

## MONTHLY PERFORMANCE AS AT 31/05/2025







Latest Unit Price	Return Since Inception	Return 1 Month	Monthly Currency Impact
<b>\$1.1250</b>	<b>12.50%</b>	<b>6.74%</b>	<b>TAILWIND LOW (0-1%)</b>

### FUND OUTLINE

Fund Manager:

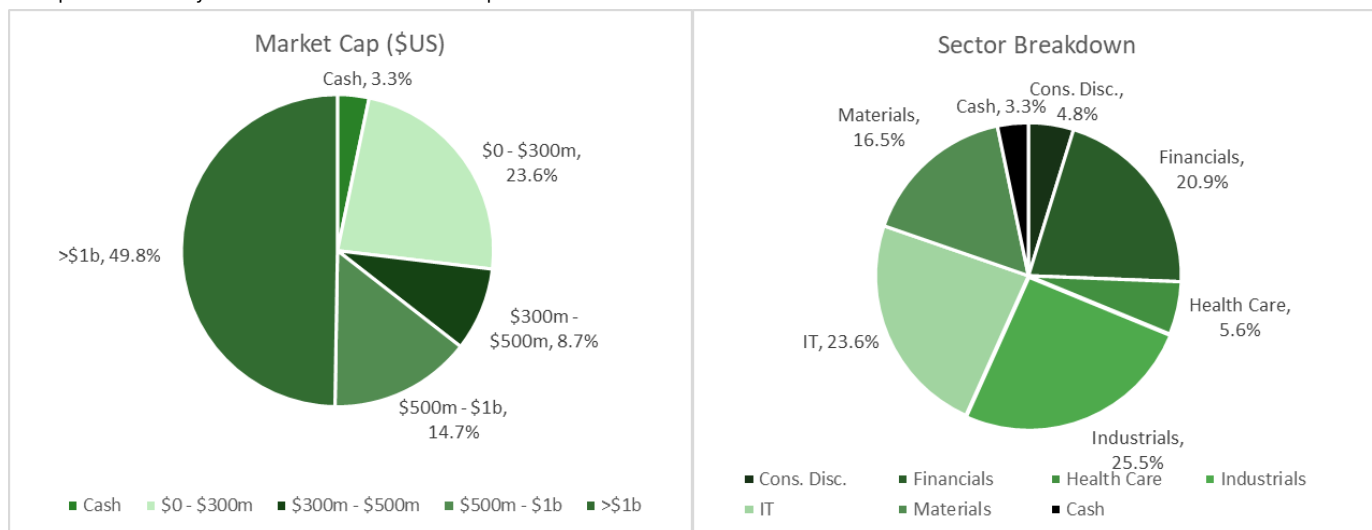
Declan McLenaghan (PM)

The Value Earth Fund is a wholesale fund investing in a portfolio of undervalued global companies that meet our minimum ESG criteria. Companies are located in developed economies around the world.

	Country Break Up	% of NAV
	Australia	19.8%
	Europe	17.0%
 	Nordics	9.9%
	United States	23.4%
	UK	11.7%
	Other	15.1%

	Total since inception*	6 Month	3 Month	1 Month
<b>VEF</b>	12.50%	3.03%	0.63%	6.74%
<b>Benchmark**</b>	11.80%	-3.27%	-1.55%	4.93%

\*Inception date 1 July 2024. \*\*MSCI World Small Cap in Australian Dollars



# VALUE EARTH FUND



## MARKET UPDATE AND COMMENTARY

The Trump administration's tariff regime continues to be a focal point for financial markets. The implementation of a 90-day pause on tariffs with China boosted market confidence that a deal may eventually be reached. Meanwhile, the U.S. first-quarter 2025 GDP figure was revised upwards from -0.3% to -0.2%. These numbers remain distorted, as the introduction of tariffs prompted a surge in imports that dragged down GDP. Later in the month, the U.S. Court of International Trade ruled that an emergency law invoked by the White House did not grant the President unilateral authority to impose tariffs. The decision was immediately appealed, and a U.S. federal appeals court temporarily suspended the lower court's order—allowing tariffs to remain in place during the appeal process.

Domestically, the RBA delivered a widely expected 25-basis-point rate cut, noting that inflation remains within its 2–3% target range and that underlying inflation is expected to ease. We believe the RBA will continue to lower rates and expect a further 50 basis points of cuts by the end of 2025.

## Value Earth Fund returned 6.74% in May.

During May, we added two new companies and exited one. Our exit was in a large cap US internet infrastructure business, sold as its valuation reached our estimate of intrinsic value. We invested in the company at the inception of the Fund, delivering a 74.3% IRR.

One addition to the Fund was a European manufacturer of reverse vending machines ('RVMs'), which collect recyclable materials for deposit return schemes. Revenue and EBITDA have grown by 207% and 492%, respectively, over the last 3 years driven by the first wave of deposit return scheme rollouts in Europe. The company is now gearing up for the second wave in Poland, Romania, Portugal and the UK. We expect robust sales and earnings growth over the coming years as the company expands in existing markets and enters new markets. The second addition is an ASX-listed payments business, with a formidable presence in hospitality and health verticals. While debit surcharging and a tough hospitality environment have been in focus, the company has shown solid growth in revenue and earnings, with growth opportunities in its current verticals and adjacent markets. Trading at c.6.5x FY25 EBITDA and with the payments market in Australia consolidating, we believe this company could be both a credible acquirer of smaller companies and potentially a target itself.

<b>Projected EPS Growth</b> 1-year forward (on a weighted basis)	11.4%
<b>Projected EPS Growth</b> 2-year forward (on a weighted basis)	33.2%

<b>Number of companies</b>	31
<b>Top 5 Holdings</b> % of NAV	32.49%
<b>Top 10 Holdings</b> % of NAV	51.53%
<b>Top 20 Holdings</b> % of NAV	80.03%
<b>Cash Position</b> % of NAV	3.27%

**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.