

DEEP VALUE FUND



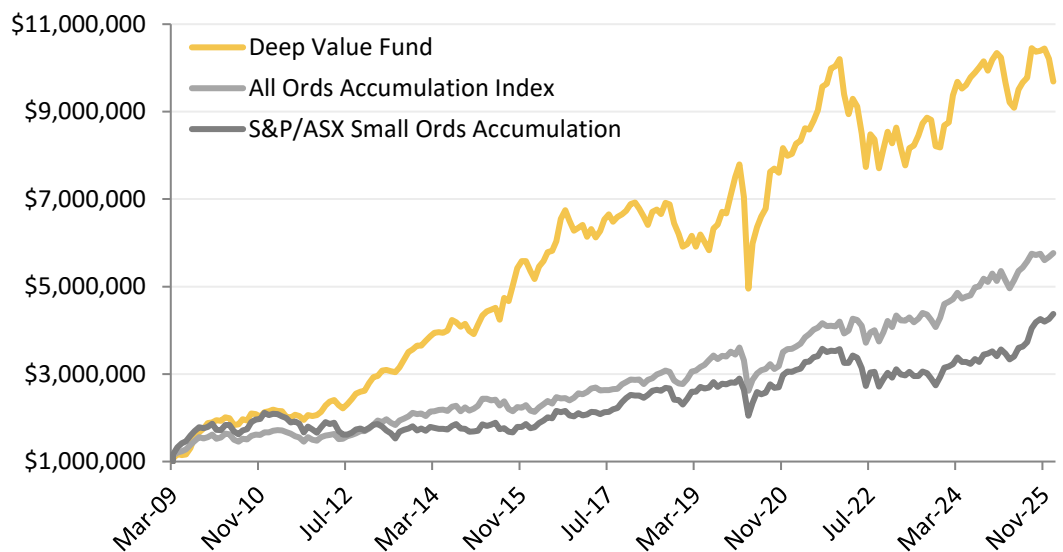
MONTHLY PERFORMANCE AS AT 31/01/2026

latest unit price \$4.5630	return since inception (March 2009) 868.76%	return 1 month -5.07%
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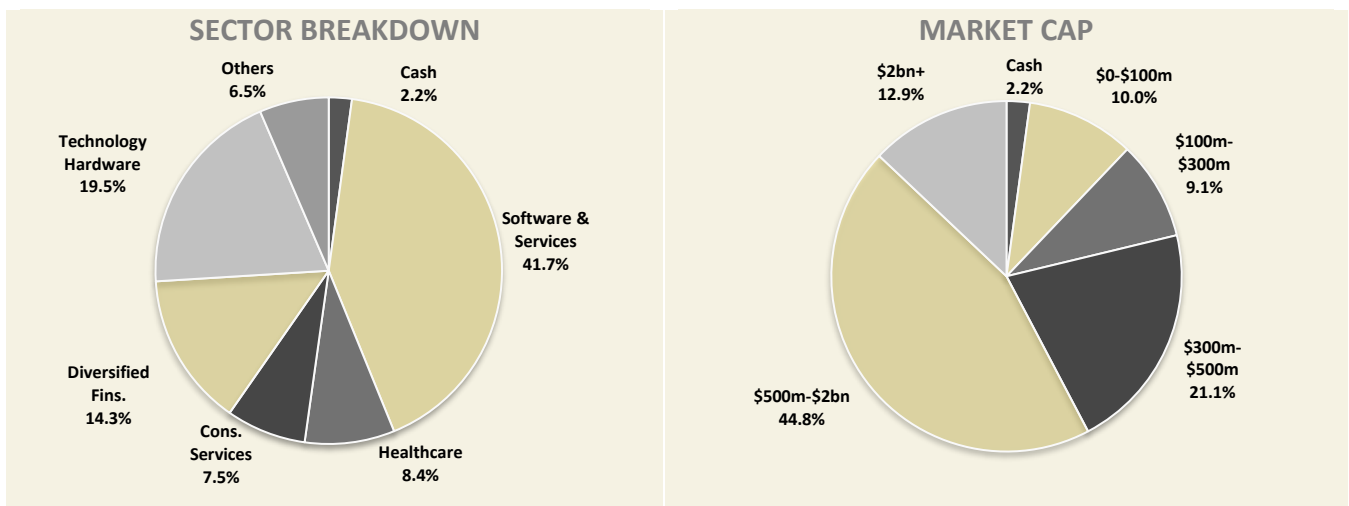
FUND OUTLINE

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 \$1,000,000 INVESTED AT INCEPTION > **\$9,687,568**



	Compound p.a. since Inception	Total since inception	15 Year Compound Annual	12 Year Compound Annual	10 Year Compound Annual	5 Year Compound Annual	3 Year Compound Annual	1 Year	1 Month
DVF	14.37%	868.76%	10.55%	8.20%	6.10%	3.80%	3.91%	-5.37%	-5.07%



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MARKET UPDATE AND COMMENTARY

In last month's report, we noted that the RBA's February policy decision was finely balanced. Rising core inflation and a stubbornly strong labour market, underpinned by tight labour supply, were complicating the RBA's dovish policy stance. The two data prints released in January (quarterly inflation and employment numbers) have now decisively tilted the balance towards a rate increase at this week's meeting. We expect the RBA will yield to the data and take the prudent step of lifting rates by 25 basis points. In the United States, the economy is likely to surprise on the upside in 2026. Tariff revenues provide a potential pathway to income tax cuts, while rising real wages and household wealth are creating a supportive backdrop for the consumption-led economy. The US economy appears on track to deliver above-trend growth of around the mid-2% range. Also likely to surprise on the upside is the Chinese economy, which has demonstrated resilience in the face of US tariffs. Rising technological innovation, with R&D spending now accounting for approximately 2.8% of GDP (above the OECD average), is gradually shifting the structure of the Chinese economy. That said, China continues to face some formidable structural challenges.

Microequities Deep Value Fund returned -5.07% in January; this brings the total return net of fees to 868.76% for the Fund since inception in March 2009.

It may be confusing for some investors, but the month of January, which precedes the February reporting season, was fundamentally positive for the Deep Value Fund. Several portfolio companies provided positive trading updates and quarterly cash flow reports, which were encouraging. This naturally raises the question: if the month was fundamentally positive, why was performance negative? The negative monthly performance is best explained by weak sentiment and adverse market pricing behaviour across ASX-listed technology companies, which have experienced a broad market decline over the past six months. This has been most pronounced in the largest technology names (Xero, Pro Medicus, WiseTech and Technology One), which have fallen by approximately 40% to 50% over that period.

While the Deep Value Fund does not own any of these four companies, negative sentiment has nonetheless impacted the market pricing of our technology holdings, which account for approximately 60% of the Fund's assets. The investment management team fully exited out of financial services provider **Humm Group (ASX:HUM)**. Whilst we intended to be invested in the business for a far longer period, increasing concerns around a poor corporate governance culture and conflict of interests triggered our sale decision. **We achieved a positive IRR of +74.8% on an 8-month investment.**

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+24.2%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+22.8%

Number of companies	37
Top 5 Holdings % of NAV	49.3%
Top 10 Holdings % of NAV	66.1%
Top 20 Holdings % of NAV	86.6%
Cash Position % of NAV	2.2%

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.