

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 30/06/2022

latest unit price \$4.1390	return since inception (March 2009) 673.51%	return 1 month -9.06%
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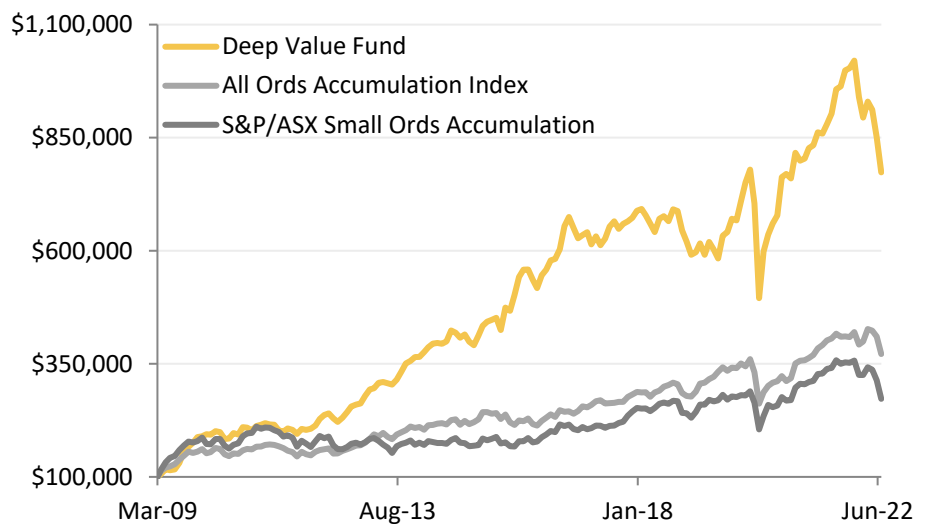
FUND OUTLINE

Fund Manager:

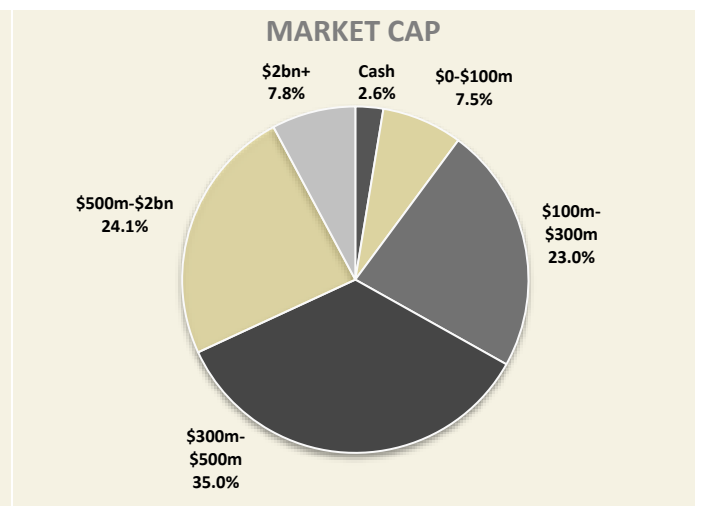
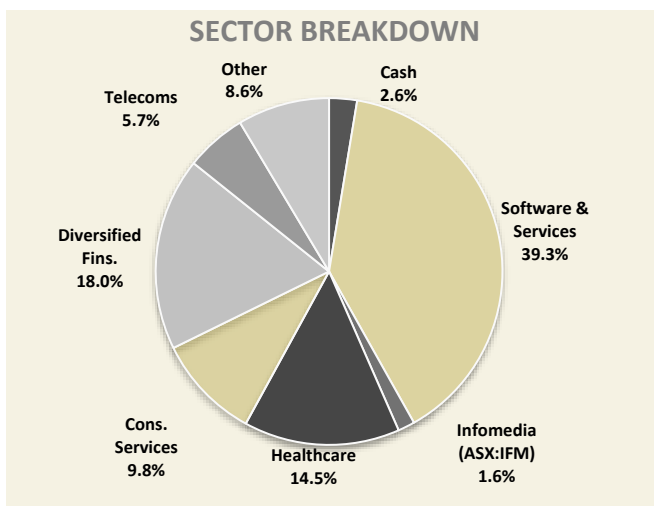
Carlos Gil (CIO)

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 > **\$773,512**



	Compound p.a. since Inception	Total since inception	12 Year	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	16.58%	673.51%	12.68%	13.32%	8.94%	3.44%	9.88%	-12.07%	-9.06%



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MARKET UPDATE AND COMMENTARY

An evolving and highly complex macroeconomic environment continued into June. Equity markets are now factoring in a much more aggressive monetary stance by central banks after the US Federal Reserve increased benchmark rates by 75 basis points to a range of 1.50% to 1.75%, with the Fed Reserve chairman indicating a further 50 to 75 basis points increase at the next meeting in July. Paradoxically equity markets have also almost fully priced in a potential recession which would mean an overly hawkish monetary policy is unsustainable over the medium term. Despite many widely expressed views on the likely macroeconomic direction of the major economies, a composed understanding of the major forces currently at play, make for a highly unpredictable set of economic outcomes. We are certainly facing sustained inflationary pressures and the required central bank response will be firm (we have previously argued central banks have been neglectfully tardy to raise) but we also have very buoyant labour markets, strong consumer demand and a world economy crawling its way towards a pre-Covid normalisation. Under such contradicting forces, only a brave or foolish economist would have a high degree of confidence in their economic outlook. What we do know is that equity markets are almost fully pricing in a recession and secondly, and that equity markets price in many recessions that never eventuate.

Microequities Deep Value Fund returned -9.06% in June; this brings the total return net of fees to 673.51% for the Fund since inception in March 2009.

In a month that saw the Small Ordinaries Accumulation Index fall -13.09% and the Emerging Companies Accumulation Index fall by -18.58%, the Deep Value Fund fell by -9.06%. Given our Fund already had significantly undervalued assets coming into the month, the value gap is now ostentatiously large. We continue to look outside of the current portfolio for cheaper, better assets but so far, we have found no conclusive compelling cases to own investments outside of what we already own. While that may change in the future, we deem the opportunity set inside the current portfolio as formidable.

We do not know when markets peak or bottom. Nor do we ever, ever invest on that basis. What we do know is that our portfolio of growing undervalued assets, looks extremely cheap and the fundamentals of the businesses we own remain markedly strong.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+27.5%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+26.5%

Number of companies	34
Top 5 Holdings % of NAV	43.6%
Top 10 Holdings % of NAV	63.8%
Top 20 Holdings % of NAV	87.2%
Cash Position % of NAV	2.6%

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.