

# DEEP VALUE FUND



## MONTHLY PERFORMANCE AS AT 31/05/2020

latest unit price <b>\$3.7300</b>	return since inception (March 2009) <b>535.60%</b>	return 1 month <b>6.23%</b>
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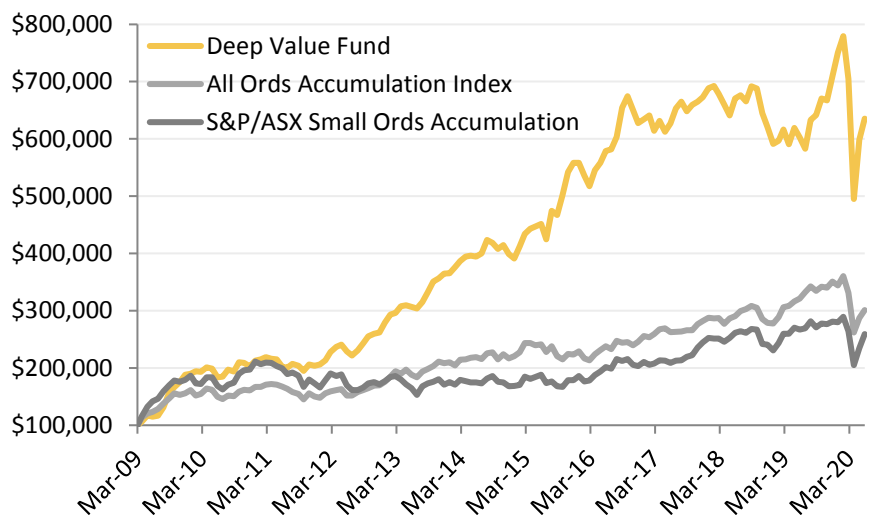
### FUND OUTLINE

Fund Manager:

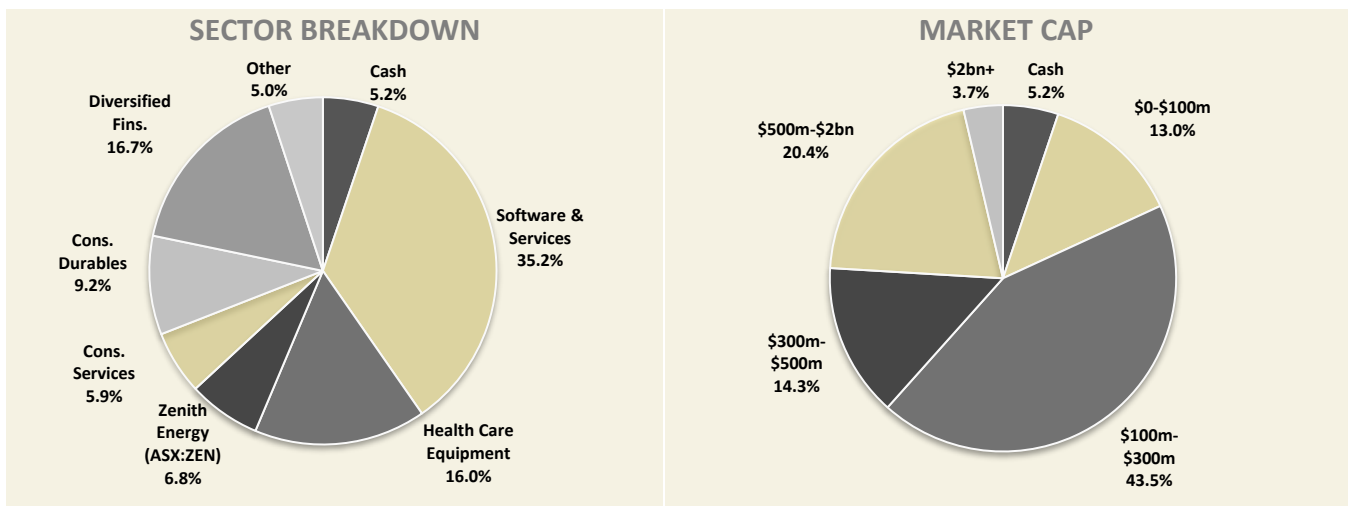
Carlos Gil (CIO)

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 > **\$635,599**



	Compound p.a. since Inception	Total since inception	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
<b>DVF</b>	<b>17.87%</b>	<b>535.60%</b>	<b>13.21%</b>	<b>10.97%</b>	<b>7.07%</b>	<b>0.46%</b>	<b>5.51%</b>	<b>6.23%</b>



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## MARKET UPDATE AND COMMENTARY

World equity markets continued their ascendancy during the month of May, buoyed by optimistic news flow regarding the phasing out of restrictions around some European countries and the semblance of some normality returning. Domestically, the effectiveness of the draconian control measures instigated by Federal and State governments have paid dividends. Australia is now facing a “best case scenario” with the number of active Covid-19 cases and contagion levels falling dramatically. In response to this positive evolution, state governments around the country have begun to implement loosening of restrictions, which will aid the economic recovery. Just how rapid and enduring the economic recovery will be, is still subject to a high level of uncertainty. We are however in a better place than eight weeks ago. Some sectors like tourism and education will still face enormous challenges until cross border travel restrictions are lifted. Encouragingly, the Federal government is looking to undertake economic reform aimed at removing red tape, including industrial and tax reform. An opportunity for Australia to come out of Covid-19 with a more competitive framework for sustainable economic growth is within our grasp.

**Microequities Deep Value Fund returned 6.23% in May; this brings the total return net of fees to 535.60% for the Fund since inception in March 2009.**

We continue to implement our “survive to thrive” strategy. This has meant increasing our concentration and stakes in the highest-grade investment opportunities within the Fund. We continued to purchase additional equity in various enterprise software companies. Software and services companies now account 35.2% of the Fund’s assets.

The second largest industrial sector we have invested in is healthcare. Our two largest investments in this sector are companies providing services that are essential to human health and disease prevention. As such, whilst they have been impacted by the shutdown, their revenue and operational recovery will be underpinned by quite inelastic demand curves. The third company in the healthcare sector, which currently makes up 0.3% of the Fund’s asset, is a new investment and we are currently in an accumulation phase.

As we mentioned last month, the Fund has also been purchasing a new diversified financial business. This business currently makes up 3.3% of the total Fund’s assets.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+3.2%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+13.2%</b>

<b>Number of companies</b>	<b>32</b>
<b>Top 5 Holdings</b> % of NAV	<b>43.7%</b>
<b>Top 10 Holdings</b> % of NAV	<b>66.4%</b>
<b>Top 20 Holdings</b> % of NAV	<b>88.3%</b>
<b>Cash Position</b> % of NAV	<b>5.2%</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.