

# PURE MICROCAP

## VALUE FUND



### MONTHLY PERFORMANCE AS AT 30/04/2020

latest unit price <b>\$0.7732</b>	return since inception (Oct 2017) <b>-22.32%</b>	return 1 month <b>19.39%</b>
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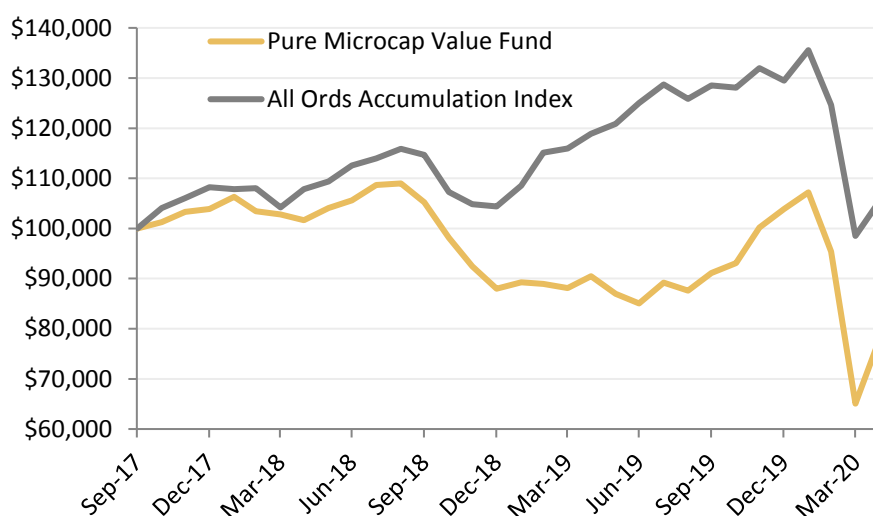
#### FUND OUTLINE

Fund Manager:

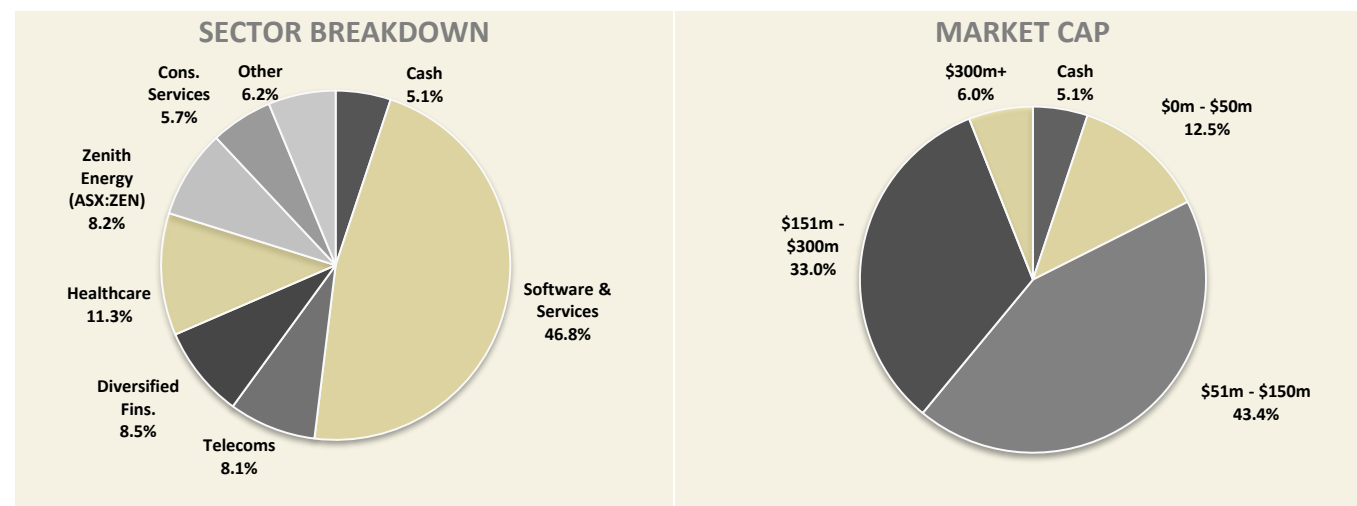
Carlos Gil (CIO)

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 > **\$77,682**



	Compound p.a. since inception	Total since inception	2 Year	1 Year	6 Month	1 Month
<b>PMVF</b>	<b>-9.31%</b>	<b>-22.32%</b>	<b>-12.57%</b>	<b>-14.17%</b>	<b>-16.55%</b>	<b>19.39%</b>



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## MARKET UPDATE AND COMMENTARY

The historic market fall incurred in March was partially reversed during April as global equity markets, including Australia, rebounded strongly. The panic we saw in March has been replaced by economic realism as investors try to grasp the economic damage from Covid-19. There will be significant pain as unemployment will rise sharply and economic growth will go into the red. However, the month provided pillars of positive news as governments rolled out unprecedented fiscal stimuli. In Australia, the Federal government has instigated various economic stimulus packages which in aggregate represent over 10% of Australia's GDP. These stimulus packages are significant and will act as an important buffer to lessen the economic impact of Covid-19. The focus during the months ahead will turn to the pace and depth of loosening the societal and economic restrictions imposed by governments across the world and how consumption and economic activity recover from the crisis.

**Microequities Pure Microcap Value Fund returned 19.39% in April; this brings the total return net of fees to -22.32% for the Fund since inception in October 2017.**

The investment management team continued to spend most of the month scrutinising existing portfolio companies and how they are faring in the current Covid-19 environment and how they will do in light of a short and medium term economic downturn. During February, March and April we have been engaging with management on a more regular basis to understand how their businesses are responding to the current challenges and if they have the balance sheet capacity to survive with little revenue for a number of months. We remain comfortable with the portfolio positioning noting the portfolio is 13% in cash and Zenith Energy (ASX:ZEN) shares which is under takeover. 30% of the portfolio are in businesses with net cash balance sheets and the remaining 56% in companies with resilient business models, high recurring revenue or healthcare, software and government exposure. To that end, there were no significant changes to the portfolio during the month other than some minor additions to existing holdings.

Some notable company announcements include one healthcare business conducting a capital raising to bolster its balance sheet for opportunistic acquisitions. Another IT business announced a large seven year contract, the biggest in its listed history. Both companies remain at 30-40% discounts to our assessed intrinsic valuations and are just some examples of the disconnect between current market prices and intrinsic valuations. The investment management team believes most of the best opportunities remain within the existing names in the portfolio and price permitting will add to these in the coming months.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+4.3%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+19.7%</b>

<b>Number of companies</b>	<b>33</b>
<b>Top 5 Holdings</b> % of NAV	<b>41.7%</b>
<b>Top 10 Holdings</b> % of NAV	<b>63.9%</b>
<b>Top 20 Holdings</b> % of NAV	<b>84.7%</b>
<b>Cash Position</b> % of NAV	<b>5.1%</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.