

# HIGH INCOME

## VALUE MICROCAP FUND



### MONTHLY PERFORMANCE AS AT 31/03/2024

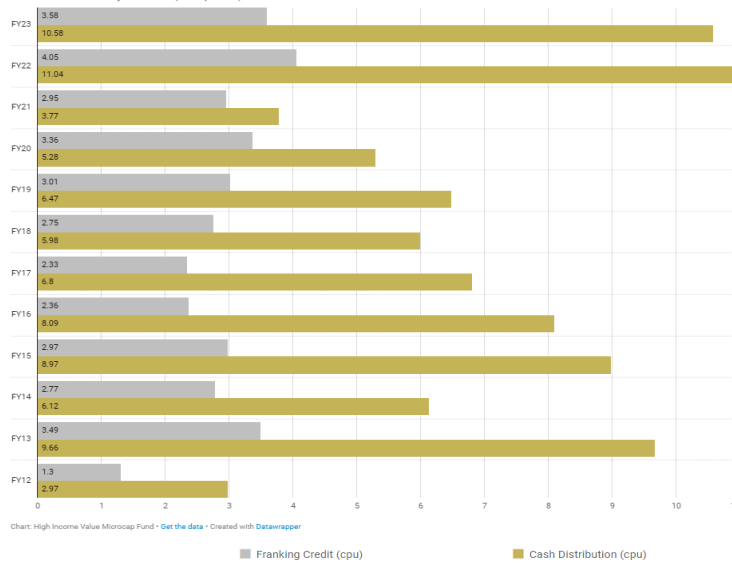
latest unit price <b>\$1.8480</b> (Cum-distribution)	return since inception (March 2012) <b>255.87%</b>	return 1 month <b>2.72%</b>
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### FUND OUTLINE

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)

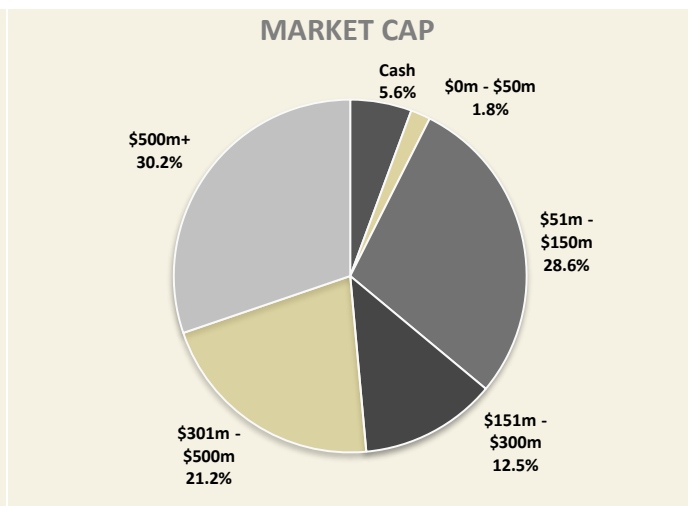
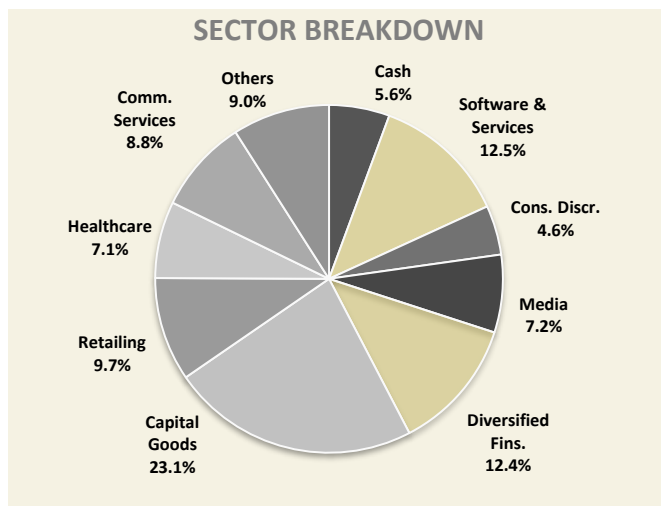


**Current Forecast  
Grossed Up  
Dividend Yield**

**+5.60%\*\***

\*\*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	12 Year Annual Compound	10 Year Annual Compound	5 Year Annual Compound	3 Year Annual Compound	1 Year	1 Month
<b>HIMF</b>	<b>255.87%</b>	<b>11.08%</b>	<b>10.97%</b>	<b>9.52%</b>	<b>12.52%</b>	<b>10.06%</b>	<b>12.90%</b>	<b>2.72%</b>



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### MARKET UPDATE AND COMMENTARY

The US Federal Reserve, predictably, kept rates on hold for its March meeting. All eyes however were on the wording in the statement and more importantly whether it would continue to signal rate cuts during 2024. It did not disappoint, wording in the official statement said rate reductions would “likely be appropriate” later in the year but under the proviso that the economy “evolves broadly as expected”. The strength of the US economy continues to give the Fed the benefit of time, with the unemployment rate at 3.9% and ongoing economic growth of the US economy is avoiding a pathway to a recession. The Fed therefore doesn’t need to rush into cutting rates, it has the luxury of waiting for more data points that validate the cadence of slowing inflation while keeping a restrictive monetary policy. Domestically, the Australian unemployment rate surprisingly dropped back to 3.7% after the economy created 116k jobs. The strength of the Australian economy has allowed households to navigate through a tough cost of living environment. We continue to see the inflationary outlook in Australia as more challenged than that of the US, with wage growth feeding structural elements into inflationary pressure.

**Microequities High Income Value Microcap Fund returned 2.72% in March; this brings the total return net of fees to 255.87% for the Fund since inception in March 2012.**

In last month’s update we noted that after we added the new investee company in the financial services sector, the total number of companies owned by the Fund had increased to 41. We normally like to self-impose a limit of up to 40 companies however the opportunity set in the Fund was such that it warranted having more than 40 companies. During the month we saw material market price increases in two companies. The investment management team took the opportunity of the price increases to divest out of those two companies bringing the total number of companies currently owned by the Fund to 39. One of the divestments was **G8 Education (ASX:GEM)**, which had experienced a marked increase in its price following the release of its CY23 financial results. The investment team deems that there are superior opportunities available for the Fund in the childcare sector at more attractive valuations and better long term growth prospects. The divestment of both investee companies has increased the cash assets of the Fund to 5.6%. With a small pocket of underinvested opportunities in the Fund, the investment team will look to reallocate surplus capital within those opportunities.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+9.9%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+9.4%</b>

<b>Number of companies</b>	<b>39</b>
<b>Top 5 Holdings</b> % of NAV	<b>36.6%</b>
<b>Top 10 Holdings</b> % of NAV	<b>53.1%</b>
<b>Top 20 Holdings</b> % of NAV	<b>76.2%</b>
<b>Cash Position</b> % of NAV	<b>5.6%</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.