

# DEEP VALUE

## MICROCAP FUND

**MICROEQUITIES**  
ASSET MANAGEMENT

### MONTHLY PERFORMANCE AS AT 31/03/2016

latest unit price <b>\$4.0475</b>	return since inception (March 2009) <b>+445.66%</b>	return 1 month <b>+5.45%</b>	Morningstar rating* <b>★★★★★</b>
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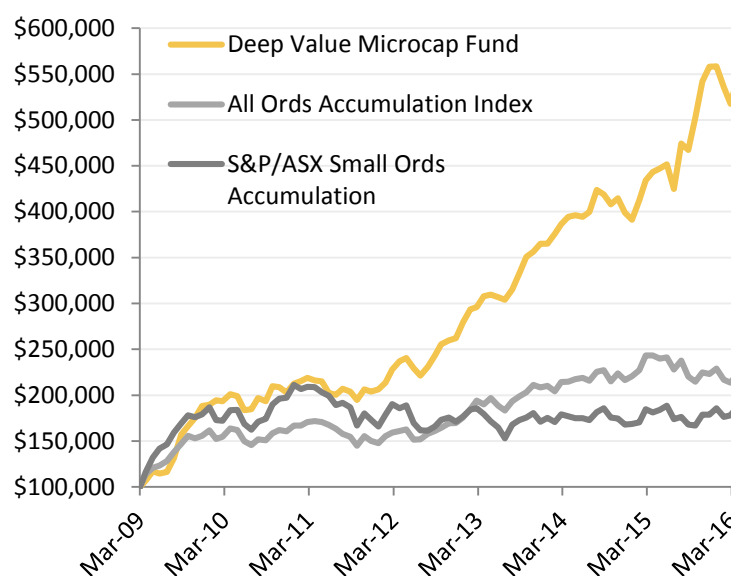
#### FUND OUTLINE

Fund Manager:

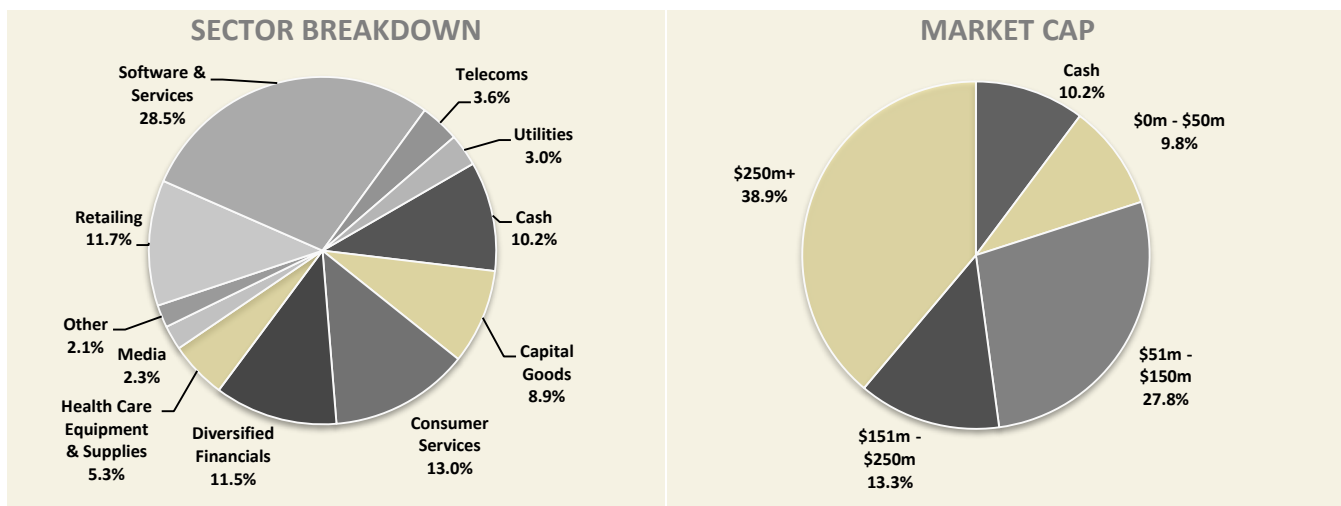
Carlos Gil (CIO)

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 > **\$545,664**



	1 Month	1 Year	3 Year	5 Year	7 Year	Total since inception	Compound p.a. since inception
<b>DVMF</b>	5.45%	23.11%	21.01%	20.35%	26.24%	445.66%	27.07%
<b>All Ords Accum</b>	4.74%	-8.05%	5.63%	5.43%	10.14%	123.71%	12.04%
<b>Outperformance</b>	<b>0.71%</b>	<b>31.15%</b>	<b>15.38%</b>	<b>14.93%</b>	<b>16.11%</b>	<b>321.95%</b>	<b>15.03%</b>



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### MARKET UPDATE AND COMMENTARY

We continue to see an unprecedented benign central bank rate environment across Western economies. The US Federal Reserve will maintain dovish slow interest rate increases despite strong economic data. Across Europe, ECB President Maria Draghi lowered the rate on deposits for commercial banks at the central bank to -0.4% from -0.3% and increased the scale of its monthly bond purchases from 60 billion Euro to 80 billion (ie increased its printing money activity). In Japan, central rates remained unchanged at -0.1%. These extraordinary monetary policy stances have driven equity values upwards. The shift to equity has been exacerbated by the fact that dividend yields across Western economies are higher than their risk free rates. At Microequities we continue to apply above current market risk free rates in our internal valuations. That is, we do not assume that the depressed risk free rates will last indefinitely. We are deriving more conservative valuations than if we used market based interest rates.

**Microequities Deep Value Microcap Fund returned 5.45% versus the All Ordinaries Accumulation Index 4.74% in March; this brings the total return net of fees to 445.66% for the Fund since inception in March 2009 compared to 123.71% for the All Ordinaries Accumulation Index.**

March was a busy month for the Deep Value Microcap Fund. The market provided us with a number of green shoots of opportunities. Investors will recall that we have been maintaining relative high cash positions awaiting such market opportunities. The bulk of these purchases were in existing business partnerships with relatively small weightings in our Fund. The market provided us the opportunities to increase our stakes at attractive prices. Despite these purchases, due to continued strong net inflows, our cash position remains high relative to historical levels. We expect to undertake some recalibration (including sell downs) of our existing portfolio of business partnerships, which may see our cash position rise over the short term. Overall, the Fund is well poised to grow its intrinsic value over the medium to long term.

<b>Projected EPS Growth</b> FY16 (on a weighted basis)	<b>+27.6%</b>
<b>Projected EPS Growth</b> FY17 (on a weighted basis)	<b>+30.5%</b>

<b>Number of companies</b>	<b>35</b>
<b>Top 5 Holdings</b> % of NAV	<b>33.9%</b>
<b>Top 10 Holdings</b> % of NAV	<b>51.9%</b>
<b>Top 20 Holdings</b> % of NAV	<b>78.5%</b>
<b>Cash Position</b> % of NAV	<b>10.2%</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.