

# DEEP VALUE FUND



## MONTHLY PERFORMANCE AS AT 31/01/2022

latest unit price <b>\$5.0273</b>	return since inception (March 2009) <b>839.52%</b>	return 1 month <b>-7.92%</b>
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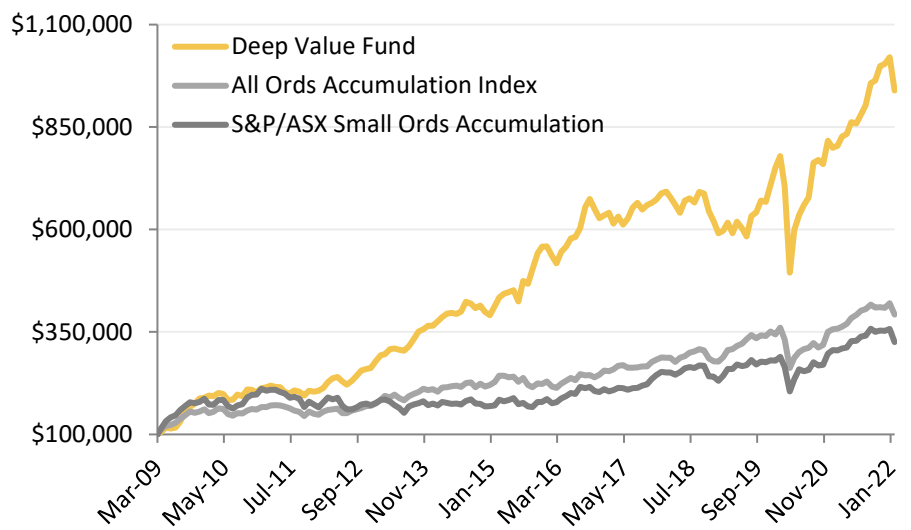
### FUND OUTLINE

Fund Manager:

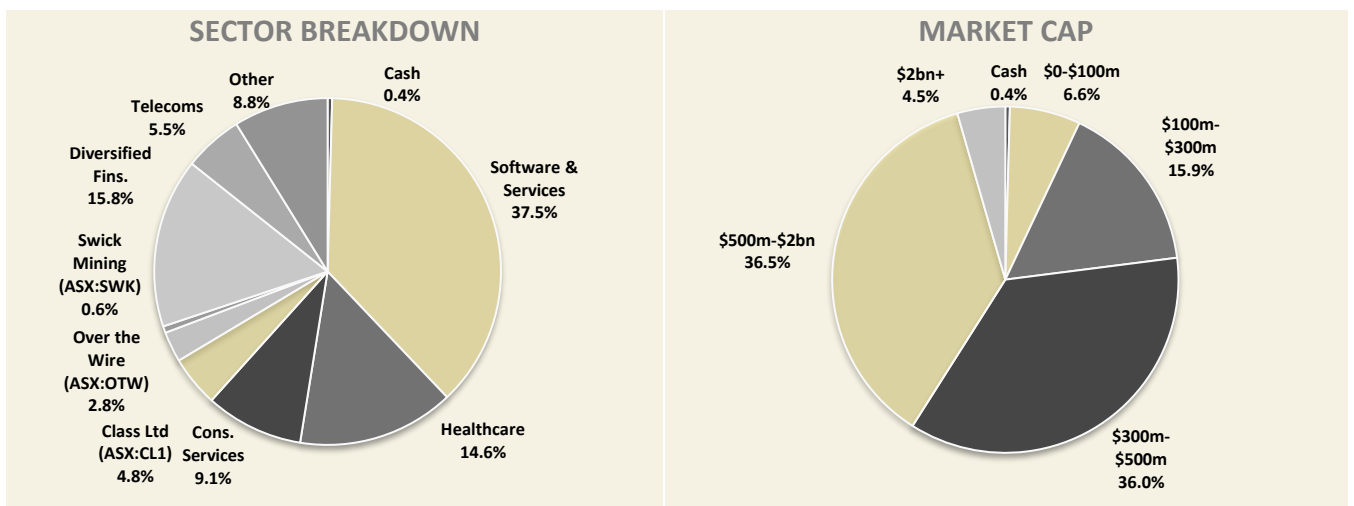
Carlos Gil (CIO)

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 > **\$939,521**



	Compound p.a. since Inception	Total since inception	12 Year	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	18.94%	839.52%	14.03%	15.97%	12.47%	7.95%	16.33%	16.89%	-7.92%



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## MARKET UPDATE AND COMMENTARY

As we enter 2022, we expect Australia to accelerate its economic growth and register one of the most expansionary years in decades. Despite the short-term disruption caused by Omicron, high vaccination rates, more effective treatment and increasing societal resilience means any further negative impacts of the pandemic will be weaker. As we move through the year, a strong labour market, reopening of international borders and the fastest wage growth since 2012 will improve consumer sentiment and drive economic confidence. These combined factors make a +4% GDP growth number an attainable target. The biggest risk to our positive economic growth outlook is taming increasing structural inflation. Not all inflation however is bad and the much-needed increase in real wages is fundamental to the purchasing and borrowing power of households. Across the US, inflation surged to 7% in numbers published during December, the largest jump since 1982. Core inflation, which removes the impact of volatile inputs such as energy and food prices, jumped to 5.5%. The data points towards a picture of underlying structural inflation, with the Federal Reserve now increasingly likely to raise rates more than 3 times during 2022.

**Microequities Deep Value Fund returned -7.92% in January; this brings the total return net of fees to 839.52% for the Fund since inception in March 2009.**

The Deep Value Fund reduced the total number of companies in its portfolio as we sold the entirety of our stake in **Orexplora Technologies (ASX:OXT)**. Our holding in Orexplore originates from our investment in **Swick Mining Services (ASX:SWK)** which spun off its technology division. Orexplore on its own did not meet the requisite qualities of our investment parameters.

The market fall during the month (the Small Ordinaries Index fell by 9%) allowed us to opportunistically increase our investments in some of the highest quality companies in the portfolio at attractive prices. We still remain underinvested in several excellent opportunities, and we will be actively deploying the remaining cash in the Fund by increasing our stakes.

Next month, most of the companies in the portfolio will be reporting 1H22 financial results and we will be providing an update on the earnings results across the portfolio.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+35.7%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+26.1%</b>

<b>Number of companies</b>	<b>33</b>
<b>Top 5 Holdings</b> % of NAV	<b>40.8%</b>
<b>Top 10 Holdings</b> % of NAV	<b>61.2%</b>
<b>Top 20 Holdings</b> % of NAV	<b>86.6%</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.