

# DEEP VALUE FUND



## MONTHLY PERFORMANCE AS AT 31/10/2021

latest unit price <b>\$5.3441</b>	return since inception (March 2009) <b>898.73%</b>	return 1 month <b>+3.66%</b>
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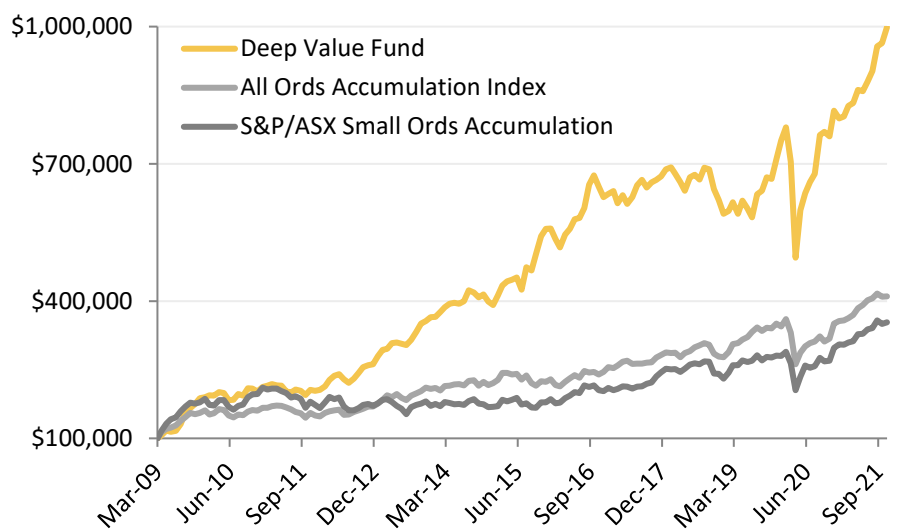
### FUND OUTLINE

Fund Manager:

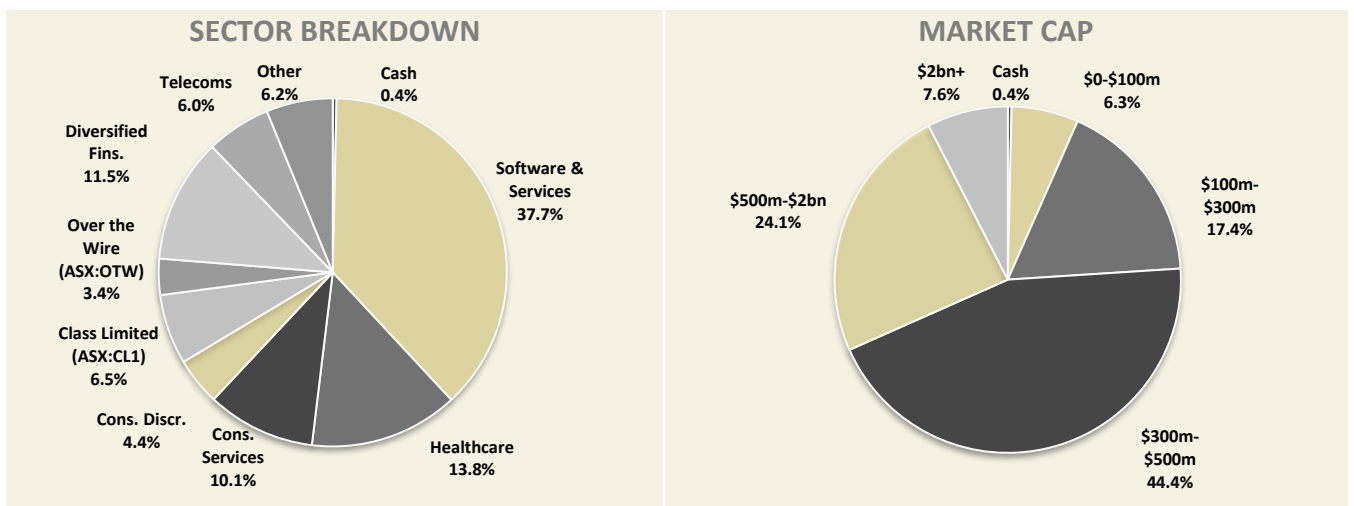
Carlos Gil (CIO)

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 > **\$998,726**



	Compound p.a. since Inception	Total since inception	12 Year	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	19.92%	898.73%	15.59%	17.09%	13.38%	8.96%	15.69%	31.42%	3.66%



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## MARKET UPDATE AND COMMENTARY

Increases in gas and oil prices are expected to exacerbate upward pressure on short term inflation rates across the world. These increases come at an unwelcome time for the world economy which is already grappling with global supply chain issues. To shed light on the supply chain issues, Amazon.com Inc. told investors this month it will incur several additional billions of dollars of costs to manage what it says are "labour supply shortages, increased wage costs, global supply chain issues, and increased freight and shipping costs". What this means for the inflation outlook is that uncomfortably short-term inflation rates that are rising all over the world, will persist for some time and are likely to worsen.

Domestically, as we had previously anticipated, the Australian economy is experiencing a fast rebound as its two most populous states, NSW and Victoria emerge from lockdowns. Early data coming through is suggesting some of the large pool of savings in Australia has begun to flow back into the economy. Retail sales for September grew by +1.3% a trend that will continue into October as Victoria emerges from its lockdown.

**Microequities Deep Value Fund returned 3.66% in October; this brings the total return net of fees to 898.73% for the Fund since inception in March 2009.**

It was another month of intense M&A activity across the Deep Value Fund, with three investee companies subject to acquisition offers. Of the three, the most significant deal came for **Class Ltd (ASX:CL1) which received a takeover from HUB24 (ASX:HUB) at a +71.6% premium to the last traded price of Class Ltd.** Class currently represents 6.5% of the total net assets of the Deep Value Fund.

In addition to the Class takeover approach, telecommunications and data provider **Over the Wire Holdings Ltd (ASX:OTW) announced to the market that it is in exclusive talks with Aussie Broadband Ltd (ASX:ABB) in a deal that would see Over the Wire be acquired by Aussie Broadband in exchange for scrip and cash to the value of \$5.75 per share.** Currently Over the Wire Holdings Ltd represents 3.4% of the net assets of the Deep Value Fund.

Lastly, **Swick Mining Services Ltd (ASX:SWK) has agreed to be acquired by DDH1 Ltd (ASX:DDH) in a scrip deal valued at \$0.35 per share on announcement date, a +32% premium to Swick's last traded price.** Currently Swick represents 0.7% of the net assets of the Deep Value Fund.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+30.2%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+26.2%</b>

<b>Number of companies</b>	<b>34</b>
<b>Top 5 Holdings</b> % of NAV	<b>40.4%</b>
<b>Top 10 Holdings</b> % of NAV	<b>60.6%</b>
<b>Top 20 Holdings</b> % of NAV	<b>86.4%</b>
<b>Cash Position</b> % of NAV	<b>0.4%</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.