

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 31/10/2022

latest unit price \$4.1473	return since inception (March 2009) 715.23%	return 1 month 5.82%
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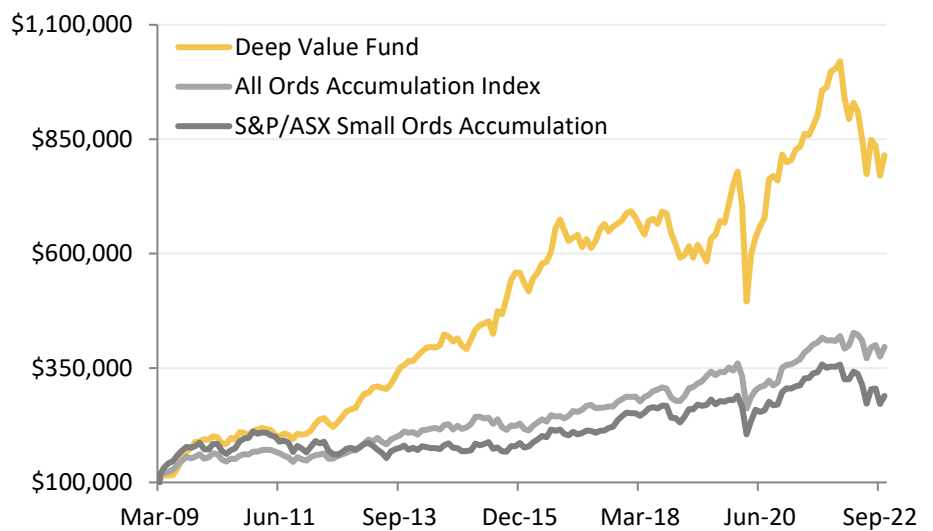
FUND OUTLINE

Fund Manager:

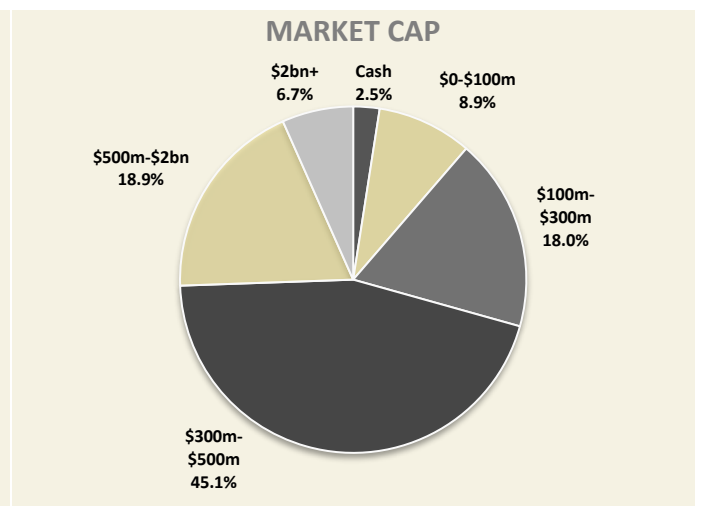
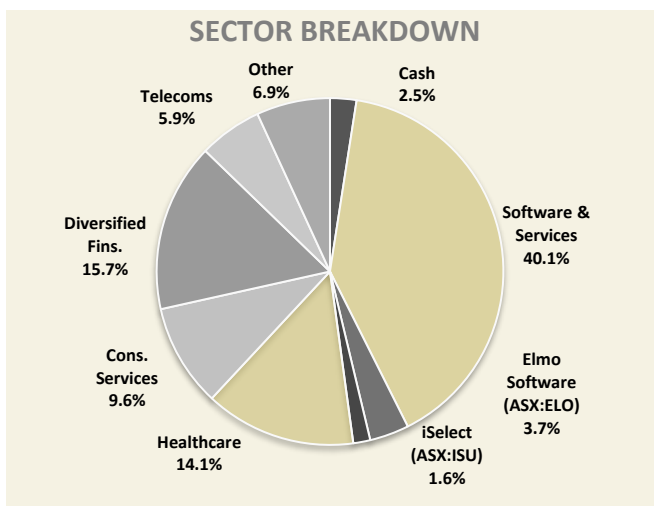
Carlos Gil (CIO)

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 > **\$815,226**



	Compound p.a. since Inception	Total since inception	12 Year	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	16.59%	715.23%	12.02%	12.12%	6.01%	4.16%	6.90%	-18.37%	5.82%



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MARKET UPDATE AND COMMENTARY

Inflation unsurprisingly continues to be the dominant thematic that is driving short term sentiment and equity market direction over the short term. Markets continue to speculate and ponder at what point central banks will begin their cessation of hiking rates. The Bank of Canada rarely makes world economic headlines but earlier this month when it raised rates by 50 basis points to 3.75%, short of the 75 basis points expected by the markets, its Governor stated “This tightening phase will draw to a close. We are getting closer, but we are not there yet”. The statement buoyed markets in the hope that the US Federal Reserve will follow suit at its next meeting in November. While that is unlikely, and 75 basis points hike is the most probable outcome, commentary on future increases will be the focus for markets. A lot of economic data is very delayed, and it is therefore important to look for data points that are both more current and future looking. One key commonality coming out of the US this reporting season is that big business, particularly US big tech; Amazon, Meta, Alphabet (Google) are entering a new period of fiscal prudence, with ensuing cost and job cuts imminent. These might be the forward-looking data points that central banks should be monitoring.

Microequities Deep Value Fund returned 5.82% in October; this brings the total return net of fees to 715.23% for the Fund since inception in March 2009.

During the month, **Elmo Software (ASX:ELO)** agreed to a takeover offer from K1 Investment Management at a cash price of \$4.85 per share representing a +100.4% premium to its undisturbed price. Elmo currently represents 3.7% of the assets of the Deep Value Fund. The takeover of Elmo represents a good outcome for Deep Value Fund Investors. Whilst the price of the takeover does not capture full fair value, it does come at a time in which we can redeploy the capital in a significant number of investee companies that have valuations at over 100% premium to current market prices.

We currently have several investee companies that have fundamental valuations at +100% premium to their market price. Some of these investments are significantly underweighted in the Fund, and we are looking to make further purchases in these businesses. The opportunity set for us currently across the Fund is broad and deep.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+28.5%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+24.7%

Number of companies	32
Top 5 Holdings % of NAV	42.9%
Top 10 Holdings % of NAV	63.9%
Top 20 Holdings % of NAV	88.6%
Cash Position % of NAV	2.5%

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.