

# DEEP VALUE FUND



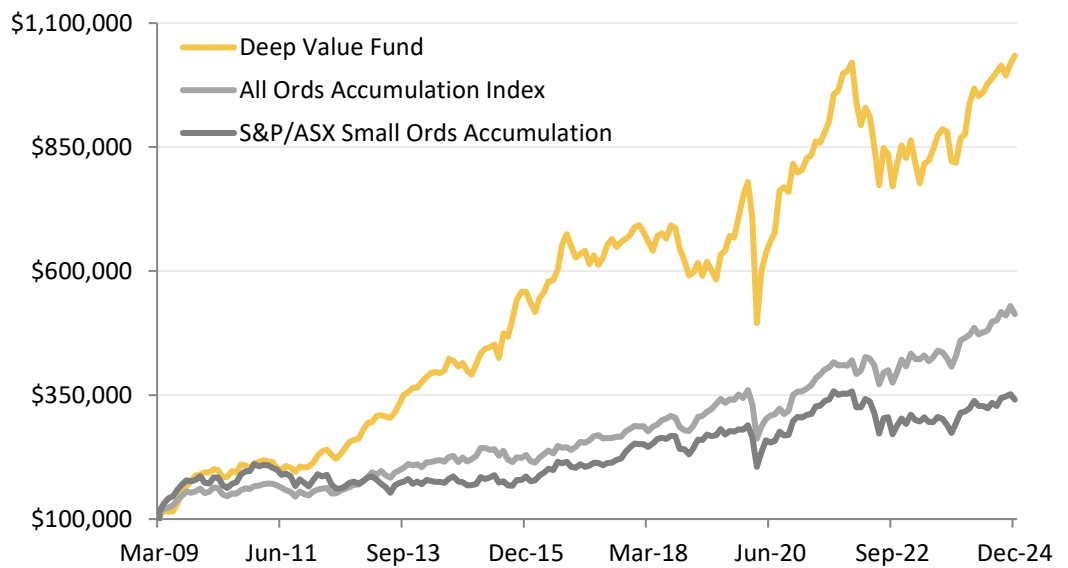
## MONTHLY PERFORMANCE AS AT 31/12/2024

latest unit price <b>\$5.1996</b>	return since inception (March 2009) <b>934.38%</b>	return 1 month <b>1.53%</b>
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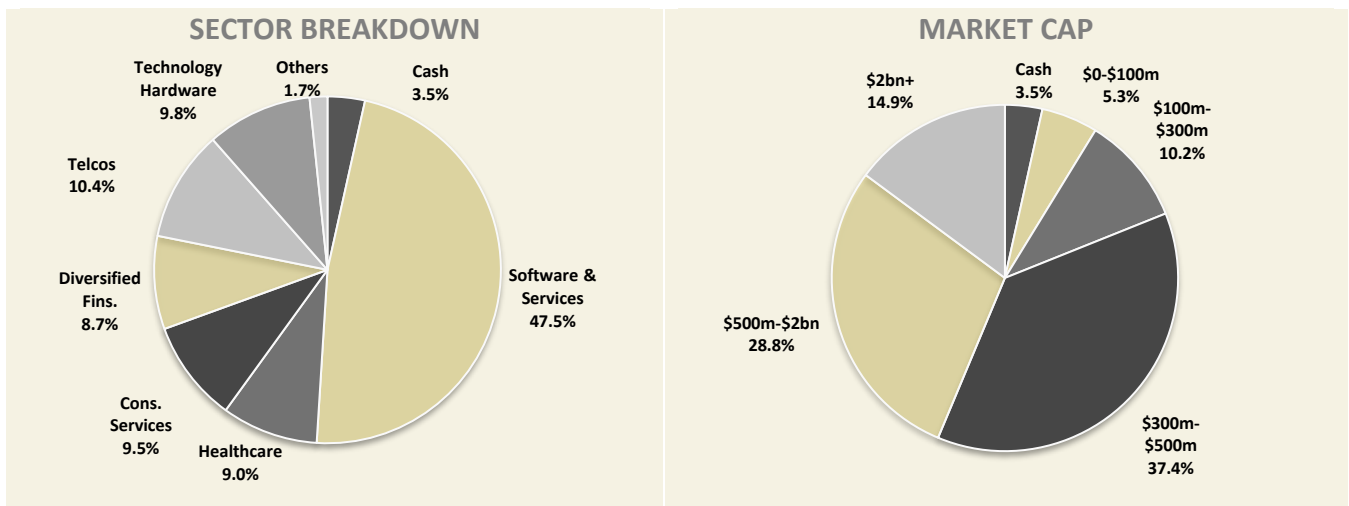
### FUND OUTLINE

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 > **\$1,034,382**



	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
<b>DVF</b>	<b>15.90%</b>	<b>934.38%</b>	<b>11.97%</b>	<b>11.52%</b>	<b>10.21%</b>	<b>6.62%</b>	<b>0.46%</b>	<b>19.13%</b>	<b>1.53%</b>



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## MARKET UPDATE AND COMMENTARY

China's slowing economic growth is expected to face greater pressure in 2025, as a new Trump administration is likely to impose trade tariffs on Chinese imports, potentially ranging from 20% to as high as 60%. The US accounts for approximately 15% of China's exports, and exports overall contribute roughly 20% to China's GDP. The risk of negative fallout from a trade war with the US is significant, and China will need to address its structural economic challenges sooner rather than later. China's economy continues to grapple with a bloated export sector, an oversized property and construction sector, and insufficient growth in domestic consumption, which currently represents only 55% of GDP. Additionally, youth unemployment remains unacceptably high. On the positive side, China retains a wide array of stimulus options that have yet to be deployed, providing the People's Bank of China and other institutions with considerable flexibility and optionality. Domestically, attention will turn to the Reserve Bank of Australia (RBA), which is scheduled to meet in February 2025. We see little likelihood of the RBA lowering rates at that meeting, given the trimmed mean inflation data from November and a labour market that remains exceptionally tight, particularly in view of participation rate which at 67.1% continues to be near all-time highs.

**Microequities Deep Value Fund returned 1.53% in December; this brings the total return net of fees to 934.38% for the Fund since inception in March 2009.**

**Integral Diagnostics (ASX:IDX)** completed its acquisition of **Capitol Health (ASX:CAJ)** as the scheme became effective. The acquisition passed the remaining hurdle when the ACCC ruled it did not oppose the transaction subject to Capitol Health's divesting out of a single radiology clinic in the Melton region of Victoria (this was expected). The acquisition means the total number of companies in the Fund has been reduced to 35.

From a news flow perspective, one of the companies in the software & services sector upgraded its financial guidance for FY25, which triggered a significant rally in its share price. Another company also in the software & services sector provided a positive 1Q25 trading update and the investment management team views the update as significantly important to merit increasing our stake in the business considering the medium to long term earnings growth runway in the business.

We have taken some measured sell downs on some of our largest holdings as we look to build a cash position to recycle into some of the underweighted investments.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+25.7%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+27.0%</b>

<b>Number of companies</b>	<b>35</b>
<b>Top 5 Holdings</b> % of NAV	<b>47.3%</b>
<b>Top 10 Holdings</b> % of NAV	<b>70.1%</b>
<b>Top 20 Holdings</b> % of NAV	<b>89.8%</b>
<b>Cash Position</b> % of NAV	<b>3.5%</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.