

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/05/2024

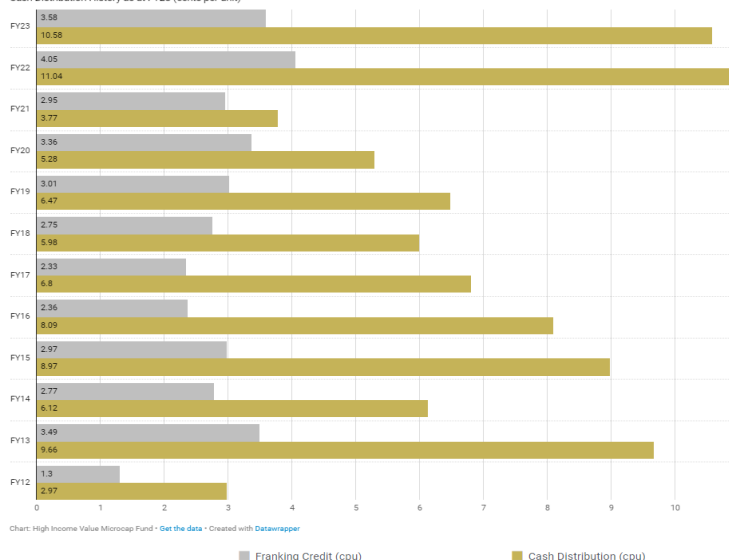
latest unit price \$1.7799 (Cum-distribution)	return since inception (March 2012) 244.62%	return 1 month -2.52%
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FUND OUTLINE

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)

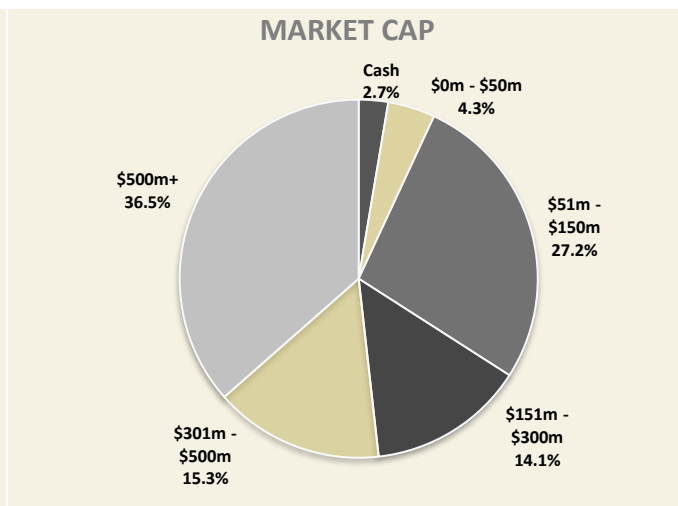
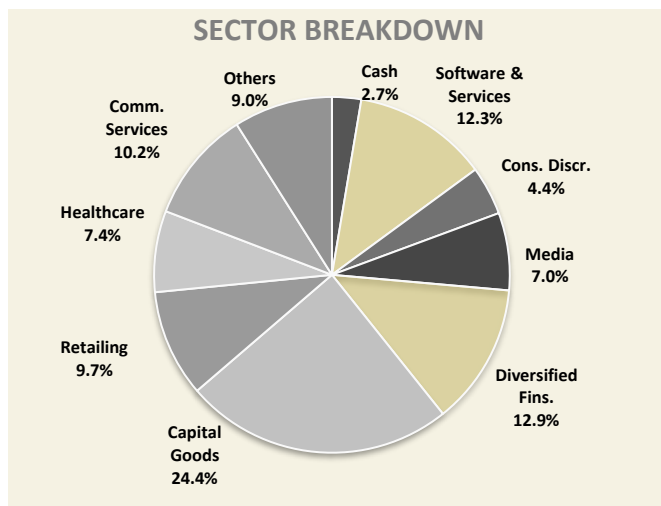


**Current Forecast
Grossed Up
Dividend Yield**

+5.75%**

**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
HIMF	244.62%	10.63%	10.84%	9.29%	10.39%	6.79%	12.03%	-2.52%



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MARKET UPDATE AND COMMENTARY

Australia's headline CPI number for March ticked up to 3.6% from 3.5%. Core inflation (removing volatile price items such as fruit and vegetables, energy) remained unchanged at 4.1%. Monthly inflation numbers can be volatile, and this data print is unlikely to change RBA's thinking and remains within the forecast range. We expect the RBA to keep rates unchanged at its next meeting. Over in Europe, Germany, the biggest economy in the European Union, clawed back to economic growth in the first quarter of 2024 with its GDP expanding at +0.2%, after declining in the last quarter of 2023. The data print follows a similar pattern to the UK which also returned to economic growth during its first quarter, with its GDP expanding by 0.6% for the first three months of 2024. The overall picture for Europe is one of a slowly improving economy after a 2023 that would best be categorised as a stagnant economic performance.

Microequities High Income Value Microcap Fund returned -2.52% in May; this brings the total return net of fees to 244.62% for the Fund since inception in March 2012.

Aviation services company **Alliance Aviation (ASX:AQZ)** last month announced changes to its debt facilities ensuring the company is funded for its planned fleet expansion of E190 planes. During this month, the company confirmed it will beat consensus profit forecasts of PBT of \$83.9m for FY24 which represents growth of more than 60% yoy. Profit will include some engine sales from inventory and a plane recently parted out for spare parts. The company also note that strong global demand for narrow body jets means 3 of its E190 planes are currently leased out to a third party. AQZ has in the recent past and in the coming 18 months undergoing a significant capacity increase locked in at opportune prices. We expect management will reinstate dividends either in FY25 or FY26 at which stage the earnings power from the expanded asset base will be significantly transformed v pre pandemic earnings. A wholesale distribution business announced a trading update late in the month with EBITDA and EBIT coming in largely in line with consensus forecasts. We think it was commendable outcome given the business executed on a large acquisition during the half. This business is positively exposed to the electrification, data centre and electrical vehicle infrastructure rollout thematics. Mining services company that the Fund had been building its stake in the past few months provided a capital management update confirming net debt was likely to come in well below its previously stated targets. Final dividend for the 2nd half was likely to be in line with the 1st half and represents a cash dividend yield of 8.9% on the closing share price. The balance sheet is well setup for modest growth capex investments along with the current strong dividend yield.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+10.2%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+9.2%

Number of companies	39
Top 5 Holdings % of NAV	38.1%
Top 10 Holdings % of NAV	55.2%
Top 20 Holdings % of NAV	79.1%
Cash Position % of NAV	2.7%

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.