

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 31/08/2022

latest unit price \$4.2535	return since inception (March 2009) 736.10%	return 1 month -1.45%
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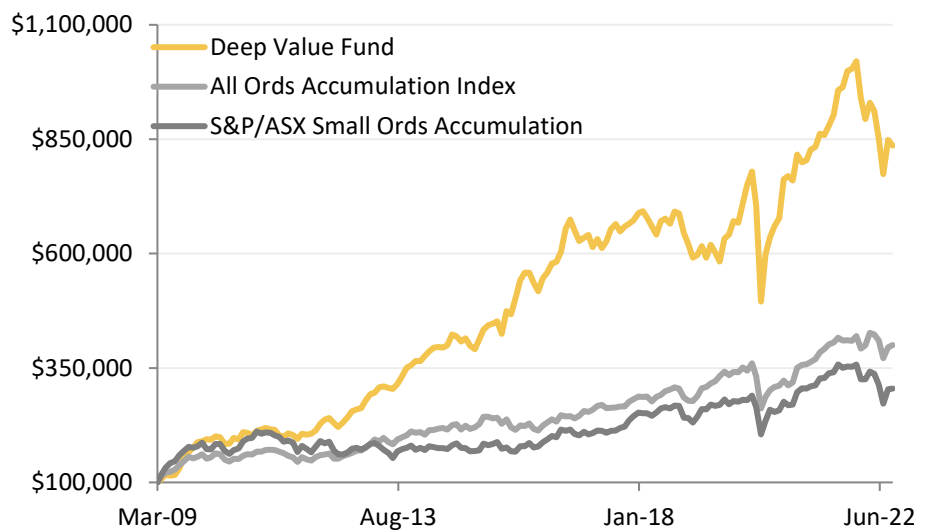
FUND OUTLINE

Fund Manager:

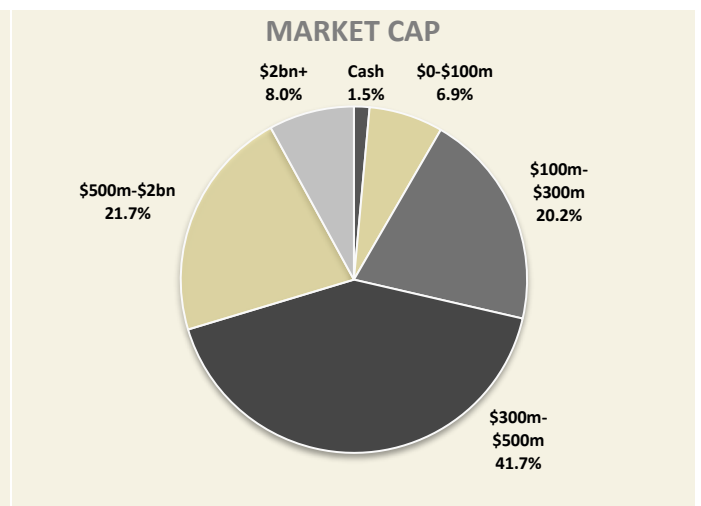
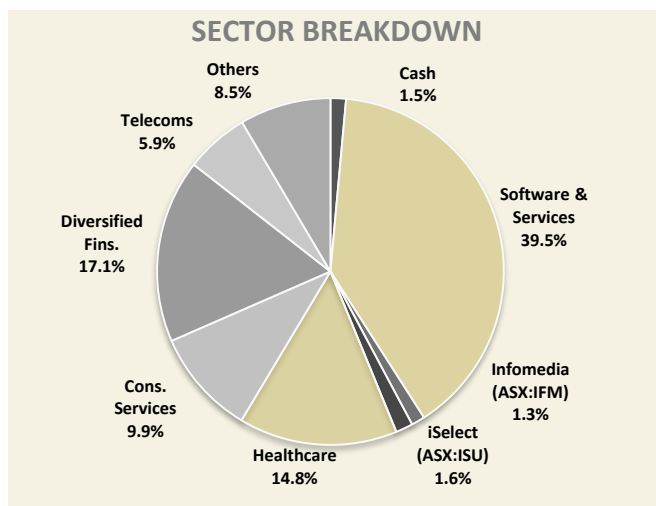
Carlos Gil (CIO)

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 > **\$836,101**



	Compound p.a. since Inception	Total since inception	12 Year	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	17.03%	736.10%	12.97%	13.15%	8.67%	5.21%	9.24%	-12.62%	-1.45%



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MARKET UPDATE AND COMMENTARY

The US Federal Reserve Chairman's address at Jackson Hole dominated financial markets attention during the month, as Jay Powell vowed to continue to raise rates for a "sustained period" to contain inflation. Powell indicated that increasing rates would likely cause some softening in a red-hot labour market and that economic growth might moderate. The address reset financial market expectations about the pace and duration of the current rate rise cycle with the US Federal Reserve prioritising lower inflation and focusing on reducing the risk that inflationary expectations might become entrenched in the US economic system. The European Central Bank officials followed shortly after, with Isabel Schnabel, an ECB executive board member, stating that European monetary policy would have to remain tight for an indefinite period of time. Domestically, the Australian unemployment rate fell to a 48-year low and came in at 3.4%, providing further evidence that there is an undersupply of labour in the Australian economy, a data point sure to be a focal point in the upcoming Australian jobs summit.

Microequities Deep Value Fund returned -1.45% in August; this brings the total return net of fees to 736.10% for the Fund since inception in March 2009.

During the reporting season the FY22 EPS growth of the weighted portfolio was +23.7%, a strong result driven by some of the largest weighted investments in the portfolio including the largest weighted investment and the second largest weighted investment. Both companies delivered strong growth and we are expecting high double digit EPS growth from them again in FY23.

	FY22 EPS Growth Weighted Average
30 companies of the total 33 companies reported FY22 financials in the period May to August 2022. (The 30 companies represent 93.5% of the non-cash assets of the Deep Value Fund)	+23.7%

The 23.7% growth rate is at the higher end of the historical range that the Deep Value Fund portfolio has achieved. We are pleased to report that we are forecasting strong double digit weighted EPS growth for the portfolio in FY23. We believe the EPS growth of the portfolio, is an important value creation driver and correlated to the long term return profiles of all our investment funds.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+27.7%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+27.2%

Number of companies	33
Top 5 Holdings % of NAV	41.3%
Top 10 Holdings % of NAV	62.6%
Top 20 Holdings % of NAV	86.9%
Cash Position % of NAV	1.5%

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.