

# MICROEQUITIES VALUE INCOME FUND

ARSN 629 674 175



Microequities Asset Management

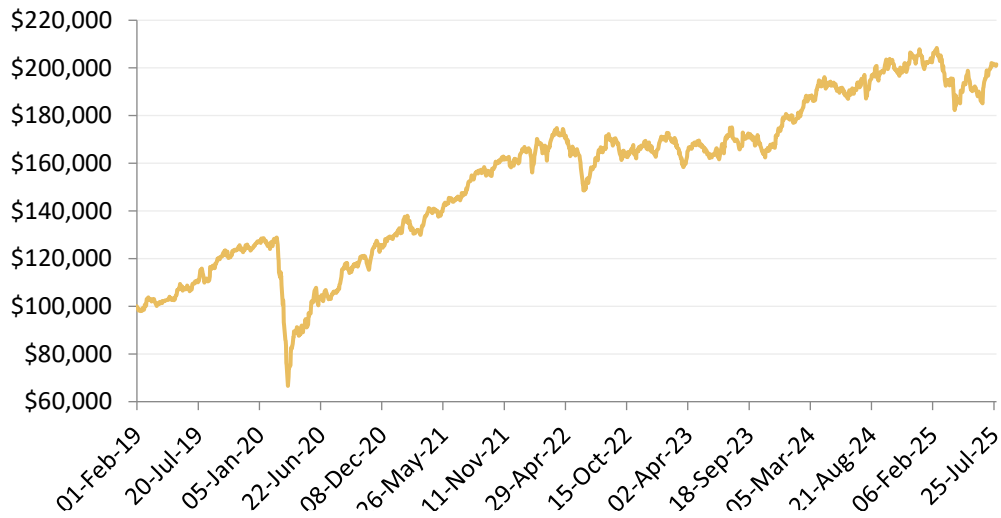
## MONTHLY PERFORMANCE AS AT 31/07/2025

|   |   |                                |
|---|---|--------------------------------|
| latest unit price (exit price)<br><b>\$1.4939</b> | return since inception (Feb 2019)<br><b>101.49%</b> | return 1 month<br><b>3.09%</b> |
|---|---|--------------------------------|

### FUND OUTLINE

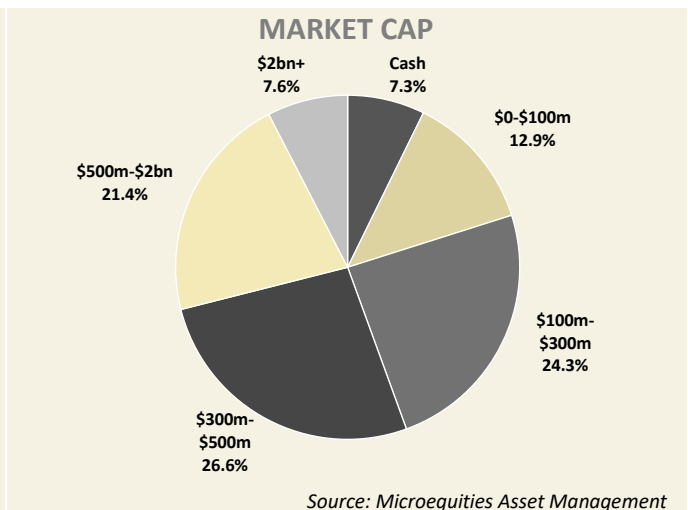
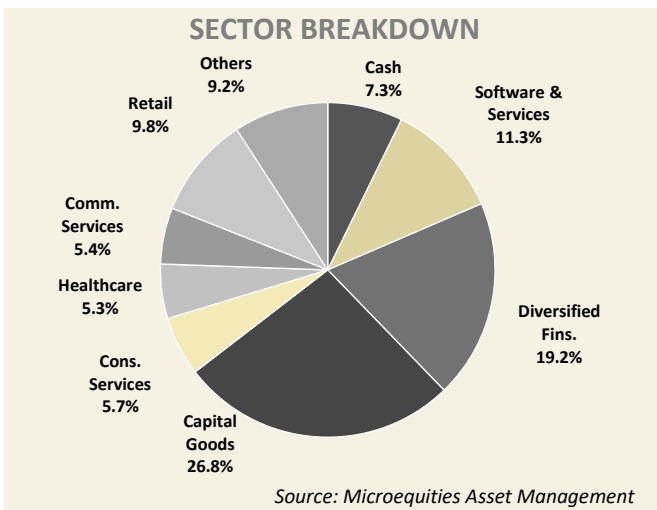
The Microequities Value Income Fund ("VIF") (ARSN 629 674 175) is a retail fund investing in high dividend paying, undervalued, ASX smaller companies. This fund is appropriate for investors with "High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the 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 > \$201,488



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      |
|--|-------------------------------|-----------------------|------------------------|------------------------|------------------------|--------------|--------------|
| <b>Microequities Value Income Fund (VIF)</b> | <b>11.38%</b>                 | <b>101.49%</b>        | <b>13.74%</b>          | <b>6.76%</b>           | <b>7.36%</b>           | <b>2.54%</b> | <b>3.09%</b> |



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## MARKET UPDATE AND COMMENTARY

US trade developments continue to reverberate through financial markets. During the month, the US and EU announced the framework of a new trade deal that will see most European imports covering approximately 70% of EU exports to the US subjected to 15% tariffs. This will affect around €780 billion worth of trade. However, both parties also agreed to remove tariffs on roughly €70 billion in trade, including aircraft and components, critical raw materials, and certain semiconductor equipment. Meanwhile, an extension of the current tariff pause between the US and China has yet to be confirmed. US trade representatives are expected to report back to the President on whether to approve an extension. The existing pause is set to expire on August 12 unless renewed. In Australia, the Reserve Bank of Australia (RBA) surprised financial markets, economists, and Microequities by holding rates steady at its July meeting, despite slowing inflation data. Subsequent employment and CPI figures released during the month have further strengthened the case for a rate cut. We expect the RBA to announce a cut to rates at its next board meeting in August.

**Microequities Value Income Fund returned 3.09% net of fees in July; this brings the total return net of fees to 101.49% for the Fund since inception in February 2019.**

- We are pleased to report that during the month, the **Value Income Fund** paid a **final distribution of 2.64 cents** for FY25. This brings the total FY25 distributions to **5.16 cents**. The Fund continues to successfully meet its dual objectives: delivering long-term capital growth while also providing investors with regular distributions. The Fund has now paid 13 semi-annual consecutive distributions since inception of the Fund in February 2019.
- The Fund exited grocery wholesaler **Metcash (ASX:MTS)** as we felt the recent share price rise towards fair value afforded us better risk reward opportunities elsewhere in the portfolio. We also exited long term holding **XRF Scientific (ASX:XRF)** as near term valuation multiples exceeded 27x PE for what traditionally can be a cyclical business. We initially invested in this company in 2019 after watching the business for more than 10 years before that time. It is run conservatively by an excellent management team that during our investment tenure grew from \$29m revenue and \$2.1m NPAT in FY19 to circa \$60m revenue and \$10m NPAT in FY25. Market capitalisation in that time has risen from \$27m to \$270m.
- Some of the proceeds from the sales above were re-directed to topping up two holdings in payment services and asset maintenance services. The first is an infrastructure style business leveraged to rising digital payment volumes and new forms of payments. It also has no direct exposure to the recent RBA proposed bans on surcharging. The second business is in asset maintenance services and has a significant exposure to rising spend in the defence sector. We estimate the first company is trading at circa 14.5x PE FY26 with upside from potential acquisitions. The second company is trading at circa 12.5x FY26 PE.
- Investors should note the Fund is aiming to generate dividend income and capital growth by investing in a diverse range of businesses, each with company specific growth agenda. Our top 5 holdings range from specialist retail to aviation services to enterprise software, wholesale distribution and asset maintenance.

|                                 |              |
|---------------------------------|--------------|
| <b>Number of companies</b>      | <b>45</b>    |
| <b>Top 5 Holdings % of NAV</b>  | <b>30.2%</b> |
| <b>Top 10 Holdings % of NAV</b> | <b>45.8%</b> |
| <b>Top 20 Holdings % of NAV</b> | <b>68.2%</b> |
| <b>Cash Position % of NAV</b>   | <b>7.3%</b>  |

**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.

This communication contains general information only and does not take into account investment objectives, financial situation or needs of any particular individual or entity. It does not constitute financial, tax or legal advice, nor is it an offer, invitation or recommendation to subscribe or purchase a unit in the Fund or any other financial product. Before acting on any information contained in this communication, you should consider whether it's appropriate to you, in light of your objectives, financial situation or needs.

While every effort has been made to ensure the information in this communication is accurate; its accuracy, reliability or completeness is not guaranteed and none of The Trust Company (RE Services) Limited (ACN 003 278 831), Microequities Asset Management Pty Ltd or any of their related entities or their respective directors or officers are liable to you in respect of this communication. A Product Disclosure Statement (PDS) issued in September 2022 is available for the Fund on the following website: <http://microequities.com.au/valueincomefund>

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/>