

DEEP VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 30/04/2017

latest unit price \$4.4861	return since inception (March 2009) 512.31%	return 1 month -3.07%	Morningstar rating* ★★★★★
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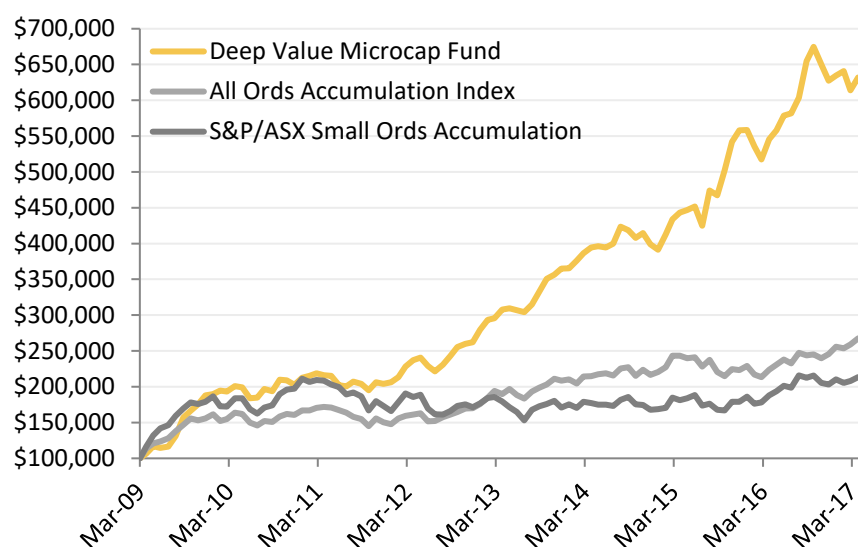
FUND OUTLINE

Fund Manager:

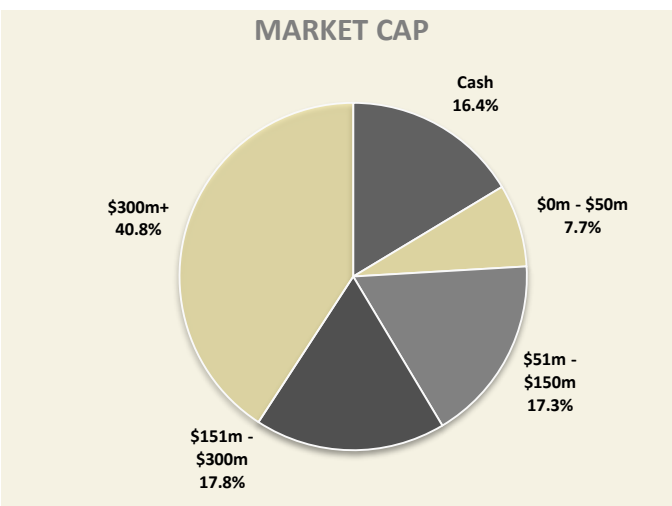
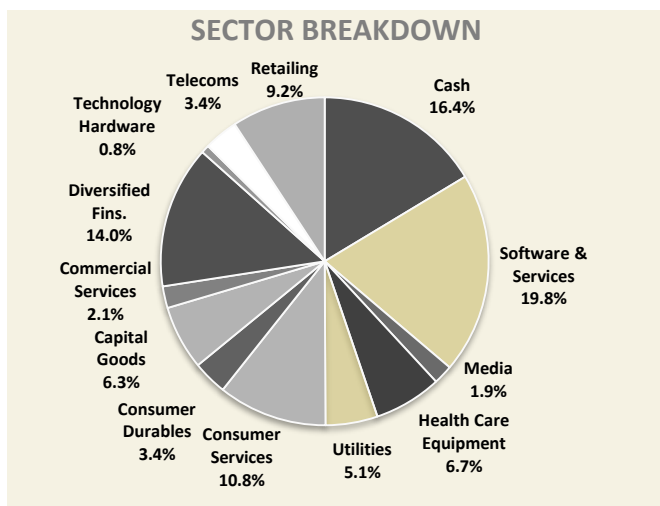
Carlos Gil (CIO)

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 > **\$612,307**



	1 Month	1 Year	3 Year	5 Year	7 Year	8 Year	Total since inception	Compound p.a. since inception
DVMF	-3.07%	9.73%	15.62%	20.55%	17.42%	22.98%	512.31%	24.84%
All Ords Accum	0.78%	16.65%	7.38%	10.58%	7.54%	10.55%	169.39%	12.90%
Outperformance	-3.85%	-6.92%	8.24%	9.97%	9.88%	12.43%	342.92%	11.94%



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MARKET UPDATE AND COMMENTARY

It would be imprudent to draw many conclusions from last month's 1st quarter US GDP numbers. The headline annual growth figure of 0.7% growth might suggest a slowing US economy but GDP numbers are a lagging indicator and are volatile on a quarter to quarter basis. There are certainly no other meaningful indicators that the US economy is weakening. In fact, significant forward looking indicators point to a further strengthening of the economy. The sustainability of a consumer led economy is wage growth; and wage growth is growing in the US. The employment cost index rose 0.8% in the quarter and wages and salaries have risen 2.5% over the year. With a labour market that continues to tighten, the US consumer will have a strong impetus to consume. Across China, the hybrid economy continues its robust growth. Loosening credit conditions and fiscal stimuli via infrastructure spending mean it's likely to growth at 6%+ in 2017. The credit imbalances and soundness of the financial sector however continue to pose medium term risks for the economy.

Microequities Deep Value Microcap Fund returned -3.07% versus the All Ordinaries Accumulation Index 0.78% in April; this brings the total return net of fees to 512.31% for the Fund since inception in March 2009 compared to 169.39% for the All Ordinaries Accumulation Index.

The month saw one business partnership put a surprisingly weak second half financial update. Though the business partnerships had a small weighting in the fund (less than 3.5%) the resulting share price decline affected the overall performance of the fund during the month.

Over the next three months the Deep Value Fund we will divest some of our smallest weighted business partnerships as we make way for two new Microcap business partnerships in the utility and professional services industries. The net effect of these two business acquisitions and various disposals should see only a marginal decrease in the Funds overall cash position of 16.4%. The Fund will continue to hold relative high levels in cash as it upholds its disciplined investment criterion.

Projected EPS Growth FY17 (on a weighted basis)	+19.6%
Projected EPS Growth FY18 (on a weighted basis)	+22.0%

Number of companies	40
Top 5 Holdings % of NAV	31.9%
Top 10 Holdings % of NAV	48.3%
Top 20 Holdings % of NAV	68.5%
Cash Position % of NAV	16.4%

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. © 2017 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. 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.