

MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



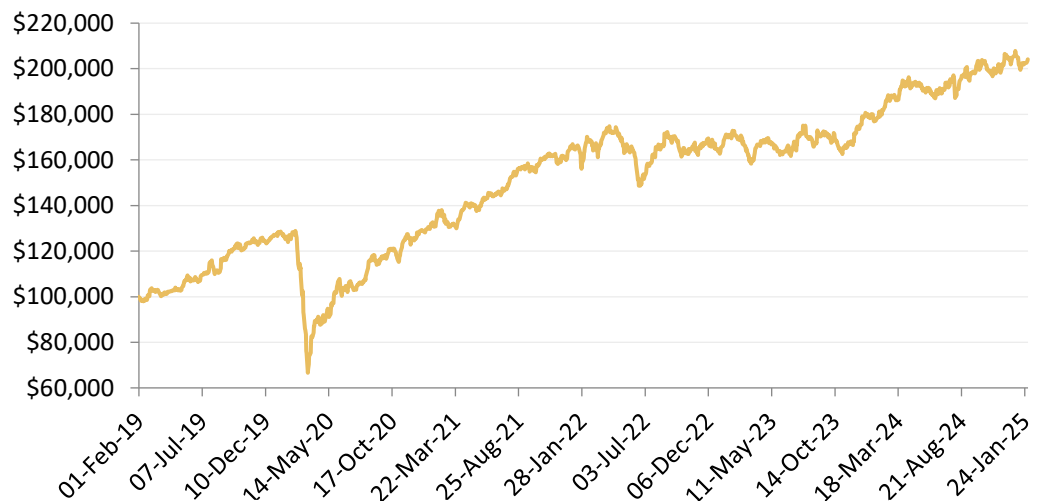
MONTHLY PERFORMANCE AS AT 31/01/2025

latest unit price (exit price) \$1.5411 Ex-distribution	return since inception (Feb 2019) 104.14%	return 1 month -1.76%
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FUND OUTLINE

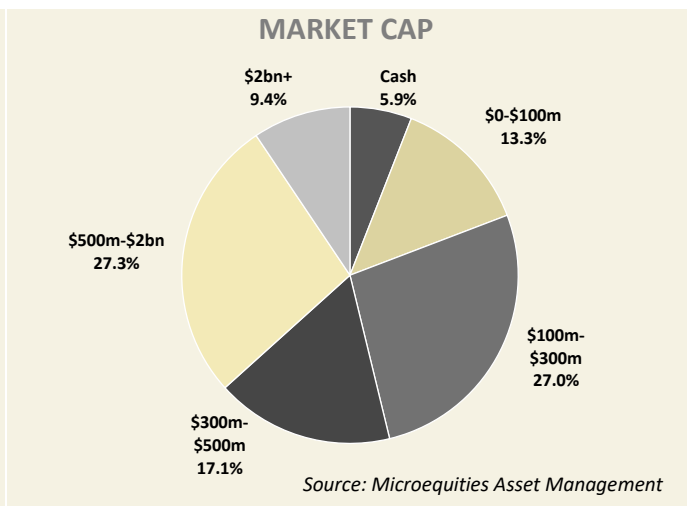
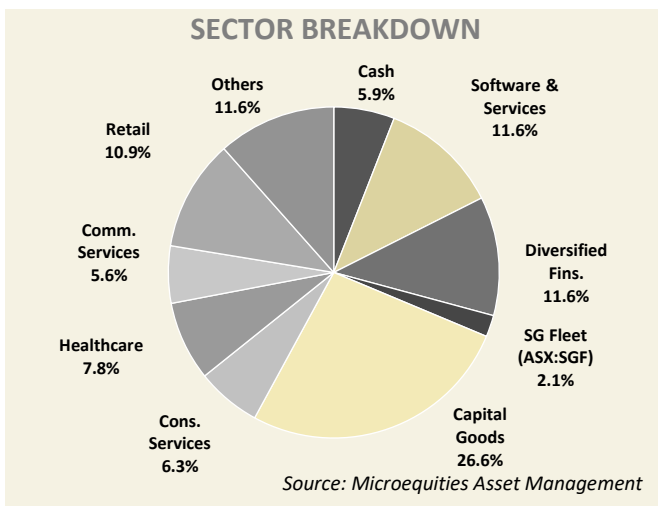
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies. This fund is appropriate for investors with "High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the 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 > \$204,137



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)	12.63%	104.14%	10.08%	8.51%	9.77%	12.64%	-1.76%



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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 Value Income Fund returned -1.76% net of fees in January; this brings the total return net of fees to 104.14% for the Fund since inception in February 2019.

A number of portfolio companies provided updates during the month:

- Enterprise software company **Bravura Solutions (ASX:BVS)** paid shareholders a capital return of 16.3c per share owing to its strong balance sheet after a remarkable 18 month turnaround under the new management team.
- Industrial distribution business 1H trading update was below expectations with revenue and EBITDA largely flat on pcp. End customer markets are mixed, the NZ market remains weak and internal IT projects created distractions. However, this business operates within a fragmented sector and will continue its organic branch rollout strategy and improving operating margins through scale and purchasing power strategies.
- Invoice finance, equipment finance and trade finance company **Earlypay (ASX:EPY)** was subject of a media article noting it appointed corporate advisers to effectively sell the business. Previously in November 2024, Earlypay provided EPS guidance for 2.2cps or 28% higher than pcp. The current share price represents 10x PE for FY25 and we think there could be a range of acquirers from PE to strategics in SME focused banks or competitors such as Scottish Pacific.
- Enterprise software business in the financial services sector during the month exited its troubled superannuation administration business to competitor Apex Group. It will release \$40m cash plus potentially up to a further \$20m subject to revenue milestones. More importantly it will free this business from increasing regulatory burdens where the business lacked scale to deliver profitability and allows it to focus on its core software business units.

Number of companies	44
Top 5 Holdings % of NAV	32.7%
Top 10 Holdings % of NAV	49.1%
Top 20 Holdings % of NAV	70.6%
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 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/>