DEEP VALUE FUND

Microequities Asset Management

MONTHLY PERFORMANCE AS AT 28/02/2019

latest unit price	return since inception (March 2009)	return 1 month
$3.8239	516.38%	3.27%

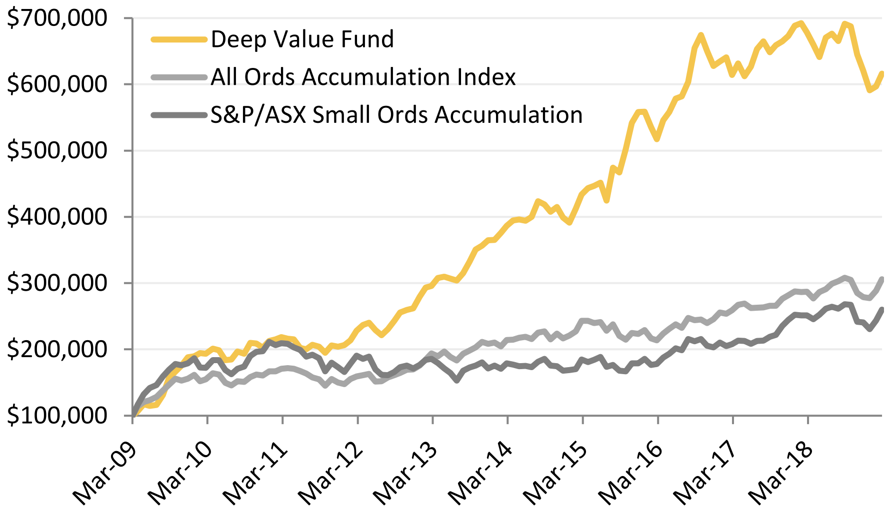
FUND OUTLINE

Fund Manager:

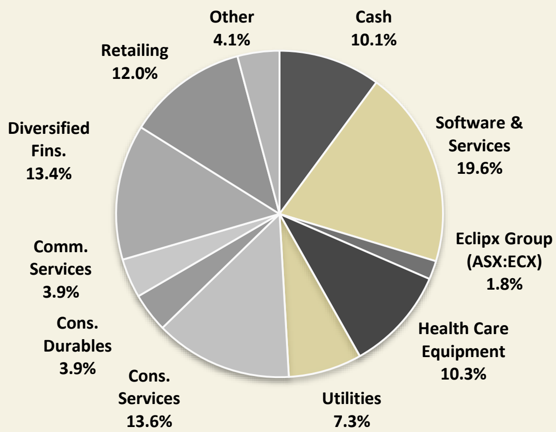
Carlos Gil (CIO)

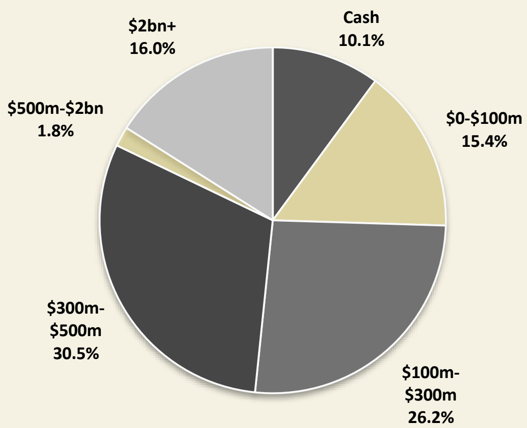
The Deep Value Fund is a wholesale fund investing in a concentrated portfolio of undervalued, profitable and growing ASX listed microcap and smallcap companies.

VALUE OF $100,000 INVESTED AT INCEPTION > $616,378



	Compound p.a. since Inception	Total since inception	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	**19.95%**	**516.38%**	**19.95%**	**15.26%**	**9.79%**	**6.00%**	**-9.13%**	**3.27%**





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MARKET UPDATE AND COMMENTARY

As we look at the world economic growth prospects for 2019, the overall assessment is that the pace of economic growth will moderate into 2019. Western Europe is likely to have the slowest growth outlook, with several of its economies likely to enter negative growth and others at trend pace. China's economic growth will continue to grow at relatively high levels, but nominal growth rates are expected to moderate. We still expect the US to deliver +2.4% growth which is above its long-term growth trend but likely below the 3.0% it achieved in 2018. This leaves world central banks in a conundrum. Most central banks have rates around historical lows and in accommodative bands. Under a scenario where growth is moderating, they are unlikely to pursue rate cuts, but for those economies that enter negative growth they have little, if any, monetary policy levers to pull. The likely, but far less orthodox, policy response mechanism is quantitative easing. Quantitative easing was successfully used to avert a deep financial crisis during the GFC, but it has yet to be tested as a tool to spur economic growth under much milder cyclical downturns.

Microequities Deep Value Fund returned 3.27% in February; this brings the total return net of fees to 516.38% for the Fund since inception in March 2009.

The 2019 1st Half reporting season demonstrated the strength of investing in a growth asset class that sources its growth engine from predominately non-macroeconomic drivers. Overall the constituent's companies delivered strong earnings growth. Pleasingly the second half outlook is positive and more importantly the investment management team sees accessible and probable long-term pathways that will underpin intrinsic value growth over the medium and long term.

Overall, on a weighted basis, 83% of the companies that reported earnings, met or exceeded our expectations. With only 17% of the investee companies producing earnings below our exceptions. An overall strong earnings season for the Fund.

	% Weighting of companies that reported during February 2019
Above Expectations	31.9%
Met Expectations	51.1%
Below Expectations	17.0%

Projected EPS Growth 1 Year Forward (on a weighted basis)	**+18.7%**
Projected EPS Growth 2 Years Forward (on a weighted basis)	**+18.5%**

Number of companies	**31**
Top 5 Holdings % of NAV	**42.2%**
Top 10 Holdings % of NAV	**59.0%**
Top 20 Holdings % of NAV	**81.0%**
Cash Position % of NAV	**10.1%**