



ASX Announcement

Market Announcements Office

ASX Limited
20 Bridge Street
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2 April 2020

MARKET UPDATE – CORONAVIRUS COVID-19

Microequities Asset Management Group Limited (ASX:MAM) provides the following update to the market in relation to the events unfolding due to the Coronavirus COVID-19 pandemic.

The health and safety of the Company's employees and the community is the highest priority. All employees have been working from home over the past two weeks. All our systems are fully functional, cloud based and secure, allowing us full productivity on a remote work basis.

Markets around the world have seen significant volatility and price falls as the impact of the pandemic spills over from being a health issue to an economic issue. Almost all businesses and industries have been impacted.

Microequities Funds Under Management (FUM) have declined from \$386.4m (as at 31st December 2019) to \$266.8m (as at 1st of April 2020). The FUM decline has been overwhelmingly due to mark to market valuations of the funds. Outflows due to redemptions have been minimal. Consequently, revenue has approximately declined proportionately to FUM decline.

The Board and management have been focused on reducing costs in the short term and realigning the cost base in light of the reduced revenue. These cost cutting measures have been undertaken to ensure continued profitability of the operating business. The company is extremely well capitalised with a strong balance sheet including cash and financial assets and no financial debt. The business continues to be profitable and remains committed to profitability on an ongoing basis.

Whilst several companies face real pressure over the short term, others are prepared for the downturn and will be well positioned for the recovery. The central bank and government stimuli response around the world will provide significant support to many businesses. Over the last month we have been repositioning the Funds' portfolios from businesses that in our view are high risk to endure financial distress during this period to businesses that have more robust balance sheets and better business models which will survive and thrive. We have been acquiring these at attractive prices that should set the funds to perform well in the eventual recovery.

We continue to monitor the situation closely and will provide further updates as they arise.

As the health and economic challenges of COVID-19 continue to unfold, our thoughts are with those families affected by the virus, and with the dedicated and courageous frontline health service providers battling the pandemic.

This announcement has been authorised for release by the Board

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About Microequities (ASX:MAM): Microequities is a boutique value driven Fund manager specialised in exchange listed industrial microcaps and small caps. Established in 2005 as an investment research house, the company expanded into funds management in early 2009 by launching its flagship fund - the Deep Value Fund. Today Microequities manages five investment funds. For further information visit www.microequities.com.au