

# DEEP VALUE FUND



## MONTHLY PERFORMANCE AS AT 30/04/2022

latest unit price <b>\$4.8777</b>	return since inception (March 2009) <b>811.56%</b>	return 1 month <b>-1.94%</b>
--------------------------------------	---	---------------------------------



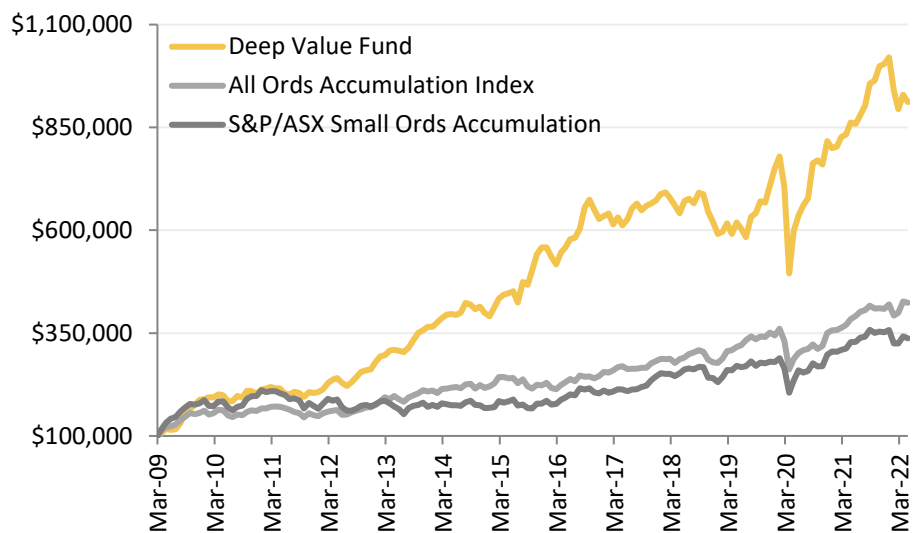
### FUND OUTLINE

Fund Manager:

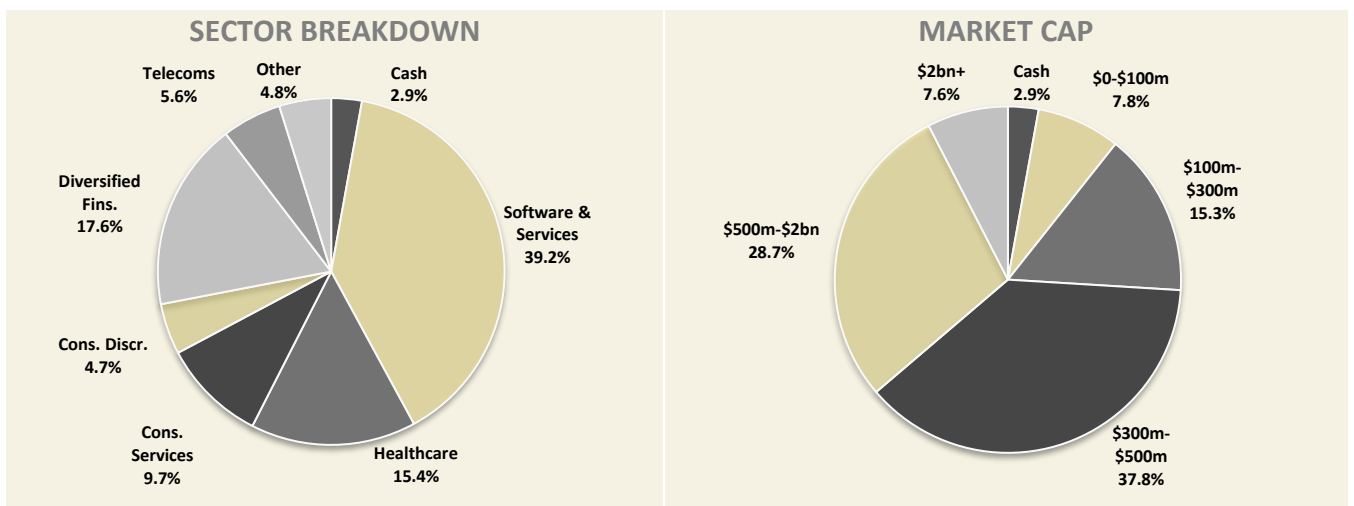
Carlos Gil (CIO)

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 > **\$911,564**



	Compound p.a. since Inception	Total since inception	12 Year	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	18.28%	811.56%	13.53%	14.25%	10.72%	8.28%	13.75%	5.79%	-1.94%



# DEEP VALUE FUND



## MARKET UPDATE AND COMMENTARY

US Federal Reserve Chairman Jerome Powell recognised increasing concerns about the pace of inflation and indicated the central bank is committed to raising rates “expeditiously” to contain it. The market has interpreted that an interest rate hike of 50 basis points at the May meeting is now a very likely possibility. The previous market assumption of the official rates to be at 1.75% by the end 2022 now seems implausible given the more hawkish rhetoric emanating from Powell. Despite this, it would seem highly unlikely we would have rates beyond 2.5% before the end of 2022. There are clear and distinctive structural features in this inflationary wave, making the current long held accommodative stance at best highly imprudent, at worse irresponsible. A level of 2.5% would fall within a neutral monetary policy stance, neither accommodating nor restricting economic activity. The Federal Reserve would be wise to raise to those levels but not beyond them. The current macroeconomic environment is the most complex in recent decades. Faster wage and household income growth, a returning to normal global economic conditions, logistic and supply chain constraints, geopolitical conflict, rapidly rising energy prices and a world labour market in which the balance of power has shifted to the employee. Better to have less variables at play in a decision-making framework.

**Microequities Deep Value Fund returned -1.94% in April; this brings the total return net of fees to 811.56% for the Fund since inception in March 2009.**

While we have not purchased any new businesses, we materially increased our stakes in the new businesses we begun to acquire in March. The business is an owner of various consumer goods brands which it sells in both Australian and international markets. Our acquisition of this business comes after the market price for the company fell by more than 60% over the past 12 months.

With a strong shift in sentiment away from technology led businesses, some opportunistic pricing has re-emerged within some of our portfolio companies. We added to two of our technology companies inside the portfolio. We suspect, sentiment is likely to stay negative over the short term and this will open further opportunities to add to our stakes within the portfolio and potential new opportunities.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+31.0%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+27.4%</b>

<b>Number of companies</b>	<b>33</b>
<b>Top 5 Holdings</b> % of NAV	<b>42.9%</b>
<b>Top 10 Holdings</b> % of NAV	<b>62.0%</b>
<b>Top 20 Holdings</b> % of NAV	<b>85.8%</b>
<b>Cash Position</b> % of NAV	<b>2.9%</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.