

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 31/03/2023

latest unit price \$3.9540	return since inception (March 2009) 677.23%	return 1 month -4.96%
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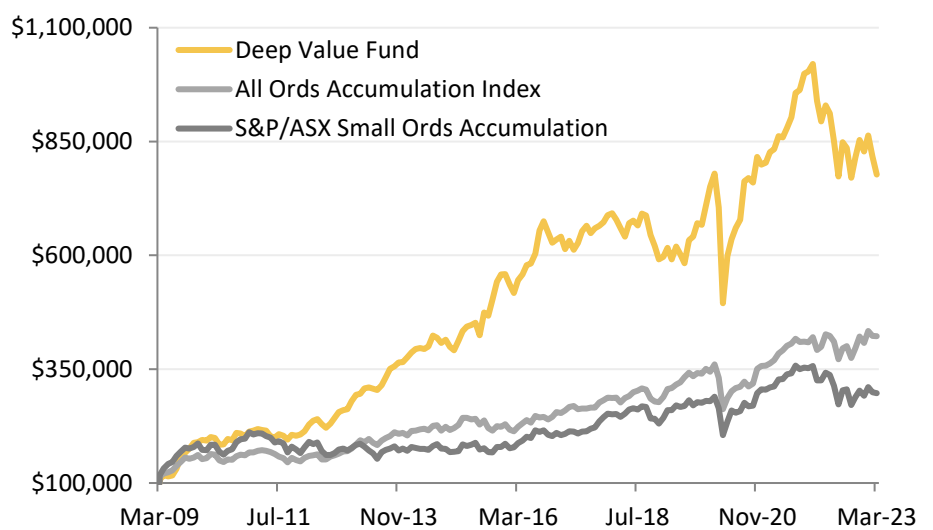
FUND OUTLINE

Fund Manager:

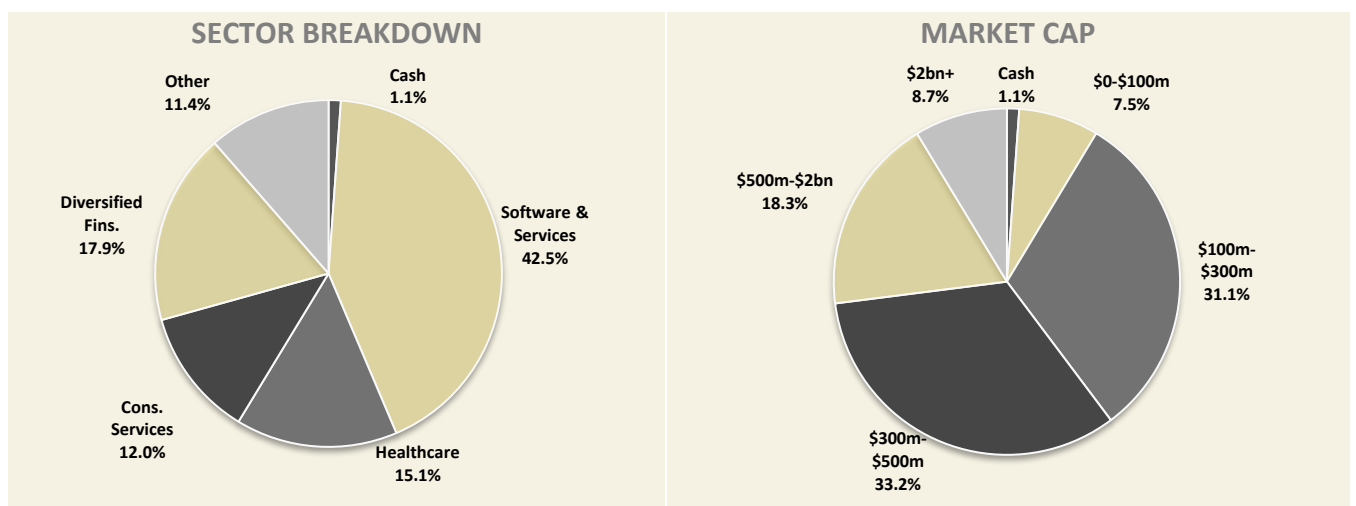
Carlos Gil (CIO)

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 > **\$777,229**



	Compound p.a. since Inception	Total since inception	12 Year	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	15.67%	677.23%	11.26%	9.70%	5.18%	3.32%	16.23%	-16.39%	-4.96%



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MARKET UPDATE AND COMMENTARY

Whilst we think the inflation rate in Australia has peaked, we are still within 25 to 75 basis points of peak interest rates in this cycle. With the labour market undersupplied and resilient consumption, the RBA has plenty of cushion to continue to elevate its monetary policy towards a restrictive zone to fight inflation. Therefore, we still expect the RBA to raise rates at its April board meeting by 25 basis points. We do however note that peak rates are getting close. In China, the official non-manufacturing Purchasing Managers' Index (PMI) climbed sharply to 58.2, the highest mark in 11 years. The services sector is an important contributor to China's economy and labour market. It accounts for 55% of GDP and 48% of employment. While manufacturing is rebounding slower than expected, the services side of the economy will provide an important boost to economic activity as China strives to shift its economy to a more services driven mix. The data point also reinforces the view that economic activity in China was strong throughout March.

Microequities Deep Value Fund returned -4.96% in March; this brings the total return net of fees to 677.23% for the Fund since inception in March 2009.

Despite the negative mark to market performance of the Fund, fundamentally it was a positive month. Data from Medicare confirmed double digit year on year growth in diagnostic imaging bulk billing services which will be positive for our two diagnostic imaging businesses, **Integral Diagnostic (ASX:IDX)** and **Capitol Health (ASX:CAJ)**.

OFX Group (ASX:OFX) hosted its investor day during the month and provided an update to its financial guidance in which the company reiterated its previous guidance albeit at the bottom end of the range. We believe the company, on the back of its successful Firma acquisition, will continue to pursue an inorganic growth path to consolidate its market share position, most likely in the European market. On the call, management noted they are in 'active discussions with a number of players' in this regard.

The Fund's movement in the month has exacerbated the pricing dislocation of many of the assets that were already, prior to this month, well below their fundamental valuations. As such, we see many of the investee companies vulnerable to hostile or opportunistic takeover activities if the market prices do not appreciate materially.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+25.4%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+25.2%

Number of companies	31
Top 5 Holdings % of NAV	45.4%
Top 10 Holdings % of NAV	66.6%
Top 20 Holdings % of NAV	91.5%
Cash Position % of NAV	1.1%

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.