

DEEP VALUE FUND



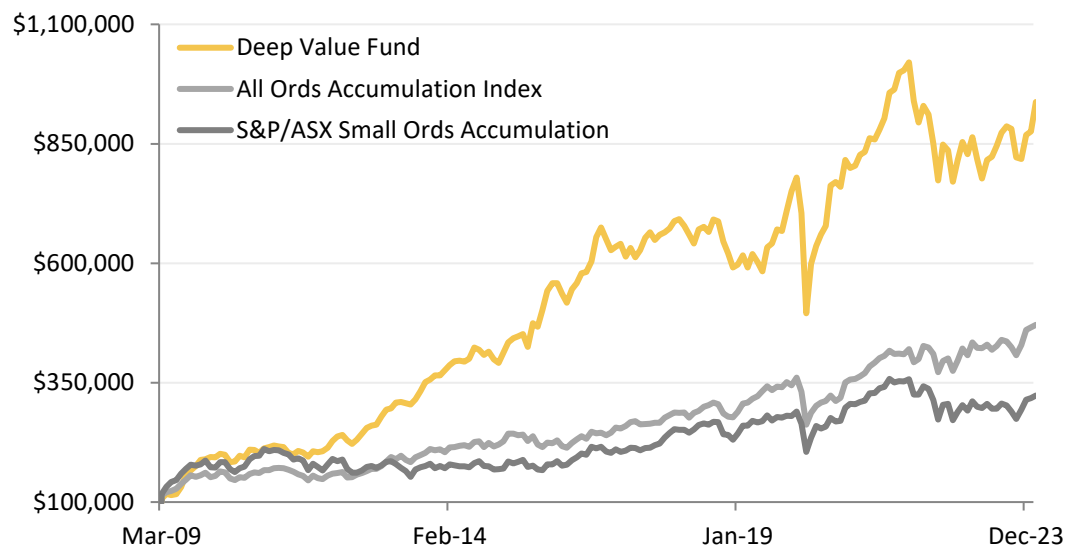
MONTHLY PERFORMANCE AS AT 29/02/2024

latest unit price \$4.7115	return since inception (March 2009) 837.24%	return 1 month 7.06%
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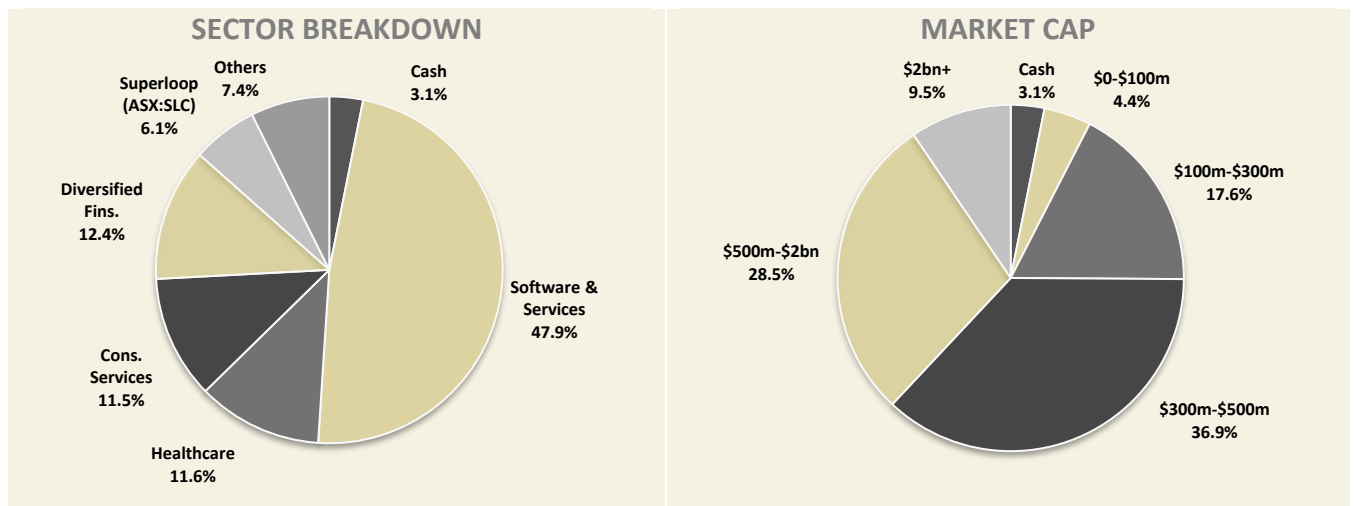
FUND OUTLINE

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 > **\$937,235**



	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	16.09%	837.24%	12.50%	9.26%	6.23%	8.74%	4.27%	14.61%	7.06%



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MARKET UPDATE AND COMMENTARY

The strength of the US economy which has surprised most economists, gives the US Federal Reserve (the Fed) the added luxury of time. In the fourth quarter of 2023, the US economy expanded at a revised annual pace of 3.2%, with consumer spending running at a healthy 3.0% annualised rate. The much-watched personal consumption expenditure (PCE) rose at an annual pace of 2.1%. The key takeaway is the US economy has entered 2024 with momentum, and whilst inflation continues to trend downwards, it is still not yet decisively low enough for the Fed to cut rates. The health of economic growth and strong Labor market gives the Fed the luxury of time. In equity markets the remarkable increased demand for Nvidia Corporation's products has driven the technology led Nasdaq Index to within a whisker of its all time high. The AI revolution is driving demand for processing power and rapid build-up of data centres around the US. It is a societal trend that will also head towards Australia and some of our investment funds own businesses that are likely to benefit from this emerging structural change.

Microequities Deep Value Fund returned 7.06% in February; this brings the total return net of fees to 837.24% for the Fund since inception in March 2009.

The month saw the majority of the Fund's constituents report their 1H24 earnings results. Whilst outlining each of the investee companies results is beyond the scope of this report, we can categorically state that the overall results in breadth and depth were excellent and reinforced the excellent growth dynamics of the investee companies. Pleasingly some FY23's most disappointing earnings performers (healthcare businesses) delivered solid growth after growing their revenues and improved cost containment improved their margins and net profit. We reiterate that we deem the constituent companies within the Deep Value Fund to be materially undervalued despite the +7% return for the month.

One of the Fund's investee companies, Superloop Ltd (ASX:SLC) which currently represents 6.1% of the Deep Value Fund, became subject to a non-binding indicative offer by a listed competitor, Aussie Broadband Ltd (ASX:ABB). The offer was promptly rejected by Superloop and we concur with the company in that the offer is opportunistic and completely undervalues Superloop. Superloop's 1H24 earnings demonstrated strong momentum in the business with revenue increasing by +32.7% to \$197.6m and EBITDA rising by +83%. All business units delivered organic growth and the company enters 2H24 with momentum.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+21.7%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+22.5%

Number of companies	32
Top 5 Holdings % of NAV	45.0%
Top 10 Holdings % of NAV	65.4%
Top 20 Holdings % of NAV	88.8%
Cash Position % of NAV	3.1%

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.