

# HIGH INCOME

## VALUE MICROCAP FUND



### MONTHLY PERFORMANCE AS AT 29/02/2024

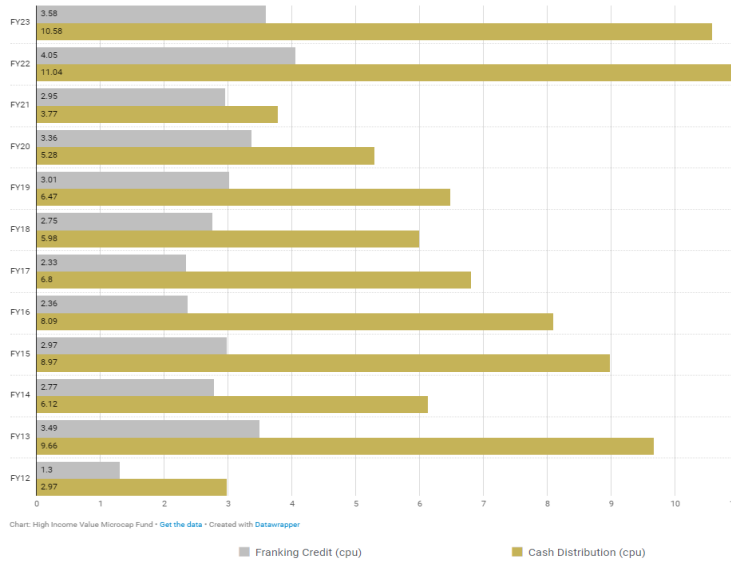
latest unit price <b>\$1.8041</b> (Cum-distribution)	return since inception (March 2012) <b>246.45%</b>	return 1 month <b>1.46%</b>
--	---	--------------------------------

### FUND OUTLINE

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)

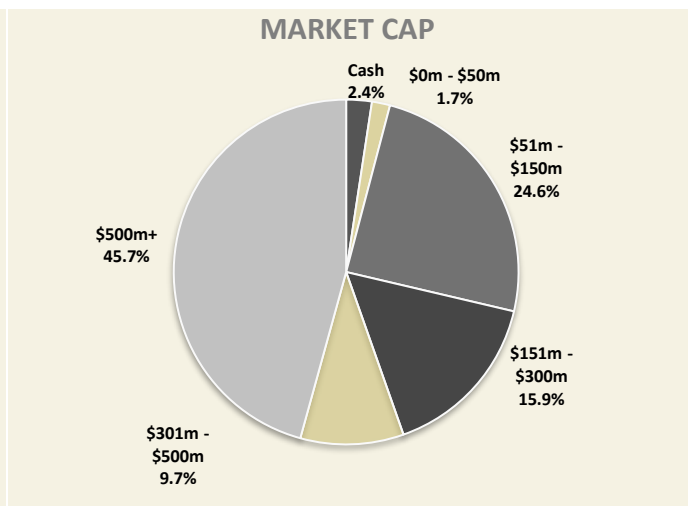
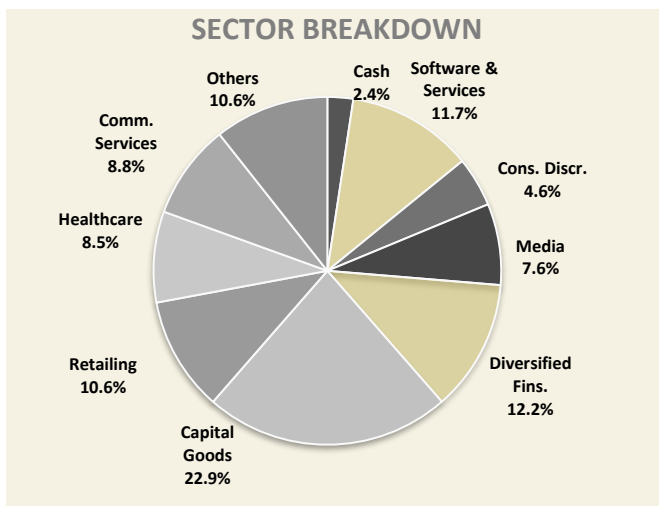


**Current Forecast  
Grossed Up  
Dividend Yield**

**+5.81%\*\***

\*\*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
<b>HIMF</b>	<b>246.45%</b>	<b>10.91%</b>	<b>9.33%</b>	<b>8.57%</b>	<b>11.80%</b>	<b>9.43%</b>	<b>10.27%</b>	<b>1.46%</b>



# HIGH INCOME

## VALUE MICROCAP FUND



### MARKET UPDATE AND COMMENTARY

The strength of the US economy which has surprised most economists, gives the US Federal Reserve (the Fed) the added luxury of time. In the fourth quarter of 2023, the US economy expanded at a revised annual pace of 3.2%, with consumer spending running at a healthy 3.0% annualised rate. The much-watched personal consumption expenditure (PCE) rose at an annual pace of 2.1%. The key takeaway is the US economy has entered 2024 with momentum, and whilst inflation continues to trend downwards, it is still not yet decisively low enough for the Fed to cut rates. The health of economic growth and strong Labor market gives the Fed the luxury of time. In equity markets the remarkable increased demand for Nvidia Corporation's products has driven the technology led Nasdaq Index to within a whisker of its all time high. The AI revolution is driving demand for processing power and rapid build-up of data centres around the US. It is a societal trend that will also head towards Australia and some of our investment funds own businesses that are likely to benefit from this emerging structural change.

**Microequities High Income Value Microcap Fund returned 1.46% in February; this brings the total return net of fees to 246.45% for the Fund since inception in March 2012.**

**We saw solid progress in our investee companies during the reporting season which led us to increase our FY24 portfolio EPS growth rate from +8.5% to +10.1%.** Amongst the investee companies that reported solid growth was **Alliance Aviation Ltd (ASX:AQZ)** which reported revenues \$304.5m +28% pcp, EBITDA of \$80.4m +90% and NPAT \$26.3m +298%. The company will enter 2H24 with growth momentum from both its FIFO and wet lease divisions. Alliance Aviation has been a long-standing investee company in the High Income Value Microcap Fund, and we remain committed to our investment in the business given the strong growth outlook and mark to market price that has the business inherently undervalued.

We are pleased to announce that we have begun to acquire a new investee company in the financial services sector. The new investee company has seen its share plummet by 80% over the last 6 years. The business is amid a turnaround phase, is well capitalised (in fact over capitalised), has an array of assets that could be sold off, and we have acquired the business at an attractive grossed up yield. The new investee company takes the total number investee companies to 41, which is one investee company above our self-imposed 40 limit. This merely reflects the scope of the opportunity set that the investment management team is observing.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+10.1%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+9.6%</b>

<b>Number of companies</b>	<b>41</b>
<b>Top 5 Holdings</b> % of NAV	<b>38.0%</b>
<b>Top 10 Holdings</b> % of NAV	<b>55.9%</b>
<b>Top 20 Holdings</b> % of NAV	<b>77.7%</b>
<b>Cash Position</b> % of NAV	<b>2.4%</b>

**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.