag in the time it takes for monetary policy to slowdown economic activity, but the resilience of labour markets is surprising. One key data point in both countries over the month of June was a notable decline in the headline CPI numbers. In the US, headline CPI slowed to 4.0% after peaking at 9.1% less than 12 months ago and core CPI came in at 5.3%. In Australia, headline CPI dropped more than expected from 6.8% to 5.6%, the lowest print in 13 months. Core CPI in Australia fell from 6.7% to 6.1%. In both countries core CPI remains more stubborn than headline CPI, however there is dynamic relationship linking the two datapoints. If headline inflation continues to drop, it will tame inflationary expectations particularly in the labour market which would lead to an eventual fall in the core inflation. How this will play out exactly given the robustness of labour markets remains an interesting question and fascinating topic for economists.

Microequities Value Income Fund returned 1.62% net of fees in June; this brings the total return net of fees to 64.79% for the Fund since inception in February 2019.

DDH1 (ASX:DDH), global drilling company for tier 1 miners, entered into a scheme of arrangement with **Perenti (ASX:PRN)**, a fellow diversified mining services company. DDH1 shareholders will receive 12.38c cash + 0.7111 Perenti shares for each DDH1 share. The merger seemingly has been done for financial engineering reasons with no substantial operational synergies or deeper strategic rationale. Our holding in DDH1 represents 3.3% weighting at month end.

Other notable announcements across our constituent companies in June included:

- Media company acquired a stake in a competitor at over 40% premium to the traded share price. We are puzzled at this move given competition rules prevent a full acquisition and it had been conducting a share buyback of its own.
- Wholesale distribution business announced a stronger than expected trading update and said FY23 EBITDA will be 34-36% higher than last year, largely on the back of organic growth from new vendor relationships, electrification tailwinds in the economy and electric vehicle charging infrastructure rollout and associated componentry and services.
- Consumers staples retailer announced a very solid FY23 result, benefitting from wholesale goods inflation. FY24 has started well for the business.
- Diversified financial services company said EPS will be 15-20% lower than last year due to its main business division effectively in hibernation mode since the start of the pandemic. Dividends should be flat or grow modestly as the business has an overcapitalised balance sheet.

Number of companies	44
Top 5 Holdings % of NAV	33.8%
Top 10 Holdings % of NAV	49.1%
Top 20 Holdings % of NAV	72.5%
Cash Position % of NAV	2.4%

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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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/>