

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 31/07/2023

latest unit price \$4.3891	return since inception (March 2009) 773.10%	return 1 month 3.27%
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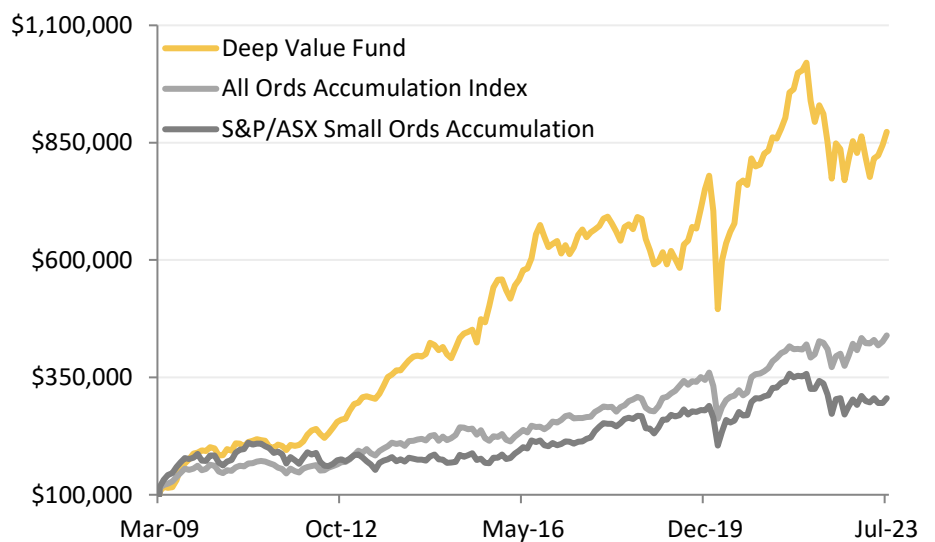
FUND OUTLINE

Fund Manager:

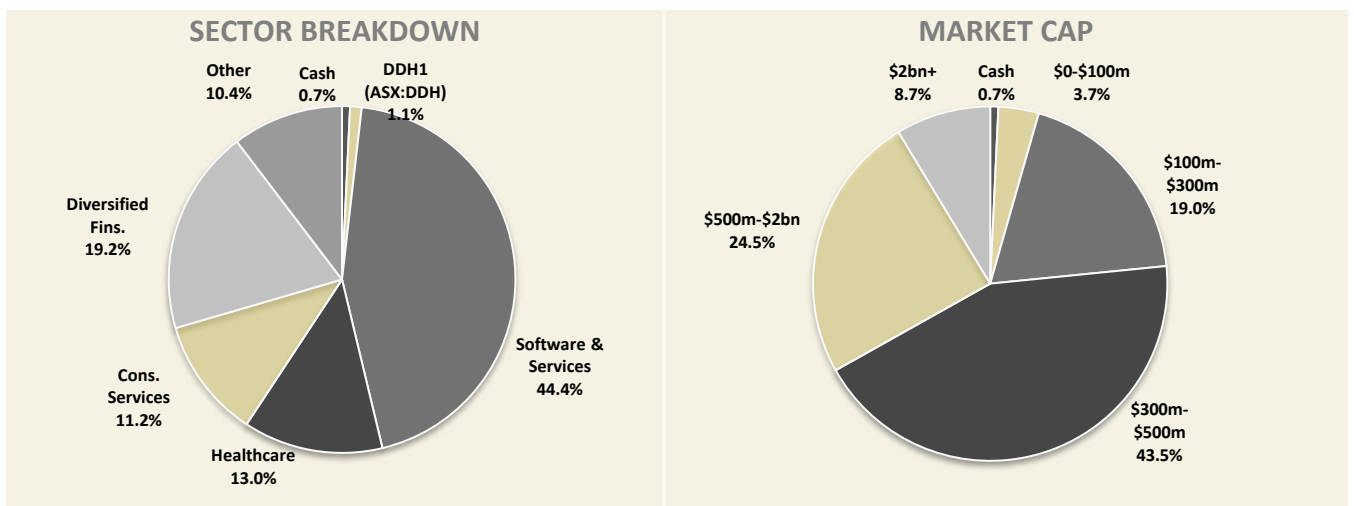
Carlos Gil (CIO)

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 > **\$873,101**



	Compound p.a. since Inception	Total since inception	12 Year	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	16.22%	773.10%	12.74%	10.73%	5.42%	5.58%	8.79%	2.91%	3.27%



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MARKET UPDATE AND COMMENTARY

Chinese quarterly GDP data which was released in the middle of the month showed a significant deceleration of economic activity as the growth rate slowed to 0.8% or 3.2% on annual basis. The print compares unfavourably to the 2.2% registered in the first quarter of 2023. Part of the slowdown can be blamed on Western consumption which post Covid has shifted from consumer goods to services like tourism and restaurants. That trend will not last indefinitely. However, what is more worrying is consumer confidence in China has worsened and that was reflected in weak retail sales which in June rose by just +0.2% against the previous month (and running at +3.2% on annual basis). Employment in China remains stable though youth unemployment is on the rise. To further cloud the picture, China is not experiencing inflationary pressures, on the contrary, its latest CPI report has inflation running at an annual rate of 2% with a monthly change of 0.2%. It is not all gloomy as the tamed inflation affords the Politburo ample margin to inject stimuli into the domestic economy without threatening to trigger inflation.

Microequities Deep Value Fund returned 3.27% in July; this brings the total return net of fees to 773.10% for the Fund since inception in March 2009.

With the reporting season nearly upon us, there was plenty of news flow in the portfolio this month as various constituents provided earnings guidance or contract wins.

Prophecy International Holdings (ASX:PRO) announced a significant 3 year \$2.5m contract win with the Australian Tax Office for its eMite SaaS customer experience and call centre analytics solution. The win comes on the back of continued growth for eMite which in FY23 has seen annual recurring revenue growth of +22% to \$14.9m.

SmartPay Ltd (ASX:SMP) held its AGM late in the month. The company provided a summary of its breakthrough FY23 performance where revenue grew by +62% to NZ\$77.8m and delivered EBITDA growth of +81% to NZ\$18.4m. The business also provided a 1QFY24 update which demonstrated continued impressive growth with revenue +39% YoY and EBITDA +51% YoY to NZ\$5.3m for the quarter.

Various other positive updates were also received during the month giving us confidence that the Deep Value Fund constituents are set for a strong reporting season.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+24.3%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+25.0%

Number of companies	31
Top 5 Holdings % of NAV	48.0%
Top 10 Holdings % of NAV	68.5%
Top 20 Holdings % of NAV	92.0%
Cash Position % of NAV	0.7%

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.