

# DEEP VALUE FUND



## MONTHLY PERFORMANCE AS AT 31/08/2021

latest unit price <b>\$5.1202</b>	return since inception (March 2009) <b>856.88%</b>	return 1 month <b>5.96%</b>
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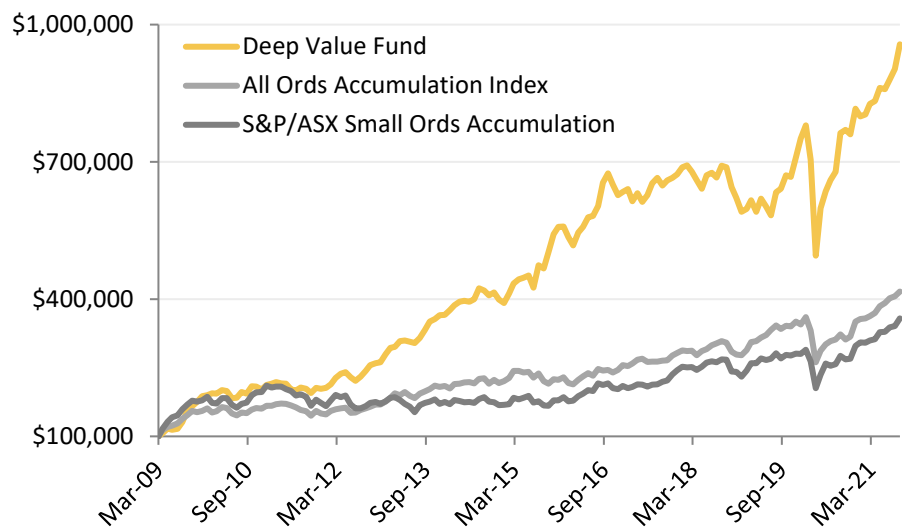
### FUND OUTLINE

Fund Manager:

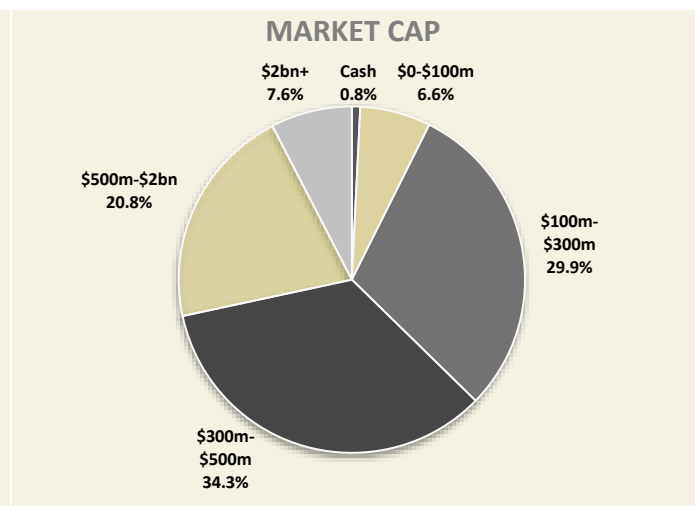
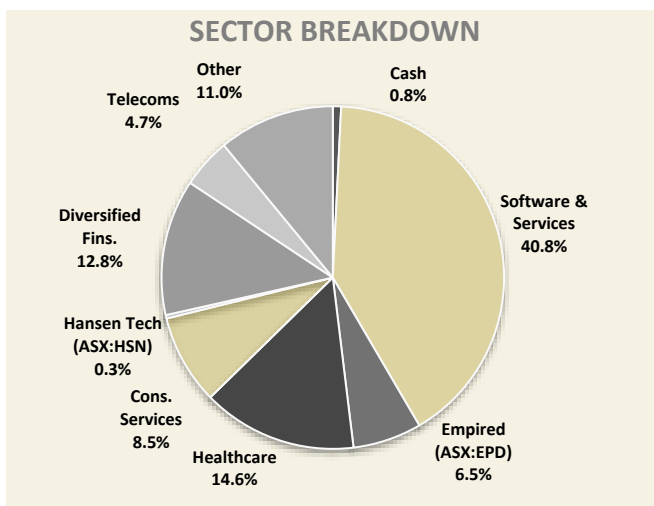
Carlos Gil (CIO)

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 > **\$956,883**



	Compound p.a. since Inception	Total since inception	12 Year	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	19.80%	856.88%	16.25%	16.72%	12.53%	7.89%	11.43%	25.47%	5.96%



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## MARKET UPDATE AND COMMENTARY

The US Federal Reserve gave its strongest signal that it is likely to begin tapering its massive bond buying program after acknowledging it had met two if its key goals required to unwind it. The Federal Reserve chairman recognised the US economy had made clear progress towards achieving full employment and inflation had gathered pace sufficiently to warrant removal of bond buying. The US Federal Reserve has been buying \$120b USD of bond securities each month since July 2020, the biggest quantitative easing programme in the history of economics. Whilst there appears to be clear consensus amongst US Federal Treasury members about cessation of the bond buying programme the exact timeline remains unclear though we believe it is likely to happen towards the end 2021. Domestically Australia's most populated states, NSW and Victoria remain in a prolonged lockdown that will have distortive economic effects for the 1H22 period, however we are expecting a difference of two halves. Unwinding of the lockdowns towards the end of October with resultant pent-up demand will lead to resurging economic conditions in the last two months of this half.

**Microequities Deep Value Fund returned 5.96% in August; this brings the total return net of fees to 856.88% for the Fund since inception in March 2009.**

The FY21 earnings season demonstrated the growth qualities of both the asset class and the portfolio companies in the Deep Value Fund. The earnings season provided strong validation that smaller companies will outgrow larger companies and they will do so for much longer periods.

	<b>FY21 EPS Growth Weighted Average</b>
29 companies of the total 34 companies reported FY21 financial results in August. (The 29 companies represent 79.2% of the non-cash assets of the Deep Value Fund)	<b>+27.6%</b>

**The 27.6% represents one of the highest average EPS weighted growth performances of the portfolio.** As pleasing as that is, investing is a future looking business and as we look at the runway of growth for FY22 and FY23, **we are pleased to report that we are forecasting strong double digit weighted EPS growth for the portfolio.** We believe the EPS growth of the portfolio, is an important driver and correlated to the long term return profiles of all our investment funds.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+28.2%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+24.9%</b>

<b>Number of companies</b>	<b>34</b>
<b>Top 5 Holdings</b> % of NAV	<b>38.6%</b>
<b>Top 10 Holdings</b> % of NAV	<b>59.4%</b>
<b>Top 20 Holdings</b> % of NAV	<b>85.3%</b>
<b>Cash Position</b> % of NAV	<b>0.8%</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.