

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 31/12/2020

latest unit price \$4.5780	return since inception (March 2009) 699.33%	return 1 month -2.08%
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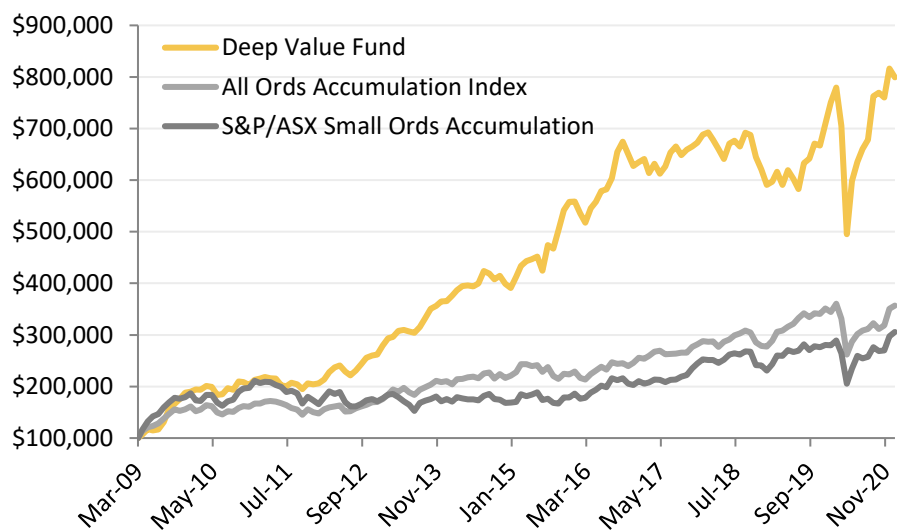
FUND OUTLINE

Fund Manager:

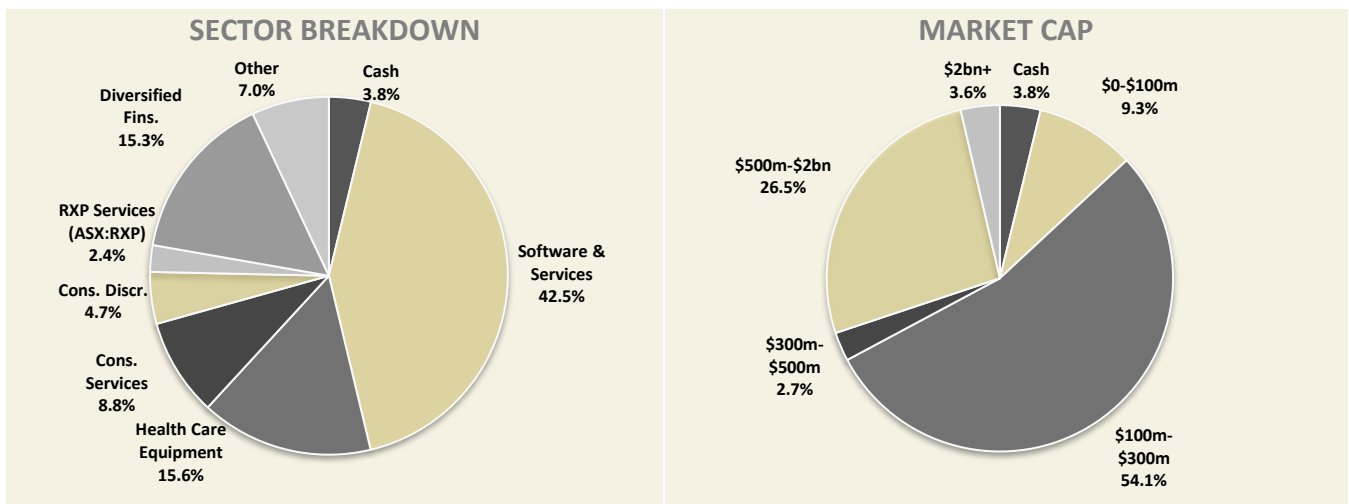
Carlos Gil (CIO)

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 > **\$799,332**



	Compound p.a. since Inception	Total since inception	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	19.20%	699.33%	14.16%	11.84%	7.43%	5.10%	6.46%	-2.08%



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MARKET UPDATE AND COMMENTARY

Financial markets digested two significant events during the month: The US presidential election outcome and Brexit. The US presidential election outcome was not a surprise to financial markets which were also imbued with confidence given the status quo result in the chambers. A Republican held Senate and a Democrat majority House of Representatives will continue. Across the Atlantic, it was a case of relief. After years of arduous, tenacious and at times strenuous negotiations, the European Commission and UK finally agreed on a Brexit pathway that will see the UK leave the EU after 47 years of membership. The main elements of the deal focuses on capital and goods both of which will still be able to move freely between the EU and UK. The deal will see the end of the free movement of people within the bloc, however services, which makes up to 80% of the UK economy have to a significant degree been left out of the agreement and will require further negotiations between the parties. Despite the shortcomings, the accord does however remove a significant risk element to financial markets and provides a more stable regulatory platform for companies to make investment decisions.

Microequities Deep Value Fund returned -2.08% in December; this brings the total return net of fees to 699.33% for the Fund since inception in March 2009.

The takeover transaction for **Citadel Group (ASX:CGL)** was finalised during the month. This exit, together with the divestment of a small ancillary holding in a health services business has meant cash assets in the Fund increased from 0.1% of NAV to 3.8%. The total number of investee companies has been reduced from 35 to 33. The investment management team intends to increase the fund's holdings in several underinvested businesses and deploy the cash reserves.

Additionally, there are three new potential investment opportunities currently being considered. Two of these are software technology companies that are very well known to investment management team and have been well researched. Both businesses have suffered large market devaluations over the last 12 months and their respective valuation gaps are getting closer to meeting our deep value requirements. The third opportunity is a health services business with a significant long term growth pathway and attractive valuation. We hope to provide you further updates on these opportunities in the event a capital deployment decision is made.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+17.7%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+19.2%

Number of companies	33
Top 5 Holdings % of NAV	36.5%
Top 10 Holdings % of NAV	59.2%
Top 20 Holdings % of NAV	85.0%
Cash Position % of NAV	3.8%

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.