

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 30/04/2019

latest unit price \$3.8420	return since inception (March 2009) 519.29%	return 1 month 4.80%
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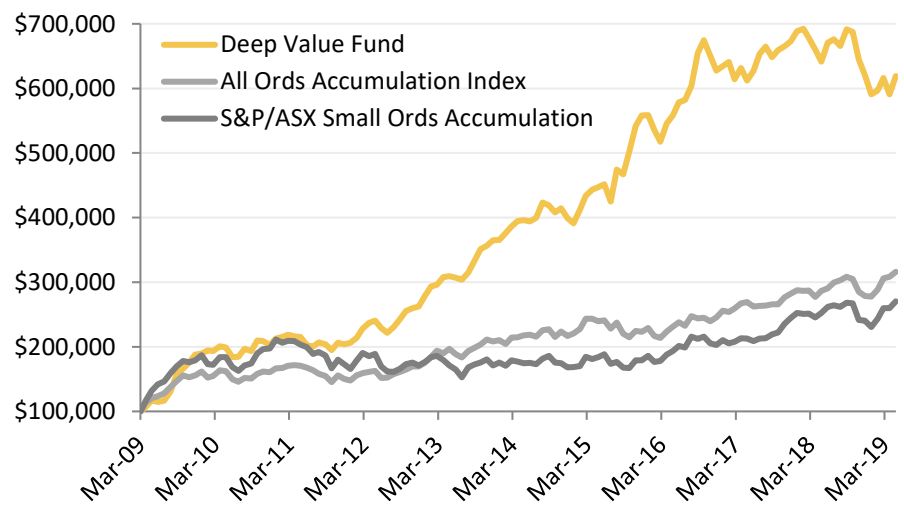
FUND OUTLINE

Fund Manager:

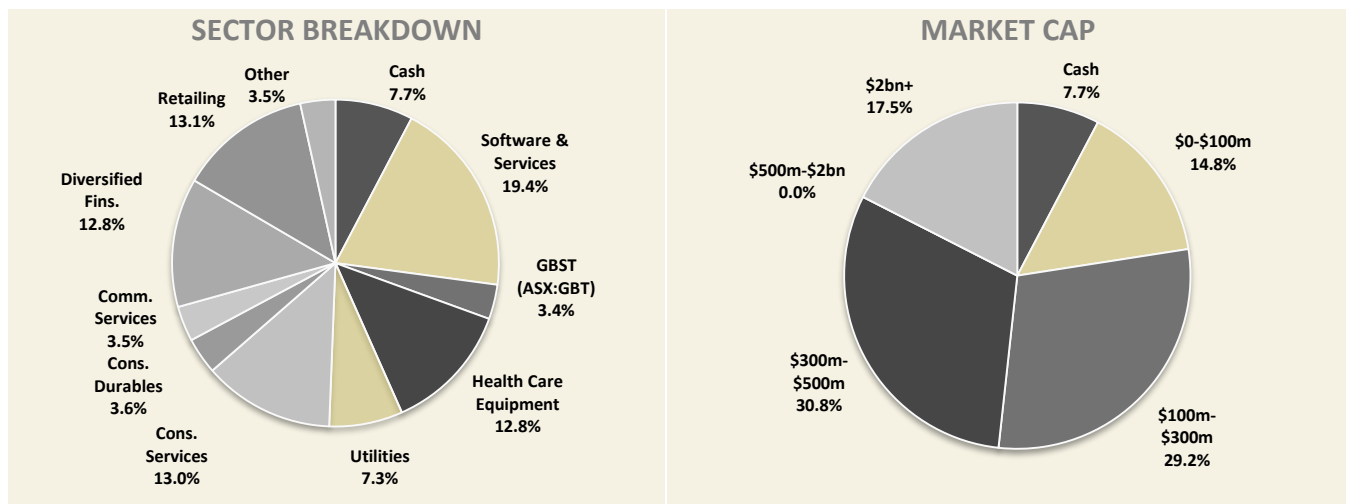
Carlos Gil (CIO)

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 > **\$619,290**



	Compound p.a. since Inception	Total since inception	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	19.64%	519.29%	18.13%	14.47%	9.35%	3.53%	-3.42%	4.80%



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MARKET UPDATE AND COMMENTARY

The world's two largest economies have started 2019 with strong momentum. The US economy powered back to strong growth in the 1st quarter of 2019, with GDP rising at an adjusted annual rate of 3.2%. The 1st quarter number marks a significant improvement on the 4th quarter 2018 GDP number of 2.2%. Whilst the headline number looks strong, there is a caveat; the key consumer spending segment of the economy which makes up circa 70% of the US economy slowed to 1.2%, down from 2.5% in the previous quarter. Following the positive momentum in the US was China's GDP figures, which expanded at an annual pace of 6.4% during the first three months of 2019. The improvement in the Chinese economy follows concerted efforts by the government to stimulate the economy. Economic growth was powered by a sharp increase in investment and industrial production which surged 8.5% year on year. Other economic data suggests that the Chinese economy will improve the pace of expansion over the rest of 2019.

Microequities Deep Value Fund returned 4.80% in April; this brings the total return net of fees to 519.29% for the Fund since inception in March 2009.

GBST Holdings (ASX:GBT) which currently makes up 3.4% of the Fund's assets received an unsolicited non-binding indicative takeover proposal from its competitor, **Bravura Solutions (ASX:BVA)**. The proposal came at a +30.4% premium to the 30 day VWAP. We believe that GBST remains one of the cheapest technology software companies on the ASX and we understand the industrial and financial logic behind Bravura's takeover approach. The takeover approach is opportunistic given the depressed market value of the company and we believe the indicative price remains well below the intrinsic value of the business. The takeover offer does manifest demonstrably the deeply undervalued nature of some of the constituent businesses within the Fund.

It was otherwise an inactive month in terms of buying and selling in the Fund. We have been in the process of selling one of our telecommunications businesses. This sell down process is almost complete with the remaining stake constituting just 0.2% of the net assets of the Fund. We have continued to scope for opportunities outside of the Fund's portfolio and presently believe the best investment opportunities are within the Fund, and prices permitting, we will continue to make further investments in these portfolio companies.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+19.4%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+18.0%

Number of companies	32
Top 5 Holdings % of NAV	43.3%
Top 10 Holdings % of NAV	61.0%
Top 20 Holdings % of NAV	83.2%
Cash Position % of NAV	7.7%

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 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.