

# DEEP VALUE FUND



## MONTHLY PERFORMANCE AS AT 28/02/2021

latest unit price <b>\$4.7354</b>	return since inception (March 2009) <b>726.82%</b>	return 1 month <b>2.87%</b>
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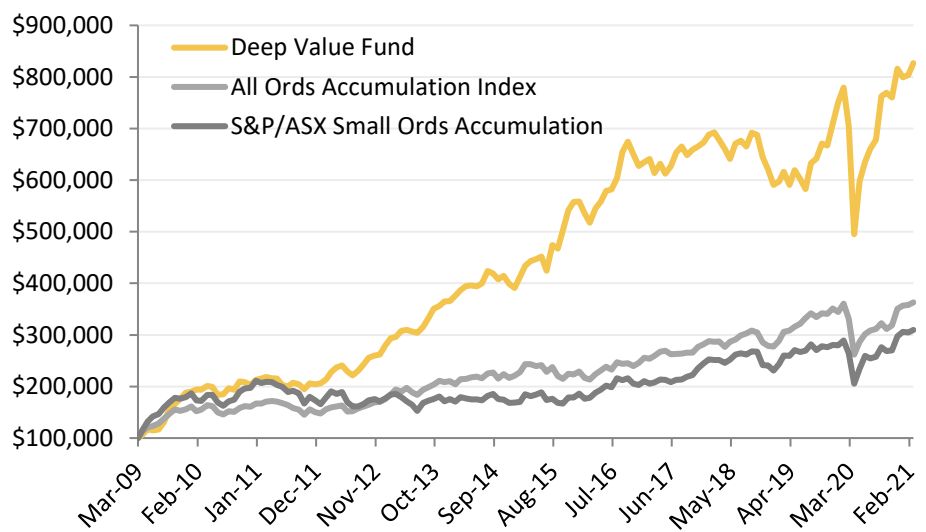
### FUND OUTLINE

Fund Manager:

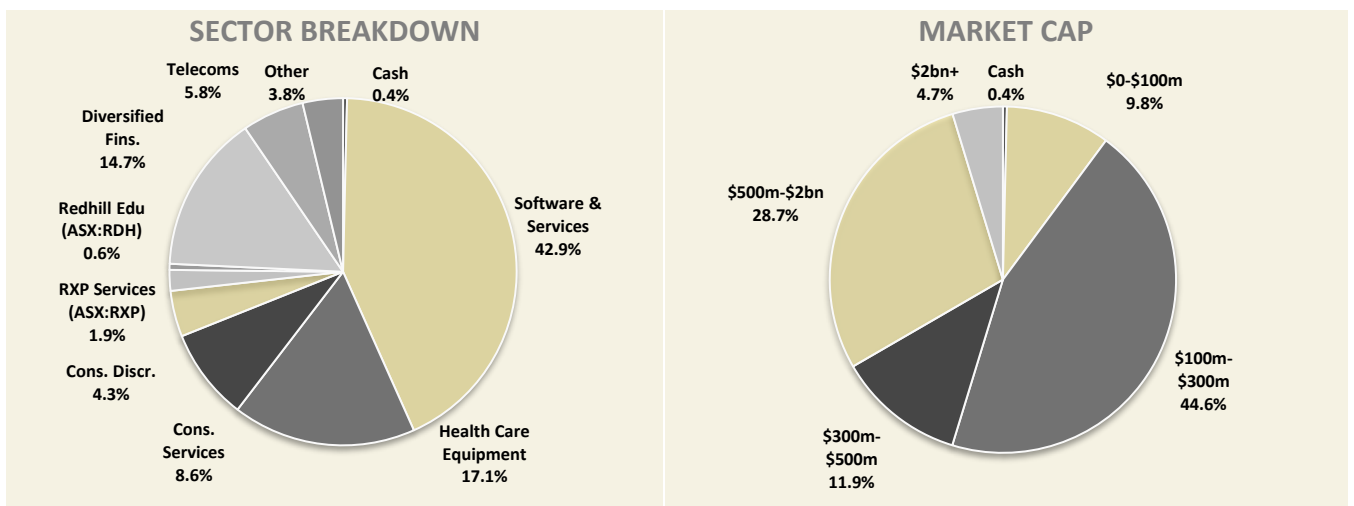
Carlos Gil (CIO)

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 > **\$826,815**



	Compound p.a. since Inception	Total since inception	12 Year	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	19.25%	726.82%	19.25	14.22%	11.48%	9.83%	6.82%	17.31%	2.87%



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## MARKET UPDATE AND COMMENTARY

The vaccine rollout across the developed world will be this year's biggest stimulus for the world economy reeling from the Covid-19. Outside of Israel, the UK and the US are leading the world vaccination race with the UK already vaccinating 30% of its population, whilst the US has surpassed 20%. Both countries are beginning to phase down differing levels of regional lockdowns and many restrictions are expected to continue to lift over the ensuing months. In addition to the expected demand driven boost that will come from lockdown easing the US economy will be provided with a further stimulant jab. The \$1.9tn coronavirus relief package has been passed by the House of Representatives. The package includes \$1,400 in direct payment to individuals' earning \$75,000 USD or less and \$350b to state and local governments. The entire package will provide further support to the economy. The combination of these forces plus quantitative easing, a highly stimulant monetary setting, is beginning to shift the view on medium term interest rates as capital markets adjust expectations that inflationary pressures will ultimately permeate through the economy. This provides a negative outlook for bond prices which could endure a difficult period of adjustment.

**Microequities Deep Value Fund returned 2.87% in February; this brings the total return net of fees to 726.82% for the Fund since inception in March 2009.**

During the month, 33/35 companies in the Fund reported their six-monthly financial results. On a weighted basis, 95% of these companies met or exceeded our expectations, with only 5% producing earnings below our expectations.

	<b>% Weighting of companies that reported during February 2021</b>
<b>Above Expectations</b>	18%
<b>Met Expectations</b>	77%
<b>Below Expectations</b>	5%

The 1<sup>st</sup> half reporting season confirmed a strong rebound in earnings growth of our investee companies and is consistent with our previously reported view that the Fund's constituents' earnings will rebound back to historical bands of EPS growth. We also successfully exited our investment in a very lowly weighted software technology business and have used the proceeds to buy initial stakes in another software technology and a fintech business. Both of those investments represent far superior risk/reward profiles than our recent divestments. As previously highlighted, we remain significantly underinvested in several excellent investment opportunities.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+21.9%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+21.4%</b>

<b>Number of companies</b>	<b>35</b>
<b>Top 5 Holdings</b> % of NAV	<b>37.1%</b>
<b>Top 10 Holdings</b> % of NAV	<b>60.2%</b>
<b>Top 20 Holdings</b> % of NAV	<b>86.7%</b>
<b>Cash Position</b> % of NAV	<b>0.4%</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.