

# DEEP VALUE FUND



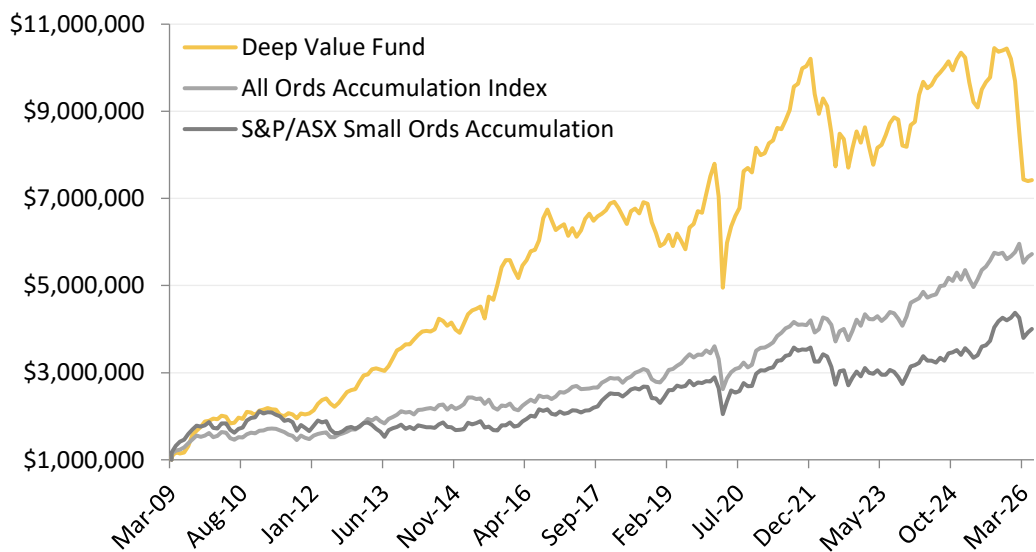
## MONTHLY PERFORMANCE AS AT 31/05/2026

latest unit price <b>\$3.4938</b>	return since inception (March 2009) <b>641.76%</b>	return 1 month <b>0.29%</b>
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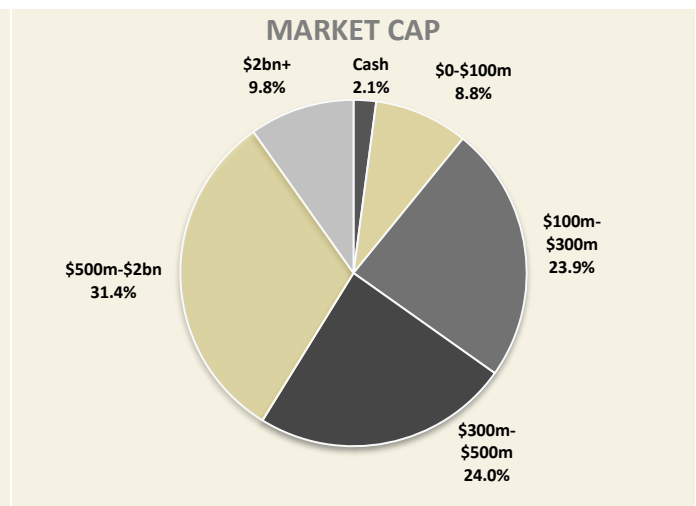
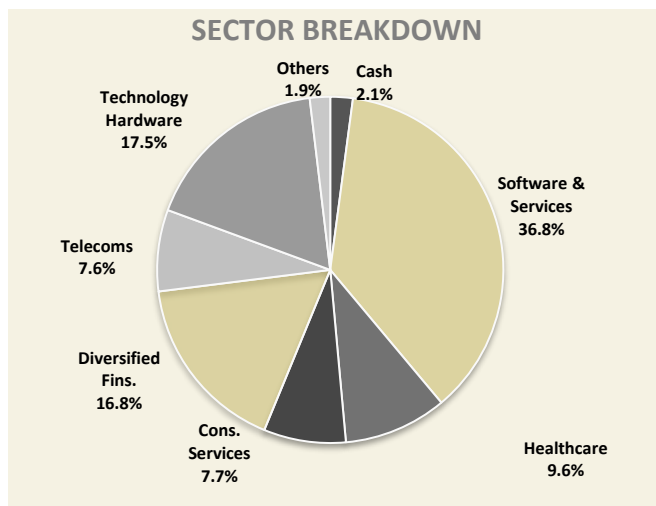
### FUND OUTLINE

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 > **\$7,417,582**



	Compound p.a. since Inception	Total since inception	15 Year Compound Annual	10 Year Compound Annual	5 Year Compound Annual	3 Year Compound Annual	1 Year	1 Month
DVF	12.32%	641.76%	9.05%	2.51%	-2.89%	-3.40%	-21.95%	0.29%



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## MARKET UPDATE AND COMMENTARY

Australia's headline inflation rate fell from 4.6% to 4.2% for the month of April. The fall in the headline rate was driven by the cut in fuel excise on April 1<sup>st</sup>. Trimmed inflation, rose by 10 bps to 3.4% from a month earlier. The CPI number came in a month which saw weakness in the labour market with the unemployment rising to 4.5% in April. We expect the RBA to hold rates at its June board meeting, as the central bank will want to see the effects of its recent rates rise permeate through the economy before taking any further action. The US-Iran conflict continued throughout the month with a fragile ceasefire remaining in place. The oil market has largely discounted a worst-case supply disruption, and oil prices remain relatively subdued despite the disruption to global supply chains. Part of the reason for the modest increase in prices is the reliance on oil inventories to smooth supply. Inventories will not last indefinitely and therefore the US administration has a limited timeframe to reopen the Strait of Hormuz. Despite the geopolitical backdrop, the US economy remains resilient, with the April jobs report showing the economy added 115,000 non-farm jobs. Whilst the Federal Reserve remains dovish, divisions are emerging within the committee, with four of the twelve members dissenting from the decision to hold rates and signalling a growing easing bias.

**Microequities Deep Value Fund returned +0.29% in May; this brings the total return net of fees to 641.76% for the Fund since inception in March 2009.**

The number of companies in the Deep Value Fund has increased to 38 from 37. This is, however, only temporary. The investment management team is in the process of exiting the Fund's only pure retailing business. Prior to the commencement of the sell-down, the position represented 1.2% of the Fund's NAV. The proceeds are being used to increase our position in one of our most undervalued growth investments, a business generating strong free cash flow, protected by a strong moat and supported by an attractive medium-term growth pipeline.

In addition, we have deployed a small amount of capital into a new entrant to the Deep Value Fund. The business is a profitable industrial services company with a significant engineering and technology advantage. It provides products and services that are critical to the operations of its customers. Under a new management team, we believe the company is poised to enter a new phase of growth that will expand its addressable market. Importantly, the business has multiple growth drivers, reducing the execution risk associated with our investment thesis.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+26.9%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+22.7%</b>

<b>Number of companies</b>	<b>38</b>
<b>Top 5 Holdings</b> % of NAV	<b>48.1%</b>
<b>Top 10 Holdings</b> % of NAV	<b>67.7%</b>
<b>Top 20 Holdings</b> % of NAV	<b>87.7%</b>
<b>Cash Position</b> % of NAV	<b>2.1%</b>

**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.