

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 31/10/2020

latest unit price \$4.3526	return since inception (March 2009) 659.98%	return 1 month -1.27%
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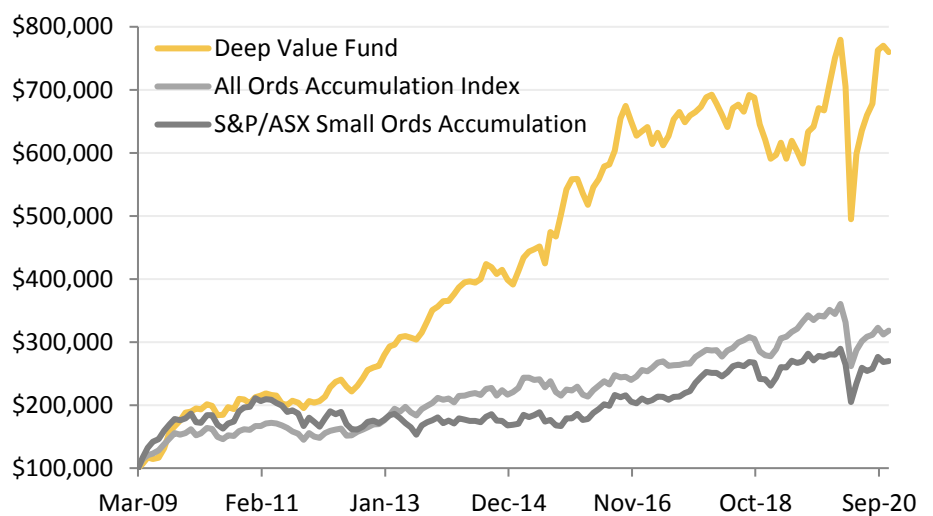
FUND OUTLINE

Fund Manager:

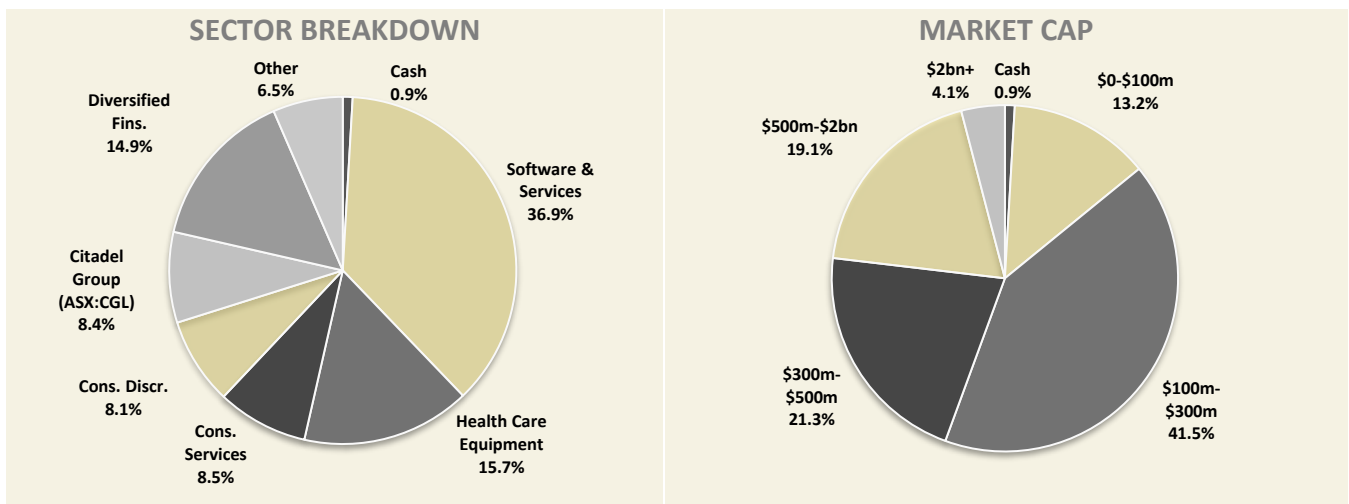
Carlos Gil (CIO)

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 > **\$759,977**



	Compound p.a. since Inception	Total since inception	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	18.99%	659.98%	13.79%	11.42%	7.00%	4.55%	13.88%	-1.27%



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MARKET UPDATE AND COMMENTARY

US third quarter GDP bounced back strongly to record a +7.4% increase on the prior quarter, or a historic +33.1% on annualised basis. The annual number should not be read literally; very much like the dramatic decline experienced in the second quarter of -31.4%, both of those numbers were very much driven by the disruptive effects of the Covid-19 shutdowns and consequent easing of those restrictions. Despite the strong third quarter growth numbers US output remains below pre Covid-19 levels. There were however some encouraging data points with private investment increasing +83%, including strong increases in equipment investment and consumption rebounding strongly. Challenges for the US economy remain though as a strong rise in a second wave of Covid-19 cases threatens to disrupt the recovery and the country anxiously awaits the outcomes of third phase clinical trials of vaccines. Domestically, Australia's third quarter GDP is also likely to have turned positive with the country likely to have come out of its first technical recession in almost three decades. The RBA is expected to continue to be extremely accommodative in its monetary policy and financial markets are anticipating another rate cut in November.

Microequities Deep Value Fund returned -1.27% in October; this brings the total return net of fees to 659.98% for the Fund since inception in March 2009.

Several constituent companies of the Deep Value Fund conducted their AGMs during the month and provided Q1FY21 operational updates. Positive Q1FY21 update was released from our new investee company **Lark Distilling Co. (ASX:LRK)**, whilst **Integral Diagnostics (ASX:IDX)** has also begun FY21 on a positive trading footing. A top 5 investee company conducted a capital raising during the month as it secured a strategic acquisition that expected to drive EPS growth over the medium term. The Fund participated in the capital raising as this holding is a long-term core investment for the Fund and the acquisition is "on strategy".

A new entrant into the Deep Value Fund has seen the total number of investments increased from 34 to 35. The new entrant is a company that the investment team is very familiar with and a previously held investment for the Fund. The investment management team believes this investment represents material upside potential for investors in the Fund and the market pricing represents a highly undervalued opportunity.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+18.5%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+18.7%

Number of companies	35
Top 5 Holdings % of NAV	40.2%
Top 10 Holdings % of NAV	65.7%
Top 20 Holdings % of NAV	88.8%
Cash Position % of NAV	0.9%

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.