

# DEEP VALUE FUND



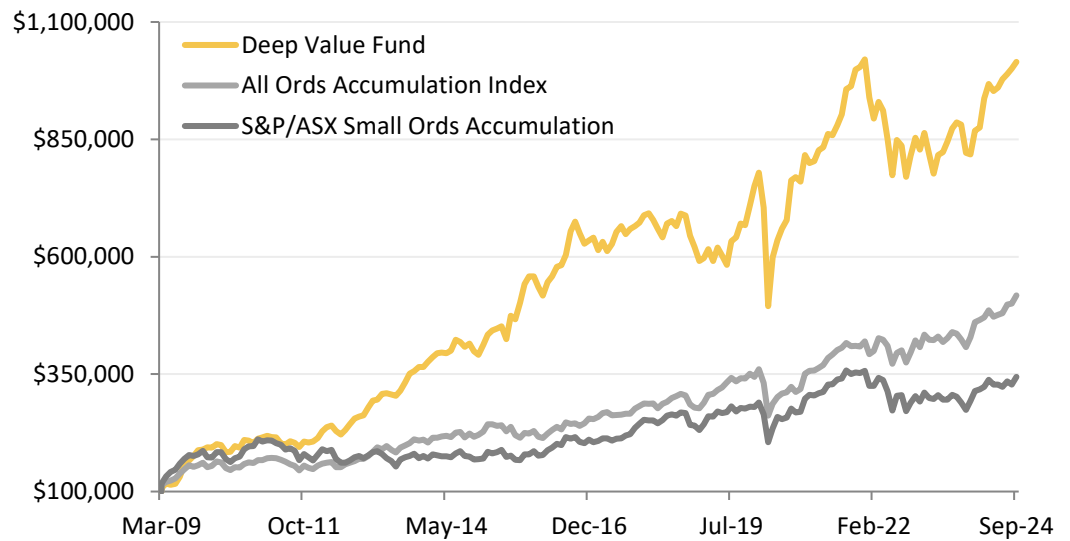
## MONTHLY PERFORMANCE AS AT 30/09/2024

latest unit price <b>\$5.1020</b>	return since inception (March 2009) <b>914.97%</b>	return 1 month <b>1.40%</b>
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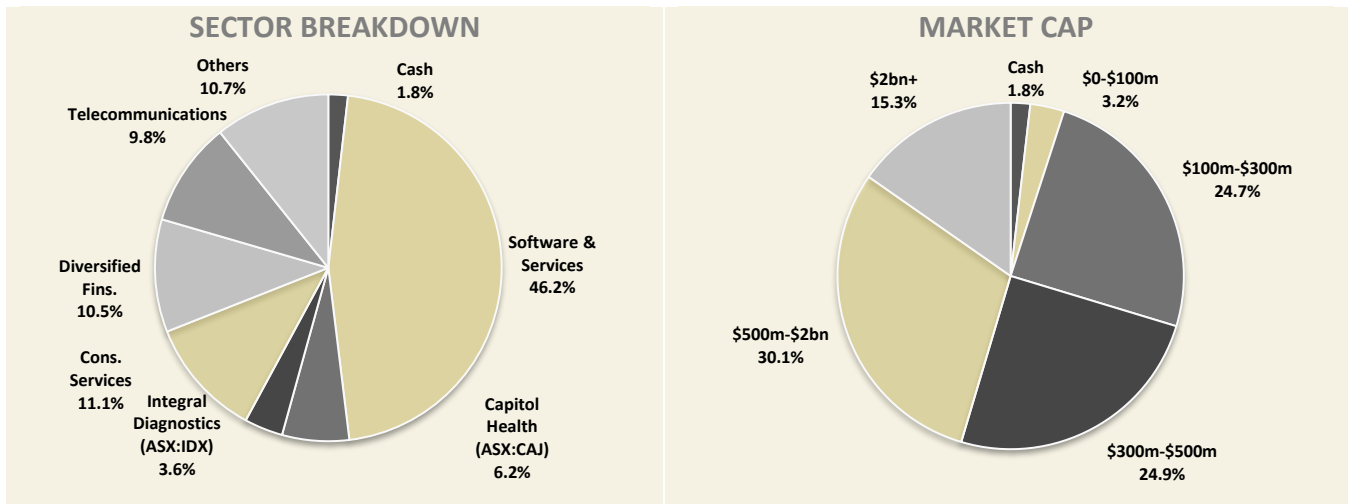
### FUND OUTLINE

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 > **\$1,014,966**



	Compound p.a. since Inception	Total since inception	15 Year Compound Annual	12 Year Compound Annual	10 Year Compound Annual	5 Year Compound Annual	3 Year Compound Annual	1 Year	1 Month
DVF	16.03%	914.97%	12.81%	12.18%	9.54%	8.64%	1.75%	15.18%	1.40%



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## MARKET UPDATE AND COMMENTARY

China has finally addressed its sluggish economic trends by implementing a series of measures aimed at revitalizing its lacklustre performance. The People's Bank of China (PBoC) has reduced the critical 7-day repo reference rate by 20 basis points. In addition to this rate cut, the PBoC will lower the reserve requirement ratio by 50 basis points, a move expected to inject approximately AUD 200 billion in liquidity into the economy. These actions have driven the yield on Chinese 10-year government bonds (the risk-free rate) to below 2%. To further support the struggling housing market, the PBoC has decreased the minimum mortgage deposit from 25% to 15%. Whilst equity markets welcomed the stimulus packages, the reality is China is still not addressing its structural imbalances with an economy that has a bloated property market and deficient internal consumption levels. The economic experiment that is the Chinese economy has no precedents; the jury is still out on the sustainability of its economic structure. In Australia, the Consumer Price Index (CPI) recorded a headline rate of 2.7%, which appears artificially low due to household energy subsidies. A more telling measure, the trimmed mean inflation, stands at 3.4%, lower, yet still elevated. We do not anticipate any rate cuts until 2025.

**Microequities Deep Value Fund returned 1.40% in September; this brings the total return net of fees to 914.97% for the Fund since inception in March 2009.**

The total number of companies in the Deep Value Fund has increased from 36 to 37. The new entrant into the Fund, comes not by way of new purchases but rather via the spinoff of a long held business in the Deep Value Fund, **Webjet Ltd (ASX:WEB)**. The technology travel business which has two distinct business, a B2B business and B2C, has spun out its B2C into a separate ASX listed entity, **Webjet Group Ltd (ASX:WJL)**. The split of the two businesses is due to there being little industrial logic in housing the combined business in a single entity, as well capital markets reasons which is likely to see the B2B business command a higher valuation as a separate entity. The spinoff OTA business will have no financial debt and material cash assets which are expected to assist the business in both organic and inorganic initiatives.

As announced last month the investment team continues to undertake a measured sell down of **Fleetpartners Group Ltd (ASX:FPR)** with a small nominal remanent stake left as of the close of the month. In addition to the sell down of Fleetpartners, the investment management team undertook selective recalibration of weightings of various businesses in the Fund.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+22.1%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+25.6%</b>

<b>Number of companies</b>	<b>37</b>
<b>Top 5 Holdings</b> % of NAV	<b>43.9%</b>
<b>Top 10 Holdings</b> % of NAV	<b>69.0%</b>
<b>Top 20 Holdings</b> % of NAV	<b>90.8%</b>
<b>Cash Position</b> % of NAV	<b>1.8%</b>

**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.