



CAPTURING VALUE  
DELIVERING RETURNS

19 February 2021

## ASX MEDIA RELEASE

### Microequities Asset Management Group Limited ("Microequities") NPAT +140%, Operating profit from investment management +127%, HY21 dividend increased by 100%

Continued strong absolute returns by our funds helped deliver an increase in NPAT of +140% to \$4.8m for HY21 versus \$2.0m in HY20. Pleasing investment performance across the product portfolio but in particular, our Global Value Microcap Fund and our domestic Pure Value Microcap Fund generated performance fees due to a strong uplift in market values. The investment management team has continued to identify an array of long-term growth investment opportunities for our clients.

#### Inflow/Outflow patterns continue to improve

Pleasingly inflow/outflow patterns have continued to improve markedly in the HY21 period and enquiry levels continue to strengthen. Funds Under management have increased by +11% on pcip and recurring revenue increased by 8%.

Summary Profit or Loss Statement (\$000's unless stated)	31 Dec 2020 \$	31 Dec 2019 \$	% change
<b>Funds Under Management (\$m)</b>	429.9	386.4	+11%
<b>Recurring Revenue<sup>1</sup></b>	3,297.9	3,040.7	+8%
<b>Ongoing Operating Expenses<sup>2</sup></b>	-1,266.6	-1,427.8	+11%
<b>Operating profit from recurring revenue</b>	2,031.3	1,612.9	+26%
<b>Performance fee Income</b>	3,325.9	750.5	+343%
<b>Operating profit from investment management</b>	<b>5,357.2</b>	<b>2,363.4</b>	<b>+127%</b>
<b>Interest revenue and other income</b>	78.6	150.4	-48%
<b>Other income and gains/(loss) on investments</b>	1,513.1	651.2	+132%
<b>Employee share-based payment expense</b>	-275.3	-219.8	-25%
<b>Tax expense</b>	-1,760.9	-816.5	-116%
<b>Profit attributable to non-controlling interests</b>	-127.3	-137.2	+7%
<b>Profit from ordinary activities after tax attributable to the owners of Microequities Asset Management Group</b>	<b>4,785.4</b>	<b>1,991.5</b>	<b>+140%</b>
<b>Client Numbers (units)</b>	742	745	-0.4%
<b>Ongoing operating expenses to recurring revenue</b>	38.41%	46.96%	-18%



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#### **1<sup>st</sup> Half Dividend increased to 2 cents per share**

The board of Microequities Asset Management Group Limited is pleased to declare a two cent per share fully franked dividend. The payment of a 2 cent dividend represents a 100% increase on the amount paid in the previous corresponding period. The dividend payment is consistent with the dividend policy of the company, which is to pay between 70% to 100% of the cash operating profit from the investment management operations.

#### **2HY21 to expand marketing and distribution footprint**

The Group has continued to review its sales and marketing activities with the objective of further improving on its growth trajectory. For the 2H21 we will be reshaping our marketing approach and upscaling our marketing and sales resources to increase market awareness and distribution reach of our investment funds.

#### **January 2021 trading update, outlook for FY21**

The business has started 2H21 strongly with January 2021 month unaudited, unreviewed profit before tax of approximately \$1.5m (based on management accounts). This figure includes a large component of income from performance fees which are volatile, unpredictable, and non-recurring in nature.

Whilst market volatility remains heightened and unlikely to temper over the short term, the investment management team remain underinvested in a significant number of excellent long term undervalued growth businesses that will drive long term performance for our investment funds. That observation may seem nugatory but finding quality investment opportunity sets is a crucial fundamental ingredient for the long-term economic prospects of the business. The investment ground remains highly fertile for long term investment returns. Operationally the management team will look to further strengthen the business and harness the growing momentum after what has been an excellent 1HFY21 result.

We take this occasion to thank our clients, shareholders and colleagues who work tirelessly alongside us as we endeavor to achieve our objectives.

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Carlos Gil  
Chief Executive Officer, Chief Investment Officer

19 February 2021

**This announcement has been authorised for release by the Board**

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