

DEEP VALUE

MICROCAP FUND

MICROEQUITIES
ASSET MANAGEMENT

MONTHLY PERFORMANCE AS AT 29/02/2016

latest unit price \$3.8383	return since inception +417.46%	return 1 month -3.42%	Morningstar rating* ★★★★★
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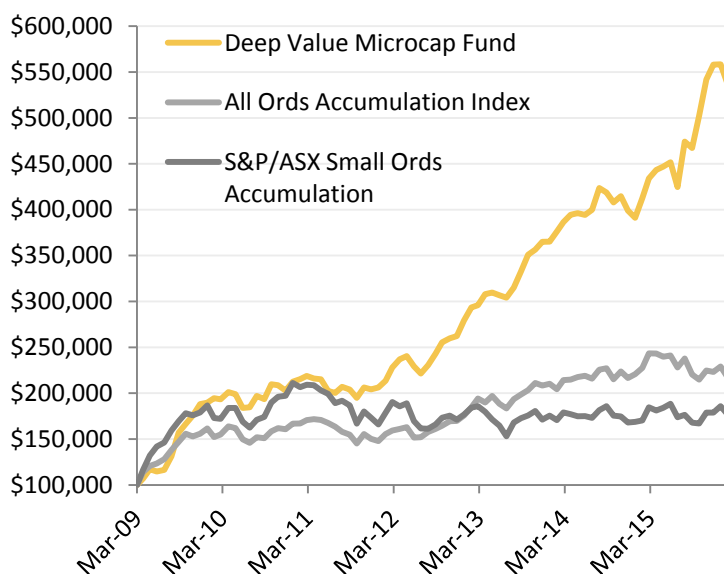


FUND OUTLINE

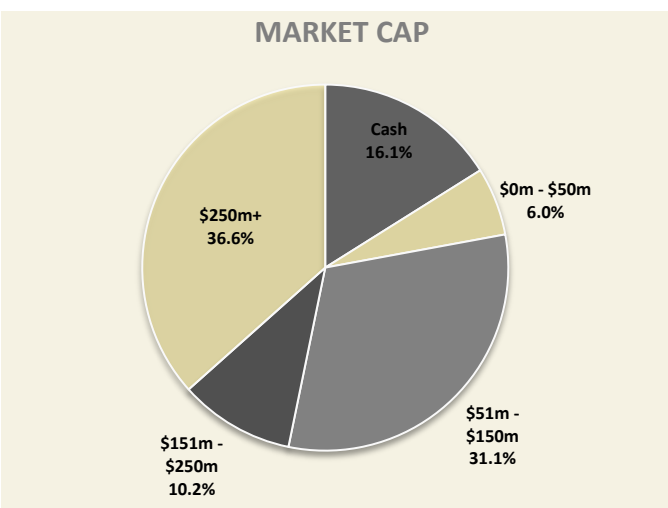
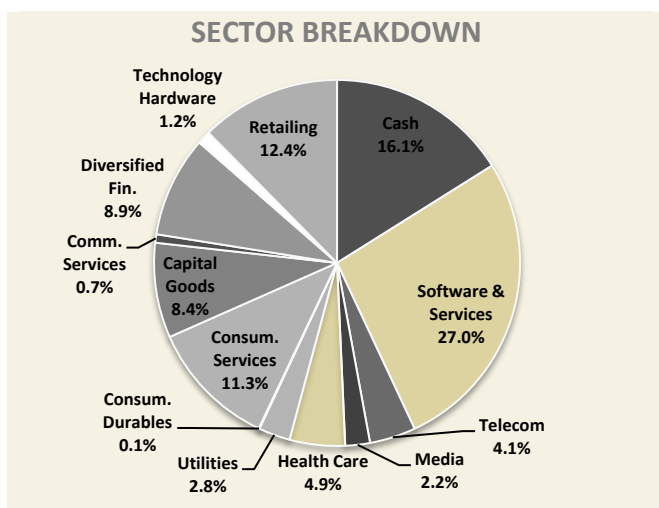
Fund Manager:
Carlos Gil (CIO)

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 > **\$517,460**



	1 Month	1 Year	3 Year	5 Year	6 Year	Total since inception	Compound p.a. since inception
DVMF	-3.42%	19.23%	20.48%	18.79%	17.83%	417.46%	26.47%
AOAI	-1.47%	-12.23%	3.23%	4.59%	5.50%	113.58%	11.45%
Outperformance	-1.94%	31.46%	17.25%	14.21%	12.32%	303.88%	15.02%



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MARKET UPDATE AND COMMENTARY

Whilst we expect Australia's economy to continue to grow at trend-like growth rates between 2.0-2.5% for 2016, the likelihood of an interest rate rise during this year has been lowered. We therefore expect to continue to enjoy an expansionary monetary policy with the consequent benign interest rate environment that can best be defined as "lower for longer". By any objective assessment Australia is managing its post-resources boom transition with admirable robustness, with many services industries enjoying strong demand growth.

Microequities Deep Value Microcap Fund returned -3.42% versus the All Ordinaries Accumulation Index -1.47% in February; this brings the total return net of fees to 417.46% for the Fund since inception in March 2009 compared to 113.58% for the All Ordinaries Accumulation Index.

February was reporting season for most of our business partnerships. We have summarised the financial performance of the businesses relative to our expectations in the table below.

1 st Half Financial Performance of Deep Value Constituents	
Exceeded Our Expectations % of NAV	29.8%
Met Our Expectations % of NAV	40.0%
Below Our Expectations % of NAV	11.1%
Reports during other periods % of NAV	3.0%
Cash Position % of NAV	16.1%

Overall, whilst we had a few disappointments it was a solid and pleasing reporting season. Our two biggest investment partnerships reported numbers in excess of our expectations.

Projected EPS Growth FY16 (on a weighted basis)	+29.5%
Projected EPS Growth FY17 (on a weighted basis)	+30.8%

Number of companies	
35	
Top 5 Holdings % of NAV	33.5%
Top 10 Holdings % of NAV	50.3%
Top 20 Holdings % of NAV	73.1%
Cash Position % of NAV	16.1%

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. 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.