

# DEEP VALUE FUND



## MONTHLY PERFORMANCE AS AT 30/06/2020

latest unit price <b>\$3.8732</b> Cum-distribution	return since inception (March 2009) <b>560.00%</b>	return 1 month <b>3.84%</b>
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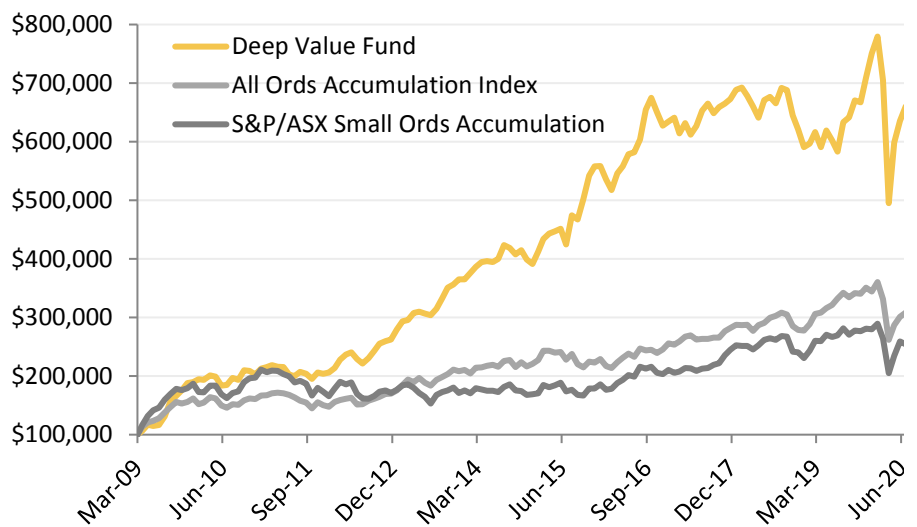
### FUND OUTLINE

Fund Manager:

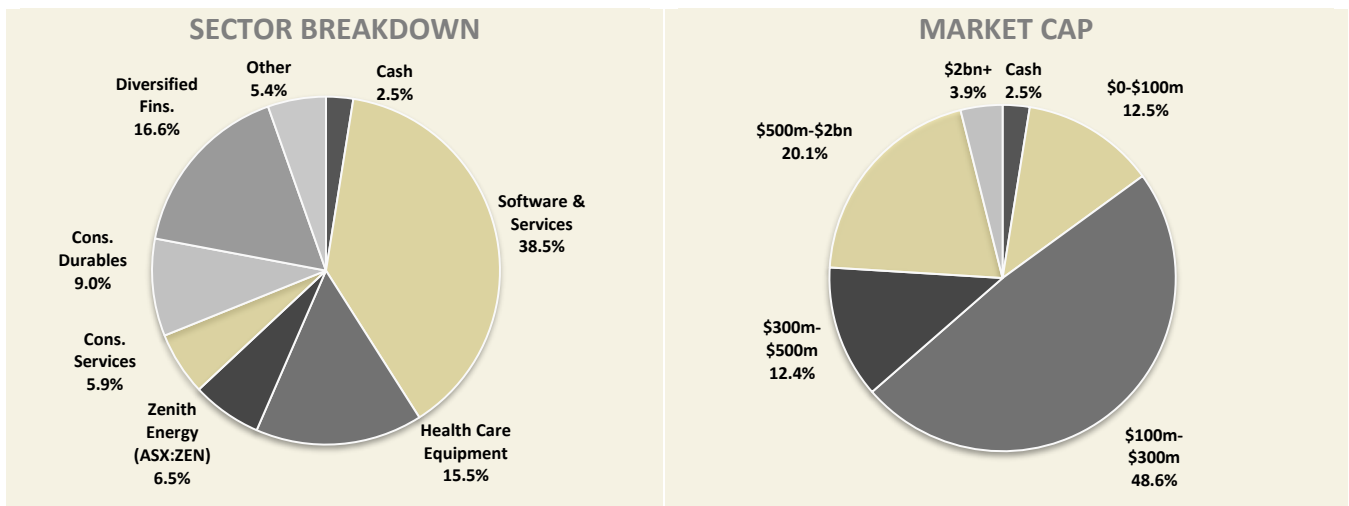
Carlos Gil (CIO)

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 > **\$660,001**



	Compound p.a. since Inception	Total since inception	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
<b>DVF</b>	<b>18.12%</b>	<b>560.00%</b>	<b>13.58%</b>	<b>11.71%</b>	<b>9.22%</b>	<b>0.34%</b>	<b>13.21%</b>	<b>3.84%</b>



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## MARKET UPDATE AND COMMENTARY

Europe, Asia and North America face different Covid-19 dynamics and by consequence different short-term economic outlooks. Europe which bore the brunt of new cases early in the pandemic is progressively relaxing restrictions and consumer consumption data in its major economies all point to a substantial recovery in spending behaviour. Asia, whilst facing different regional undercurrents, is experiencing a recovery in major economies with China and South Korea leading the economic recovery. Effective management of the pandemic outbreaks allowed their economies to reopen earlier. Japan which is a more export reliant economy faces a harder road to recovery as domestic demand resurgence will not offset the sharp fall in exports. The US is now experiencing a sharp rise in new Covid cases, potentially endangering the unlocking of its economic activity.

The likely scenario is regional outbreaks of Covid will continue to be experienced across the world, but it is improbable that state responses will be as aggressive as the shutdowns enacted at the beginning of the pandemic. We have likely entered a “management phase” of the pandemic with less severe government intrusion upon the economic system.

**Microequities Deep Value Fund returned 3.84% in June; this brings the total return net of fees to 560.00% for the Fund since inception in March 2009.**

Several the Fund’s investee companies continued to provide operational updates during the month. The updates continue to indicate a resumption and normalisation of trading with some of the businesses now back or almost back to pre-Covid revenue patterns.

Activity during the month was focused on the purchase of a new entrant into the Fund. We have acquired an entry stake into a health-related software business with a large addressable market and high growth profile. The decision to invest in the business followed a strategic acquisition by the investee company which vertically integrates key components of their technology. The business has improving quality of earnings and is a business that can organically double in scale over the next three to five years.

We continued to buy highly undervalued businesses within the Fund specifically within the software & services sector in which we own a few severely undervalued businesses with market values completely disconnected with their intrinsic valuations. Current software & services sector weighting has increased to 38.5% of the assets of the Fund.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+7.1%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+16.0%</b>

<b>Number of companies</b>	<b>33</b>
<b>Top 5 Holdings</b> % of NAV	<b>43.6%</b>
<b>Top 10 Holdings</b> % of NAV	<b>67.1%</b>
<b>Top 20 Holdings</b> % of NAV	<b>89.0%</b>
<b>Cash Position</b> % of NAV	<b>2.5%</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.