

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 30/04/2020

| | | |
|--------------------------------------|---|---------------------------------|
| latest unit price \$3.5113 | return since inception (March 2009) 498.33% | return 1 month 20.87% |
|--------------------------------------|---|---------------------------------|



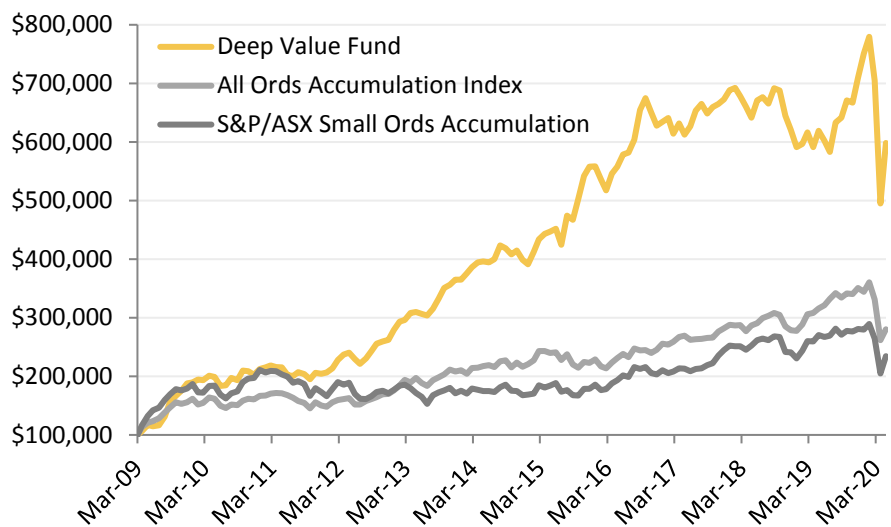
FUND OUTLINE

Fund Manager:

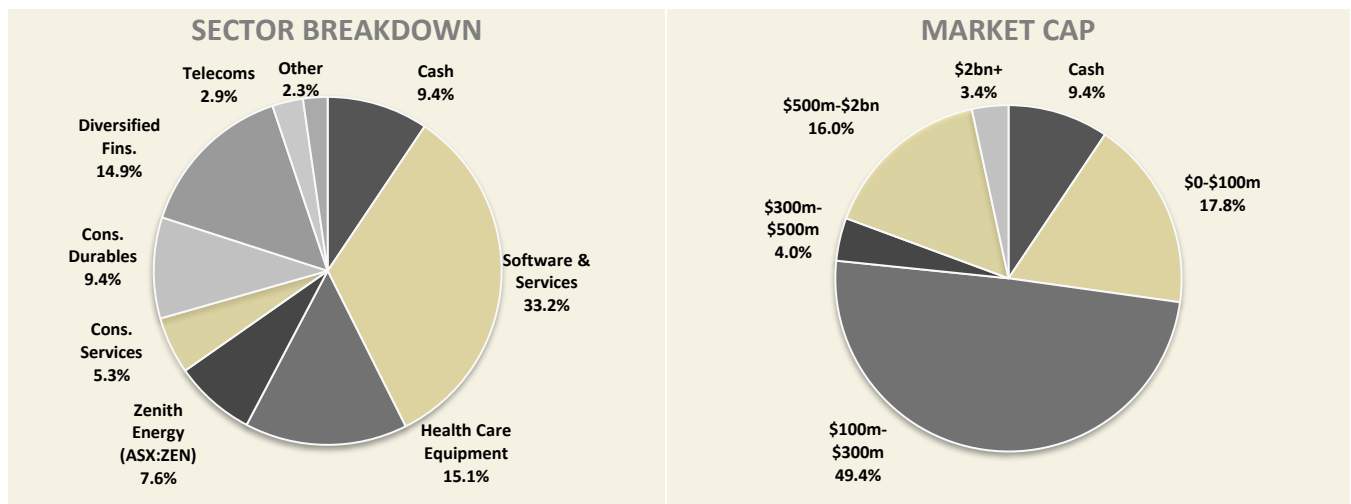
Carlos Gil (CIO)

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 > **\$598,332**



| | Compound p.a. since Inception | Total since inception | 10 Year | 7 Year | 5 Year | 3 Year | 1 Year | 1 Month |
|-----|-------------------------------|-----------------------|---------|--------|--------|--------|--------|---------|
| DVF | 17.38% | 498.33% | 11.64% | 9.87% | 6.01% | -0.77% | -3.38% | 20.87% |



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MARKET UPDATE AND COMMENTARY

The historic market fall incurred in March was partially reversed during April as global equity markets, including Australia, rebounded strongly. The panic we saw in March has been replaced by economic realism as investors try to grasp the economic damage from Covid-19. There will be significant pain as unemployment will rise sharply and economic growth will go into the red. However, the month provided pillars of positive news as governments rolled out unprecedented fiscal stimuli. In Australia, the Federal government has instigated various economic stimulus packages which in aggregate represent over 10% of Australia's GDP. These stimulus packages are significant and will act as an important buffer to lessen the economic impact of Covid-19. The focus during the months ahead will turn to the pace and depth of loosening the societal and economic restrictions imposed by governments across the world and how consumption and economic activity recover from the crisis.

Microequities Deep Value Fund returned 20.87% in April; this brings the total return net of fees to 498.33% for the Fund since inception in March 2009.

Following on from the strategy response instigated by the investment management team during March, driven by the "survive and thrive" principal we continued to undertake sell downs of three peripheral investee companies. These three companies now account for only 1.1% of the fund's total Net Asset Value (NAV). The pricing dislocation during March opened what we believed will be a fugacious window of opportunity to acquire high quality businesses at prices likely to never be repeated. Perhaps not surprisingly to some of our investors, but most of those quality companies were already owned by the Deep Value Fund. What the investment management team has been able to do is to increase the stakes in these businesses. The investment management team continues to actively buy five companies within the Fund that are priced extremely favourably and will provide our investors with ensuing capital growth over the medium and long term.

April also saw us add a new company to the Fund. This diversified financial services business is profitable, growing, has no financial debt and holds a significant cash holding. Its core operating division is effectively a duopoly. We opportunistically acquired the stake in the business after a dramatic share price fall and now it represents 3% of the NAV of the Fund.

| | |
|--|---------------|
| Projected EPS Growth | |
| 1 Year Forward (on a weighted basis) | +5.7% |
| Projected EPS Growth | |
| 2 Years Forward (on a weighted basis) | +14.0% |

| | |
|------------------------------------|--------------|
| Number of companies | 32 |
| Top 5 Holdings % of NAV | 44.7% |
| Top 10 Holdings % of NAV | 65.6% |
| Top 20 Holdings % of NAV | 84.8% |
| Cash Position % of NAV | 9.4% |

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.