

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



MONTHLY PERFORMANCE AS AT 30/11/2023

latest unit price (exit price) \$1.3532	return since inception (Feb 2019) 71.64%	return 1 month 5.17%
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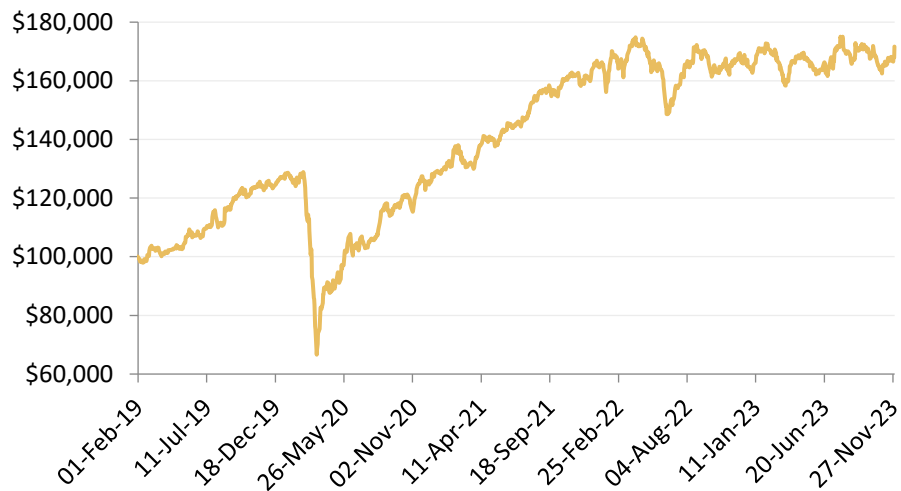


Fund Manager: Carlos Gil (CIO)

FUND OUTLINE

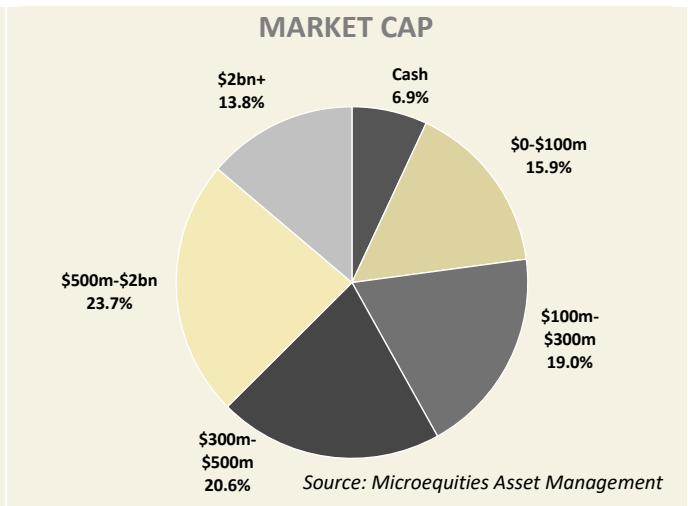
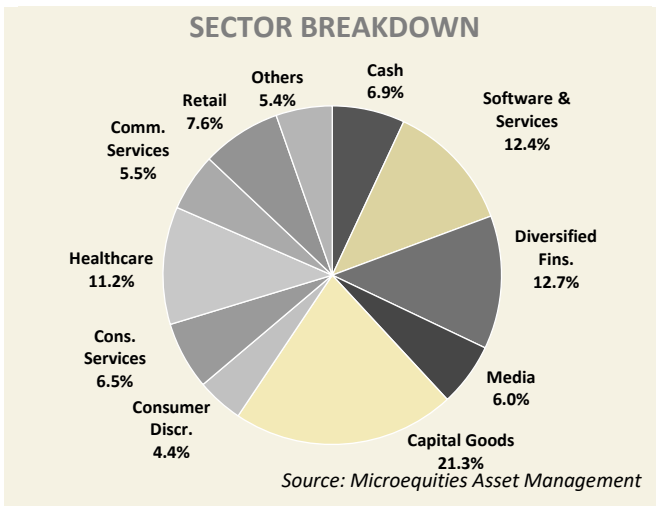
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies. This fund is appropriate for investors with "High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the 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 > \$171,643



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)	11.83%	71.64%	8.12%	10.89%	3.74%	2.29%	5.17%



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MARKET UPDATE AND COMMENTARY

In our September 2023 update we called out our thesis that September would likely mark an inflection point in the interest rate cycle. We believed rates in the US and in the ECB had likely peaked. The CPI data out of the US this month solidified the basis of that thesis. US CPI figures released during the month saw headline inflation come down to 3.2%, whilst core inflation (excluding energy and food prices) slowed to 4.1%. The numbers will give Fed members a strong basis to keep rates unchanged with their monetary policy having the desired effect of taming inflation. Across Europe, the Eurozone inflation fell to 2.9%. In the UK, inflation fell sharply to 4.8% from the previous month's 6.7% print. Lastly Australia, which published its CPI report late in the month, saw inflation slowing from 5.6% to 4.9%. The likely peak of the cycle in central bank rates has important implications for asset prices as we move into 2024. The high sensitivity of asset prices to the risk-free rate means that when central banks eventually start to cut rates (likely in late 2024) it will very much be a more potent driver of upward movement in asset prices than the prevailing demand conditions across major economies. Such is the power of interest rates.

Microequities Value Income Fund returned 5.17% net of fees in November; this brings the total return net of fees to 71.64% for the Fund since inception in February 2019.

Annual general meetings took place for most of our portfolio companies in November as well as some half year reports for those companies with September year end.

- The Fund participated in a block trade at a significant discount to the prevailing share price in an existing holding. At the price we paid, we are likely to earn a 9% grossed up dividend yield in a profitable technology business that has incentivised management to deliver significant shareholder return outcomes and a fast growing offshore division.
- The Fund also added to its holding in a commercial services business exposed to the electric vehicle adoption trend. Sell-down by its second largest shareholder during the month saw the share price pullback almost 16% during the month. At our purchase price, the grossed up dividend yield is 10% and expected to grow.
- Healthcare services business at its AGM saw further improvement in market share gains on top of industry growth. 1H24 profit is expected to be 15-19% higher than the prior year. Despite the positive share price performance, we see continued organic growth as the company has invested in new clinics and will continue to make bolt on acquisitions.
- Late in the month, electrical components distributor **IPD Group (ASX:IPG)** made a sizeable acquisition that is expected to deliver 30% EPS accretion before any revenue and cost synergies, which we deem credible and achievable in the short term. The Fund participated in the placement and rights issue, and we estimate at our purchase price, it represents c.13x PE on pro-forma NPAT. The company also confirmed 1H24 will show 20% operating earnings growth and expectations for a stronger 2H24 result.

Number of companies	45
Top 5 Holdings % of NAV	34.0%
Top 10 Holdings % of NAV	47.8%
Top 20 Holdings % of NAV	67.9%
Cash Position % of NAV	6.9%

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/>