

# PURE MICROCAP

## VALUE FUND



### MONTHLY PERFORMANCE AS AT 31/01/2019

latest unit price <b>\$0.8884</b>	return since inception (Oct 2017) <b>-10.74%</b>	return 1 month <b>1.47%</b>
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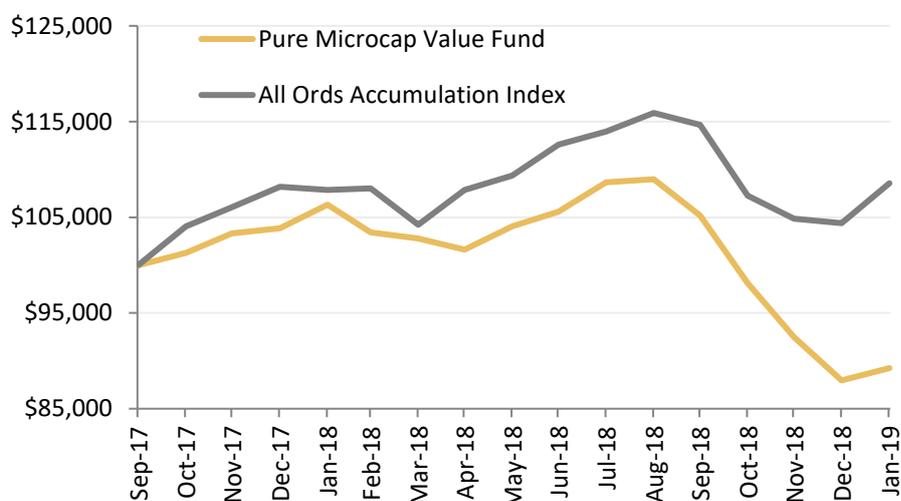
#### FUND OUTLINE

Fund Manager:

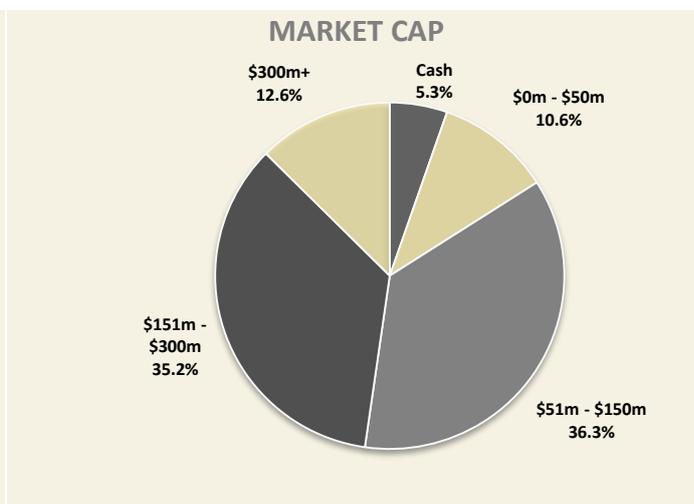
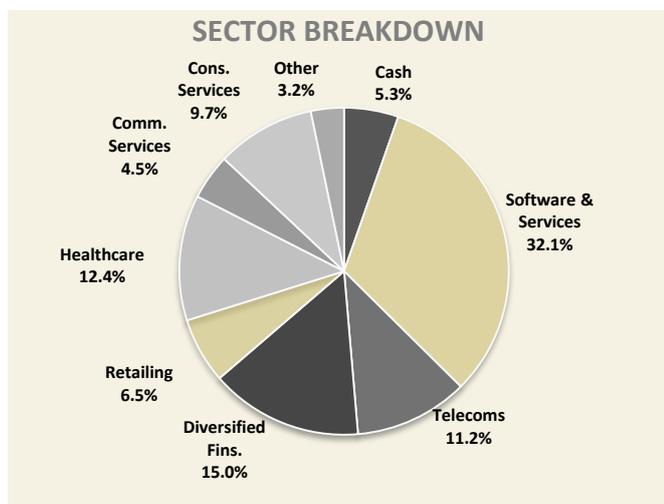
Carlos Gil (CIO)

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 > **\$89,256**



	Compound p.a. since inception	Total since inception	1 Year	6 Month	1 Month
<b>PMVF</b>	<b>-8.17%</b>	<b>-10.74%</b>	<b>-16.04%</b>	<b>-17.86%</b>	<b>1.47%</b>



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## MARKET UPDATE AND COMMENTARY

The US Federal Reserve kept rates on hold but, more importantly, pleased markets with a continuation of a more dovish stance on future rate increases. Whilst the Fed still sees economic and job growth as the most likely developments, it removed references to future rate hikes in 2019. In a separate statement, the central bank also stated that its balance sheet reduction was continuing but it was prepared to alter the speed of the unwinding, subject to economic developments. Taken together, both statements depict a Fed absorbing the possibility of increased risks to the economic boom and consequently a more flexible approach to its fiscal and monetary instruments to respond to a potential change in the economic course of the US.

Domestically, a prominent member of the RBA board has candidly conveyed that the next move for Australia's central bank will be a hike in rates. The signalling comes despite a deteriorating property market which is experiencing pronounced priced declines that look set to continue during 2019.

**Microequities Pure Microcap Value Fund returned 1.47% in January; this brings the total return net of fees to -10.74% for the Fund since inception in October 2017.**

We have exited two small holdings that accounted in total for less than 1% of the Fund. We have added to our holding in a global software business that we believe is severely undervalued. The business has long term customers that use their software for mission critical reasons. More recently the company has bought back shares and renewed a large customer contract.

We have also added a new position in a commercial products business that is now under a takeover offer. We believe the offer is highly likely to proceed and will deliver us a circa 15% IRR at our purchase price.

The investment management team is looking forward to the upcoming half year reporting season where we will get a progress update on the fundamentals of our business partnerships. We anticipate the reporting season will provide opportunities to top up existing holdings or add new investments.

<b>Projected EPS Growth</b> 1 Year Forward (on a weighted basis)	<b>+15.9%</b>
<b>Projected EPS Growth</b> 2 Years Forward (on a weighted basis)	<b>+24.7%</b>

<b>Number of companies</b>	<b>32</b>
<b>Top 5 Holdings</b> % of NAV	<b>35.5%</b>
<b>Top 10 Holdings</b> % of NAV	<b>55.5%</b>
<b>Top 20 Holdings</b> % of NAV	<b>81.0%</b>
<b>Cash Position</b> % of NAV	<b>5.3%</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.