

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 30/11/2023

latest unit price \$4.1132	return since inception (March 2009) 718.22%	return 1 month -0.39%
--------------------------------------	---	---------------------------------



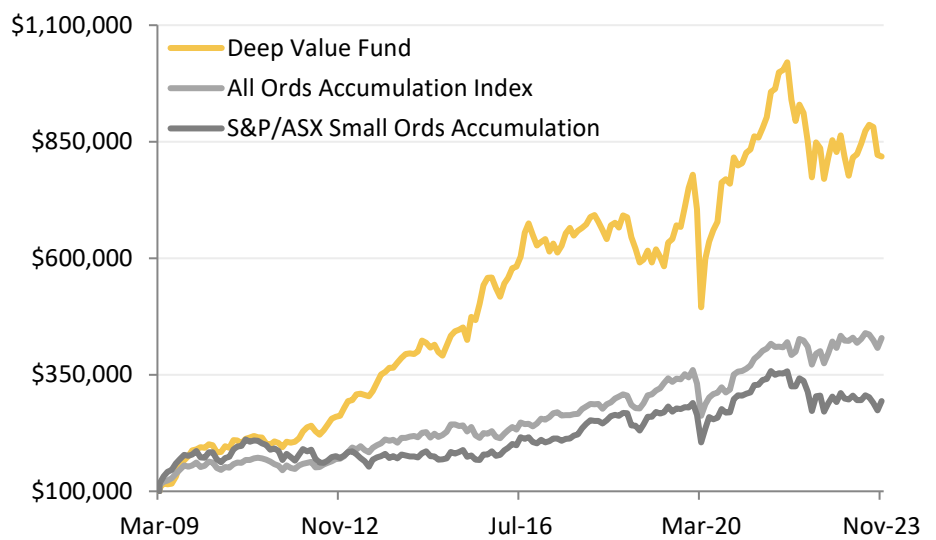
FUND OUTLINE

Fund Manager:

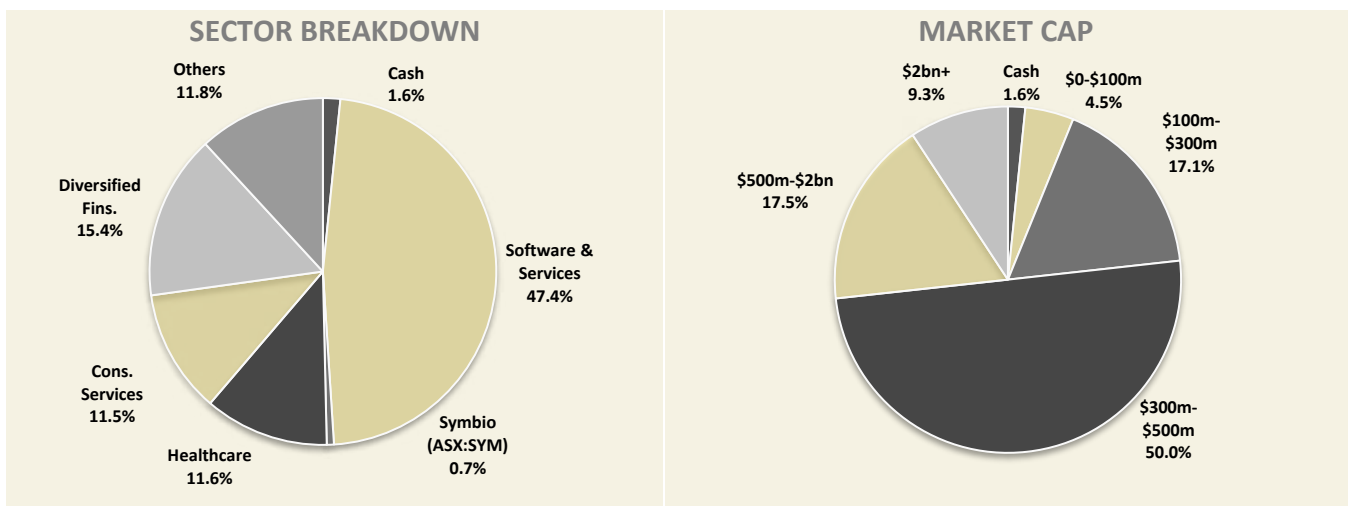
Carlos Gil (CIO)

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 > **\$818,218**



	Compound p.a. since Inception	Total since inception	12 Year	10 Year	7 Year	5 Year	3 Year	1 Year	1 Month
DVF	15.32%	718.22%	12.27%	8.41%	3.86%	5.68%	0.08%	-4.15%	-0.39%



DEEP VALUE FUND



MARKET UPDATE AND COMMENTARY

In our September 2023 update we called out our thesis that September would likely mark an inflection point in the interest rate cycle. We believed rates in the US and in the ECB had likely peaked. The CPI data out of the US this month solidified the basis of that thesis. US CPI figures released during the month saw headline inflation come down to 3.2%, whilst core inflation (excluding energy and food prices) slowed to 4.1%. The numbers will give Fed members a strong basis to keep rates unchanged with their monetary policy having the desired effect of taming inflation. Across Europe, the Eurozone inflation fell to 2.9%. In the UK, inflation fell sharply to 4.8% from the previous month's 6.7% print. Lastly Australia, which published its CPI report late in the month, saw inflation slowing from 5.6% to 4.9%. The likely peak of the cycle in central bank rates has important implications for asset prices as we move into 2024. The high sensitivity of asset prices to the risk-free rate means that when central banks eventually start to cut rates (likely in late 2024) it will very much be a more potent driver of upward movement in asset prices than the prevailing demand conditions across major economies. Such is the power of interest rates.

Microequities Deep Value Fund returned -0.39% in November; this brings the total return net of fees to 718.22% for the Fund since inception in March 2009.

Medical diagnostic imaging business, **Integral Diagnostics (ASX:IDX)** provided a disappointing trading update during the month. Whilst the company has seen 1Q24 revenue growth of +8.4%, clinical staff shortages, wage inflation and other cost increases have neutralised operating leverage, meaning the business has not enjoyed the expected EBITDA margin improvement in 1H24, after a strong 2H23 result. The company has responded with a cost out initiative and lowering of the capex budget for FY24. At the company's AGM held later in the month, the company saw improved trading conditions for October and the cost out actions undertaken in 1H24 are expected to deliver operating leverage in 2H24.

One of our top 10 investee companies in the telecommunications sector provided a strong trading update at its AGM which members of the Microequities investment team attended. The company is experiencing strong double digit organic revenue growth across its business units and is winning notable market share from its competitors. Despite the strong operating performance over the last 18 months, the share price of the company has not gained traction. We deem the business to now be highly vulnerable to M&A and note recent consolidation in the sector with the **Aussie Broadband (ASX:ABB)** acquisition of **Symbio Ltd (ASX:SYM)**.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+19.3%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+23.5%

Number of companies	31
Top 5 Holdings % of NAV	47.8%
Top 10 Holdings % of NAV	69.0%
Top 20 Holdings % of NAV	91.6%
Cash Position % of NAV	1.6%

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.