

# MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



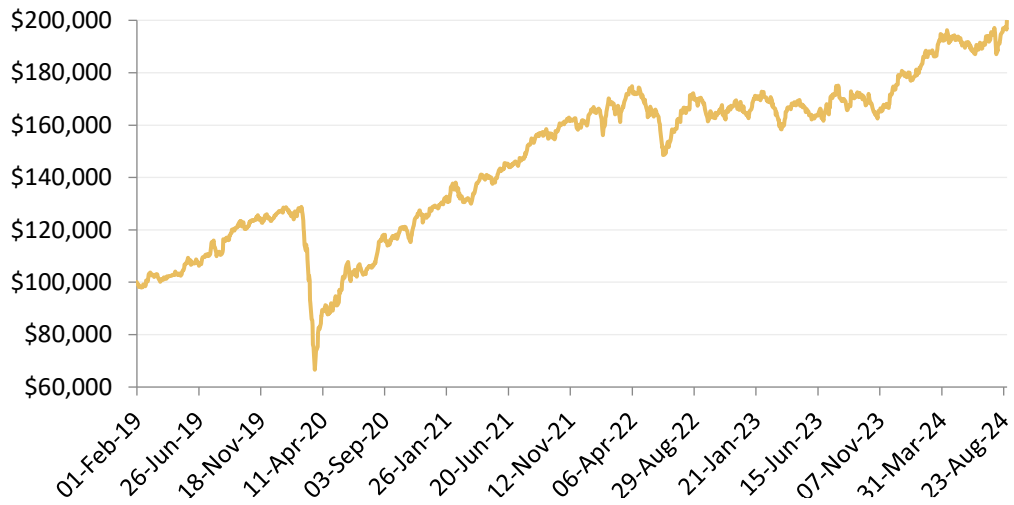
## MONTHLY PERFORMANCE AS AT 31/08/2024

latest unit price (exit price) <b>\$1.5331</b>	return since inception (Feb 2019) <b>99.89%</b>	return 1 month <b>1.72%</b>
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### FUND OUTLINE

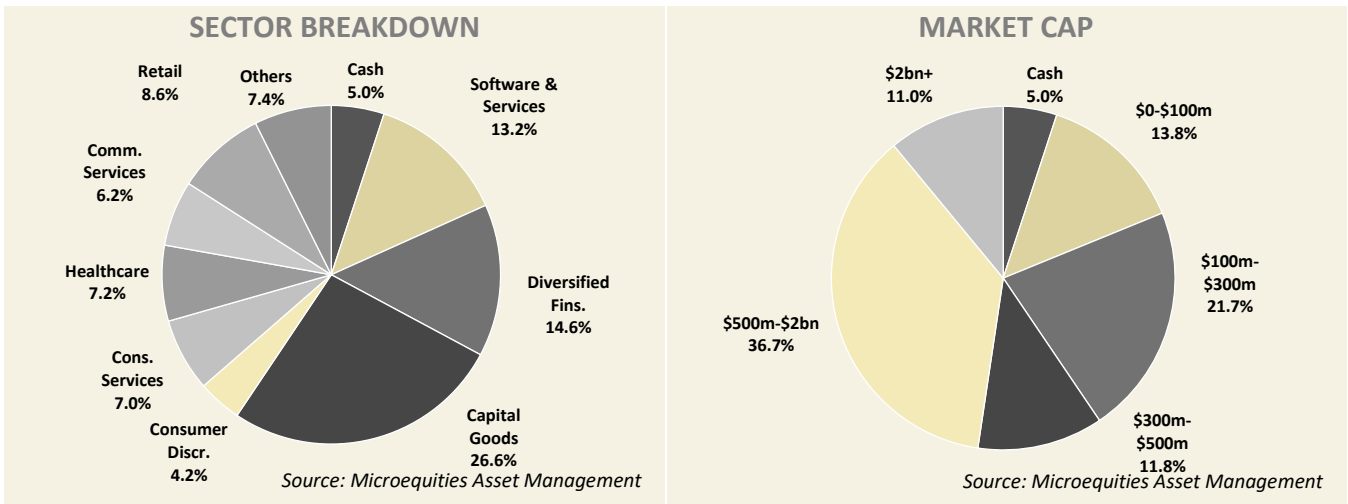
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies. This fund is appropriate for investors with "High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the pursuit of capital growth with a medium to long investment timeframe. Investors should refer to the [TMD](#) for further information.

### VALUE OF \$100,000 INVESTED AT INCEPTION > **\$199,887**



Past performance is not a reliable indicator of future performance. Total return shown for "VIF" has been calculated using exit prices after taking into account all ongoing fees and assuming reinvestment of distributions. No allowance has been made for entry fees or taxation

Returns are shown net of fees	Compound p.a. since inception	Total since inception	5 Year Annual Compound	3 Year Annual Compound	2 Year Compound Annual	1 Year	1 Month
<b>Microequities Value Income Fund (VIF)</b>	<b>13.21%</b>	<b>99.89%</b>	<b>11.41%</b>	<b>8.42%</b>	<b>8.35%</b>	<b>15.61%</b>	<b>1.72%</b>



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## MARKET UPDATE AND COMMENTARY

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 17<sup>th</sup> 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 Value Income Fund returned 1.72% net of fees in August; this brings the total return net of fees to 99.89% for the Fund since inception in February 2019.**

August saw most of the companies in the portfolio report their full year 2024 financial results. The largest holdings in the Fund reported strong results:

- Infrastructure and asset maintenance company reported 32% growth in revenue, 23% growth in EBITDA and 27% NPAT growth. The result was a combination of organic growth leveraging strength in asset maintenance contract wins and acquired growth. The company also announced a highly attractive acquisition in the water utilities infrastructure maintenance sector and the Fund backed the associated capital raising. At the capital raising price, we forecast the FY25 PE ratio was around 9.9x and trailing dividend yield 7.7% based on FY24 results. We have owned this company since the inception of the Fund and management have always delivered on their earnings guidance. The scale of this business means index inclusion in the near future is highly likely and we have significantly increased our weighting here to over 8% of the Fund.
- Wholesale products distribution company reported 28% revenue growth, 45% EBITDA growth and 45% NPAT growth. This result was boosted by a highly accretive acquisition about half way through the financial year. The company has little net debt and outlook remains highly positive with exposure to infrastructure spending, data centre construction, EV infrastructure rollout and commercial construction. The forward PE ratio is circa 16x and grossed up yield of circa 4.5%.
- Enterprise software company reported 8% revenue growth, 17% cash EBITDA growth and 26% NPAT growth. 99% of this company’s revenue is recurring in nature underwriting confidence in the forward outlook. Management have conservatively guided to 2-9% revenue growth and similar margins. We see positive mid-term signs for this business including integration with other software providers in its sector unlocking revenue opportunities, improved go to market in EMEA and expansion into new customer segments and geographies in LATAM and North Asia.

<b>Number of companies</b>	<b>43</b>
<b>Top 5 Holdings % of NAV</b>	<b>34.9%</b>
<b>Top 10 Holdings % of NAV</b>	<b>51.8%</b>
<b>Top 20 Holdings % of NAV</b>	<b>73.3%</b>
<b>Cash Position % of NAV</b>	<b>5.0%</b>

**Disclaimer:** This communication has been prepared and issued by Microequities Asset Management Pty Ltd ABN 96 134 984 768 AFS Licence No 287 526, as investment manager of the Microequities Value Income Fund ARSN 629 674 175. The Trust Company (RE Services) Limited (ACN 003 278 831) (AFSL 235150) is the responsible entity.

This communication contains general information only and does not take into account investment objectives, financial situation or needs of any particular individual or entity. It does not constitute financial, tax or legal advice, nor is it an offer, invitation or recommendation to subscribe or purchase a unit in the Fund or any other financial product. Before acting on any information contained in this communication, you should consider whether it’s appropriate to you, in light of your objectives, financial situation or needs.

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You should obtain the PDS for the Fund and consider the risks and disclosures for your circumstances before deciding whether to acquire, or continue to hold, an interest in the Fund. Initial Applications for units in the Fund can only be made pursuant to the application form attached to the PDS. Past performance is not a reliable indicator of future performance.

The PDS and target market determination can be obtained by calling 02 9009 2900 or visiting our website <https://microequities.com.au/our-funds/value-income-fund/>