

# MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



## MONTHLY PERFORMANCE AS AT 30/09/2023

latest unit price (exit price) <b>\$1.3484</b>	return since inception (Feb 2019) <b>71.04%</b>	return 1 month <b>-1.07%</b>
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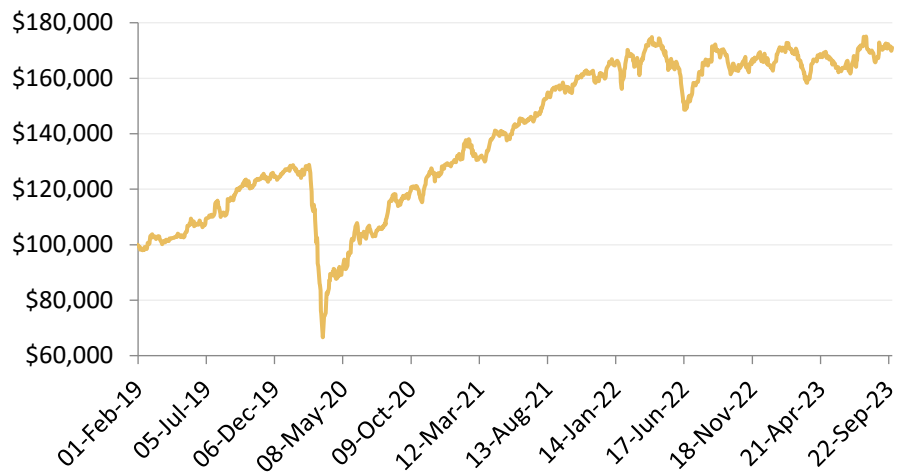


Fund Manager: Carlos Gil (CIO)

### FUND OUTLINE

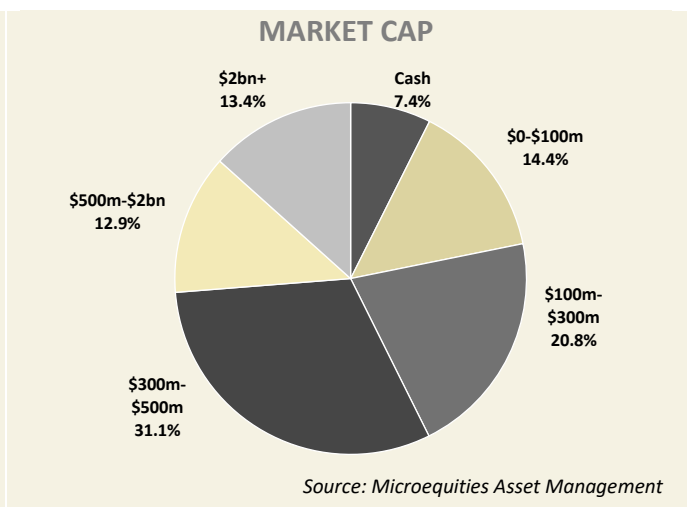
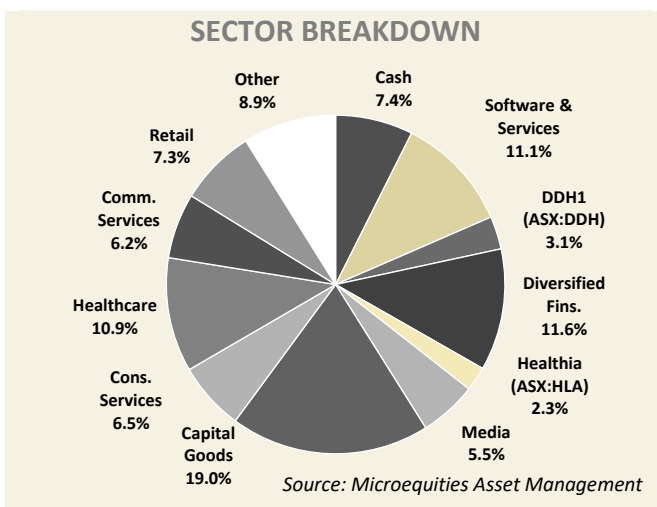
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies. This fund is appropriate for investors with "High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the 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 > **\$171,037**



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>12.19%</b>	<b>71.04%</b>	<b>8.53%</b>	<b>13.42%</b>	<b>4.56%</b>	<b>5.96%</b>	<b>-1.07%</b>



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## MARKET UPDATE AND COMMENTARY

September 2023 will go down as the month when the global central banks interest inflection point begun. Whilst it is unlikely that the US Federal Reserve will move to cut rates during 2023, the US is at or very near peak rates. So, too is the European Union, which this month saw the ECB raise rates to an all-time high for the institution (it raised rates 25 basis points to 4%) but implied rates have peaked "Based on its current assessment, the Governing Council considers that the key ECB interest rates have reached levels that, maintained for a sufficiently long duration, will make a substantial contribution to the timely return of inflation to the target". Over in the UK, the Bank of England surprisingly kept rates unchanged in a close vote, citing weakness in the UK property market and slowing inflation data. The latter is the key data point for central bankers around the world. Core inflation in the US (which strips out volatile energy and food prices) is trending downwards and could fall below 4% in the coming months, whilst in the EU it has been falling since March this year when it reached 8.7%, with the current rate at 6.9% and expected to fall further. Over in Australia, early in the year, we called that there was at most 75 basis points increase before we reached peak rates this cycle. So far, the RBA has increased 50 basis points.

**Microequities Value Income Fund returned -1.07% net of fees in September; this brings the total return net of fees to 71.04% for the Fund since inception in February 2019.**

The investment management team met with the majority of our investee companies in the latter part of August and throughout September, with notable events and announcement during the month including:

- **DDH1 (ASX:DDH)** takeover by **Perenti (ASX:PRN)** was approved by the requisite majority of shareholders. The Fund elected to take scrip in Perenti.
- The Fund added a new holding in the consumer brand sector. This business has developed products which have resonated with its customer base and in the next few years there are growth options through range expansion and geographic expansion. The business operates at a very high product margin and has a highly flexible cost base that allows it to react to changing market conditions. At our purchase price we think the business can sustain over a 10% grossed up dividend yield in future years.
- Our investment in a distribution business announced the award of a significant distribution agreement with a key brand. This is expected to add circa 20% to its current revenue, selling through its currently established network with only minimal increase in their cost base.
- Consumer retail business provided a trading update showing a slowdown in sales growth in the first 4.5 months of the new financial year. Cost of living pressures, drop in sales of a key product category, decline in hospitality sales are some of the current negative headwinds.

<b>Number of companies</b>	<b>45</b>
<b>Top 5 Holdings % of NAV</b>	<b>35.0%</b>
<b>Top 10 Holdings % of NAV</b>	<b>49.2%</b>
<b>Top 20 Holdings % of NAV</b>	<b>68.8%</b>
<b>Cash Position % of NAV</b>	<b>7.4%</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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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/>