

# DEEP VALUE FUND



## MONTHLY PERFORMANCE AS AT 30/09/2021

latest unit price <b>\$5.1556</b>	return since inception (March 2009) <b>863.50%</b>	return 1 month <b>+0.69%</b>
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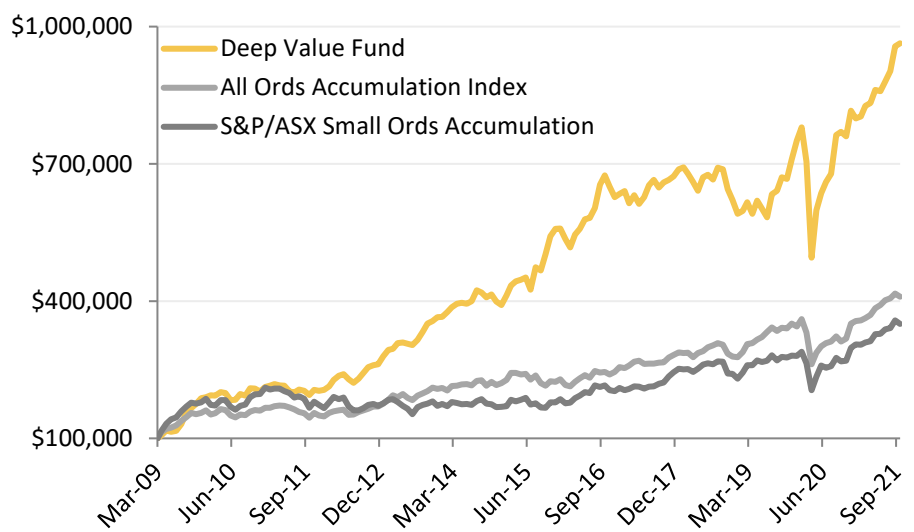
### FUND OUTLINE

Fund Manager:

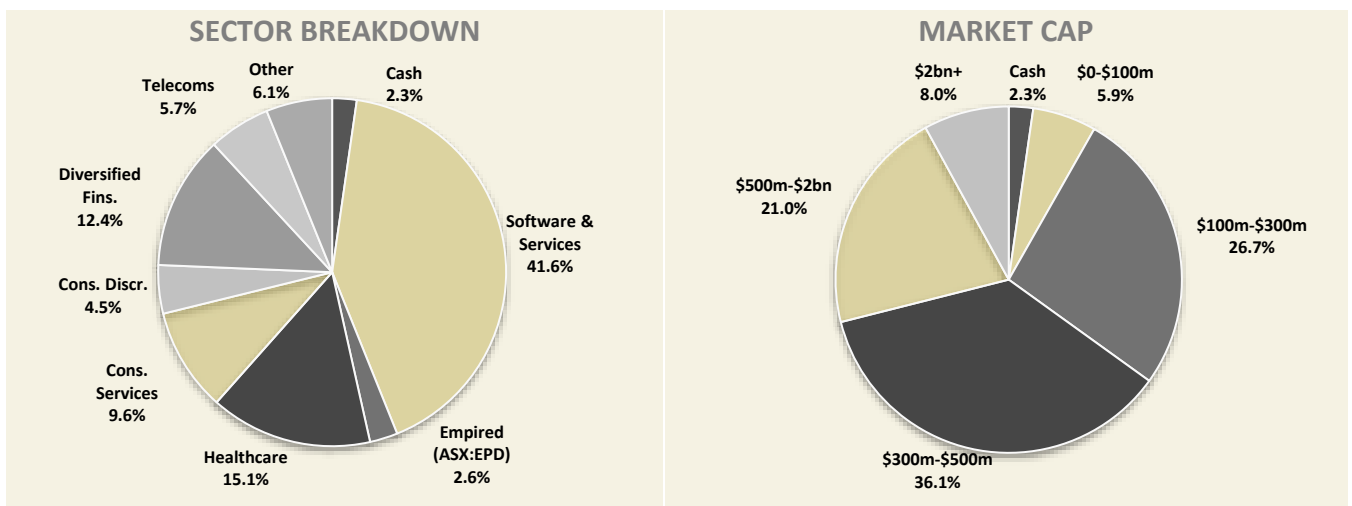
Carlos Gil (CIO)

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 > **\$963,499**



	Compound p.a. since Inception	Total since inception	12 Year	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
<b>DVF</b>	<b>19.73%</b>	<b>863.50%</b>	<b>15.76%</b>	<b>17.32%</b>	<b>13.06%</b>	<b>7.39%</b>	<b>11.89%</b>	<b>25.17%</b>	<b>0.69%</b>



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## MARKET UPDATE AND COMMENTARY

China's overreliance on a bloated real estate industry that disproportionately accounts for about 29% of its GDP gave a strong reminder to Chinese government officials of the unsustainability and structural flaws in the economy. Evergrande's troubles may be the first crack of a real estate sector that China has unduly relied upon to partly fuel its astonishing economic growth. It is quite possible that the Chinese real estate sector is at an inflection point. Part of the reason for China's oversized real estate sector is its citizen's high savings propensity with a gross savings rate of 45%, compared that to the US which sits around 8%. One can appreciate the scale of the Chinese government's challenge. To have a consumer led economy, one's population must seek to consume. The western world's consumer led culture is more easily seduced by the myriad of products and services. Thus, its higher propensity to save (and invest) less. US Federal Reserve chairman Jerome Powell signalled to the market a continuum of a dovish monetary policy which will see tapering begin to be unwound in 2021 but no upward move on interest rates until 2022, possibly 2023.

**Microequities Deep Value Fund returned 0.69% in September; this brings the total return net of fees to 863.50% for the Fund since inception in March 2009.**

Four of our investee companies made acquisitions of private companies during the month. The acquisitions, which vary in scale and significance, are expected to both bolster earnings as well as broaden and diversify revenue sources. Three of the four acquisitions are material in nature, and we are particularly excited by one of the acquisitions which will materially increase earnings and will substantially improve the quality of earnings. We have supported this acquisition by participating in a capital raise of the company to help fund the purchase.

We are pleased to announce a new entrant in the portfolio, the company operates as an online business with a very large addressable market and in the early phase of a digitisation journey with an array of growth corridors. Currently sitting at below 1% of the assets of the Fund, we are seeking to boost our investment to a more meaningful presence of the portfolio. Offsetting this new entrant is the complete exit of **RedHill Education (ASX:RDH)** following **ICollege (ASX:ICT)** likely acquisition of the company. We continue to have an abundance of underinvested and underweighted opportunities in the Fund.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+29.2%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+26.8%</b>

<b>Number of companies</b>	<b>34</b>
<b>Top 5 Holdings</b> % of NAV	<b>38.6%</b>
<b>Top 10 Holdings</b> % of NAV	<b>56.6%</b>
<b>Top 20 Holdings</b> % of NAV	<b>83.3%</b>
<b>Cash Position</b> % of NAV	<b>2.3%</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.