

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



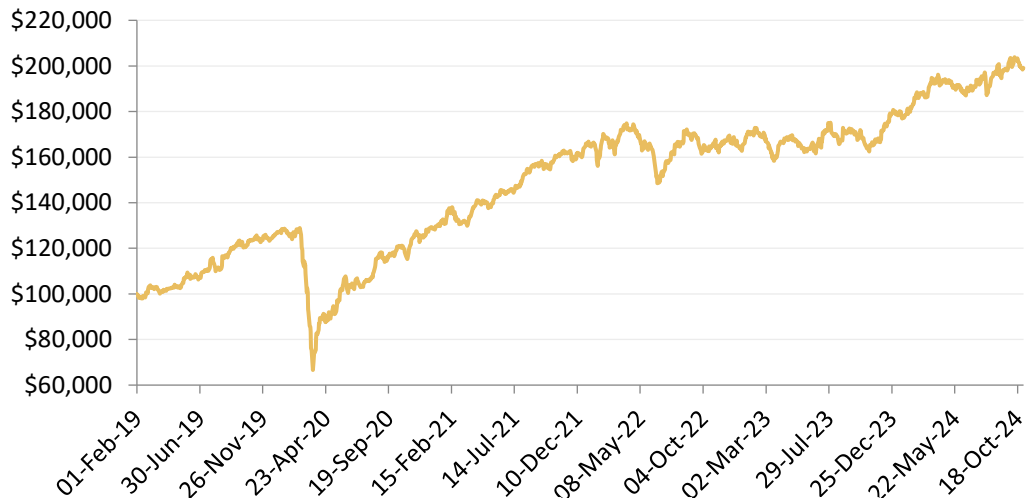
MONTHLY PERFORMANCE AS AT 31/10/2024

latest unit price (exit price) \$1.5266	return since inception (Feb 2019) 99.04%	return 1 month -2.18%
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FUND OUTLINE

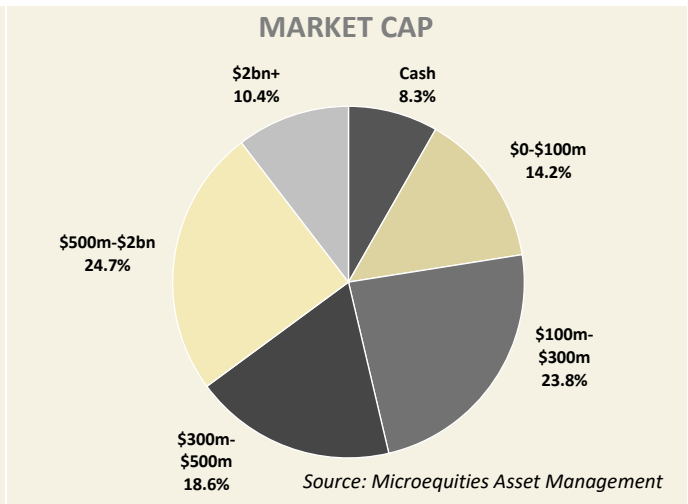
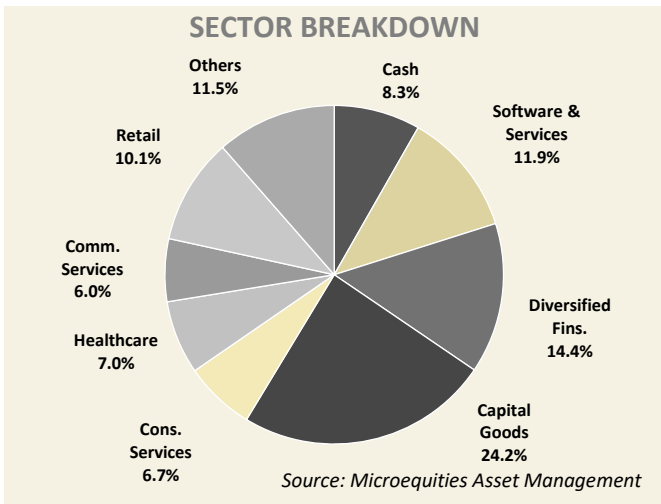
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies. This fund is appropriate for investors with "High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the 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 > **\$199,044**



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
Microequities Value Income Fund (VIF)	12.72%	99.04%	10.03%	7.22%	9.26%	21.95%	-2.18%



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MARKET UPDATE AND COMMENTARY

The Chinese economy expanded at an annual pace of +4.6% during Q3FY24, broadly in line with expectations and slightly lower than the +4.7% rate recorded in the previous quarter. Consumption in China remains weak with retail spending growing at an annual pace of +2.8%. The most positive element in the GDP report was investment spending which grew at +6.2%. Our view is China continues to face structural imbalances in its economy, which for the most part remain unremedied. China is stepping up its economic stimulus measures with the Vice-Minister of Finance announcing last week China will intensify countercyclical measures including measures to reduce local government debt risks, stabilise the property market and increasing income of key economic groups. The measures are expected to see Q4FY24 GDP growth accelerate. Domestically, Australia's remarkable jobs market has continued to strengthen with net employment growth for September surging by 64,100 new jobs. This was the sixth consecutive print above forecasts and marks an extraordinarily strong employment market which unintendedly will elongate the wait for interest rate cuts.

Microequities Value Income Fund returned -2.18% net of fees in October; this brings the total return net of fees to 99.04% for the Fund since inception in February 2019.

The Fund divested drilling services provider **Perenti Ltd (ASX:PRN)**. Our investment in Perenti originated from Perenti's acquisition of DDH1, which the Fund was a shareholder in. Despite Perenti being materially undervalued, the investment management team has lost confidence in Perenti's leadership to build sustainable long term growth and extract value for shareholders. Given the opportunity set available, we deemed we could recycle the capital in other investee companies.

We added two new positions, one is in the commercial products sector. We have purchased this business close to its net tangible assets and is a business we have watched for a number of years as it had faced a number of external headwinds. We are starting to see some initial signs of green shoots in its latest set of financial results and the management commentary for FY25 suggests a continuation of this improved momentum. The share price over the past 5 years has fallen by over 80%, but given its strong profitability track record over many years and a number of irons in the fire in terms of growth options, we have initiated a small initial position.

The second business is a classic industrial business with exposure to end markets such as mining, infrastructure and construction. Management have systematically improved many aspects of the business such as customer service, internal systems, supplier renegotiations and inventory management over a number of years. The business is now at an inflection point where it will start to self-fund an aggressive organic growth plan along with some bolt on acquisitions. Management is also targeting a substantial improvement in overall operating margins which will be assisted by scale and pricing initiatives.

Number of companies	44
Top 5 Holdings % of NAV	32.8%
Top 10 Holdings % of NAV	49.1%
Top 20 Holdings % of NAV	70.4%
Cash Position % of NAV	8.2%

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.

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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/>