

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/12/2024

latest unit price \$1.8162 (Cum-distribution)	return since inception (March 2012) 264.17%	return 1 month 3.03%
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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.

\$1.3226 Total Cash and Franking Credits RETURNED SINCE INCEPTION

Cash Distribution History as at FY24 (cents per unit)

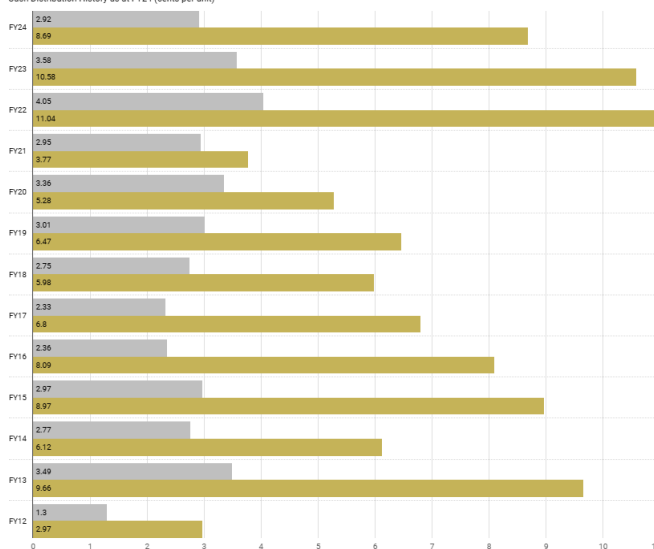


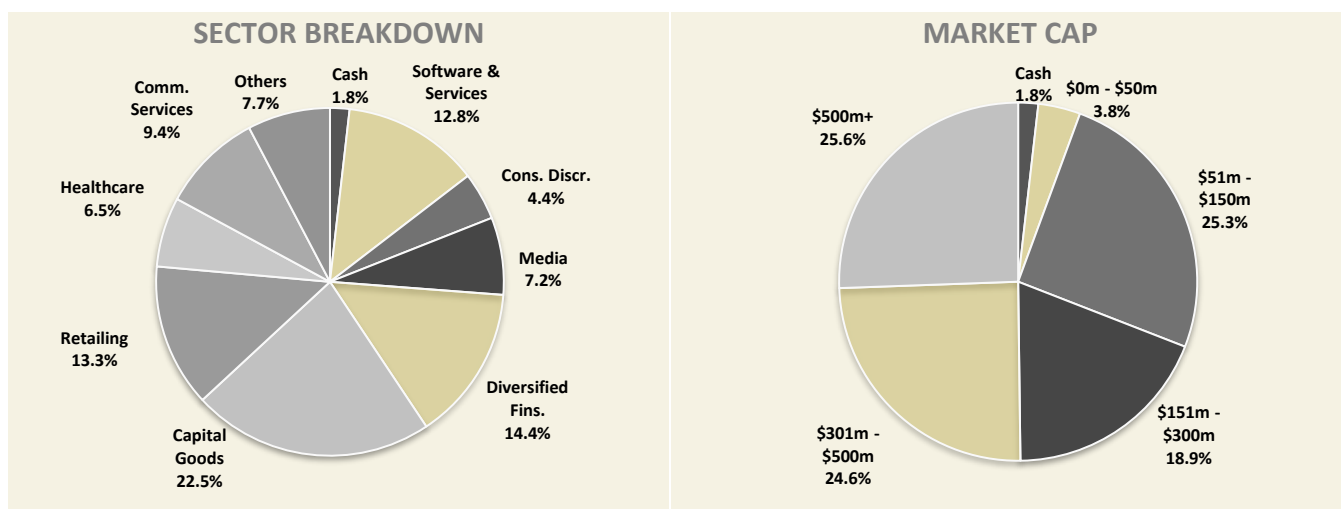
Chart: High Income Value Microcap Fund - Get the data - Created with Datawrapper

Current Forecast Grossed Up Dividend Yield

+6.09%**

**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	264.17%	10.60%	10.40%	9.24%	8.51%	4.28%	7.17%	3.03%



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MARKET UPDATE AND COMMENTARY

China's slowing economic growth is expected to face greater pressure in 2025, as a new Trump administration is likely to impose trade tariffs on Chinese imports, potentially ranging from 20% to as high as 60%. The US accounts for approximately 15% of China's exports, and exports overall contribute roughly 20% to China's GDP. The risk of negative fallout from a trade war with the US is significant, and China will need to address its structural economic challenges sooner rather than later. China's economy continues to grapple with a bloated export sector, an oversized property and construction sector, and insufficient growth in domestic consumption, which currently represents only 55% of GDP. Additionally, youth unemployment remains unacceptably high. On the positive side, China retains a wide array of stimulus options that have yet to be deployed, providing the People's Bank of China and other institutions with considerable flexibility and optionality. Domestically, attention will turn to the Reserve Bank of Australia (RBA), which is scheduled to meet in February 2025. We see little likelihood of the RBA lowering rates at that meeting, given the trimmed mean inflation data from November and a labour market that remains exceptionally tight, particularly in view of participation rate which at 67.1% continues to be near all-time highs.

Microequities High Income Value Microcap Fund returned 3.03% in December; this brings the total return net of fees to 264.17% for the Fund since inception in March 2012.

With 41 investee companies across the High Income Value Microcap Fund portfolio, above our self-imposed 40 limit, we are unlikely to be adding any new investments until we make a divestment. Currently we have no compelling reason to divest out of any of the 41 businesses, so it means from an activity perspective December was a slow month with no new entries or exits.

From a news flow perspective, one of the companies in the software & services of sector upgraded its financial guidance for FY25, which triggered a rally in its share price. Additionally, **GTN Ltd (ASX:GTN)** provided a positive update on its capital management plans. The company secured a \$35m facility from the CBA and given the company has no net debt and \$23.6m in cash, the business will now have plenty of excess capital. The board has flagged that it has an internal working group to assess capital management options to return capital to shareholders. We welcome the flagged intent. **We have upgraded portfolio EPS forecasts for the Fund for both FY25 and FY26.**

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+11.1%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+10.5%

Number of companies	41
Top 5 Holdings % of NAV	35.7%
Top 10 Holdings % of NAV	54.3%
Top 20 Holdings % of NAV	78.0%
Cash Position % of NAV	1.8%

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.