

DEEP VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 30/11/2016

latest unit price \$4.5976	return since inception (March 2009) +527.53%	return 1 month -3.49%	Morningstar rating* ★★★★★
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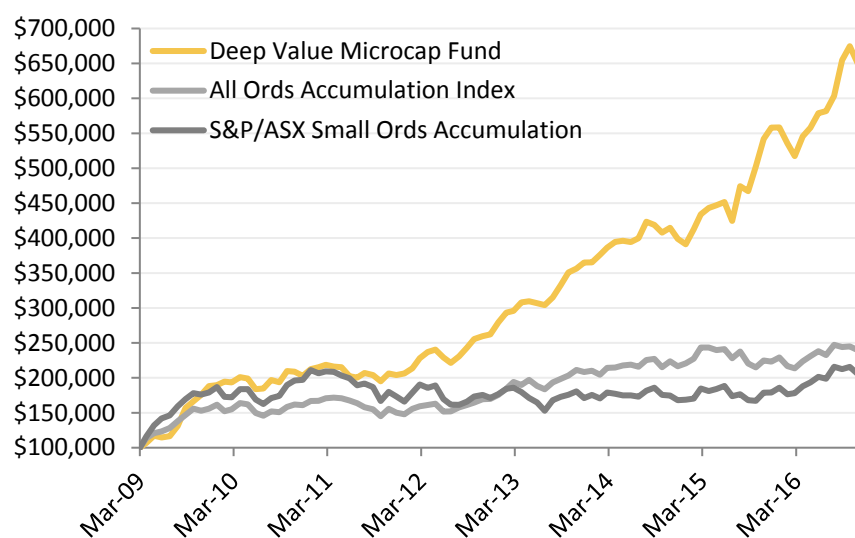
FUND OUTLINE

Fund Manager:

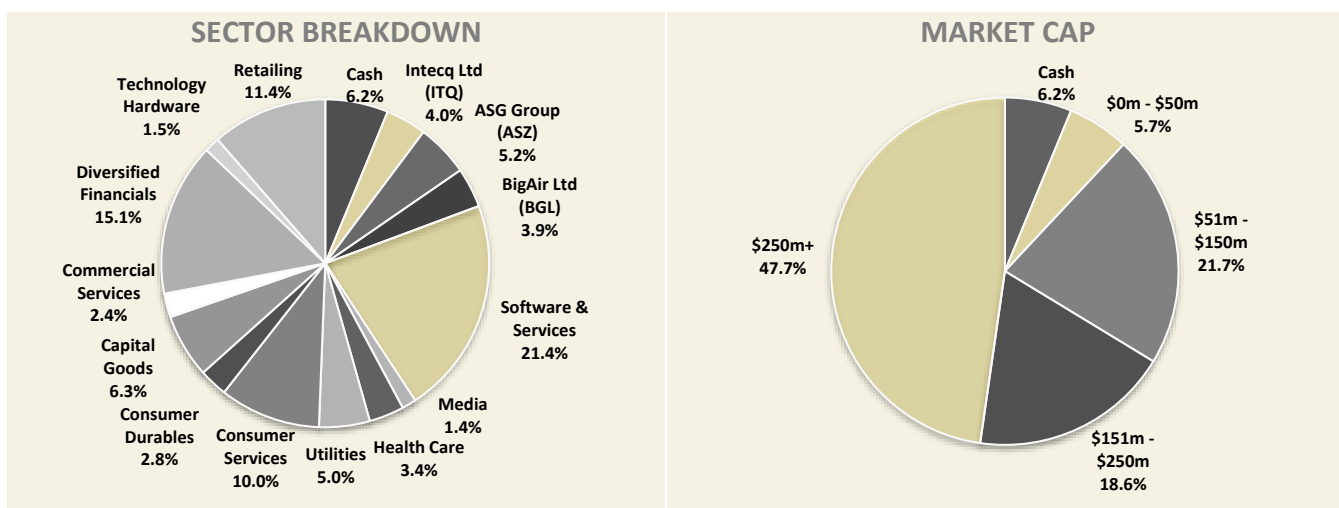
Carlos Gil (CIO)

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 > **\$627,526**



	1 Month	1 Year	3 Year	5 Year	7 Year	Total since inception	Compound p.a. since inception
DVMF	-3.49%	12.45%	19.80%	25.19%	18.78%	527.53%	26.74%
All Ords Accum	2.46%	10.01%	5.64%	10.33%	6.71%	145.54%	12.29%
Outperformance	-5.95%	2.43%	14.17%	14.86%	12.07%	381.98%	14.45%



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MARKET UPDATE AND COMMENTARY

The US Federal Reserve is highly likely to raise rates during the month of December. The expected 25 basis points rise is a non-event that I'm sure will capture the financial media's abiding attention. It will have no impact on our business partnerships' economic fortunes, nor will it have any impact on the US economy which is travelling robustly. How much Trump will further stimulate a growing US economy is unclear, though Republicans have control of both houses, Trump will still need to garner support from his fiscally conservative party colleagues to push through a deficit expansionary infrastructure spending program. In Australia, our economy is maintaining a firm employment market with robust consumer spending despite significant underinvestment from the corporate sector.

Microequities Deep Value Microcap Fund returned -3.49% versus the All Ordinaries Accumulation Index 2.46% in November; this brings the total return net of fees to 527.53% for the Fund since inception in March 2009 compared to 145.54% for the All Ordinaries Accumulation Index.

Three of our companies released business fundamental information during the month. Our third biggest business partnership (5.6% of the Fund's asset as of 30/11/2016) advised that it endured an event that would have a temporary impact on its FY17 financial results. The market understandably reacted negatively to the event and the market price fell considerably. We remain fully supportive of this exceptional business and expect it to continue its long-term earnings growth trajectory, thereby increasing the intrinsic value of the business. A second business partnership which represented less than 1% of the Fund downgraded earnings guidance for FY17. The causality of the downgrade was a combination of transitory non-structural factors in addition to more aggressive competitive behaviour which may last some time. The market price fall of this business was severe and we took the opportunity to buy significantly more equity in the business, raising our overall exposure to 2.3% of the asset value of the Fund. Our largest investment, a business representing 11.4% of the assets of the Fund confirmed its superb revenue and earnings growth whilst formulating its next growth strategy. The Fund has good cash reserves and will be actively deploying capital over the ensuing months to capitalise on some opportunistic buying.

Projected EPS Growth FY17 (on a weighted basis)	+20.1%
Projected EPS Growth FY18 (on a weighted basis)	+21.5%

Number of companies	38
Top 5 Holdings % of NAV	36.0%
Top 10 Holdings % of NAV	55.6%
Top 20 Holdings % of NAV	78.2%
Cash Position % of NAV	6.2%

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 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. 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.