

DEEP VALUE FUND



MONTHLY PERFORMANCE AS AT 31/01/2024

latest unit price \$4.4010	return since inception (March 2009) 775.47%	return 1 month 0.83%
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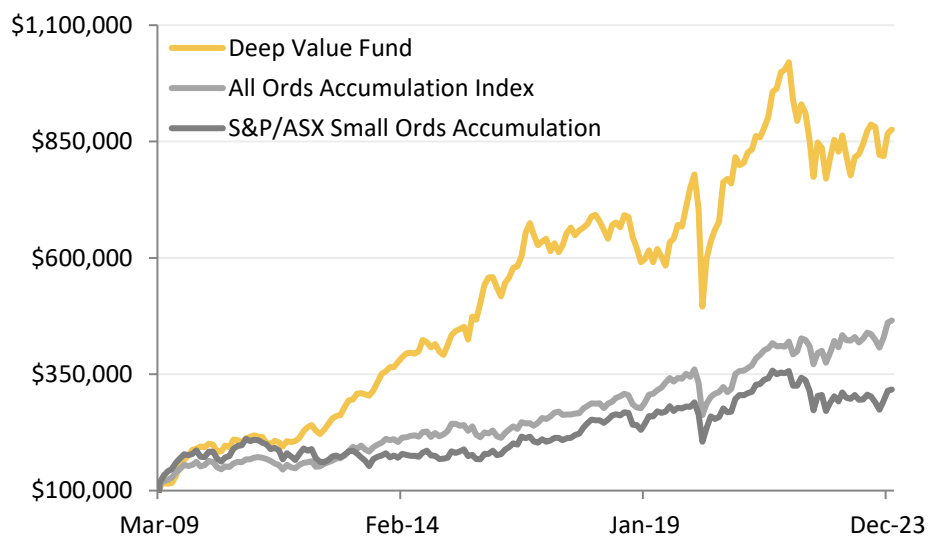
FUND OUTLINE

Fund Manager:

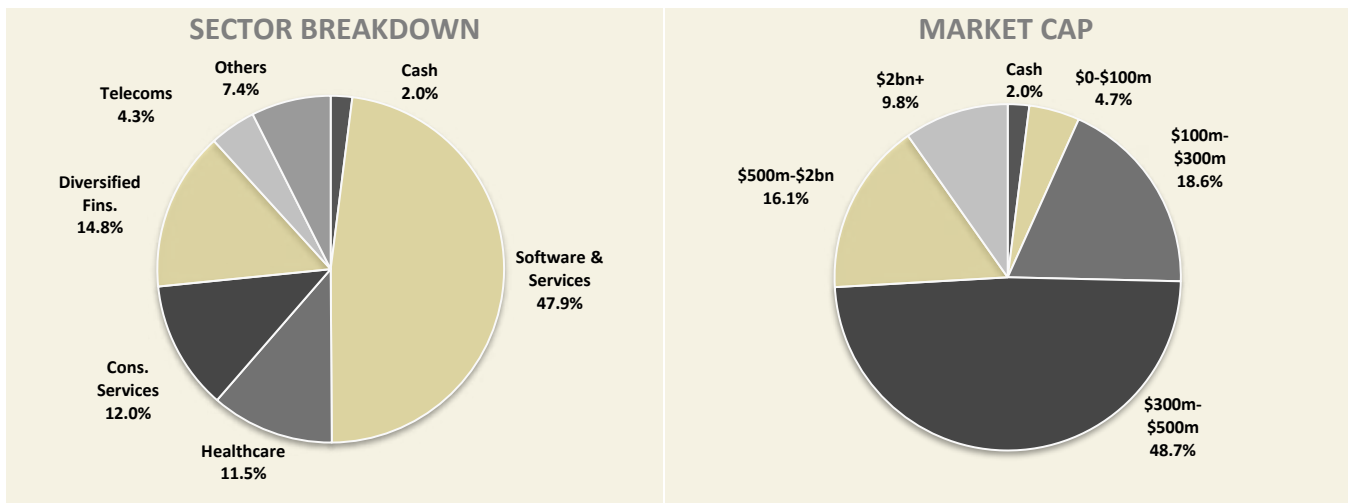
Carlos Gil (CIO)

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 > **\$875,468**



	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	15.66%	775.47%	12.47%	8.82%	4.56%	7.96%	2.89%	1.39%	0.83%



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MARKET UPDATE AND COMMENTARY

Some important US macroeconomic data prints came out late in January. Firstly, USA GDP growth for the 4th quarter of 2023 increased at annual pace of 3.3%, surpassing market expectations. US personal consumption expenditure (PCE), an important metric for inflation that the Federal Reserve follows closely, increased 0.2% for December, 2.6% year on year, whilst the core PCE (excluding fuel and food prices) rose by 0.2% and 2.9% year on year. Both metrics below the key red line of 3%. The PCE now sits at a 3-year low. Whilst the PCE is not solely determinant, it adds weight to the view that the Fed is done with rate rises and rate decreases are probable in 2024. The recent stream of data emanating from the USA has some economists puzzled given strong employment and consumption are being combined with a moderating inflationary outlook. Those are the elements required for a “Goldilocks” economics setting, a scenario that is becoming increasingly probable. Domestically, Australia’s inflation rate has dropped to an annual rate of 4.1%, marking the likely peak of interest rate rises.

Microequities Deep Value Fund returned 0.83% in January; this brings the total return net of fees to 775.47% for the Fund since inception in March 2009.

Various companies in the Deep Value Fund provided trading updates during the month. The most important callout are various health sector investee companies that have seen improved performance in operational margins after facing a challenging FY23 due to inflationary pressures. Two of our healthcare investee companies have enjoyed the benefits of operating margin expansion and topline growth which should deliver robust earnings growth for FY24. Due to a significant market revaluation in one of these companies the investment management team has trimmed down the weighting of this investment and opportunistically recycled the capital into some of the other outstanding opportunities within the Fund.

As mentioned last month, we have begun to accumulate a position in new investee company in the IT services sector. With a very limited free float, the on-market buying of our stake in this company will likely be a lengthy one. Currently we have attained a stake that represents 0.8% of the Fund’s assets. It is our intention to continue to increase this stake subject to stable or declining market prices for this company. We can also confirm that the Fund has successfully divested out of **Symbio Ltd (ASX:SYM)** after the company was bid for by **Aussie Broadband Ltd (ASX:ABB)**. We have begun to buy a new business in the retail space, which we will discuss in greater detail next month.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+20.6%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+23.6%

Number of companies	32
Top 5 Holdings % of NAV	46.3%
Top 10 Holdings % of NAV	67.8%
Top 20 Holdings % of NAV	91.0%
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.