

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



Microequities Asset Management

MONTHLY PERFORMANCE AS AT 31/01/2024

latest unit price (exit price) \$1.4066 Ex-distribution	return since inception (Feb 2019) 81.23%	return 1 month 0.66%
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Fund Manager: Carlos Gil (CIO)

FUND OUTLINE

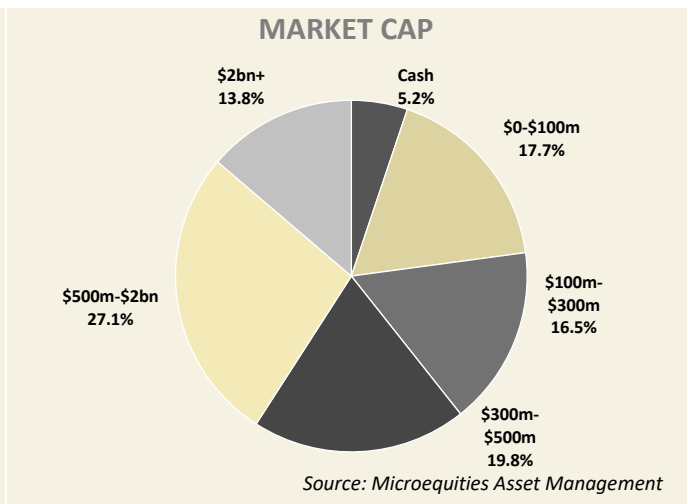
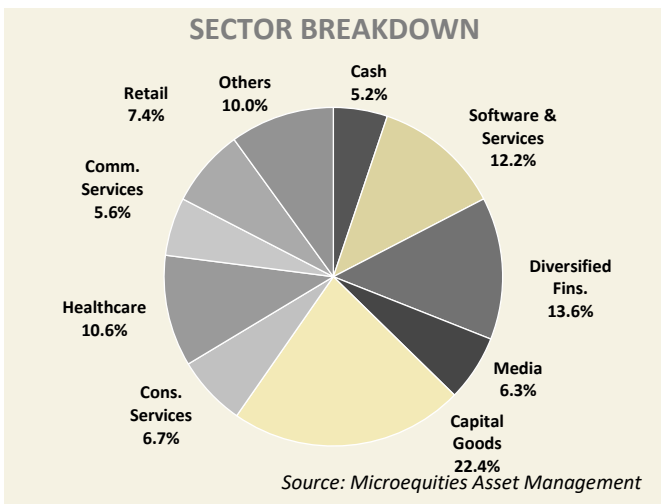
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies. This fund is appropriate for investors with "High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the 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 > \$181,233



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	5 Year Annual Compound	3 Year Annual Compound	2 Year Compound Annual	1 Year	1 Month
Microequities Value Income Fund (VIF)	12.63%	81.23%	12.63%	11.41%	6.50%	6.98%	0.66%



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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 Value Income Fund returned 0.66% net of fees in December; this brings the total return net of fees to 81.23% for the Fund since inception in February 2019.

January was a quiet month for the Fund ahead of the reporting season in February. Some of the announcements and changes in our portfolio included:

- We have trimmed our holding in a healthcare services company where the share price has significantly rerated on the back of expected strong FY24 results and potential inclusion into the ASX300 index. We have also trimmed our holding in an industrial products wholesale distribution business following a recent capital raising and strong share price performance.
- We continues to aggressively purchase a microcap mining services company trading at 2.4x operating profit and forecast dividend yield of circa 10%. The company provided a trading update which confirmed strong cash flow generation and improved margins.
- The Fund exited a holding in a large financial services company and reinvested the proceeds back into a company in the same sector but trading at a significant valuation discount.

Several investee companies provided brief 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.

Number of companies	45
Top 5 Holdings % of NAV	33.5%
Top 10 Holdings % of NAV	47.5%
Top 20 Holdings % of NAV	67.8%
Cash Position % of NAV	4.4%

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.

This communication contains general information only and does not take into account investment objectives, financial situation or needs of any particular individual or entity. It does not constitute financial, tax or legal advice, nor is it an offer, invitation or recommendation to subscribe or purchase a unit in the Fund or any other financial product. Before acting on any information contained in this communication, you should consider whether it’s appropriate to you, in light of your objectives, financial situation or needs.

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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/>