

DEEP VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 28/02/2017

latest unit price \$4.4985	return since inception (March 2009) 514.00%	return 1 month -4.19%	Morningstar rating* ★★★★★
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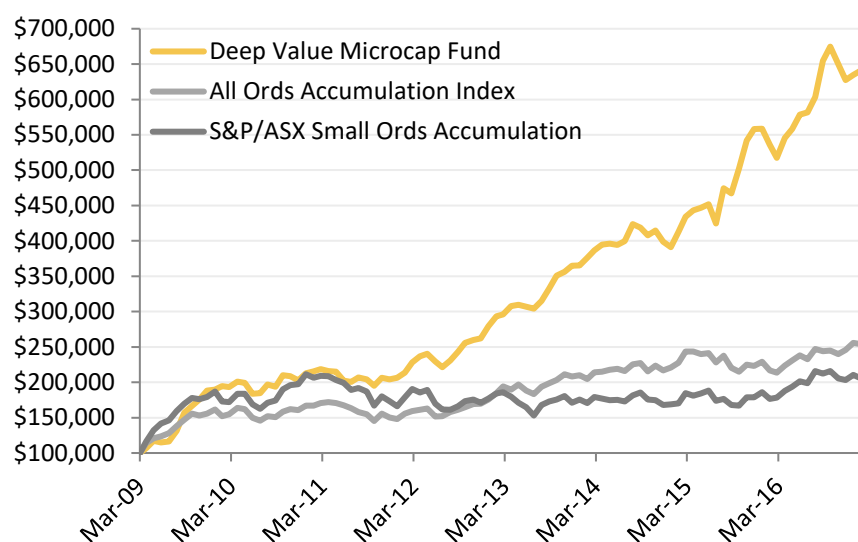
FUND OUTLINE

Fund Manager:

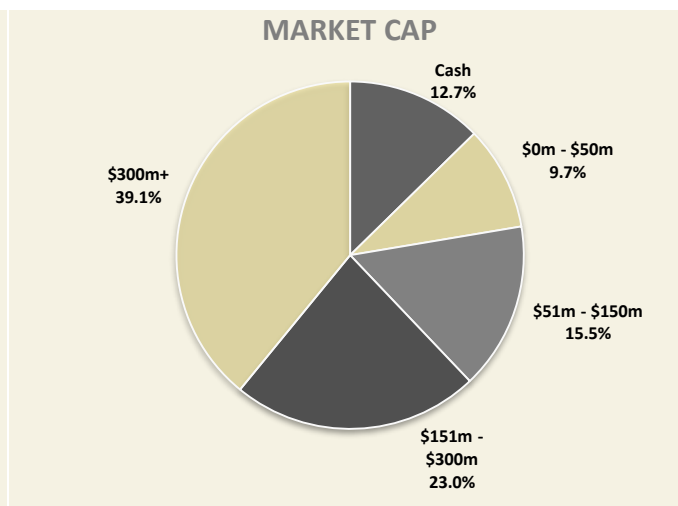
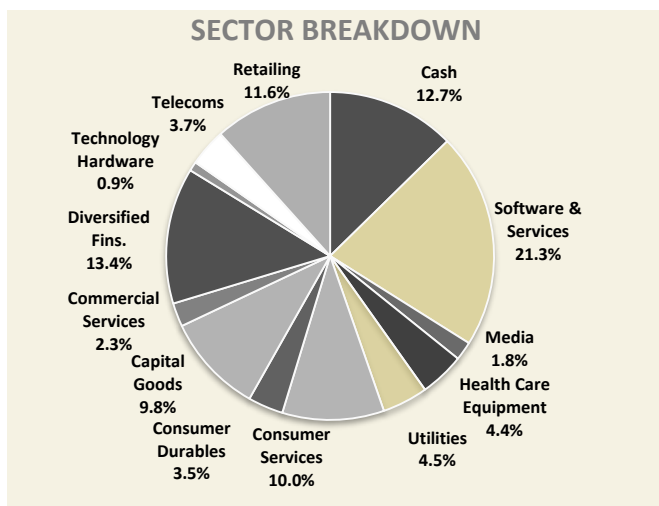
Carlos Gil (CIO)

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 > **\$614,000**



	1 Month	1 Year	3 Year	5 Year	7 Year	8 Year	Total since inception	Compound p.a. since Inception
DVMF	-4.19%	18.66%	16.69%	21.91%	17.95%	25.46%	514.00%	25.46%
All Ords Accum	2.09%	21.33%	6.54%	10.22%	7.63%	12.64%	159.13%	12.64%
Outperformance	-6.28%	-2.67%	10.15%	11.69%	10.32%	12.82%	354.87%	12.82%



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MARKET UPDATE AND COMMENTARY

US President Donald Trump will shortly address Congress and the speech is expected to provide greater details around economic policy. We expect Trump's policy will boost the US economy through a combination of income tax cuts and infrastructure spending. The Trump administration has inherited a resurging US economy with strong employment and real wage growth. Trump will look to implement a protectionist nationalist economic doctrine which risks a protectionist reaction from its major trading partners.

Microequities Deep Value Microcap Fund returned -4.19% versus the All Ordinaries Accumulation Index 2.09% in February; this brings the total return net of fees to 514.00% for the Fund since inception in March 2009 compared to 159.13% for the All Ordinaries Accumulation Index.

The reporting season saw 38 of our total 39 business partnerships report their operating and financial performance in February or provide equivalent earnings guidance. We would qualify the reporting season as satisfactory but not outstanding. Out of the 11 businesses that missed our profit expectations, 3 of them represented weightings of 3% or more. As a percentage of the fund invested assets 72.2% of our business partnerships met our earnings expectations.

1H17 Financial Performance of Deep Value Microcap Fund Constituents	No. of companies	Weighted % Basis
Exceeded our expectations	7	29.1%
Met our expectations	20	43.1%
Below our expectations	11	22.7%
Company does not report during February	1	1.8%

We expect most of the 11 business that reported earnings below our expectations to report materially better numbers in the second half. Overall solid earnings growth was achieved by most of our constituent business partnerships with some reporting very strong double digit EPS growth. The Fund maintains a strong cash position and is increasing its investment in a small number of the existing business partnerships.

Projected EPS Growth FY17 (on a weighted basis)	+19.8%
Projected EPS Growth FY18 (on a weighted basis)	+22.2%

Number of companies	39
Top 5 Holdings % of NAV	33.9%
Top 10 Holdings % of NAV	52.0%
Top 20 Holdings % of NAV	73.4%
Cash Position % of NAV	12.7%

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.