

# DEEP VALUE FUND



## MONTHLY PERFORMANCE AS AT 31/01/2019

latest unit price <b>\$3.7027</b>	return since inception (March 2009) <b>496.84%</b>	return 1 month <b>0.99%</b>
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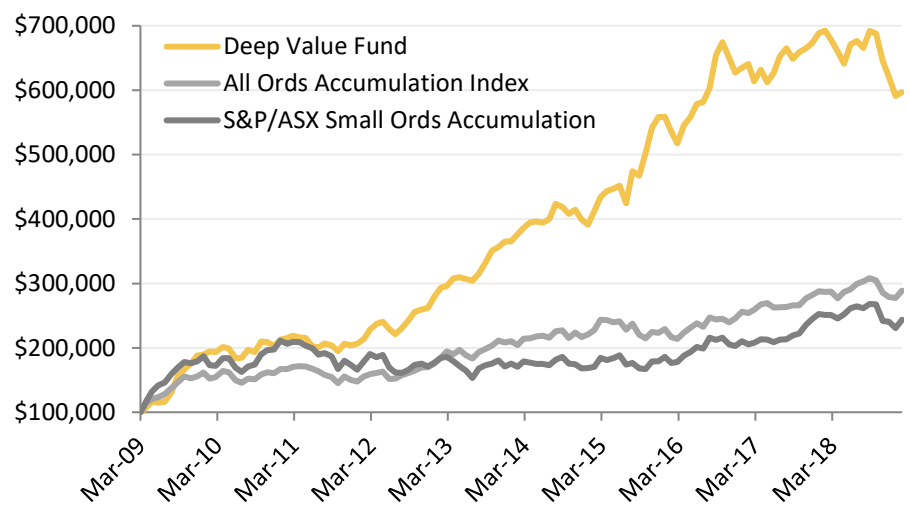
### FUND OUTLINE

Fund Manager:

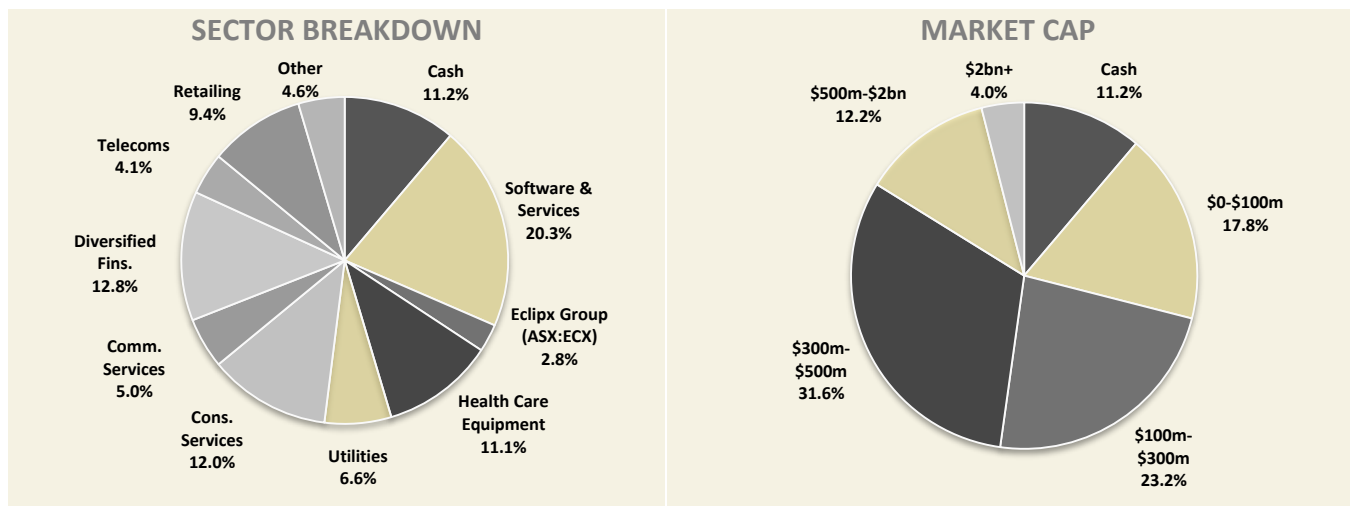
Carlos Gil (CIO)

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

### VALUE OF \$100,000 INVESTED AT INCEPTION > **\$596,842**



	Compound p.a. since Inception	Total since inception	9 Year	7 Year	5 Year	3 Year	1 Year	1 Month
<b>DVF</b>	<b>19.74%</b>	<b>496.84%</b>	<b>13.27%</b>	<b>15.81%</b>	<b>9.68%</b>	<b>3.66%</b>	<b>-13.80%</b>	<b>0.99%</b>



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## MARKET UPDATE AND COMMENTARY

The US Federal Reserve kept rates on hold but, more importantly, pleased markets with a continuation of a more dovish stance on future rate increases. Whilst the Fed still sees economic and job growth as the most likely developments, it removed references to future rate hikes in 2019. In a separate statement, the central bank also stated that its balance sheet reduction was continuing but it was prepared to alter the speed of the unwinding, subject to economic developments. Taken together, both statements depict a Fed absorbing the possibility of increased risks to the economic boom and consequently a more flexible approach to its fiscal and monetary instruments to respond to a potential change in the economic course of the US.

Domestically, a prominent member of the RBA board has candidly conveyed that the next move for Australia's central bank will be a hike in rates. The signalling comes despite a deteriorating property market which is experiencing pronounced price declines that look set to continue during 2019.

**Microequities Deep Value Fund returned 0.99% in January; this brings the total return net of fees to 496.84% for the Fund since inception in March 2009.**

The investment management team has over the past 12 months continued to reduce the total business partnerships in the Fund, with the end objective of the top 20 investments accounting for 80% of the total assets of the Fund. After the divestments of two professional services businesses during the month, the fund now has the desired composition with the top 20 investments accounting for circa 80% of the total assets of the fund. This composition is consistent with our high conviction approach to investing which we believe provides better long term returns to investors.

The investment management team continue to purchase last month's new entrant in the entertainment and media industry. The exceptionally high-quality business now accounts for 1.4% of the total assets of the Fund. Subject to price permitting, it is our intention to continue to purchase this business.

February marks the reporting season for the first half of this financial year. We look forward to providing an update on the fundamental performance of the businesses in the Fund.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+23.2%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+17.8%</b>

<b>Number of companies</b>	<b>31</b>
<b>Top 5 Holdings</b> % of NAV	<b>40.3%</b>
<b>Top 10 Holdings</b> % of NAV	<b>57.0%</b>
<b>Top 20 Holdings</b> % of NAV	<b>79.5%</b>
<b>Cash Position</b> % of NAV	<b>11.2%</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 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.