

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 30/06/2024

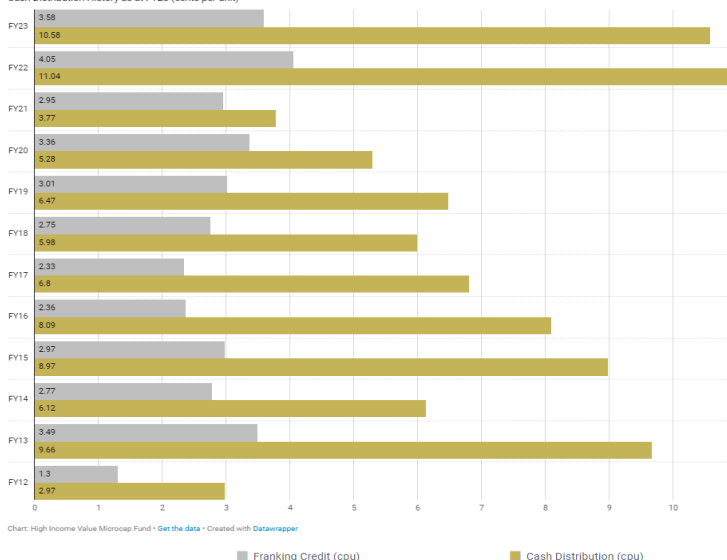
latest unit price \$1.7643 (Cum-distribution)	return since inception (March 2012) 242.57%	return 1 month -0.60%
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FUND OUTLINE

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)

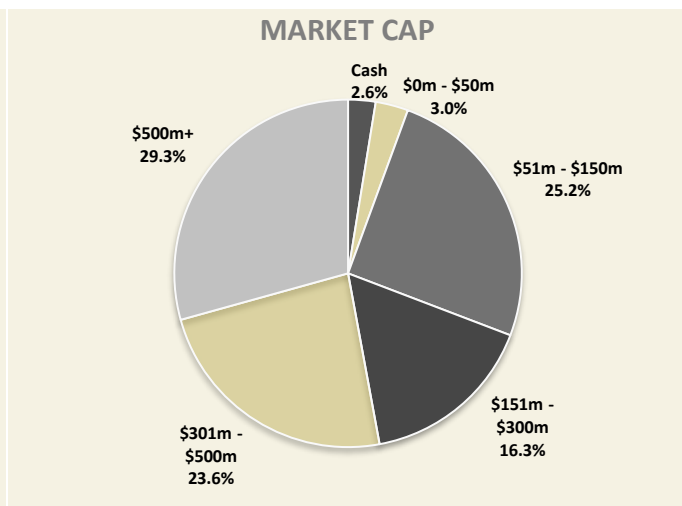
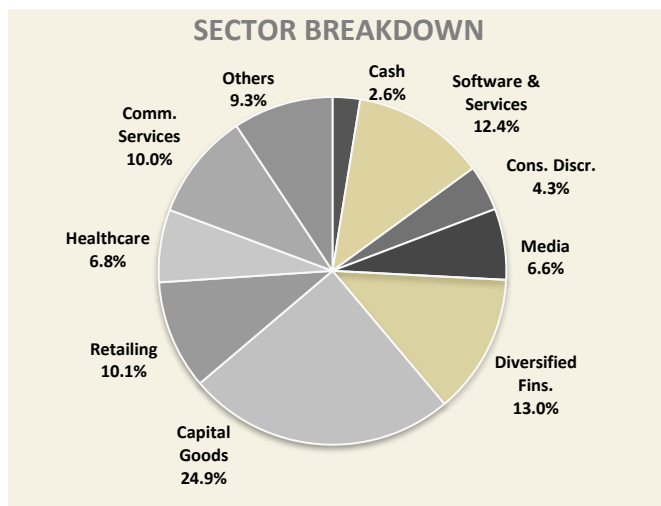


**Current Forecast
Grossed Up
Dividend Yield**

+5.76%**

**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	242.57%	10.50%	10.99%	9.13%	11.00%	6.27%	9.95%	-0.60%



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MARKET UPDATE AND COMMENTAR

The US May CPI number, which was published just before the Federal Reserve meeting, fell to 3.3%. Core CPI of 3.4% was below the 3.5% expected by economists. The cooling inflationary data was not enough to persuade markets that there would still be 3 rate cuts in 2024. The Federal Reserve chairman noted that 15 of the 19 members backed either one or two cuts in 2024 and that either option was plausible. So, the Fed is doing what we thought it should do. Robust consumer demand and a strong labour market has afforded it the luxury to wait to make sure it has the data before cutting rather than anticipating future data. It is not a change in its decision-making framework, but merely a product of temporal fortuitous macroeconomic circumstance. In Australia, the unemployment rate fell back to 4% in the month of May after 39,700 net jobs (fulltime) were created. The data point continued to depict a picture of a tight labour market in the context of a higher interest rate environment. Late last week the Australian May CPI was published with the print rising to 4%, higher than the expected 3.8%. We note the single poor data point is unlikely to move the RBA into a rate rise, it will however elongate the holding pattern.

Microequities High Income Value Microcap Fund returned -0.60% in June; this brings the total return net of fees to 242.57% for the Fund since inception in March 2012.

Consumer products company **McPherson's (ASX:MCP)** announced the long awaited divestment of its Multix business, the brand behind aluminium foils, bags and plastic wraps, for \$19m. This business unit has created significant volatility in MCP's historical earnings and is exposed to AUD/USD FX rates and swings in aluminium and resin commodity prices. The divestment will see McPherson's become a dedicated health, wellness and beauty brand owner. These businesses have better long term growth prospects.

Other significant developments across the portfolio of investee companies include:

- Real estate development company announced the commencement of settlements in its largest development project. Once all sold and settled, this will positively impact FY25 earnings and see the company return to paying dividends.
- One the childcare centre investee businesses at its AGM provided a strong trading update. Even at the current share price, we estimate the forecast grossed up dividend yield is over 12%.
- Specialist retailer executed an exclusive product distribution agreement where it will enjoy better margins in exchange for an upfront fee. We estimate a circa 3 year cash payback on the deal.

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	38.0%
Top 10 Holdings % of NAV	55.2%
Top 20 Holdings % of NAV	79.1%
Cash Position % of NAV	2.6%

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.