

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



Microequities Asset Management

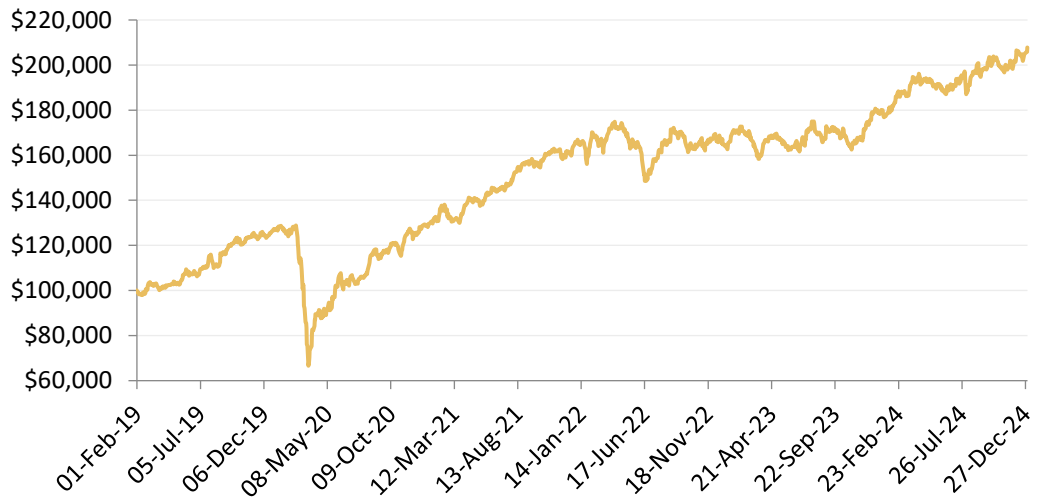
MONTHLY PERFORMANCE AS AT 31/12/2024

latest unit price (exit price) \$1.5938	return since inception (Feb 2019) 107.80%	return 1 month 2.88%
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FUND OUTLINE

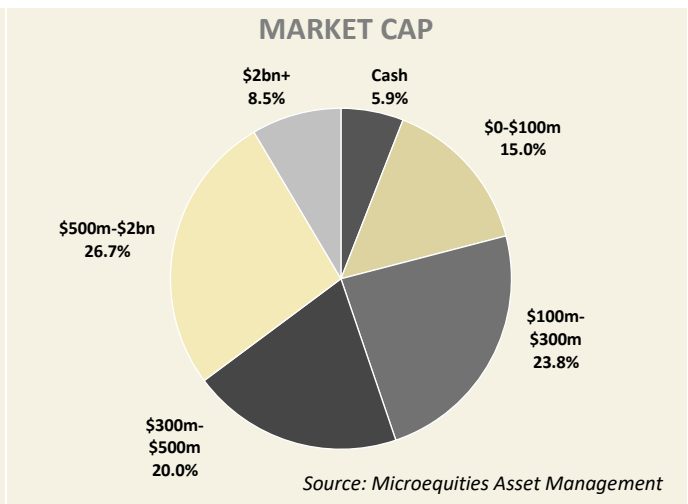
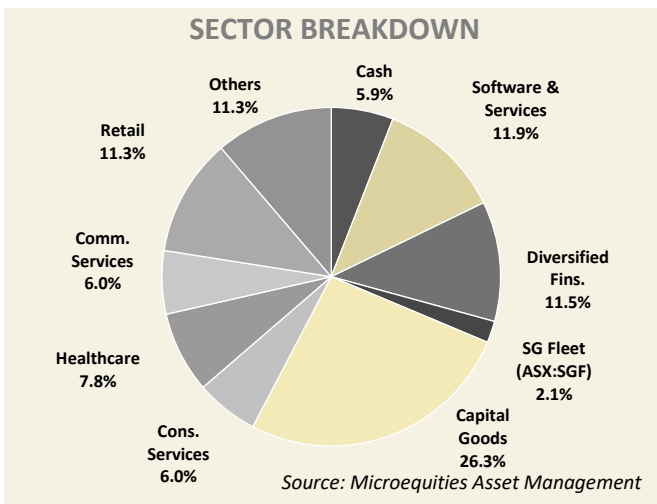
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies. This fund is appropriate for investors with "High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the 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 > \$207,801



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)	13.16%	107.80%	10.39%	7.90%	12.39%	15.41%	2.88%



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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 Value Income Fund returned 2.88% net of fees in December; this brings the total return net of fees to 107.80% for the Fund since inception in February 2019.

Several portfolio companies provided out of cycle trading updates:

- Enterprise software company upgraded FY25 guidance by 15% at the midpoint. The company will recommence dividend payments at the 1H25 result along with a sizeable capital return given the company's strong financial turnaround and overcapitalised balance sheet.
- A 2nd enterprise software company confirmed it will achieve towards the top end of the previously provided earnings guidance range. New management have swiftly divested non-core divisions and taken costs out. This business has a dominant position in its vertical and should be achieving much better than its current 20% cash EBITDA margins.
- Software company acquired a smaller competitor adding circa 20% to its client numbers and revenue by 10%. We deem this a well-priced, low risk acquisition that increases its strategic value.

Number of companies	44
Top 5 Holdings % of NAV	33.0%
Top 10 Holdings % of NAV	49.8%
Top 20 Holdings % of NAV	71.4%
Cash Position % of NAV	5.9%

Disclaimer: This communication has been prepared and issued by Microequities Asset Management Pty Ltd ABN 96 134 984 768 AFSL 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/>