

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 31/03/2022

latest unit price \$4.9744	return since inception (March 2009) 829.64%	return 1 month 3.95%
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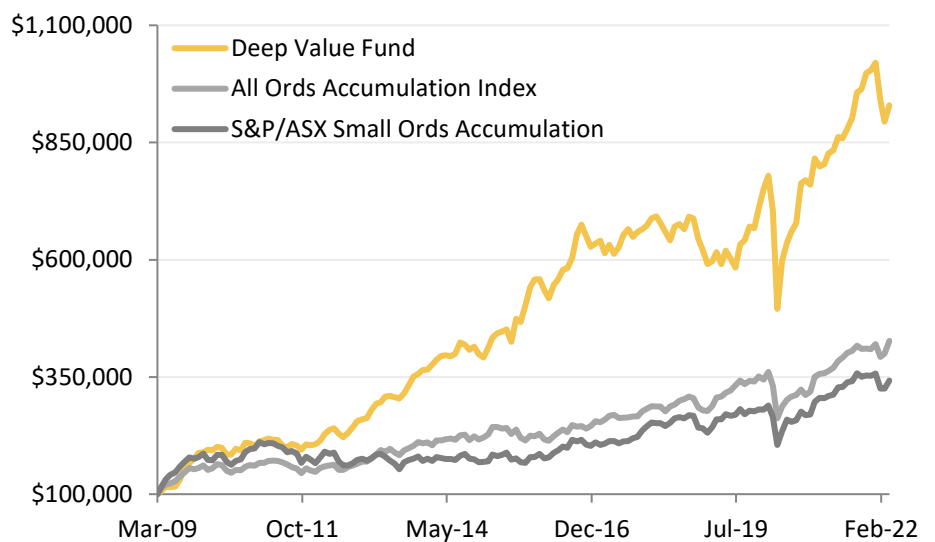
FUND OUTLINE

Fund Manager:

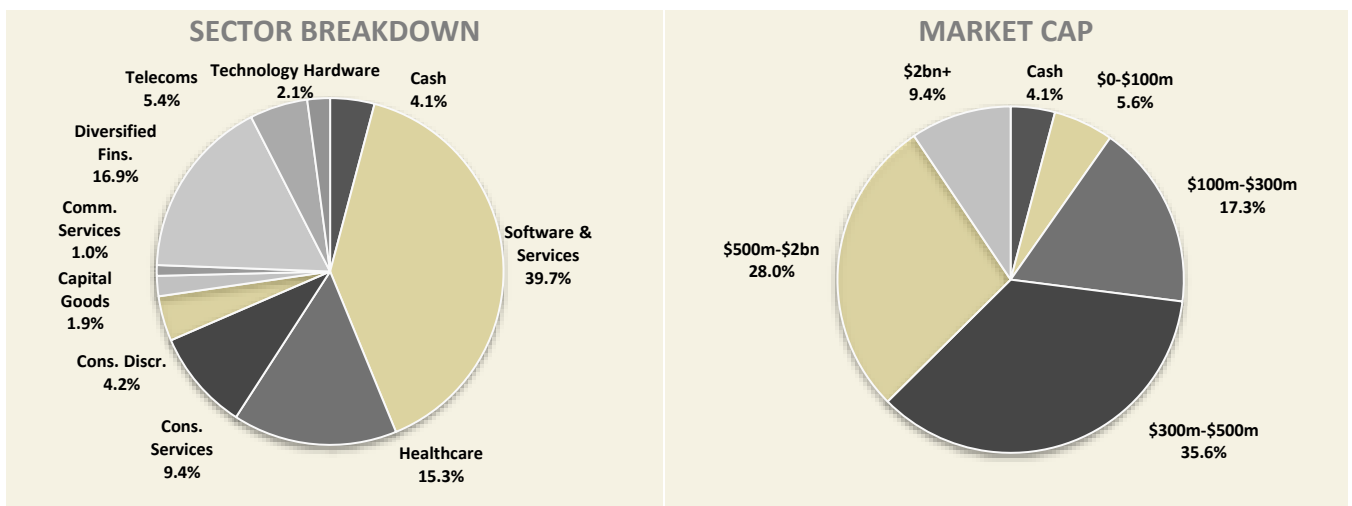
Carlos Gil (CIO)

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 > **\$929,635**



	Compound p.a. since Inception	Total since inception	12 Year	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	18.58%	829.64%	13.61%	14.65%	11.16%	8.03%	16.30%	11.58%	3.95%



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MARKET UPDATE AND COMMENTARY

The US Federal Reserve (Fed) raised rates by 25 basis points during March, taking the primary interest rate range to 0.25% - 0.50%. The Fed also signalled an aggressive pathway for the following six meetings, indicating they expect to increase rates at each of the rest of meetings for 2022. In all, the primary rate in the US is expected to increase by 1.75% by the end of 2022. The adjustment to monetary policy follows sustained increases in core inflation and wage increases. Private sector wage increases in the US have grown by 5.1% over the past 12 months, with sectors such as leisure and hospitality observing increases of 11.2%. CPI is currently tracking at 7.5%, the highest rate in 40 years. The labour market in the US remains extremely strong with robust hiring. The jobless rate currently sitting at 3.8% is close to a 50-year low (3.5%). In Australia we are mirroring similar conditions with our unemployment rate falling to 4.0%, the lowest rate since August 2008. Job creation in Australia has been strong, with over 200,000 jobs created over the last 12 months. We believe a tightening cycle now looms and the RBA will likely increase rates above +1% before the end of 2022. These monetary responses should be contextualised for what they are, still far too accommodative. Higher rates are warranted.

Microequities Deep Value Fund returned 3.95% in March; this brings the total return net of fees to 829.64% for the Fund since inception in March 2009.

The investment team took advantage of the sale proceeds of **Over the Wire (ASX:OTW)**, now fully divested, to recalibrate some of the most undervalued investments in the Deep Value Fund. The recalibration included increasing our investment in our largest holding, while we also opportunistically increased some of the smaller underinvested assets.

The exit of Over the Wire was offset by a new addition to the portfolio. We have begun to accumulate a stake in a consumer goods business with an attractive portfolio of brands that has a tailwind linked to a societal thematic. The investment follows various years of observing and researching the evolution of the business and coincides with a share price decline of more than 50% over the past 12 months.

The Fund has a relatively high cash position of 4.1% and this cash position is expected to decline over the next month as we look to build our stake in the new investment and potentially other new opportunities that we are currently researching.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+31.5%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+25.9%

Number of companies	33
Top 5 Holdings % of NAV	41.1%
Top 10 Holdings % of NAV	59.9%
Top 20 Holdings % of NAV	84.8%
Cash Position % of NAV	4.1%

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.