

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 31/01/2021

latest unit price \$4.6034	return since inception (March 2009) 703.77%	return 1 month 0.55%
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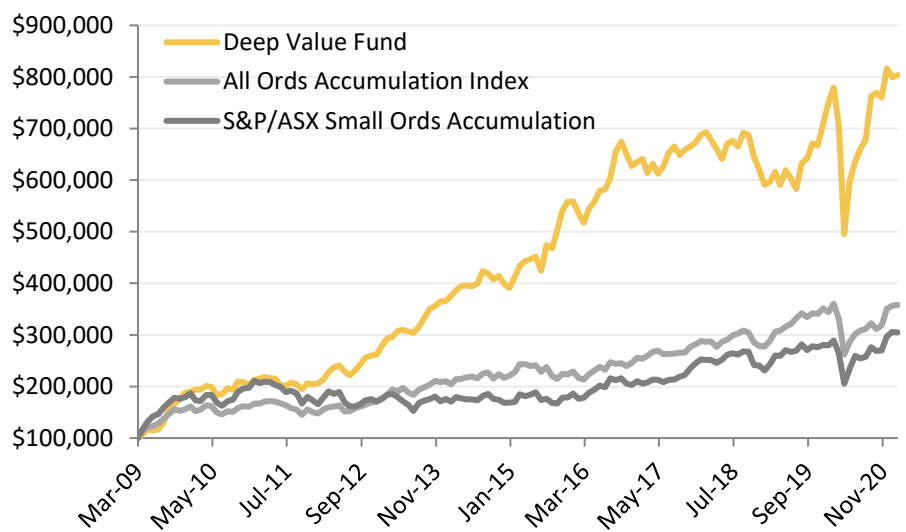
FUND OUTLINE

Fund Manager:

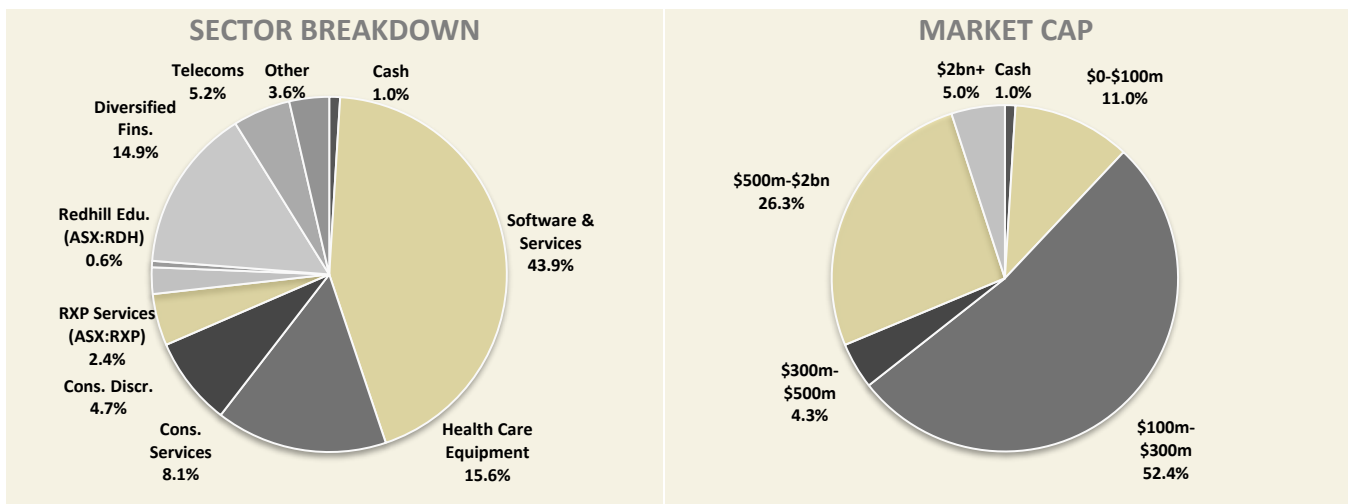
Carlos Gil (CIO)

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 > **\$803,767**



	Compound p.a. since Inception	Total since inception	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	19.11%	703.77%	14.08%	11.46%	8.45%	5.10%	3.12%	0.55%



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MARKET UPDATE AND COMMENTARY

2021 will be a year of recovery for the world economy, battered by the distortive effects of Covid-19. The first major economy to feel its effects, China, is also the first economy to come out the Covid induced slow down. In numbers published during the month of December, the Chinese economy expanded by +6.5% during the 4th quarter, taking the annual GDP growth to +2.3%. This was a commendable effort, but it was still the lowest GDP growth experienced in China in more than 40 years. The full year GDP number understates the resurgence of economic activity in the world's second biggest economy. The Chinese economy could expand at a growth rate above +8% during 2021. A growth rate that should help Australian commodity exports. The US economy is also likely to grow at above trend rates as its economy emerges from a 3.4% contraction in 2020. The degree and timing of the US recovery will to some degree depend on the national Covid vaccine rollout, a process that will take months. In Australia, our economy looks set to expand at its fastest rate in more than 20 years, though the recovery will also likely be tilted towards the 2nd half of 2021 and will require some easing of international border restrictions.

Microequities Deep Value Fund returned 0.55% in January; this brings the total return net of fees to 703.77% for the Fund since inception in March 2009.

It was an active month in the Deep Value Fund which saw two new companies added to the portfolio. One of the companies is an industrial services business that undertakes several maintenance services on fixed term contracts. The business has fallen out of favour with institutional investors and has provided us with a compelling deep value entry price. We have taken an initial stake representing 1.4% of the net assets of the Fund.

The other business acquired is a health care services business. The business has a modest organic growth runway but has a very long inorganic growth runway. Market prices were at a deep discount to our assessed intrinsic value. Shortly after taking our initial stake the share price rose markedly and we have refrained from purchasing any additional shares for now.

During the month we also increased our stakes in already invested companies specifically in two software companies and one telecommunications business. These three businesses continue to represent excellent long-term investments and are likely to deliver strong return for our investors.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+19.2%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+19.0%

Number of companies	35
Top 5 Holdings % of NAV	37.5%
Top 10 Holdings % of NAV	59.9%
Top 20 Holdings % of NAV	87.1%
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.