

PURE MICROCAP

VALUE FUND



MONTHLY PERFORMANCE AS AT 30/06/2019

latest unit price \$0.8467 Cum-distribution	return since inception (Oct 2017) -14.93%	return 1 month -2.19%
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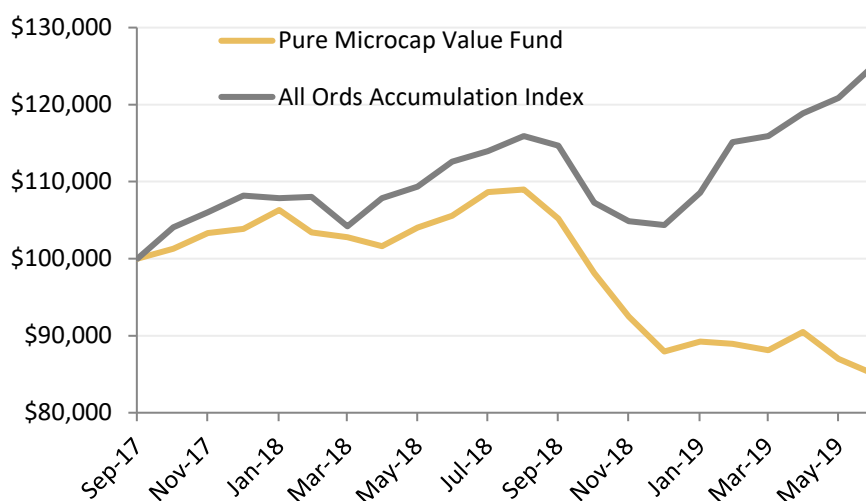
FUND OUTLINE

Fund Manager:

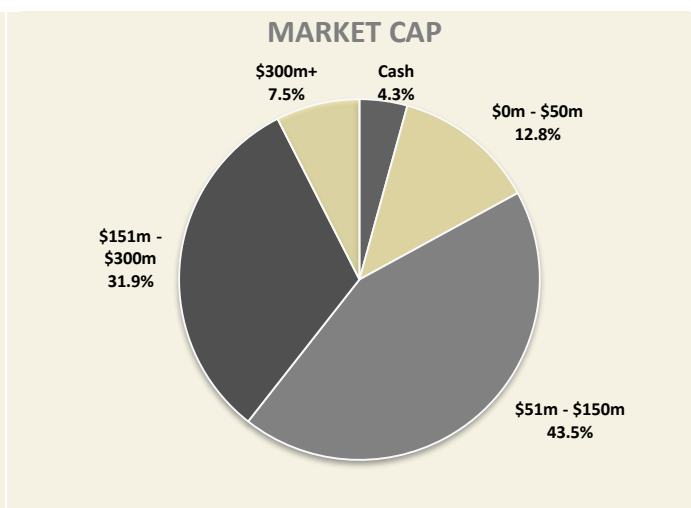
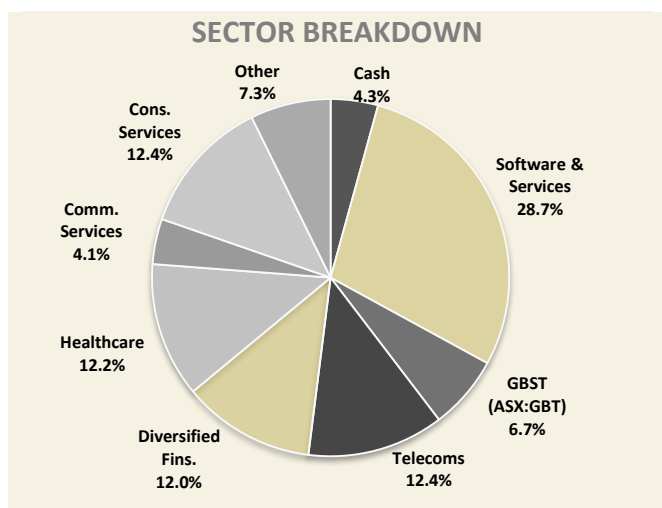
Carlos Gil (CIO)

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 > **\$85,066**



	Compound p.a. since inception	Total since inception	1 Year	6 Month	1 Month
PMVF	-8.83%	-14.93%	-19.43%	-3.29%	-2.19%



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MARKET UPDATE AND COMMENTARY

The Australian small and microcap equity market has been bifurcated into two opposing realms. On the one hand, you have very fast-growing companies some of which are profitable, others yet to make a profit. This segment of companies has market values that are inflated, unjustifiable and some are simply in pure bubble territory. At the other end of the market, we have profitable modest growth companies whose market values have either not risen or retracted over the past 12 to 24 months. Some of these companies are at extreme low, GFC-like market values and we happen to own a lot of these companies. This dichotomy in market values has become quite extreme and is being driven by investment flows into valuation indiscriminate index funds (further fuelling valuations of overpriced companies) and the closure of many active fund manager businesses (Adam Smith Funds Management, Sigma Funds Management, KIS Capital, Janus Henderson) which has accentuated further pricing dislocation (in the undervalued realm). Interestingly this bifurcation is a domestic phenomenon and is not currently being observed in global equities markets.

Microequities Pure Microcap Value Fund returned -2.19% in June; this brings the total return net of fees to -14.93% for the Fund since inception in October 2017.

During the month, we divested out of a consumer financial company and added an IT services/software business to the Fund. This new addition to the Fund operates in IT services for mid-market and education customers through the provisioning of hardware, consulting, software and managed IT services. The company has a large net cash balance sheet and has now demonstrated a number of periods of positive earnings and cash flows. We think there is potential for significant earnings growth in the near and medium term.

Several companies did release noteworthy announcements. Financial software **GBST (ASX:GBT)** announced improved takeover offers were received from Bravura Solutions at \$2.72 and subsequently at \$3 per share. There remain other interested parties in the mix at time of writing. At the end of the month, GBST represented 6.7% of the Fund's assets. Technology and print distributor **CSG Limited (ASX:CSV)** announced FY19 results are expected to be in line with the previously provided guidance range. The company remains on track in its turnaround program. Paper distribution business **Spicers (ASX:SRS)** announced the takeover offer for the company was approved by shareholders. The Fund expects to receive cash proceeds in mid July. At the end of the month, Spicers accounted for 0.7% of the Fund's assets.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+14.7%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+24.3%

Number of companies	32
Top 5 Holdings % of NAV	36.9%
Top 10 Holdings % of NAV	58.0%
Top 20 Holdings % of NAV	83.9%
Cash Position % of NAV	4.3%

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.