

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 30/11/2018

latest unit price \$3.8502	return since inception (March 2009) 520.62%	return 1 month -3.77%
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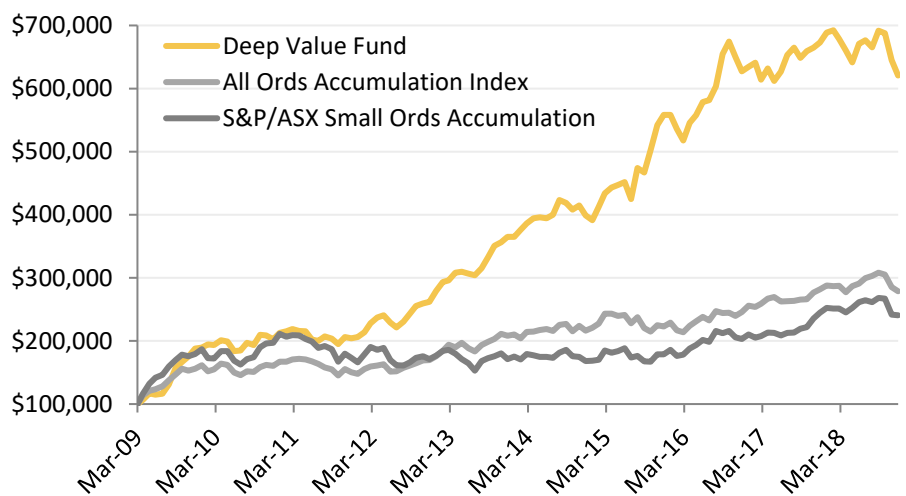
FUND OUTLINE

Fund Manager:

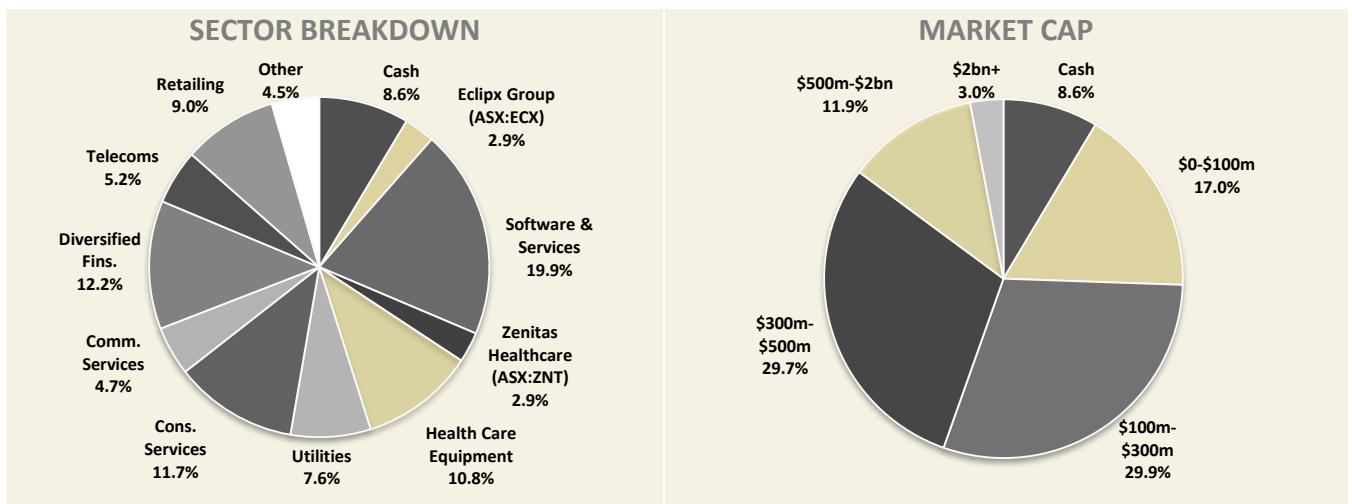
Carlos Gil (CIO)

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 > **\$620,617**



	Compound p.a. since Inception	Total since inception	9 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	20.59%	520.62%	14.19%	17.22%	11.20%	3.60%	-7.76%	-3.77%



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MARKET UPDATE AND COMMENTARY

A more dovish narrative from US Federal Reserve Chairman, Jerome Powell, has tempered expectations that the Fed will continue to raise rates in 2019 as it looks to adjust monetary policy. Whilst in October Powell had said the Fed was “a long way” from a neutral monetary stance, November saw the rhetoric soften to “just below the broad range of estimates of the level that would be neutral for the economy”. The prepared comments of the Federal Open Market Committee also suggest a more flexible approach to forthcoming interest rate decisions, as the Fed observes fallouts from the trade war and downward shifts in sentiment. The change in the commentary comes at an interesting time for the Fed as wages inflation rose +3.1% in the quarter, the biggest rise in a decade. Wages had been the missing ingredient out of the Goldilocks economic boom in the US. Should the rise in wages continue, and so far, employment growth maintains a very solid trajectory, the Fed will be forced to continue its rate hikes irrespective of this month’s appeasing rhetoric that placated capital markets.

Microequities Deep Value Fund returned -3.77% in November; this brings the total return net of fees to 520.62% for the Fund since inception in March 2009.

During the month of October one of our investee companies, **Eclix Group Ltd (ASX:ECX)** received a friendly takeover offer via a scheme of arrangement from listed peer **McMillan Shakespeare (ASX:MMS)**. The offer is a combination of cash and scrip valuing Eclix at approximately A\$900m. Eclix currently represents 2.9% of the Fund’s assets. We consider the offer to be disappointing, and whilst we acknowledge the industrial synergies available to the combined group, we believe the consideration offered to Eclix shareholders fails to encapsulate equitable terms for the acquired assets. We will continue to observe further developments, given Eclix had previously considered and rejected an alternative offer from another listed competitor, **SG Fleet Group Ltd (ASX:SGF)**. This offer follows the previously announced friendly deal for our investee company, **Zenitas Health Ltd (ASX:ZNT)** which is expected to conclude during December.

The market price decline over the last two months has opened up some exciting long-term opportunities, both within the existing portfolio and outside. We will be making considered and opportune purchases within the context of our long-term investment mandate.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+24.2%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+17.6%

Number of companies	34
Top 5 Holdings % of NAV	39.6%
Top 10 Holdings % of NAV	56.4%
Top 20 Holdings % of NAV	80.1%
Cash Position % of NAV	8.6%

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.