

# DEEP VALUE

## MICROCAP FUND

**MICROEQUITIES**  
ASSET MANAGEMENT

### MONTHLY PERFORMANCE AS AT 30/04/2016

latest unit price <b>\$4.1392</b>	return since inception (March 2009) <b>+458.03%</b>	return 1 month <b>+2.27%</b>	Morningstar rating* <b>★★★★★</b>
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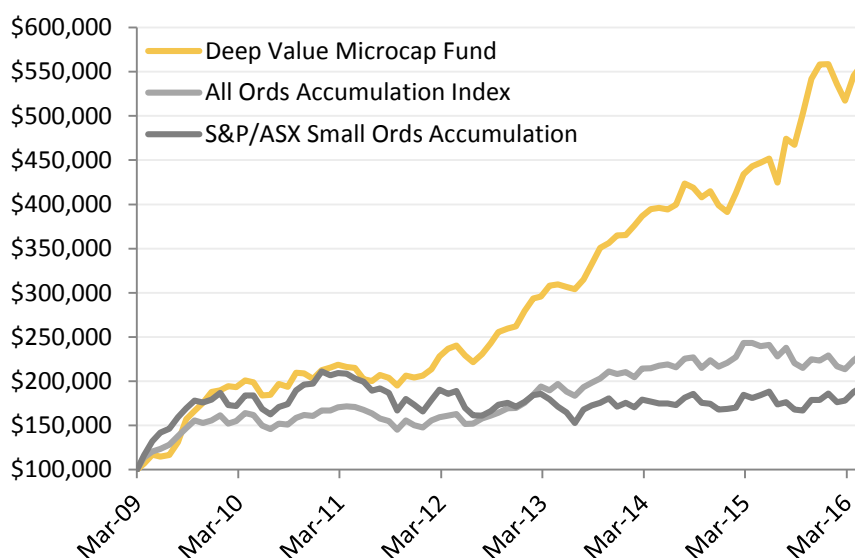
#### FUND OUTLINE

Fund Manager:

Carlos Gil (CIO)

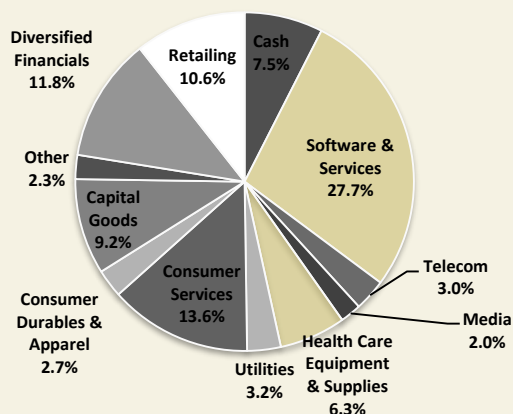
The Deep Value Microcap Fund is a wholesale fund investing in a concentrated portfolio of selected ASX listed microcap companies.

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$558,026**

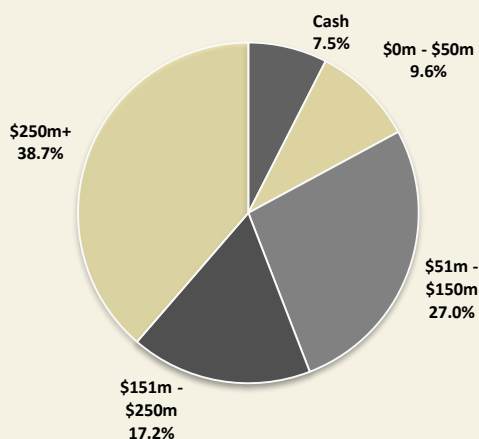


	1 Month	1 Year	3 Year	5 Year	7 Year	Total since inception	Compound p.a. since inception
<b>DVMF</b>	2.27%	24.86%	21.70%	21.00%	25.00%	458.03%	27.11%
<b>All Ords Accum</b>	3.24%	-3.65%	5.43%	6.22%	9.71%	130.95%	12.39%
<b>Outperformance</b>	-0.96%	28.51%	16.27%	14.78%	15.29%	327.08%	14.72%

#### SECTOR BREAKDOWN



#### MARKET CAP



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### MARKET UPDATE AND COMMENTARY

China's services sector continued to expand strongly during April with the nation's non-manufacturing PMI data coming in at 53.5 (expansionary is above 50). Whilst the headlines this week will likely focus on the manufacturing PMI which closed above 50 for the first time since June 2015, it is the strength of China's services sector that merits analysis. Most Western observers are failing to comprehend the structural transition taking place in China from a manufacturing led economy to a services led one, hence the erroneous focus on manufacturing. China's services sector expansion denotes a formative milestone in its economic development and will drive the shift towards a more consumer led economy versus an output driven one. The services sector will place pressure on the tightening labour market but it should also continue to underpin real wage increases, (China has one of the world's fastest real wage increase growth rates) a key ingredient in sustainable economic development and a consumer led economy.

**Microequities Deep Value Microcap Fund returned 2.27% versus the All Ordinaries Accumulation Index 3.24% in April; this brings the total return net of fees to 458.03% for the Fund since inception in March 2009 compared to 130.95% for the All Ordinaries Accumulation Index.**

Due to the relatively high cash position and the strong cash inflows received during the month, the Deep Value Fund will temporarily suspend raising further capital until such time we deem that we can deploy a sizeable portion of our cash position within our strict value investment ethos. We are still targeting a small number of investment opportunities within the current portfolio of current business partnerships. Deploying the current cash amongst these opportunities will depend on whether we can buy at market valuations that are disconnected to their intrinsic valuations. With patience and time, the shortcomings of the market as a proficient valuer and the fallibilities of market participants will provide us with these opportunities. You can bank of the inevitability of inefficient capital markets outcomes.

<b>Projected EPS Growth FY16</b> (on a weighted basis)	<b>+25.5%</b>
<b>Projected EPS Growth FY17</b> (on a weighted basis)	<b>+34.0%</b>

<b>Number of companies</b>	<b>36</b>
<b>Top 5 Holdings</b> % of NAV	<b>34.3%</b>
<b>Top 10 Holdings</b> % of NAV	<b>52.0%</b>
<b>Top 20 Holdings</b> % of NAV	<b>78.6%</b>
<b>Cash Position</b> % of NAV	<b>7.5%</b>

**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 Ltd 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.

(\*) The Morningstar Rating is an assessment of a fund's past performance – based on both return and risk – which shows how similar investments compare with their competitors. A high rating alone is insufficient basis for an investment decision. © 2015 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'class service' have been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. Refer to our Financial Service Guide (FSG) for more information at [www.morningstar.com.au/s/fsg.pdf](http://www.morningstar.com.au/s/fsg.pdf). You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement (Australian products) or Investment Statement (New Zealand products) before making any decision to invest.