

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 31/08/2019

latest unit price \$3.7640	return since inception (March 2009) 541.39%	return 1 month 1.29%
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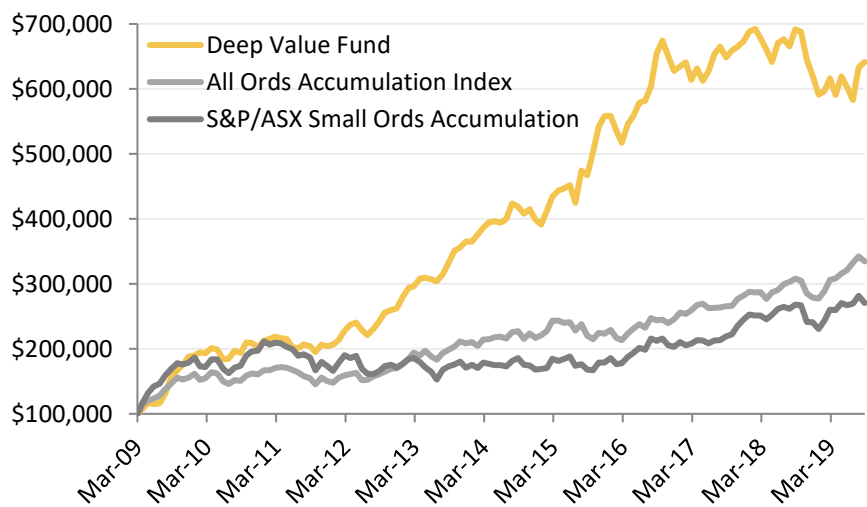
FUND OUTLINE

Fund Manager:

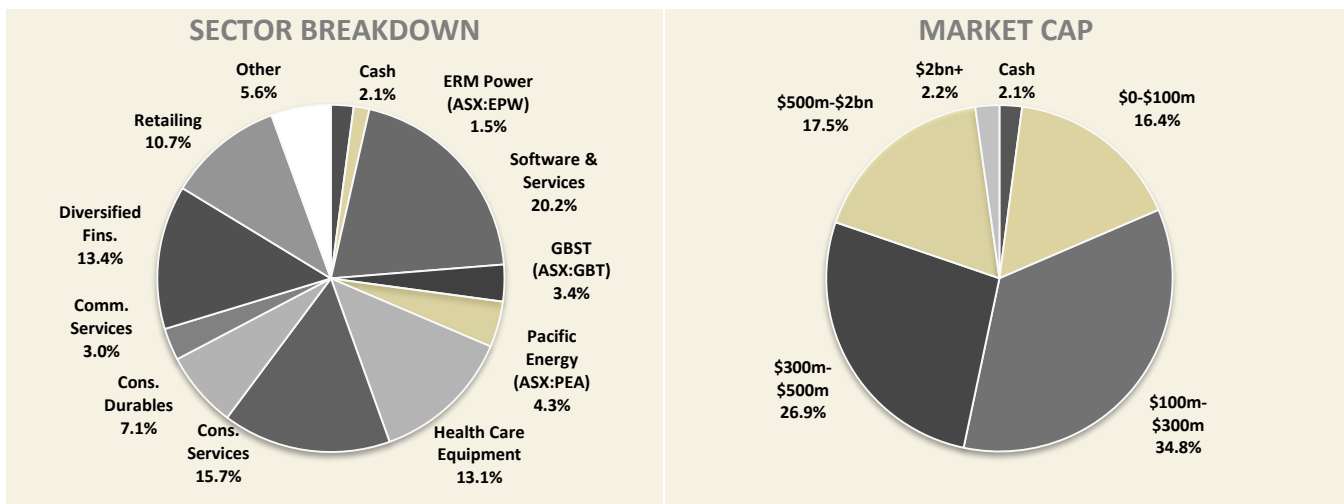
Carlos Gil (CIO)

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 > **\$641,393**



	Compound p.a. since Inception	Total since inception	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	19.36%	541.39%	15.11%	14.87%	8.90%	-0.68%	-7.27%	1.29%



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MARKET UPDATE AND COMMENTARY

World equity markets continue to be focused on the escalating trade dispute between China and the US. The US imposed a 15% trade tariff on a wide range of Chinese goods worth about US\$150bn. China has so far imposed 25% tariffs on about US\$60bn worth of US goods. It is likely China will continue to enact counter-measures as the US pursues an aggressive strategy to push China into a new trade deal. The US is scheduled to roll out the 15% tariffs across the remainder of Chinese goods on 15 December. On that same day, China is scheduled to roll out their 25% tariffs across a further 3,000 US goods. Talks between trade officials on both sides are expected to take place during September. Over the long term, a trade war would hurt both the US and the Chinese economies. It is therefore in both parties' interest to secure a lasting trade deal that would reduce structural imbalances in the trade relationship. The US administration has so far taken an unorthodox approach to trade negotiations and its effectiveness remains questionable.

Microequities Deep Value Fund returned 1.29% in August; this brings the total return net of fees to 541.39% for the Fund since inception in March 2009.

We are pleased to inform our investors that the weighted average EPS growth across the companies that reported FY19 results (representing 82% of the total assets of the fund) was 21.6%. This is an important number as it is a rough proxy for the intrinsic value growth of the Fund during the past 12 months. The fund investee companies are well positioned for further strong growth into FY20 with our current portfolio weighted EPS growth forecasts of +17.5% for FY20.

	FY19 EPS Growth Weighted Average
28 companies of the total 32 companies reported FY19 financial results in August. (The 28 companies represent 82.0% of the non-cash assets of the Deep Value Fund)	+21.6%

Last month we stated; "our most undervalued assets remain at highly depressed prices, which we believe will either lead to further M&A activity...". This month **ERM Power (ASX:EPW) received a friendly takeover from Shell at a +41% premium to the market price. ERM Power was 2.5% of the assets of the Deep Value Fund at the time the bid was announced (1.5% weighting at month end). Further M&A in our portfolio is highly likely in our opinion.**

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+17.5%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+17.3%

Number of companies	32
Top 5 Holdings % of NAV	45.4%
Top 10 Holdings % of NAV	63.7%
Top 20 Holdings % of NAV	87.5%
Cash Position % of NAV	2.1%

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.