

PURE MICROCAP VALUE FUND



MONTHLY PERFORMANCE AS AT 30/11/2017

latest unit price \$1.0333	return since inception (Oct 2017) 3.33%	return 1 month 2.02%
--------------------------------------	---	--------------------------------



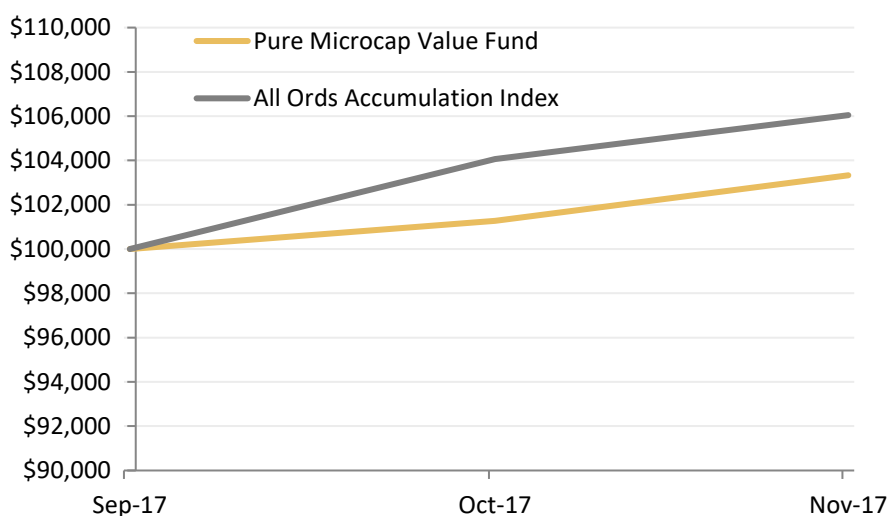
FUND OUTLINE

Fund Manager:

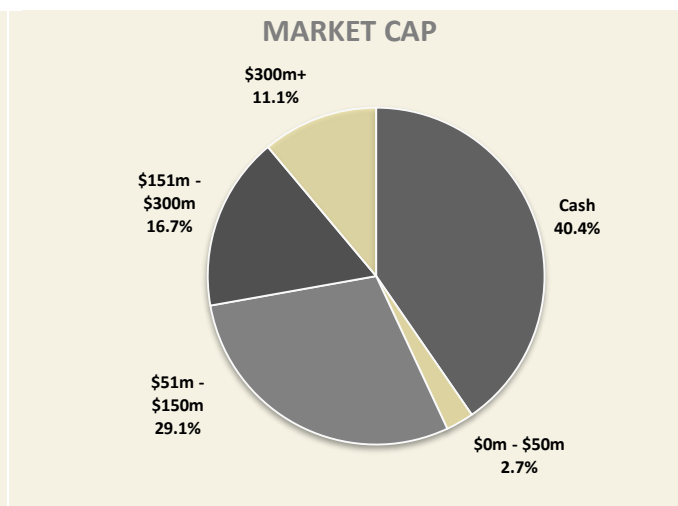
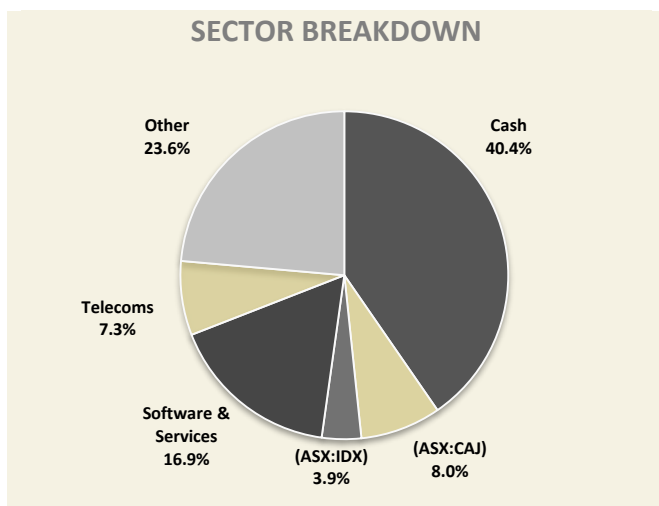
Carlos Gil (CIO)

The Pure Microcap Value Fund is a wholesale fund investing in a portfolio of undervalued, profitable and growing ASX microcap companies.

VALUE OF \$100,000 INVESTED AT INCEPTION > **\$103,330**



	1 Month	3 Month	6 Month	Total since inception
PMVF	2.02%	-%	-%	3.33%
All Ords Accum	1.91%	-%	-%	6.05%
Outperformance	0.11%	-%	-%	-2.72%



PURE MICROCAP VALUE FUND



MARKET UPDATE AND COMMENTARY

We expect the US Federal Reserve (Fed) to raise rates this month in what has been a highly signalled intention. Whilst the US economy has been powering along, inflation remains subdued (currently at 2%) and we believe the Fed remains cautious and dovish (we consider this a flawed policy stance) unless it sees evidence of a pickup in inflation. Our view on the overly dovish policy is on record. Domestically, whilst the labour market continues to strengthen, wage growth remains sluggish, keeping inflation low. A competitive retail environment is, for the time being, offsetting inflationary pressures. We still expect that the continuing strength in employment growth coupled with a lower Australian Dollar (already starting to manifest itself) will lead to higher inflation. The overall inflation rate is still lower than we expected, and we therefore think that it is unlikely the RBA will raise rates during the first half of calendar 2018.

Microequities Pure Microcap Value Fund returned 2.02% versus the All Ordinaries Accumulation Index 1.91% in November; this brings the total return net of fees to 3.33% for the Fund since inception in October 2017 compared to 6.05% for the All Ordinaries Accumulation Index.

We have made solid progress in deploying the Fund's assets, with just under 60% of the Fund now invested. We participated in a number of block trades in illiquid companies at attractive prices to attain our desired weightings. We remain on track to have 70-80% of the Fund assets invested in the next 2-3 months.

The Fund received a cash and scrip takeover offer from **Capitol Health (ASX:CAJ)** for our shares in radiology company **Integral Diagnostics (ASX:IDX)**. We are shareholders in both companies and see the industrial logic in a combination of the two companies. One of the Fund's software investments divested one of its divisions, the proceeds of which far exceeded the company's entire market capitalisation. Elsewhere, we have made two new investments. One is a niche financial services business with a track record of sensible capital management decisions. The other business is a diversified healthcare business with a large acquisition pipeline.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+35.5%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+21.9%

Number of companies	22
Top 5 Holdings % of NAV	30.1%
Top 10 Holdings % of NAV	44.2%
Top 20 Holdings % of NAV	59.1%
Cash Position % of NAV	40.4%

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 Ltd 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.