

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 31/07/2022

latest unit price \$4.3161	return since inception (March 2009) 748.41%	return 1 month +9.68%
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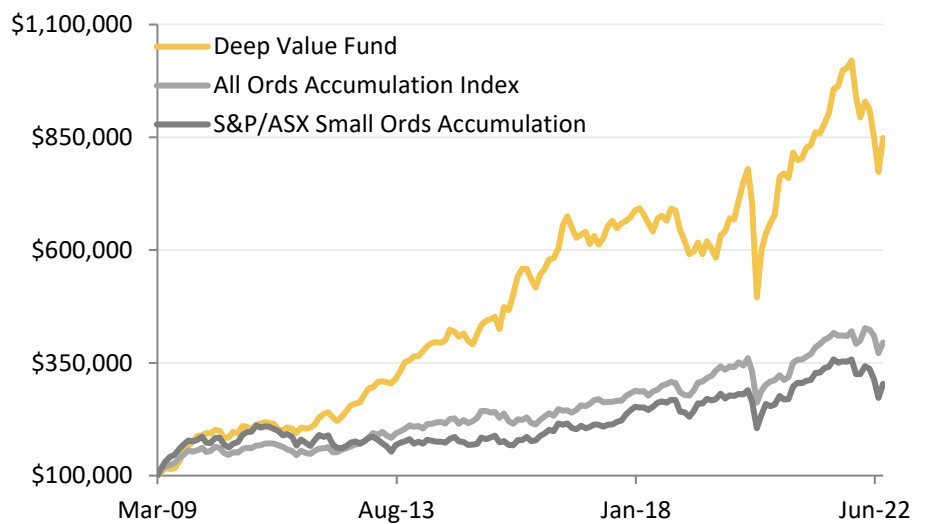
FUND OUTLINE

Fund Manager:

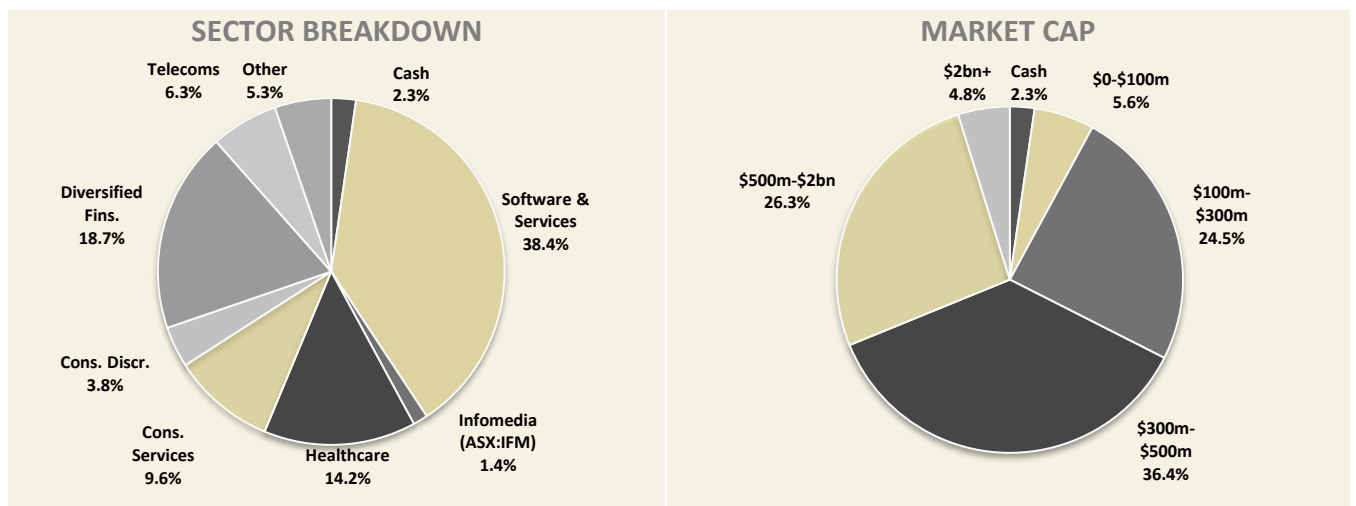
Carlos Gil (CIO)

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 > **\$848,407**



	Compound p.a. since Inception	Total since inception	12 Year	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	17.28%	748.41%	12.94%	13.91%	8.66%	4.99%	10.24%	-6.05%	9.68%



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MARKET UPDATE AND COMMENTARY

Financial markets focus continued to be on inflation and central bank rates. July saw the US Federal Reserve raise rates by 75 basis points (rate range now 2.25 to 2.5%), the ECB raised its rates for the first time in 11 years from 0% to 0.5% and Australia's RBA increase rates by 50 basis points to 1.35%. All these movements were expected and flagged to financial markets. Thus, the real focus turned to the future direction of rates. The US Chairman Jerome Powell pointed the obvious (though you wouldn't think so if you have been reading gloom and doom recent headlines), the US was not in a recession and that there were early signals recent rate increases was moderating the pace of growth in the economy. The implication being, that future rate rises might be more tempered than what markets had feared. Domestically, our view is that the RBA will continue to raise rates and will have to increase them above the neutral level of 2.5% to tame inflation, that implies that rates are likely to move towards 3.0% over the next 12 months. Employment markets in both the US and Australia continue to exhibit very tight labour supply.

Microequities Deep Value Fund returned 9.68% in July; this brings the total return net of fees to 748.41% for the Fund since inception in March 2009.

Last month we wrote that the gap between underlying company values and market prices was ostentatiously large. This has made for some superb buying opportunities within the Fund, and we spent the month selectively increasing our stakes in some of the most outrageously cheap companies. Despite the All Ordinaries Index rising 6.34%, there remains huge valuation gaps inside our portfolio, and we will continue to deploy further capital at capturing more of those select opportunities.

During the month in addition to increasing our stakes in some of the most undervalued investments, we also fully sold out of **HUB24 Ltd (ASX:HUB)**. Investors might recall that our holding in HUB24 originated from the scrip consideration we received for our investment in **Class Ltd (ASX:CL1)**. The full exit of HUB24 brings the total number of companies owned by the Fund down to 33. Whilst we continue to observe and research many companies we do not own; the investment management team views the best opportunities as those existing holdings within the Fund.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+27.4%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+26.7%

Number of companies	33
Top 5 Holdings % of NAV	43.5%
Top 10 Holdings % of NAV	63.2%
Top 20 Holdings % of NAV	86.9%
Cash Position % of NAV	2.3%

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.