

# DEEP VALUE

## MICROCAP FUND

**MICROEQUITIES**  
ASSET MANAGEMENT

### MONTHLY PERFORMANCE AS AT 30/06/2016

latest unit price <b>\$4.3156</b>	return since inception (March 2009) <b>+481.81%</b>	return 1 month <b>+0.53%</b>	Morningstar rating* <b>★★★★★</b>
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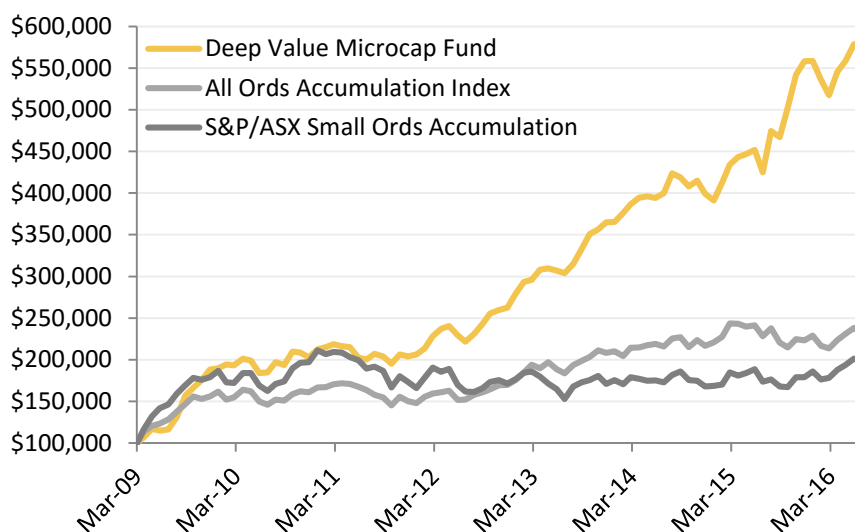
#### FUND OUTLINE

Fund Manager:

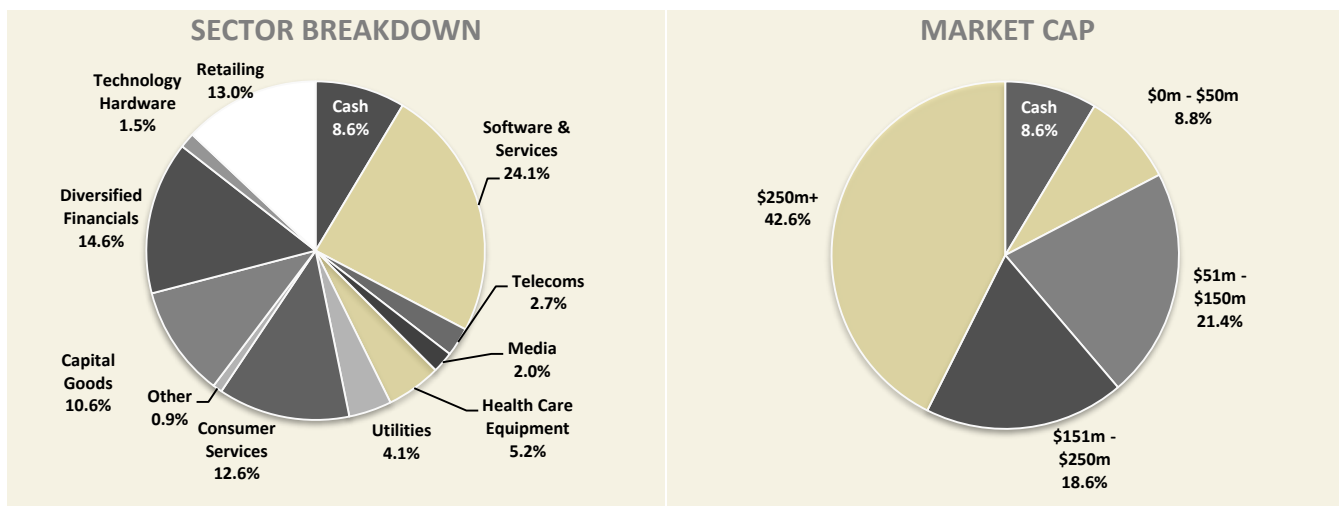
Carlos Gil (CIO)

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 > **\$581,807**



	1 Month	1 Year	3 Year	5 Year	7 Year	Total since inception	Compound p.a. since inception
<b>DVMF</b>	0.53%	37.00%	24.15%	23.77%	25.84%	481.81%	27.14%
<b>All Ords Accum</b>	-2.28%	2.01%	8.24%	7.30%	8.89%	132.66%	12.20%
<b>Outperformance</b>	<b>2.81%</b>	<b>34.99%</b>	<b>15.91%</b>	<b>16.47%</b>	<b>16.95%</b>	<b>349.14%</b>	<b>14.94%</b>



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### MARKET UPDATE AND COMMENTARY

What an interesting month! The British people surprisingly decided that they should leave the economically beneficial confines of the European Union, well at least that's the intention. For now, it remains an intention, because the departing Cameron cabinet has yet to activate Article 50 of the Lisbon Treaty which formally opens the pathway for an exit negotiation. If and when activated, the exit divorce will be long and involve arduous negotiations with European counterparts that are unlikely to make the exit painless for Great Britain. Just what type of relationship Great Britain wants with Europe is yet to be determined but the Kingdom has inextricable economic links with the continent and powerful vested economic interests depend on that relationship being maintained. The engine room of the British economy is the City of London whose openness to foreign capital and people have made it a pivotal centre of the world's finance industry. What does this mean? The likelihood is we will end up with a significantly watered down version of a Brexit, but even that is no certainty given the leave campaign has completely lost political momentum and many exit supporters are questioning the wisdom of the very initiative they supported. Uncertainty looms, markets dislike uncertainty, negative markets create ample opportunity for long term value investors like us. An interesting month.

**Microequities Deep Value Microcap Fund returned 0.53% versus the All Ordinaries Accumulation Index -2.28% in June; this brings the total return net of fees to 481.81% for the Fund since inception in March 2009 compared to 132.66% for the All Ordinaries Accumulation Index.**

One of the great benefits of our asset class is that at any given time it likely that a good, profitable, growing business will be inappropriately priced by the market. Currently the Deep Value Fund is actively buying into four business partnerships. These four businesses include a new business partnership and three existing business partnerships. The level of concentration in the Fund continues to be maintained within our high conviction approach. The largest 5 investments represent 37.4% of the Fund (up from 34.3% last month).

<b>Projected EPS Growth</b> FY16 (on a weighted basis)	<b>+22.4%</b>
<b>Projected EPS Growth</b> FY17 (on a weighted basis)	<b>+33.4%</b>

<b>Number of companies</b>	<b>36</b>
<b>Top 5 Holdings</b> % of NAV	<b>37.4%</b>
<b>Top 10 Holdings</b> % of NAV	<b>54.6%</b>
<b>Top 20 Holdings</b> % of NAV	<b>78.3%</b>
<b>Cash Position</b> % of NAV	<b>8.6%</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.