

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 30/06/2021

latest unit price \$5.0384 (Cum-distribution)	return since inception (March 2009) 779.72%	return 1 month 2.42%
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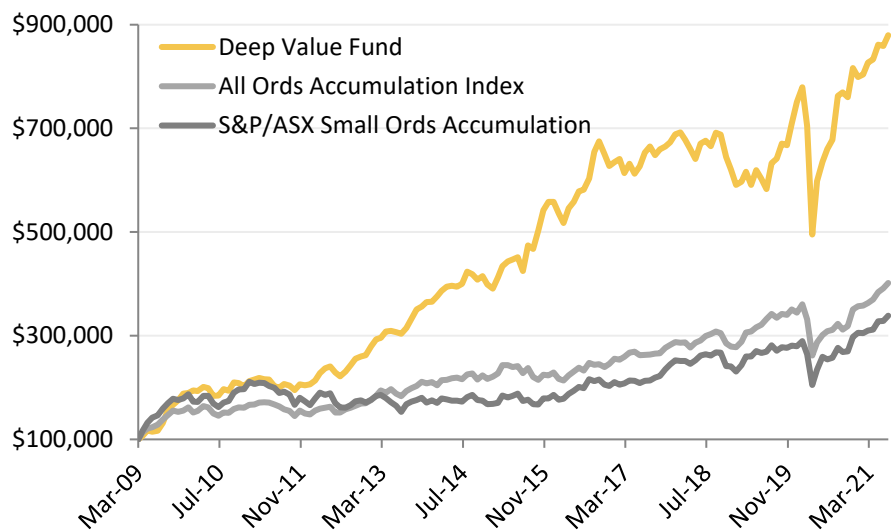
FUND OUTLINE

Fund Manager:

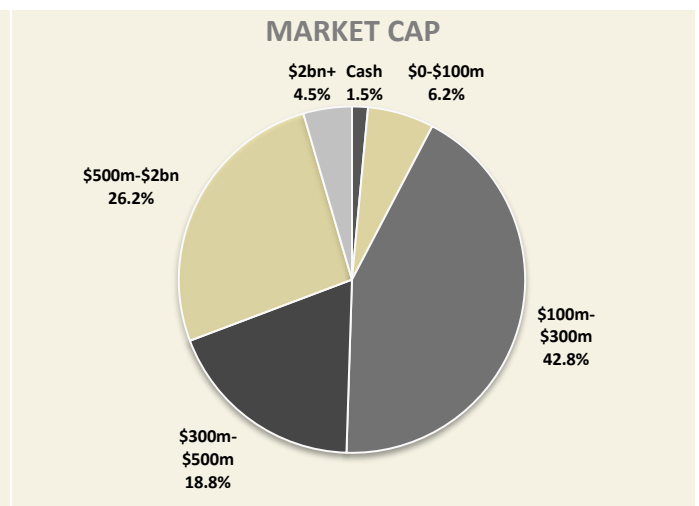
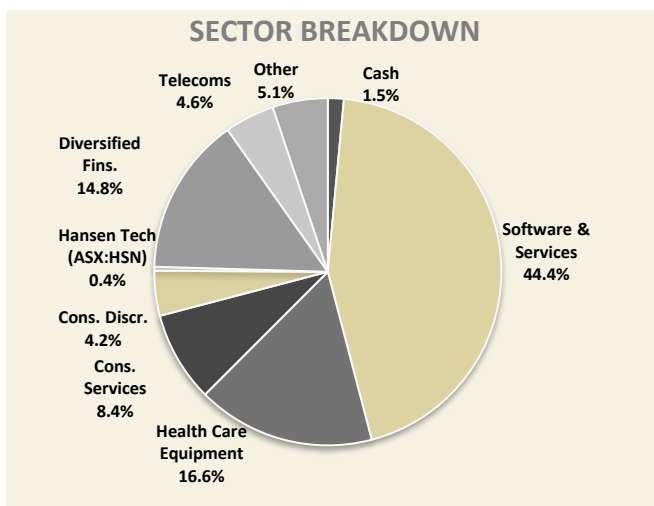
Carlos Gil (CIO)

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 > **\$879,720**



	Compound p.a. since Inception	Total since inception	12 Year	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	19.28%	779.72%	18.36%	15.95%	11.93%	8.62%	9.16%	33.29%	2.42%



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MARKET UPDATE AND COMMENTARY

The US Federal Reserve's meeting during the month provided compelling insight into the fine line the institution is walking as it faces a stronger than anticipated recovery, rising inflation and a health pandemic that is yet to be completely nullified. There is growing evidence that the labour market is strengthening, and companies are increasingly raising wages to attract workers as a subset of workers remain stubbornly opposed to returning to the labour market. Whilst wage growth has risen slightly to +2% per annum, the pace of wage growth picked up in April and May. The Federal Reserve revised its core inflation upwards to 3%. Against that backdrop the Fed shifted interest rate rise expectations from 2024 to 2023, projecting it will make at least two rate rises during 2023. Inflation upside risk remains and there is a possibility the Fed may have to raise rates before 2023. Whilst markets and the financial media may make a lot of noise about the impact of such an event, a return to a normalised inflationary and central bank rate environment would be a welcomed development. Domestically, Australia's economy has recovered even stronger than the US, with the May unemployment rate dropping to 5.1%. This is lower than when the pandemic started, and faster wage growth is now highly probable.

Microequities Deep Value Fund returned 2.42% in June; this brings the total return net of fees to 779.72% for the Fund since inception in March 2009.

While we did not buy into any new businesses this month, there has been plenty of activity within the Fund. The investment management team decided to fully exit our investment in **Uniti Group (ASX:UWL)** after the company's valuation climbed well ahead of what we consider to be its current fair value. There are so many other highly undervalued assets within the Deep Value Fund that the precious nature of our capital can best be recycled within existing companies that have depressed market values and represent compelling investments.

During the month we also received a non-binding indicative offer for our investee company **Hansen Technologies (ASX:HSN)**. The takeover for Hansen Technologies by private equity firm BGH Capital was launched at a +33% premium to the last traded price. Hansen Technologies currently represents 0.4% of the total assets of the Deep Value Fund.

We continued to deploy more capital in six of our most undervalued investments. Opportunity set within our Fund continues to remain compelling.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+17.4%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+28.3%

Number of companies	33
Top 5 Holdings % of NAV	37.3%
Top 10 Holdings % of NAV	57.6%
Top 20 Holdings % of NAV	85.4%
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.