

DEEP VALUE

MICROCAP FUND



MONTHLY PERFORMANCE AS AT 30/09/2016

latest unit price \$4.9430	return since inception (March 2009) +574.67%	return 1 month +3.07%	Morningstar rating* ★★★★★
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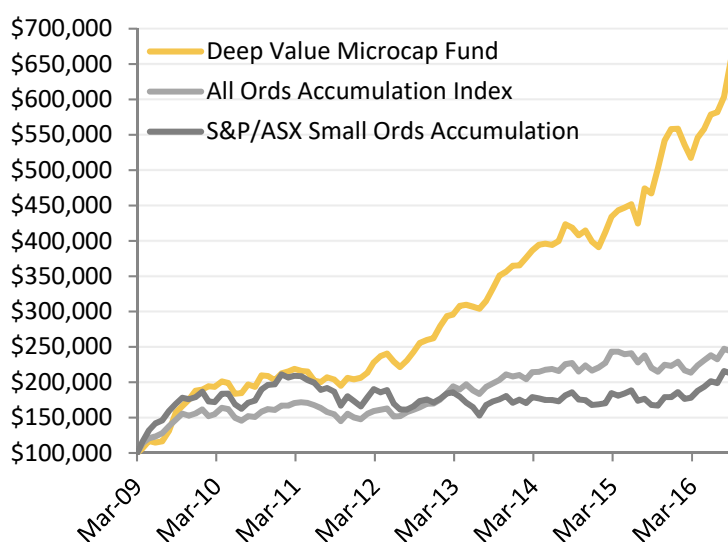
FUND OUTLINE

Fund Manager:

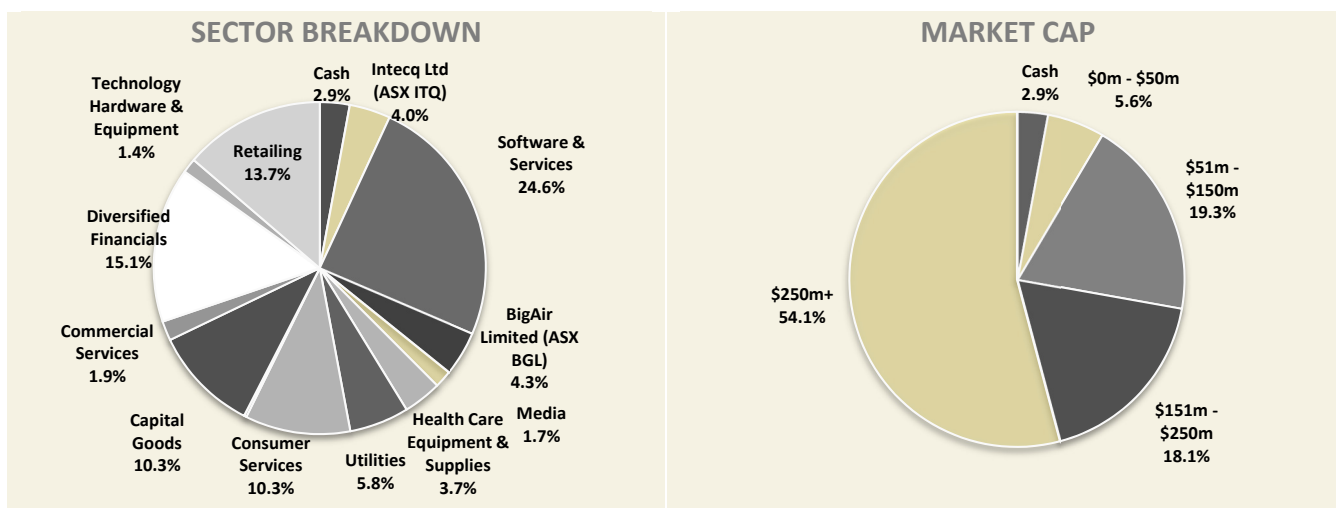
Carlos Gil (CIO)

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 > **\$674,670**



	1 Month	1 Year	3 Year	5 Year	7 Year	Total since inception	Compound p.a. since inception
DVMF	3.07%	34.28%	24.36%	28.18%	22.14%	574.67%	28.63%
All Ords Accum	0.40%	14.01%	6.42%	11.04%	6.68%	144.98%	12.54%
Outperformance	2.66%	20.27%	17.94%	17.14%	15.46%	429.69%	16.08%



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MARKET UPDATE AND COMMENTARY

Australia's second quarter GDP numbers came in at 0.6%, taking the overall annual GDP growth rate to 3.30%. Whilst the number is above long term growth of rates of 2.5%, the economy was enhanced by state government spending in infrastructure, which provided a 1% boost to the numbers. Government infrastructure spending is set to counter the capex decline in the resource sector, particularly in the eastern states of Victoria and NSW where the state governments will initiate massive infrastructure projects. These projects will provide a strong medium term countervail to the weak resources sector and will underpin economic growth into 2018. Household consumption remains stable, whilst consumer sentiment remains positive. The bewildering feature amongst these positive statistics is business spending (outside mining), which remains flat. Australian businesses remain uncommitted to boosting their overall productive capacity despite generally buoyant economic conditions.

Microequities Deep Value Microcap Fund returned 3.07% versus the All Ordinaries Accumulation Index 0.40% in September; this brings the total return net of fees to 574.67% for the Fund since inception in March 2009 compared to 144.98% for the All Ordinaries Accumulation Index.

Further to last month's friendly takeover by Tabcorp (ASX TAH) for our Intecq Ltd (ASX ITQ) business partnership, two further friendly takeover deals were announced last month; BigAir Ltd (ASX BGL) received a friendly takeover bid by Bevan Slattery's Superloop Ltd (ASX SLC) and ASG Ltd (ASX ASZ) which received an allcash takeover bid from Japanese listed Nomura Research Institute. BigAir represents 4.3% of our Fund assets, whilst ASG represents 4.8%. As long term investors we do not always look kindly at takeover bids that provide shareholders with a one-off premium in exchange for high quality businesses that have long term growth pathways. High quality companies are hard to find.

The Fund's cash position was depleted during the month as we continued to actively purchase a small number of selected business partnerships. The Fund will provide a small window of capital raising to bolster its cash reserves.

Projected EPS Growth FY17 (on a weighted basis)	+23.1%
Projected EPS Growth FY18 (on a weighted basis)	+20.5%

Number of companies	38
Top 5 Holdings % of NAV	38.7%
Top 10 Holdings % of NAV	59.0%
Top 20 Holdings % of NAV	82.3%
Cash Position % of NAV	2.9%

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.