

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 31/08/2018

latest unit price \$4.2910	return since inception (March 2009) 591.67%	return 1 month 3.93%	Morningstar rating* ★★★★★
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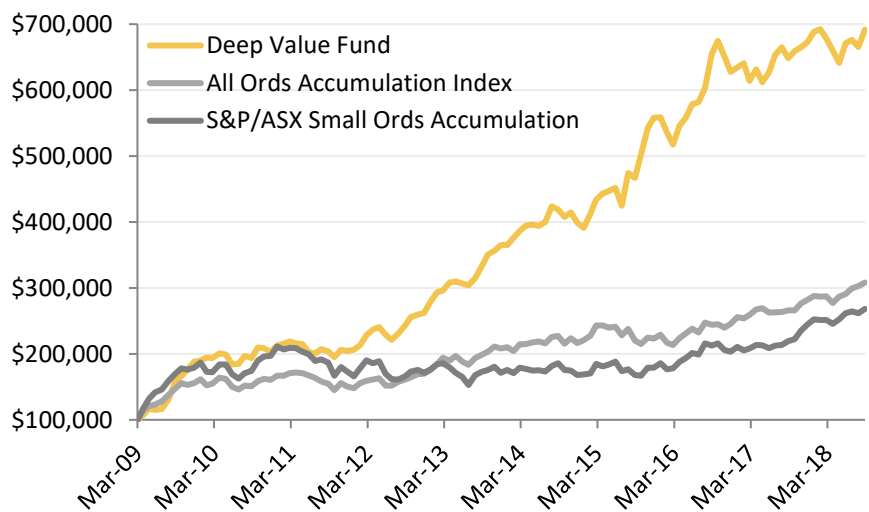
FUND OUTLINE

Fund Manager:

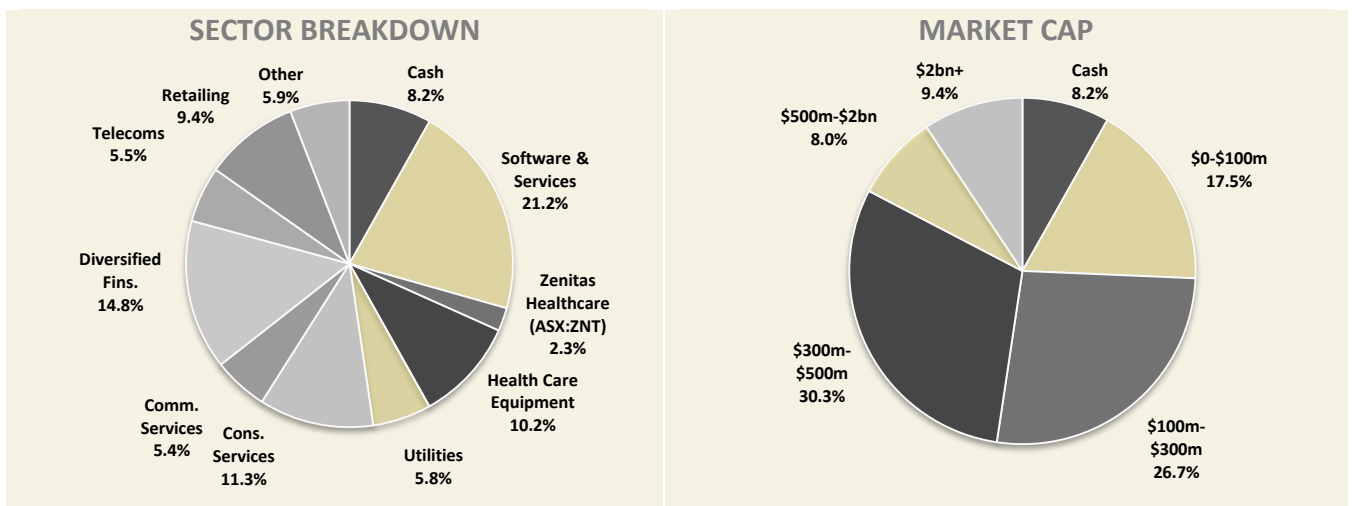
Carlos Gil (CIO)

The Deep Value Fund is a wholesale fund investing in a concentrated portfolio of undervalued, profitable and growing ASX listed microcap and small cap companies.

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$691,671**



	1 Month	1 Year	3 Year	5 Year	7 Year	9 Year	Compound p.a. since Inception	Total since inception
DVF	3.93%	6.65%	13.98%	15.77%	19.06%	17.91%	22.58%	591.67%



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FY18 FUNDAMENTAL PERFORMANCE REPORT

Microequities Deep Value Fund returned 3.93% in August; this brings the total return net of fees to 591.67% for the Fund since inception in March 2009.

M&A Activity as previously highlighted

Investors in our Deep Value Fund would remember that 3 months ago in our May investor update we alluded to the fact that some of our investee companies could become subject to M&A activity “We continue to see upside in several business partnerships that we own being vulnerable to M&A activity, both friendly and hostile. It will not surprise us to see further activity eventuate in the coming months” Fund update May 2018. During the month one of our investee companies, **Zenitas Healthcare (ASX:ZNT)** became subject of an offer from private equity at \$1.46 per share, a +40.3% premium to the 3 month VWAP price. The Fund built most of the stake in the business during the back-door listing of the company in January 2017. The offer price represents a high return on investment for the Fund. We would like to reiterate that the investment management team continues to see several investee companies with large valuation discounts and sees further M&A a probable likelihood.

FY18 Reporting and Fundamental Performance Report

The FY18 reporting season saw strong intrinsic value growth from our constituent companies. The weighted average EPS growth of the 33 companies amounted to +20.7% for FY18. This figure provides a crude proxy for the underlying intrinsic value growth of the Fund. Overall, the FY18 reporting season provided strong reaffirmation of the fundamental investment thesis of each of the investee companies. Importantly, projected EPS growth for the next two years are within the internal rate of return metrics that the investment management team sets for the Fund.

	FY18 EPS Growth Weighted Average
33 companies of the total 38 companies reported FY18 financial results in August. (The 33 companies represent 83.7% of the non-cash assets of the Deep Value Fund)	+20.7%

Projected EPS Growth 1 Year Forward (on a weighted basis)	+24.5%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+21.3%

Number of companies	38
Top 5 Holdings % of NAV	36.5%
Top 10 Holdings % of NAV	53.4%
Top 20 Holdings % of NAV	77.0%
Cash Position % of NAV	8.2%

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 Asset Management Group Limited 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. © 2018 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.