

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 31/03/2020

latest unit price \$2.9050	return since inception (March 2009) 395.02%	return 1 month -29.76%
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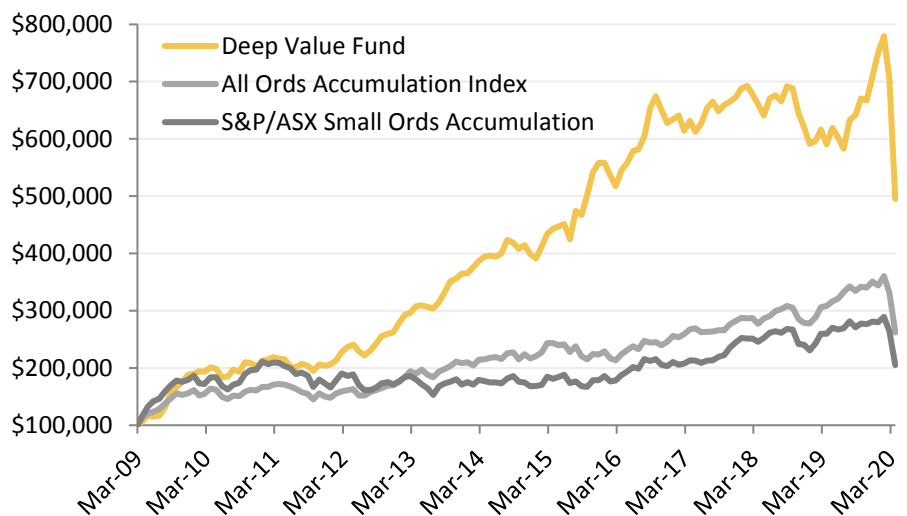
FUND OUTLINE

Fund Manager:

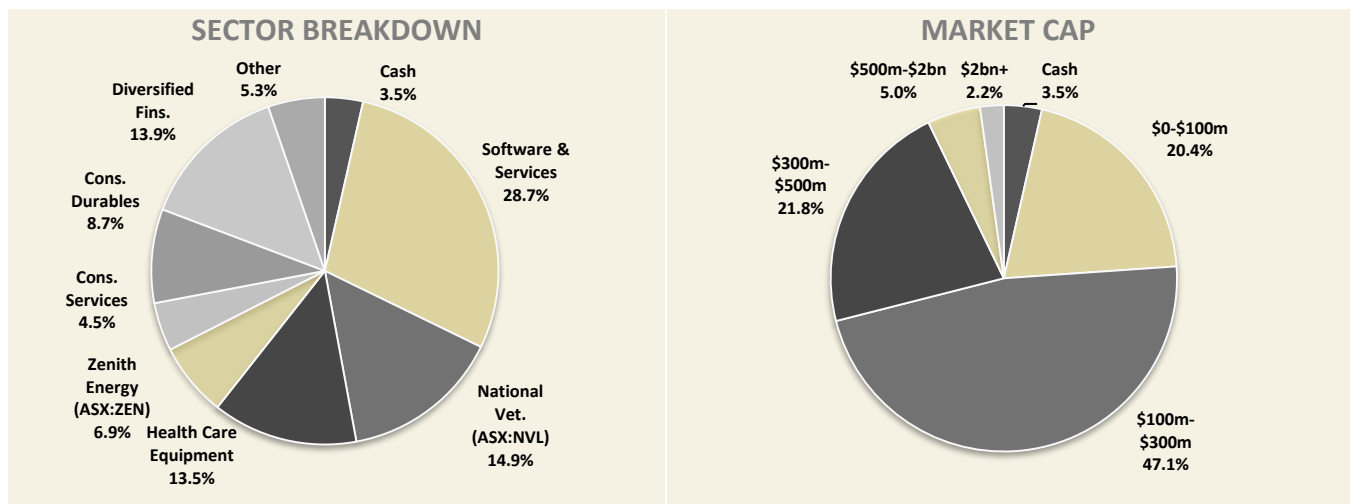
Carlos Gil (CIO)

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 > **\$495,017**



	Compound p.a. since Inception	Total since inception	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	15.52%	395.02%	9.43%	7.02%	2.23%	-7.80%	-16.23%	-29.76%



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MARKET UPDATE AND COMMENTARY

March 2020 will go down as a month that saw one of the worst stock market crashes in history. The Covid-19 outbreak and the reactive social distancing measures, bans on international travel and other restrictions on economic activity saw financial markets scrambling to reassess earnings and economic implications. The consequent immediate effect on the world economy is an almost certain recession across most of the developed world, inclusive of Australia. The severity and duration of the ensuing recession will depend on two key factors; how long the draconian containment regime lasts across the developed world and the size and effectiveness of the massive fiscal stimuli being instigated by governments around the world. Investors might deem that an imminent recession has a consequent negative return relationship with equity markets, but that is not necessarily the case. In half of the recessions during the last 100 years, stock markets actually rose, with the 3 years after the end of a recession recording the strongest stock market returns. For Microequities the pricing dislocation during the March crash has opened many new investment opportunities previously not accessible to us due to valuation concerns. Our experience tells us these windows of opportunity do not stay open for long.

Microequities Deep Value Fund returned -29.76% in March; this brings the total return net of fees to 395.02% for the Fund since inception in March 2009.

The investment management team had 2 key areas of focus during the month. 1) Identify and sell or completely sell out of any investee company which might face a compromised capital structure as a result of the Covid-19 shutdown. Principally we concluded these were businesses with significant tourism exposure. 2) Reallocate proceeds from the sales to high quality businesses that had low Covid-19 impact yet whose prices had also fallen materially. This principally included businesses already owned in the Fund, but we also added two new businesses. One is a business in enterprise software, and another is a quality telecommunications business. Our tourism exposure prior to March represented 9.7% of the total Fund's assets, as of the close of March this exposure has been reduced to 0.9% of the Fund's assets. The sell downs included the lamentable total exit from **Webjet Ltd (ASX:WEB)**, a formidable business that will be a short-term deep casualty of Covid-19. The pricing dislocation of the stock market crash during the month has opened a lot of deep value opportunities that will form the bedrock of our future returns and we're witnessing what is a rare opportunity to capture high quality businesses at deeply depressed prices.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+9.1%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+10.0%

Number of companies	33
Top 5 Holdings % of NAV	50.9%
Top 10 Holdings % of NAV	72.2%
Top 20 Holdings % of NAV	89.7%
Cash Position % of NAV	3.5%

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.