

# DEEP VALUE FUND



## MONTHLY PERFORMANCE AS AT 30/04/2023

latest unit price <b>\$4.1536</b>	return since inception (March 2009) <b>716.46%</b>	return 1 month <b>5.05%</b>
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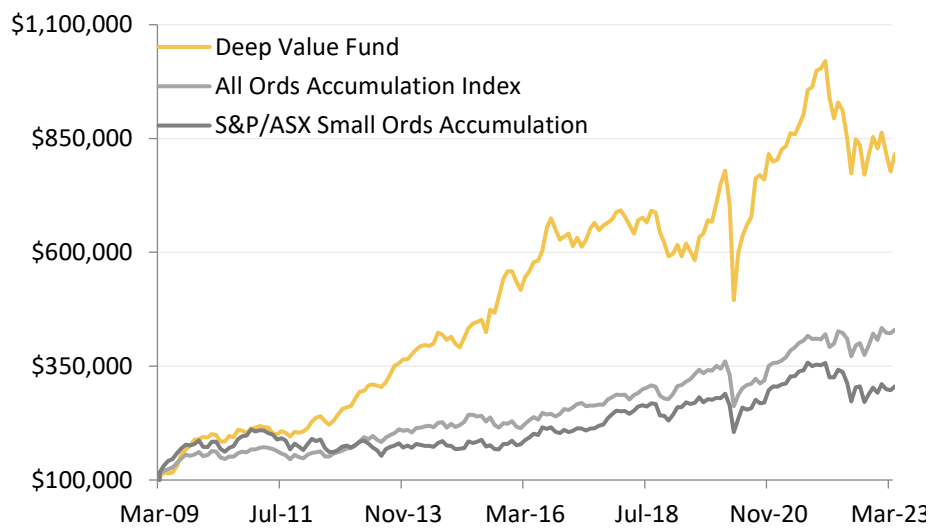
### FUND OUTLINE

Fund Manager:

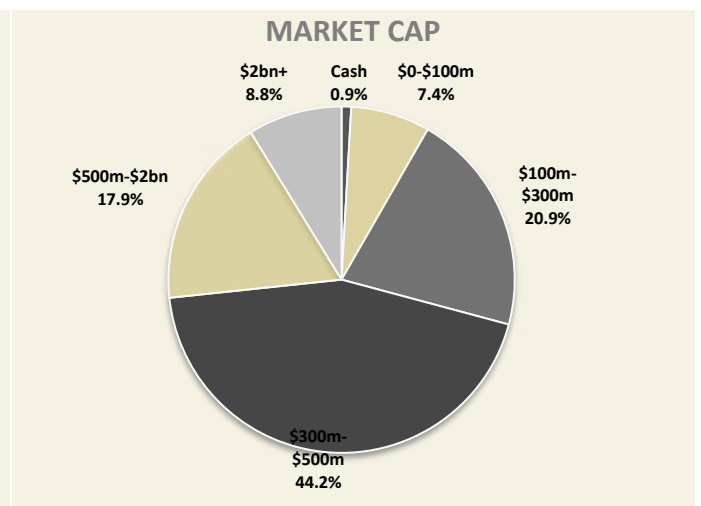
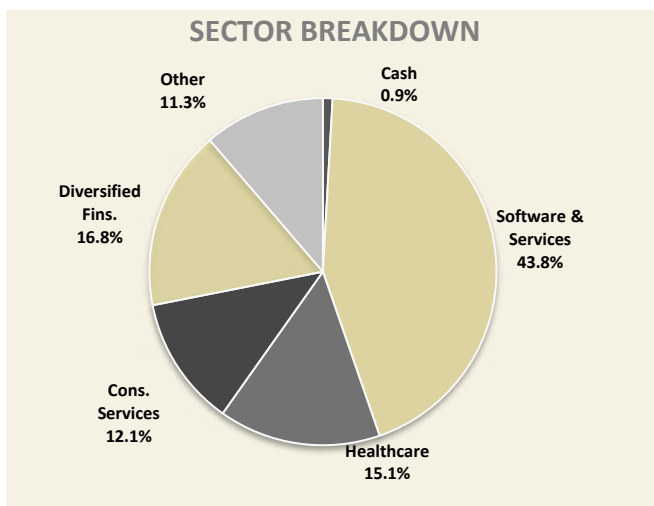
Carlos Gil (CIO)

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 > **\$816,465**



	Compound p.a. since Inception	Total since inception	12 Year	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	15.98%	716.46%	11.76%	10.18%	5.59%	4.95%	10.92%	-10.43%	5.05%



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## MARKET UPDATE AND COMMENTARY

The Chinese economy has started 2023 in a resurgent mood with GDP growing at annualised pace of +4.5%. Pent up consumer demand and industrial production helped boost the Chinese economy as it returns to normalisation following the Covid induced lockdowns. The Chinese government is targeting +5.0% economic growth for 2023 and job creation of 12m jobs. Both targets are attainable, especially considering the government can certainly create strong stimulus. We think China still needs to validate that it can transition its economy to be consumer led instead of a manufacturing export hub. There are some early signs that this is attainable, but the journey is a long one. In Australia, we were surprised to see the RBA not raise rates at the beginning of the month given the strength of domestic employment and the high inflation. Still, the RBA would have welcomed the CPI number released last week, which saw headline inflation fall from 7.8% to 7.0%. The fall in headline inflation is consistent with our call last month that inflation has peaked, though the ensuing decline will be at a modest pace given the tight property rental market, rolling energy price increases and persistently tight labour market.

**Microequities Deep Value Fund returned 5.05% in April; this brings the total return net of fees to 716.46% for the Fund since inception in March 2009.**

A very quiet month in terms of buy/sell actions. We simply did not do any. However, there was quite a bit of news flow in the portfolio with some of the Fund's investee companies announcing operating updates for the FY23. The updates were resoundingly positive and maintained the trajectory and growth thesis of several of the Fund's companies. Whilst a financial year does not make or break our investment thesis, it is always pleasing to see companies maintain a positive operating trajectory. Some of the updates were in companies that are "peripheral" to the portfolio, meaning they currently have very low weightings. This is not necessarily intended and reflects the reality that we currently have far more opportunities than the cash to fully capture them. In the absence of large inflows or investment exits, all we can do is watch the under-invested opportunities. With a cash holding of 0.9%, we simply cannot invest more no matter how good the opportunities are.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+25.5%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+25.6%</b>

<b>Number of companies</b>	<b>31</b>
<b>Top 5 Holdings</b> % of NAV	<b>45.6%</b>
<b>Top 10 Holdings</b> % of NAV	<b>67.2%</b>
<b>Top 20 Holdings</b> % of NAV	<b>91.4%</b>
<b>Cash Position</b> % of NAV	<b>0.9%</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.