

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 30/11/2019

latest unit price \$4.1636	return since inception (March 2009) 609.49%	return 1 month 6.32%
--------------------------------------	---	--------------------------------



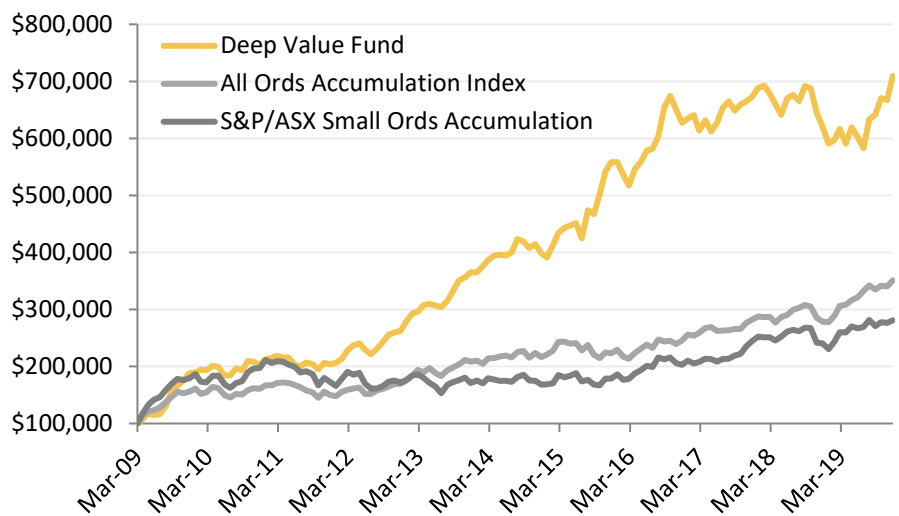
FUND OUTLINE

Fund Manager:

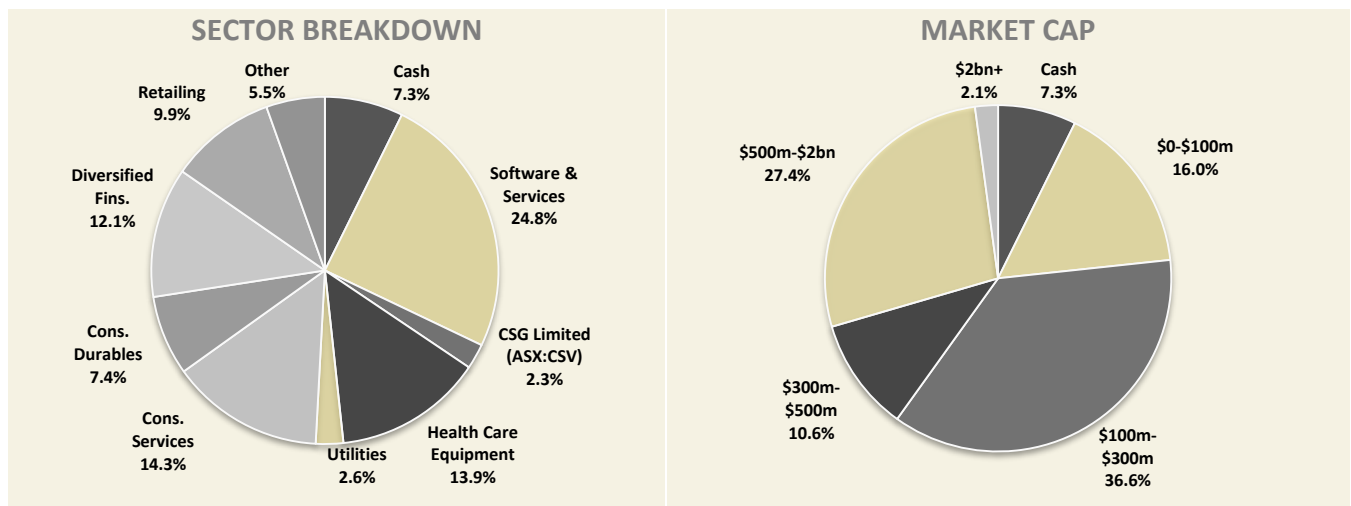
Carlos Gil (CIO)

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 > **\$709,485**



	Compound p.a. since Inception	Total since inception	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	19.99%	609.49%	14.20%	15.28%	12.20%	4.18%	14.32%	6.32%



DEEP VALUE FUND



MARKET UPDATE AND COMMENTARY

December looks set to be an important month with two world events relevant to markets and with significant economic implications edging closer to a conclusion. In the UK, Britons will go to the polls as the Tories look to break through the Brexit stalemate. A Labour victory in the UK could lead to the most radical anti-free market reforms seen since the Second World War. Elsewhere, the Sino-US trade negotiations might edge closer to a first phase deal after the Chinese agreed to important US demands on intellectual property protection. Whilst a first phase would be welcomed by markets and likely improve economic sentiment within the major world economies, key issues such as Chinese industrial subsidies and others forms of protectionism will not be addressed. Thus, a first phase deal will not defuse the trade war, merely lessen tensions and lower points of conflict.

Domestically, Australian equities markets look set to continue to enjoy very low central bank rates, with the RBA rhetoric implying more headroom to cut rates further before it considers quantitative easing policy measures.

Microequities Deep Value Fund returned 6.32% in November; this brings the total return net of fees to 609.49% for the Fund since inception in March 2009.

The recent flurry of M&A within the Fund has continued. This month **Smartpay Holdings Ltd (ASX:SMP)** announced a conditional agreement to **sell its NZ business to Verifone for NZ\$70m**. The deal will see Smartpay retain its fast-growing Australian EFTPOS business. **To put the deal into context, one month ago, the entire enterprise value of Smartpay was approximately A\$60m.** The deal provides yet another compelling data point of how poorly the marked to market pricing has captured the true underlying value of constituent companies in the Fund. The investment management team continues to see significant pricing anomalies within other businesses in the Fund and consider further M&A activity is likely over the next 12 months.

The Deep Value Fund received the proceeds from the takeovers of **Pacific Energy Ltd (ASX:PEA)** and **ERM Power Ltd (ASX:EPW)** taking down the total number of companies owned by the fund to 30. The investment management team is actively reallocating these funds to highly undervalued companies within the portfolio. Various new opportunities are also currently being assessed for potential inclusion; we look forward to keeping you posted.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+18.8%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+18.0%

Number of companies	30
Top 5 Holdings % of NAV	43.2%
Top 10 Holdings % of NAV	63.8%
Top 20 Holdings % of NAV	85.0%
Cash Position % of NAV	7.3%

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.