

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 31/12/2023

latest unit price \$4.3649	return since inception (March 2009) 768.29%	return 1 month 6.12%
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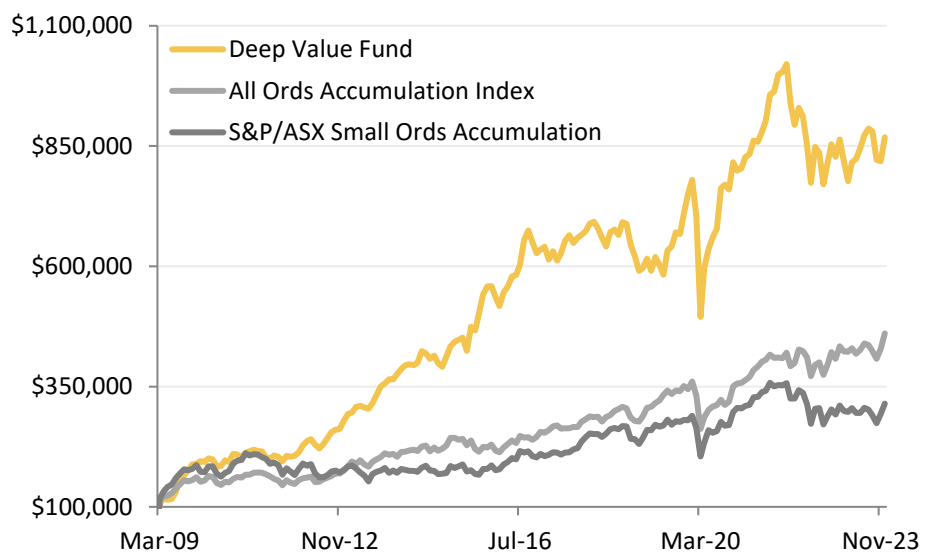
FUND OUTLINE

Fund Manager:

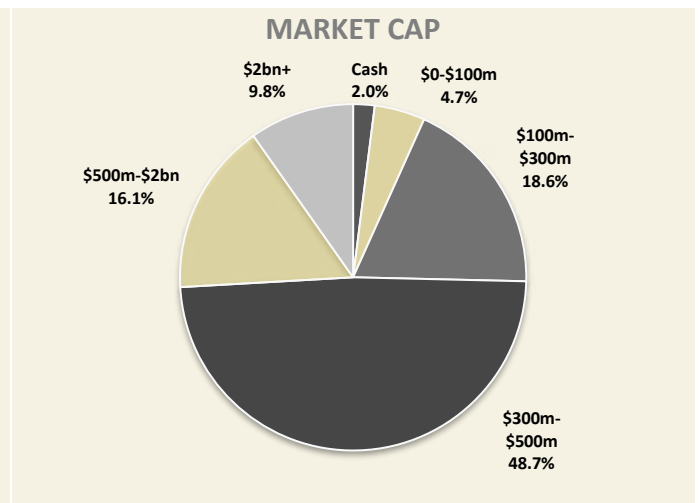
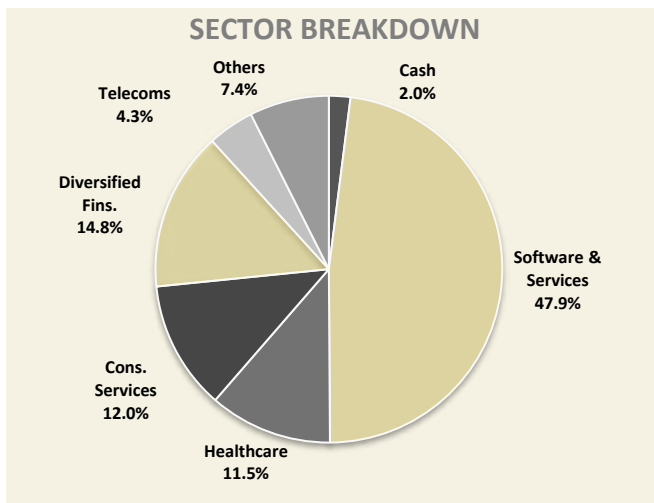
Carlos Gil (CIO)

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 > **\$868,287**



	Compound p.a. since Inception	Total since inception	12 Year Compound Annual	10 Year Compound Annual	7 Year Compound Annual	5 Year Compound Annual	3 Year Compound Annual	1 Year	1 Month
DVF	15.69%	768.29%	12.72%	9.05%	4.58%	8.00%	2.80%	4.87%	6.12%



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MARKET UPDATE AND COMMENTARY

Given the recent tame US CPI data, the Federal Reserve meeting in the middle of December was loaded with expectations. Equity markets were hoping that the Fed would signal both peak rates and that rate cuts would be on the agenda in 2024. The meeting did not disappoint, the Fed kept rates unchanged acknowledging the decline in inflationary pressures. The Fed also recognised monetary tightening was at or near its peak. Crucially, 17 out of 19 members of the Fed expect rates to be lower by the end of 2024, specifically they expect 3 rate cuts to occur during 2024. The meeting was a decisive one with broad implications for both interest rates and global asset prices. It triggered an equity market rally and a fall in the risk-free rate (US 10-year treasury bonds) which had already peaked at 5% during October, contracting sharply to 3.85%. The large drop in the 10-year US treasury yield has immediate implications for many asset prices and explains the aggressive upward move in equity prices. Domestically, it could trigger inflows into small caps and microcaps as risk appetite increases and a lower risk free yield itself makes long term investments more attractive. The Australian Small Ordinaries Industrial Index has been in a bear market for almost two and a half years, and this might well prove to be the trigger for an overdue rally for the asset class.

Microequities Deep Value Fund returned 6.12% in December; this brings the total return net of fees to 768.29% for the Fund since inception in March 2009.

Following the formerly announced acquisition of **Symbio Ltd (ASX:SYM)** by **Aussie Broadband Ltd (ASX:ABB)** the investment team had been actively selling down its stake in Symbio as we do not want to ultimately own shares in Aussie Broadband. As at the close of the month we have almost fully exited the entirety of our investment in Symbio. Aussie Broadband is a fine business, it is just not our number one pick in the telecommunications vertical. We also have an array of other superb investment opportunities within the Fund, so the cash proceeds have been put to immediate use.

One of the businesses we deem to be a superior business is a microcap IT services company that is growing at double digits organically and has very strong medium to long term growth runway. Currently it is significantly undervalued by the market, and we deem the entry point at current prices to be an excellent opportunity. This is a new entrant into the Deep Value Fund which will replace Symbio Ltd, leaving the Fund with 31 ongoing investee companies in the next month.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+19.3%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+23.9%

Number of companies	32
Top 5 Holdings % of NAV	46.5%
Top 10 Holdings % of NAV	67.2%
Top 20 Holdings % of NAV	91.3%
Cash Position % of NAV	2.0%

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.