

HIGH INCOME

VALUE MICROCAP FUND



MONTHLY PERFORMANCE AS AT 31/01/2025

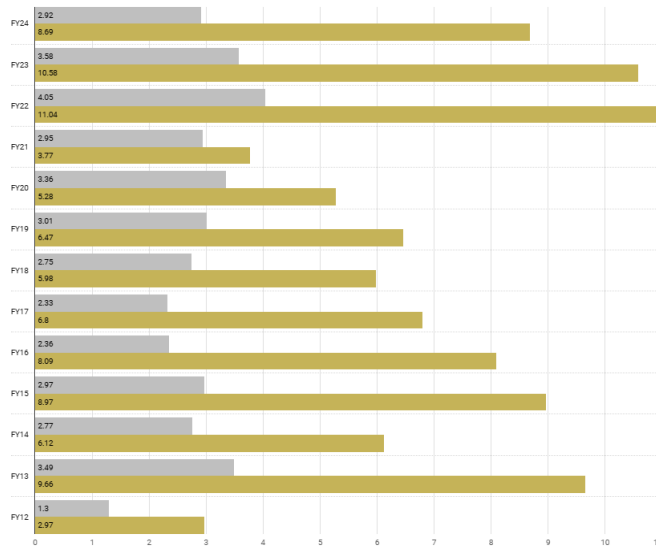
latest unit price \$1.7694 (Cum-distribution)	return since inception (March 2012) 255.77%	return 1 month -2.31%
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FUND OUTLINE

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)

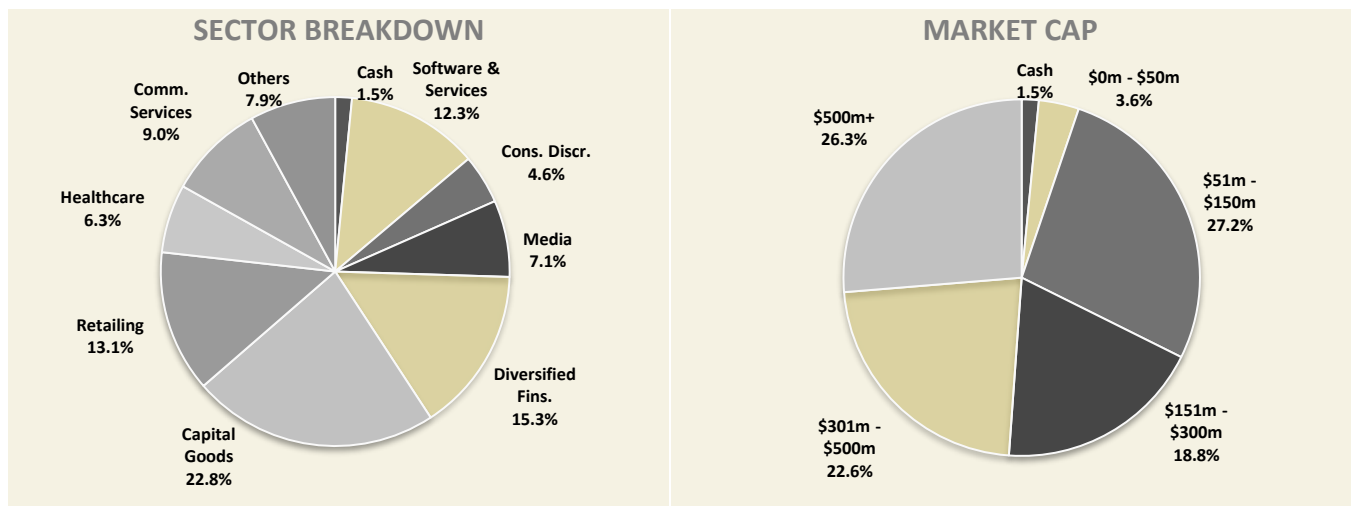


Current Forecast Grossed Up Dividend Yield

+6.02%**

**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	255.77%	10.32%	9.21%	8.93%	8.03%	5.32%	4.19%	-2.31%



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MARKET UPDATE AND COMMENTARY

Whilst world equity markets, particularly the US, attempted to understand and price the long-term consequences of effective Chinese AI competition, the development has little consequence in our technology assets which are not directly in the business of engineering generative AI and large language models. Our interests in technology are in specific niche B2B industry verticals and cybersecurity software. The future developments of AI will however transform society and all industries in what is a fascinating field and the mother of all revolutions. In Europe, the ECB cut rates for the fifth time to 2.75%, recognising that monetary policy remains restrictive in face of economic headwinds and weakening inflationary pressures. The ECB is likely to cut rates by another 100 basis points over the course of 2025. On rate cuts, Australia's RBA remains one of the very few remaining central banks yet to cut. However, that may change given a much-improved CPI print during the month which saw headline inflation fall to 2.4% whilst core inflation fell from 3.5% to 3.2%, bolstering the chances of a rate cut at next month's RBA meeting.

Microequities High Income Value Microcap Fund returned -2.31% in January; this brings the total return net of fees to 255.77% for the Fund since inception in March 2012.

Mining drilling services company, **Mitchell Services (ASX:MSV)** provided a 2QFY25 financial update during the month. Total operating rigs averaged 64 compared to 75 in the PcP, whilst revenue declined by 17.9% to \$46.7m and EBITDA fell by 65.9% to \$5.6m. EBITDA cash flow conversion was 85.6%. The company has already flagged that during 1QFY25 it had experienced a trough in operating rigs to 61, and whilst operating rigs increased to 66 by Q2, it meant that revenue and earnings for 1H25 was impacted. Looking at the full financial year, rig count and earnings should be materially stronger in 2H25, though FY25 will still be a transition year. We remain committed to Mitchell Services and deem the business to be highly undervalued and the business enjoys a highly sanitised balance sheet with a management team focused on efficient capital management.

Invoice funder **Earlypay Ltd (ASX:EPY)** responded to media speculation that it might be up for sale. In an ASX announcement late in the month the company confirmed it had appointed Highbury Partnership as advisors for the purposes "strategic initiatives". Earlypay Ltd represents 1.5% of the assets of the High Income Value Microcap Fund.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+10.0%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+10.5%

Number of companies	41
Top 5 Holdings % of NAV	35.5%
Top 10 Holdings % of NAV	55.0%
Top 20 Holdings % of NAV	78.5%
Cash Position % of NAV	1.5%

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.