

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 31/10/2023

latest unit price (exit price) \$1.2867	return since inception (Feb 2019) 63.21%	return 1 month -4.57%
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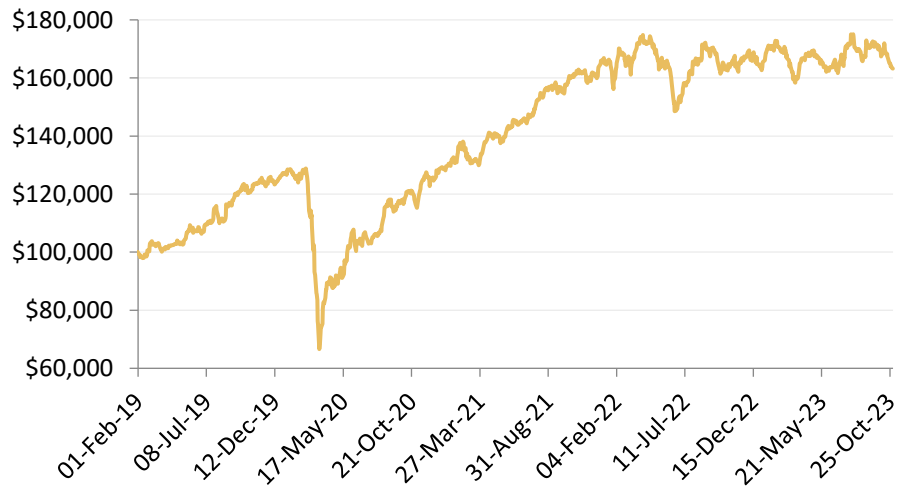


Fund Manager: Carlos Gil (CIO)

FUND OUTLINE

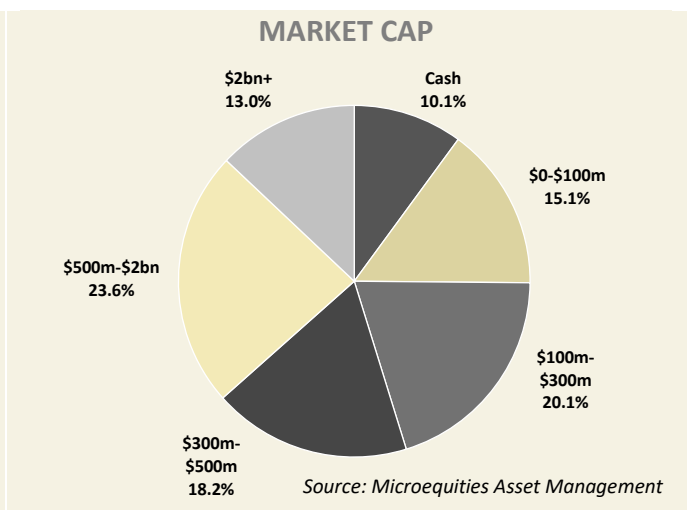
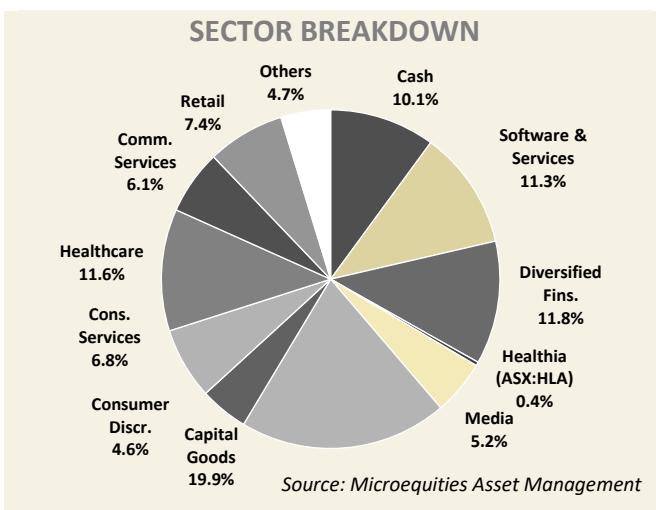
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies. This fund is appropriate for investors with "High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the 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 > \$163,212



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)	10.86%	63.21%	7.24%	11.89%	0.54%	-2.11%	-4.57%



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MARKET UPDATE AND COMMENTARY

The geopolitical landscape and upsetting events in the Middle East have dominated investor sentiment during the month. Outside of the human tragedy of the events taking place, the evolving and fluid military conflict has at the time of writing a potentially broad spectrum of potential geopolitical consequences and it will take some time to identify a more probable narrower range. In economic news, the strength of the US economy was further validated via the third quarter US GDP figures which printed a surprising 4.9% economic growth number. The number more than doubled the pace of the previous quarter's 2.1% print. We do not expect the US to sustain this pace of economic growth as falling credit availability and the higher cost of credit will impact consumer demand. In Australia, a hotter than expected CPI report for the September quarter of 1.2% (up from 0.8% previous quarter) places the annual inflation rate at 5.4%. The rate has markedly increased the probability of an RBA rate increase at the November meeting. China has announced a US\$137b government bond issuance to boost economic growth into 2024.

Microequities Value Income Fund returned -4.57% net of fees in October; this brings the total return net of fees to 63.21% for the Fund since inception in February 2019.

October is a traditionally quiet month but a lot of our constituent companies in their AGM statements have presented trading updates, after being less inclined to provide any definitive trading statements at their full year results in August.

- Enterprise software company announced one of its largest single contracts ever awarded which now underpins its FY24 guidance. The company is still in the running on other associated contracts with the same customer which could be of higher margin than the contract just awarded.
- Specialist retailer noted at its AGM that the first two months like for like sales were down compared to last year, with September sales improving. The business also operates internationally and sells to B2B trade customers which both represent growth options. It also expects to open 6 new stores in FY24 and have a longer term target to grow its store numbers by 50%.
- We also added a new business to the Value Income Fund. The business is in the financial services sector and a previous constituent of the Fund. The decision to buy the business again was based on relative valuations between a current constituent in the Fund in the same industry. We used the sell down proceeds from the current constituents to fund the purchase.
- One of Fund's constituents in the technology hardware space provided a quarterly earnings update late in the month. The company stated it has increased its EBITDA against the prior year by over 18% whilst PBT has increased by over 10%. The business has been in the Fund for many years and continues to be a strong contributor to overall Fund performance. It was a pleasing financial update.
- Two consumer services businesses noted differing trading conditions. One saw continued improvement in trading with monthly revenue in FY24 more than 10% higher than last year. The other saw their KPI trending worse than last year. Both nominated labour shortage as a key issue.

Number of companies	46
Top 5 Holdings % of NAV	32.6%
Top 10 Holdings % of NAV	46.8%
Top 20 Holdings % of NAV	65.5%
Cash Position % of NAV	10.1%

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/>