

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 29/02/2020

latest unit price \$4.1360	return since inception (March 2009) 604.78%	return 1 month -9.58%
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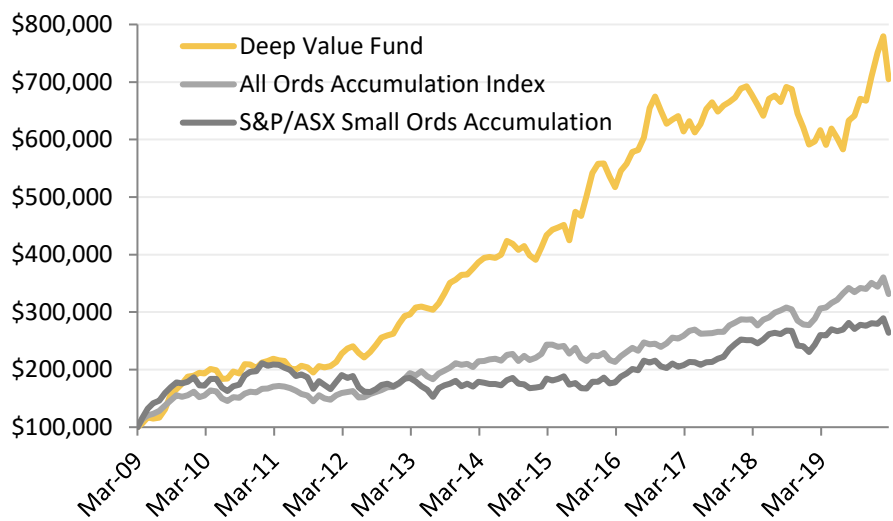
FUND OUTLINE

Fund Manager:

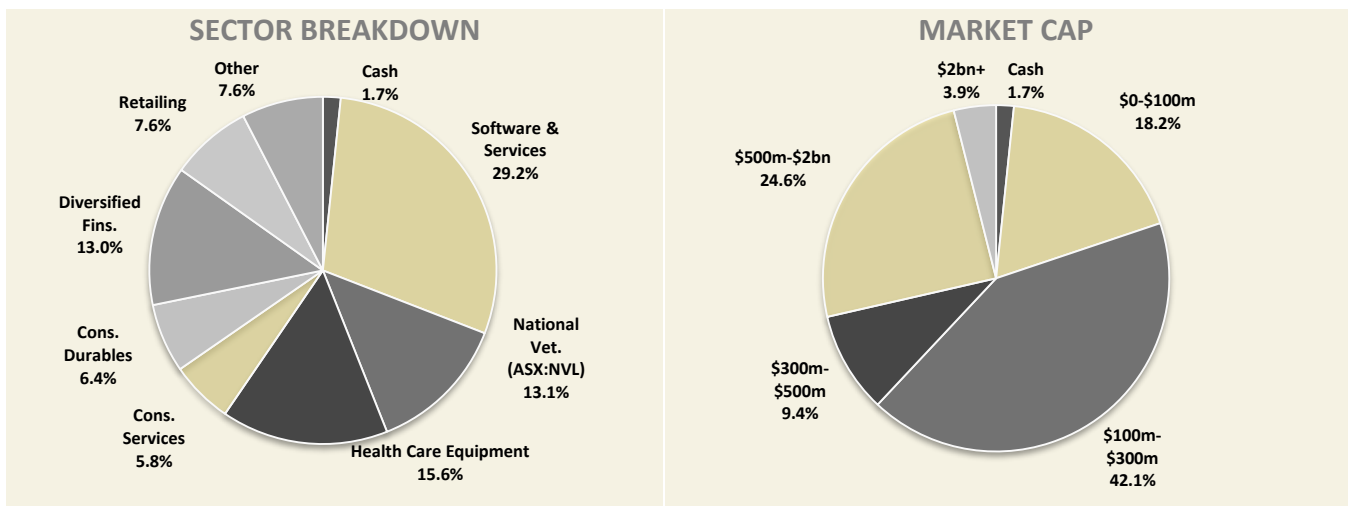
Carlos Gil (CIO)

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 > **\$704,782**



	Compound p.a. since Inception	Total since inception	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	19.43%	604.78%	13.81%	13.20%	10.18%	4.70%	14.34%	-9.58%



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MARKET UPDATE AND COMMENTARY

February in Australia marks the first half reporting season for most ASX companies. However, as the month progressed the focus of equity markets shifted to developments surrounding the spread of a novel coronavirus, Covid-19. Earnings reports of companies took a back seat as financial markets attempted to grasp the economic impact of Covid-19 and its potential disruptive effects to societies and economies. By the end of the month markets shifted significantly down as concerns increased about Covid-19's potential to disrupt economies. The situation continues to be fluid. The likelihood is Covid-19 will stay front of mind of markets for some time. We expect the number of cases outside of China to continue to rise over coming months. There is likely to be strong state responses to attempt to contain the spread. While these measures are contextually understandable, ultimately the virus does not pose a serious threat to civilisation, though the duration of its disruption is uncertain. As in all market shocks, market pricing reactions for some companies will be unruly and disproportionate. Successful equity investing requires a long-term focus of buying quality businesses with strong fundamentals that can compound earnings throughout the peaks and troughs of markets cycles. The troughs inevitably open windows of immense opportunity for the patient investors like ourselves.

Microequities Deep Value Fund returned -9.58% in February; this brings the total return net of fees to 604.78% for the Fund since inception in March 2009.

The Fund's top investee companies all posted strong underlying EPS growth. Particularly strong were our two healthcare companies which delivered solid earnings growth and are well poised to continue growing into FY21. These two companies make up for close to 16% of the Fund's assets.

	% Weighting of companies that reported during February 2020
Above Expectations	25.15%
Met Expectations	67.31%
Below Expectations	7.54%

Our software and services companies also posted pleasing results and the investment team is selectively increasing its stake in several companies in this sector taking advantage of significant market price falls. We are acutely aware that these windows of opportunity seldom last and high-quality businesses don't stay cheap for long. During the month we received the proceeds from the takeover of **CSG Ltd (ASX:CSV)**.

Substituting this exit in the portfolio is a new software technology company that is growing its SaaS revenue base rapidly.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+16.9%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+18.1%

Number of companies	32
Top 5 Holdings % of NAV	45.8%
Top 10 Holdings % of NAV	69.3%
Top 20 Holdings % of NAV	90.3%
Cash Position % of NAV	1.7%

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.