

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 30/06/2023

latest unit price \$4.3011	return since inception (March 2009) 745.46%	return 1 month +2.75%
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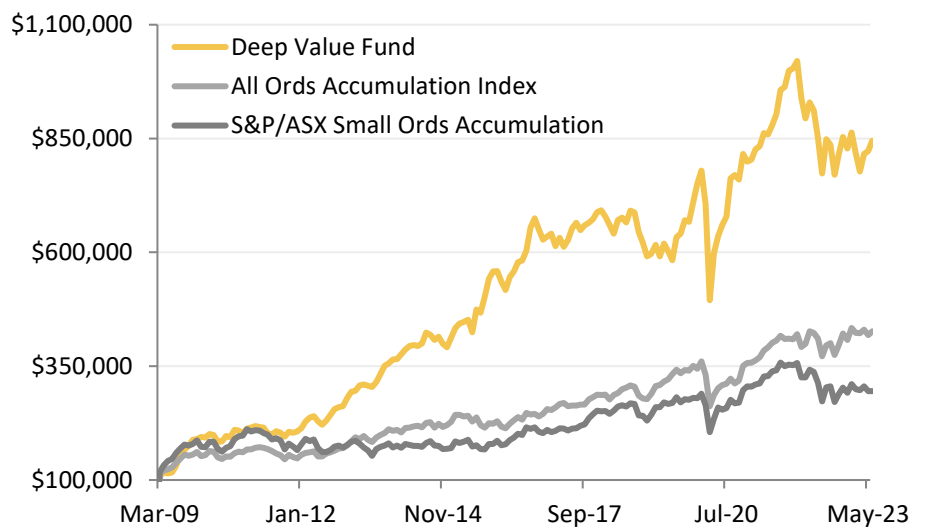
FUND OUTLINE

Fund Manager:

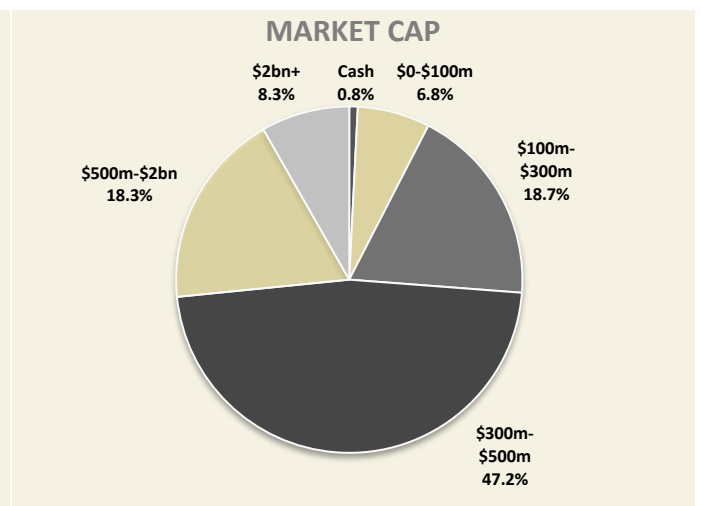
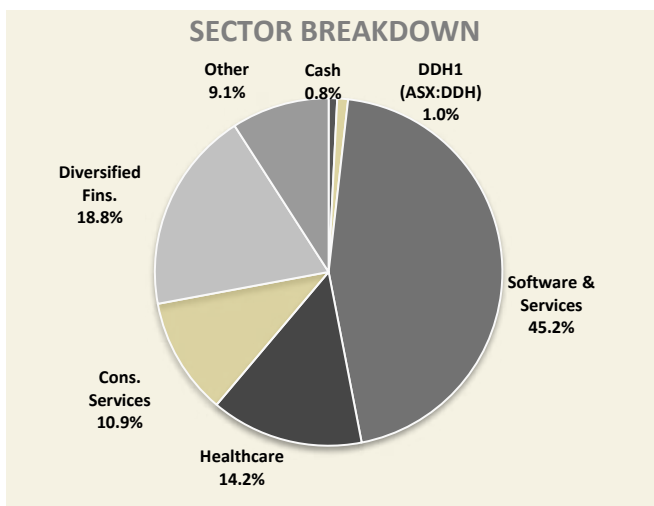
Carlos Gil (CIO)

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 > **\$845,458**



	Compound p.a. since Inception	Total since inception	12 Year	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	16.06%	745.46%	12.75%	10.77%	5.48%	4.56%	8.60%	9.30%	2.75%



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MARKET UPDATE AND COMMENTARY

We are at a fascinating macroeconomic juncture with opposing tectonic forces colliding with unknown outcomes. In both the USA and Australia, labour markets remain exceptionally strong despite central banks adopting restrictive monetary policies. Naturally, there is always a lag in the time it takes for monetary policy to slowdown economic activity, but the resilience of labour markets is surprising. One key data point in both countries over the month of June was a notable decline in the headline CPI numbers. In the US, headline CPI slowed to 4.0% after peaking at 9.1% less than 12 months ago and core CPI came in at 5.3%. In Australia, headline CPI dropped more than expected from 6.8% to 5.6%, the lowest print in 13 months. Core CPI in Australia fell from 6.7% to 6.1%. In both countries core CPI remains more stubborn than headline CPI, however there is dynamic relationship linking the two datapoints. If headline inflation continues to drop, it will tame inflationary expectations particularly in the labour market which would lead to an eventual fall in the core inflation. How this will play out exactly given the robustness of labour markets remains an interesting question and fascinating topic for economists.

Microequities Deep Value Fund returned 2.75% in June; this brings the total return net of fees to 745.46% for the Fund since inception in March 2009.

Perenti Group Ltd (ASX:PRN) announced they have entered into a scheme of arrangement to acquire our investee company, **DDH1 Ltd (ASX:DDH)**. Under the scheme of arrangement DDH1 shareholders will receive \$0.1238 cash plus 0.7111 Perenti Shares. At the time of the announcement Perenti's offer represented a +17.4% premium to DDH1 share price.

Capitol Health Ltd (ASX:CAJ) provided a market update during the month. Revenue is expected to grow by +12.9% on FY22 with 2.7% organic growth. EBITDA is expected to be in the range of \$39.3m to \$40.0m versus \$41.1m in FY22. The result is not unexpected as FY23 remains a year of operational disruption due to labour shortages and erratic demand particularly in the 1H23. We expect to see operational margins improve into FY24 as demand returns to more normalised patterns and some of the elevated hiring costs are not repeated.

There was limited portfolio activity during the month which targeted small recalibrations. We continue to be underinvested in various exceptional investment opportunities.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+23.4%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+24.6%

Number of companies	31
Top 5 Holdings % of NAV	50.4%
Top 10 Holdings % of NAV	70.7%
Top 20 Holdings % of NAV	92.7%
Cash Position % of NAV	0.8%

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.