

PURE MICROCAP

VALUE FUND



MONTHLY PERFORMANCE AS AT 31/01/2020

latest unit price \$1.0671	return since inception (Oct 2017) 7.21%	return 1 month 3.18%
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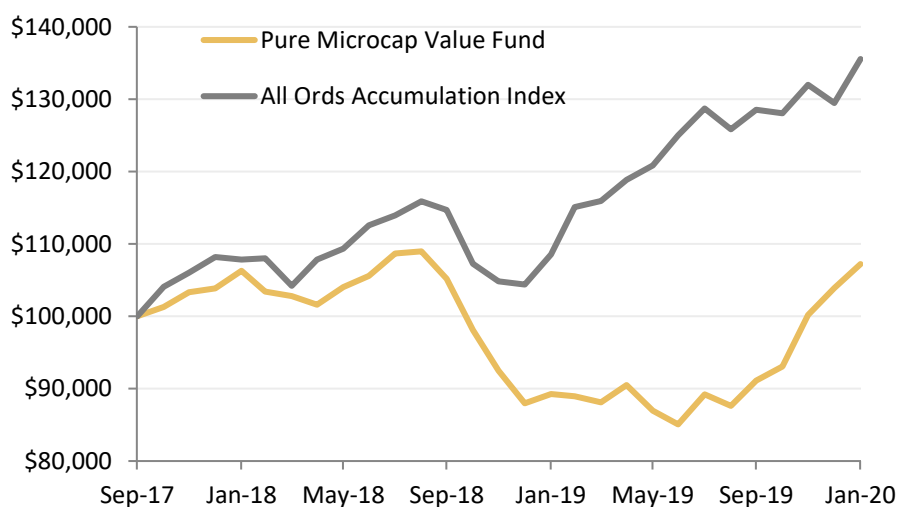
FUND OUTLINE

Fund Manager:

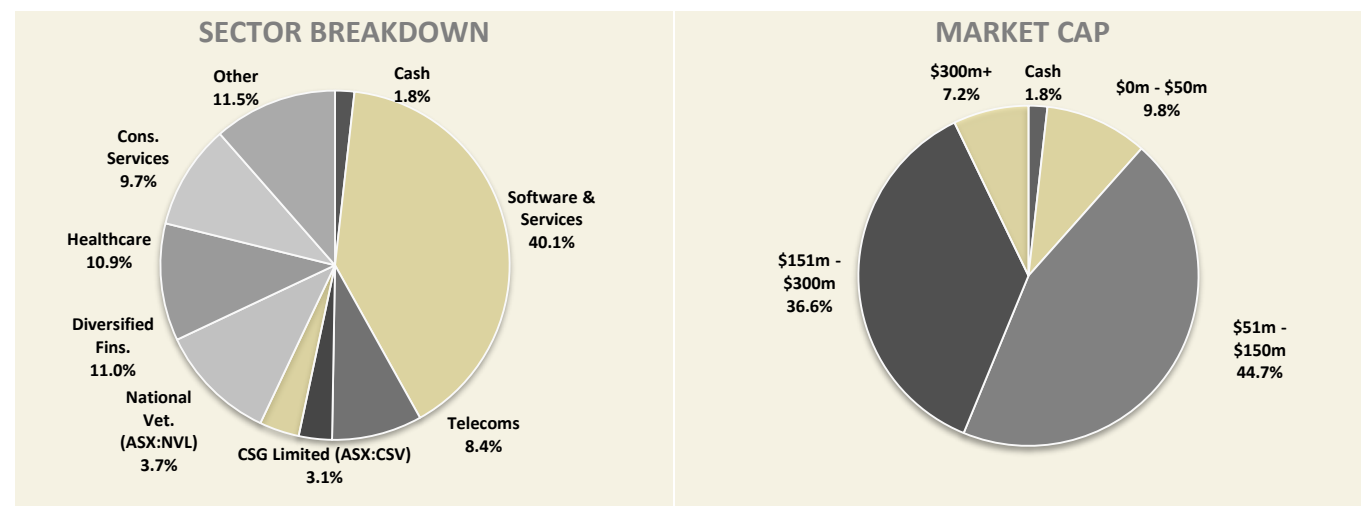
Carlos Gil (CIO)

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 > **\$107,209**



	Compound p.a. since inception	Total since inception	2 Year	1 Year	6 Month	1 Month
PMVF	3.03%	7.21%	0.42%	20.11%	20.17%	3.18%



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MARKET UPDATE AND COMMENTARY

The US economy heads into 2020 at a solid pace of growth with the world's largest economy registering a GDP growth rate of +2.1%. That rate is slightly below the 2019 overall growth rate of +2.3% but a solid result in the context of a major trade dispute with the world's second largest economy, China. Robust yet unspectacular growth in personal and household income and sustained employment growth bode well for a continuation of trend like growth for the US economy into 2020.

Notwithstanding the positive outlook, we expect the second phase of US-Sino trade negotiations to come into the fore towards the end of 2020 as the US presidential elections comes to its conclusion.

The end of the month saw financial markets become increasingly focused on a new coronavirus which originated in China. Whilst we do not profess to be genome or pandemic experts, there are several factors in the virus' development that leads us to think that the overall economic impact will be mild, meaning that short term weaknesses in markets may present a window of investment opportunity.

Microequities Pure Microcap Value Fund returned 3.18% in January; this brings the total return net of fees to 7.21% for the Fund since inception in October 2017.

During the month we made a new investment in a small profitable IT services business. The company has a number of marquee clients in a niche part of the enterprise IT consulting market. Combined with a solid board that has had experience with taking an ASX company to an eventual sale and organic and acquisition opportunities, we expect the business to grow strongly over the long run.

A number of our other businesses also made noteworthy announcements. We continued to add to a software business which announced the signing of a new five year contract. This business continues to trade on a reasonable valuation and we see significant runaway ahead for both an organic and acquisition growth. Our investment in another IT services business provided a subdued outlook for FY20 but given the low valuations at which we purchased this business, we continue to remain invested and await the earnings recovery. As we head into the 1H20 reporting season, we have identified several compelling investment opportunities and are actively seeking additional cash to capitalise on these.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+27.6%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+22.8%

Number of companies	33
Top 5 Holdings % of NAV	35.4%
Top 10 Holdings % of NAV	55.7%
Top 20 Holdings % of NAV	83.2%
Cash Position % of NAV	1.8%

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.