

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/01/2024

latest unit price \$1.7831 (Cum-distribution)	return since inception (March 2012) 241.46%	return 1 month 0.49%
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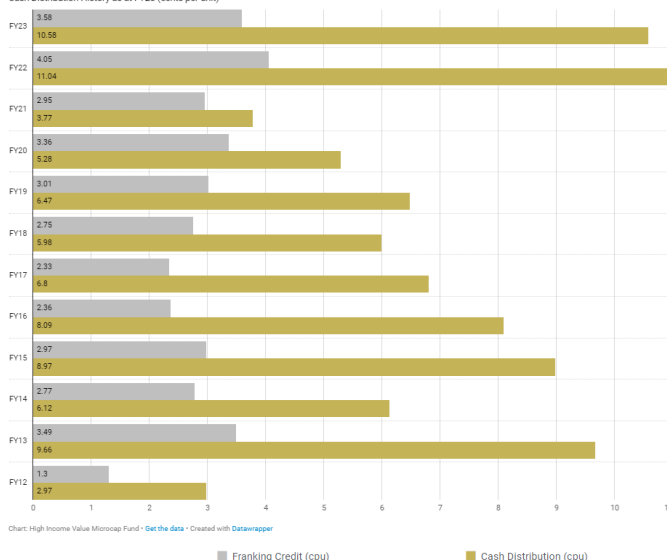
FUND OUTLINE

Fund Manager: Carlos Gil (CIO)

The High Income Value Microcap Fund is a wholesale fund investing in high dividend paying, undervalued, ASX microcap companies.

\$1.2065 Total Cash and Franking Credits RETURNED SINCE INCEPTION

Cash Distribution History as at FY23 (cents per unit)

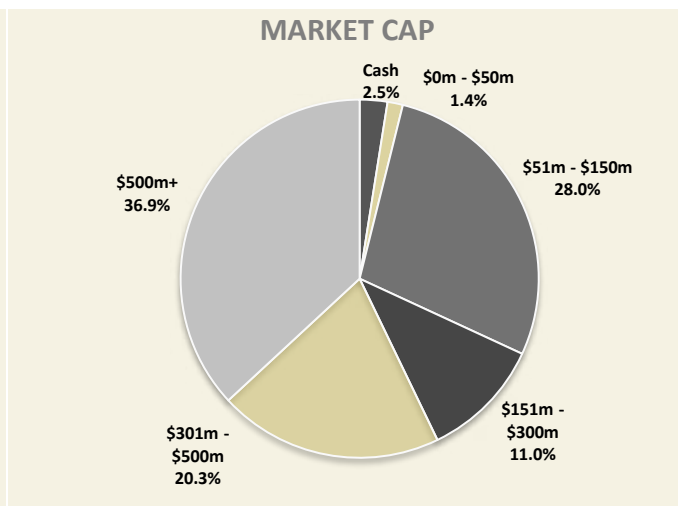
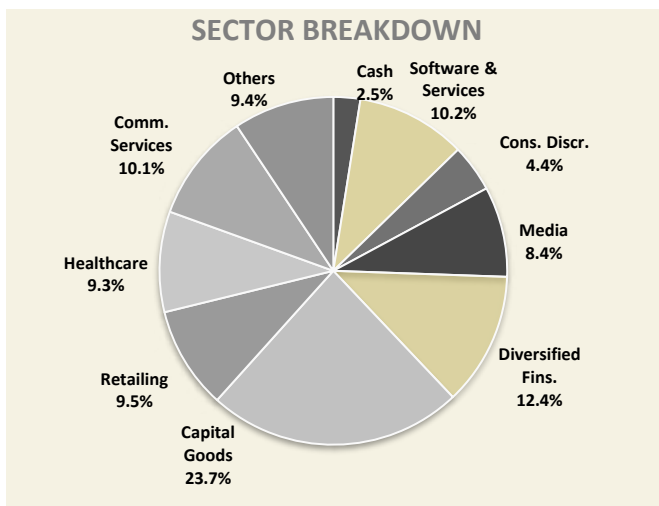


**Current Forecast
Grossed Up
Dividend Yield**

+6.07%**

**Represents the annual dividend yield of the companies in the portfolio grossed up for franking credits. It is based on internal forecasts and actual results may vary. It is not a forecast distribution as distributions will depend on actual dividend income received, expenses of the fund and actual number of units on issue at the time a distribution is made.

	Total since inception	Compound p.a. since inception	10 Year Annual Compound	7 Year Annual Compound	5 Year Annual Compound	3 Year Annual Compound	1 Year	1 Month
HIMF	241.46%	10.86%	8.95%	8.12%	12.42%	9.18%	7.87%	0.49%



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MARKET UPDATE AND COMMENTARY

Some important US macroeconomic data prints came out late in January. Firstly, USA GDP growth for the 4th quarter of 2023 increased at annual pace of 3.3%, surpassing market expectations. US personal consumption expenditure (PCE), an important metric for inflation that the Federal Reserve follows closely, increased 0.2% for December, 2.6% year on year, whilst the core PCE (excluding fuel and food prices) rose by 0.2% and 2.9% year on year. Both metrics below the key red line of 3%. The PCE now sits at a 3-year low. Whilst the PCE is not solely determinant, it adds weight to the view that the Fed is done with rate rises and rate decreases are probable in 2024. The recent stream of data emanating from the USA has some economists puzzled given strong employment and consumption are being combined with a moderating inflationary outlook. Those are the elements required for a “Goldilocks” economics setting, a scenario that is becoming increasingly probable. Domestically, Australia’s inflation rate has dropped to an annual rate of 4.1%, marking the likely peak of interest rate rises.

Microequities High Income Value Microcap Fund returned 0.49% in January; this brings the total return net of fees to 241.46% for the Fund since inception in March 2012.

We have fully sold out of a financial services business, taking the total number of companies in the Fund back to our self-imposed desired limit of 40. The proceeds of this exit were used to increase the weighting in another financial services company that is very similar to exited investee company but whose market price is at a material discount. We have also been reducing the weighting in several companies taking advantage of material market price increases and again we have looked to recycle the proceeds of those sales into investee companies in the Fund that have not enjoyed a substantive market repricing. As communicated last month, we have continued to purchase a new investee company that is in the mining services sector. The microcap mining services business that is very much under the radar, and we are currently acquiring the business at 2.4x its enterprise value to operating profit, representing compelling value.

Several investee companies provided operating updates during the month; the updates bode well for the upcoming reporting season which the investment team will be watching closely to observe any new potential opportunities that may arise.

We note the forecast grossed up dividend yield has bounced back above the 6% threshold to 6.07%.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+8.5%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+8.9%

Number of companies	40
Top 5 Holdings % of NAV	39.0%
Top 10 Holdings % of NAV	55.3%
Top 20 Holdings % of NAV	78.2%
Cash Position % of NAV	2.1%

Important information: This information is not intended to be financial advice. Past performance is not indicative of future performance. Microequities Asset Management Pty Ltd is a corporate authorised representative, number 462438, as appointed by Microequities Asset Management Group Limited holder of AFSL number 287526. Application for units in the Fund is limited to investors that are wholesale or sophisticated investors within the meaning of Section 761G(7) and 761GA(7) of the Corporations Act 2001.