

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/08/2024

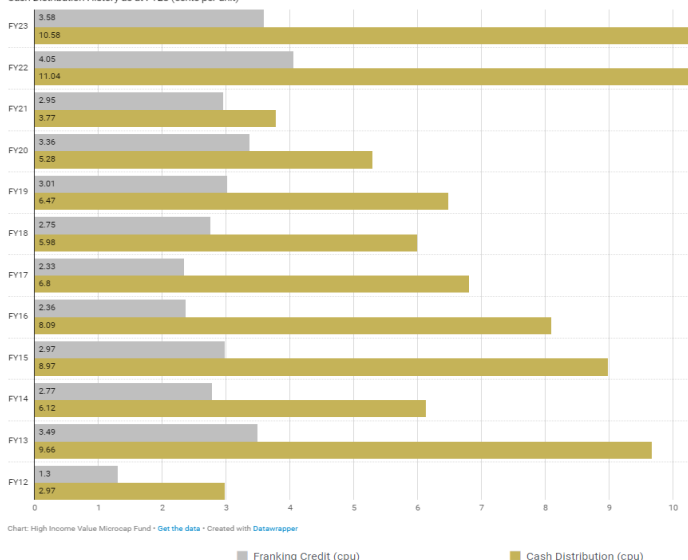
latest unit price \$1.7965 (Cum-distribution)	return since inception (March 2012) 256.23%	return 1 month 0.87%
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FUND OUTLINE

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)

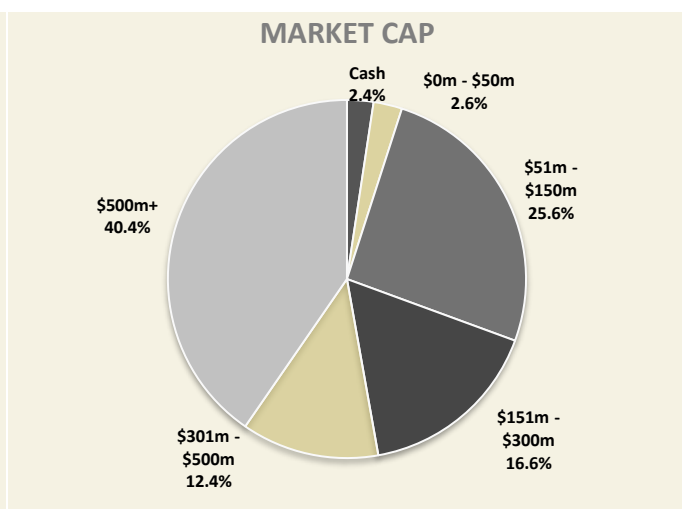
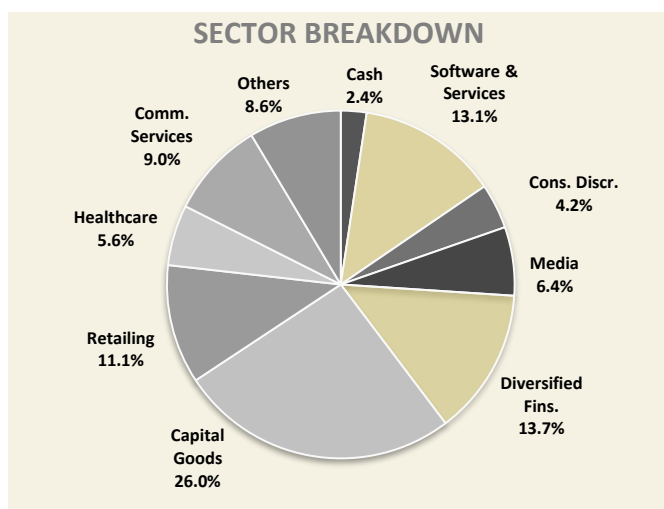


**Current Forecast
Grossed Up
Dividend Yield**

+6.13%**

**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	256.23%	10.70%	10.44%	8.46%	9.83%	5.58%	8.99%	0.87%



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MARKET UPDATE AND COMMENTAR

The US Federal Reserve's preferred measure of inflation, the Personal Consumption Expenditure Price Index (PCE), remained unchanged at 2.5%, slightly below the market expectation of 2.6%. This stable figure paves the way for the Fed to consider a rate cut at the next meeting on the 17th of September. This data point follows comments made earlier this month by Federal Reserve Chairman Jerome Powell, who noted that “the time has come for policy to adjust,” reflecting growing confidence that the US economy is moving toward the Fed’s inflation target of 2%. This shift marks a significant moment in US monetary policy, after a period during which the central bank raised rates to their highest levels in over 20 years. In another indication of the US economy's remarkable soft landing, consumer spending for July increased by a solid 0.5%, a robust figure suggesting that the Fed is unlikely to cut rates by more than 25 basis points at its upcoming meeting. Meanwhile, domestically, Australia is unlikely to see a rate cut in 2024, as persistent wage increases continue to stoke inflation, which is more structural in nature and therefore harder to reduce.

Microequities High Income Value Microcap Fund returned 0.87% in August; this brings the total return net of fees to 256.23% for the Fund since inception in March 2012.

The FY24 earnings per share (EPS) growth of the weighted portfolio was +14.8% which was higher than our forecasts and compares favourably with +4.5% in FY23. We note 14.8% EPS growth is at the upper range of historical EPS growth the Fund has delivered since its inception in 2012.

	FY24 EPS Growth Weighted Average
33 companies of the total 39 companies reported FY24 financials in the period May to August 2024. (The 33 companies represent 89.3% of the non-cash assets of the High Income Value Microcap Fund)	+14.8%

It was a strong reporting season which delivered a very good 14.8% weighted average EPS growth across the Fund. Importantly, 17 companies increased their dividend whilst 6 lowered them, the net increase has resulted in the gross forecast dividend yield of the fund increasing by 50 basis points from 5.63% to 6.13%. During the month the Fund successfully divested out of **AMP Ltd (ASX:AMP)** and has begun to accumulate a position in a very good microcap retailer at a very low valuation and at a cyclical low part of the earnings cycle.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+9.1%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+9.4%

Number of companies	39
Top 5 Holdings % of NAV	37.4%
Top 10 Holdings % of NAV	55.7%
Top 20 Holdings % of NAV	80.0%
Cash Position % of NAV	2.4%

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.