

PURE MICROCAP

VALUE FUND



MONTHLY PERFORMANCE AS AT 31/07/2020

latest unit price \$0.9176 Cum-distribution	return since inception (Oct 2017) -7.49%	return 1 month 6.77%
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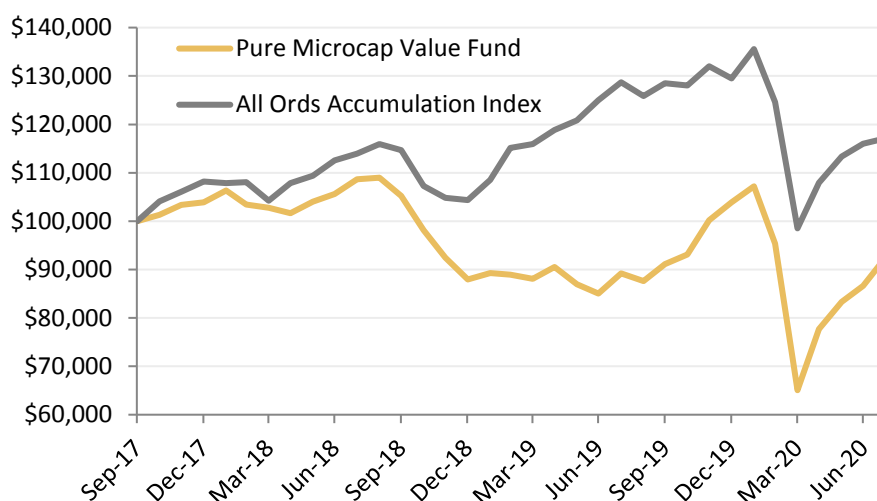
FUND OUTLINE

Fund Manager:

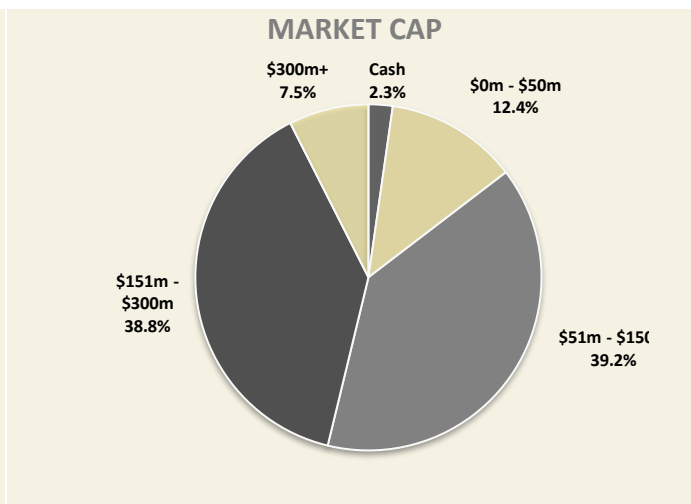
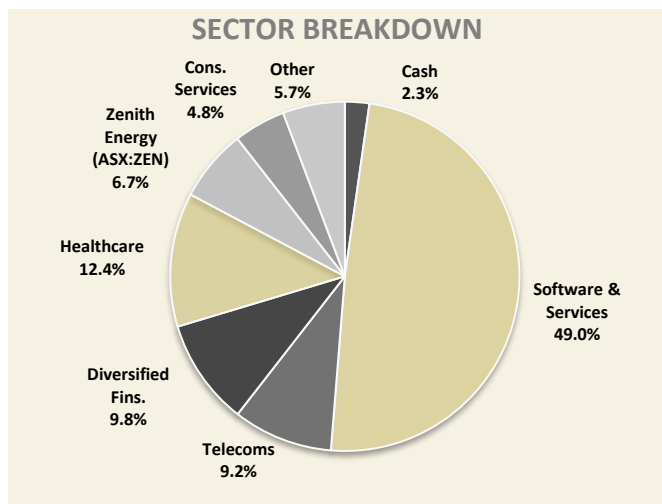
Carlos Gil (CIO)

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 > **\$92,511**



	Compound p.a. since inception	Total since inception	2 Year	1 Year	6 Month	1 Month
PMVF	-2.71%	-7.49%	-7.73%	3.69%	-13.71%	6.77%



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MARKET UPDATE AND COMMENTARY

The US GDP declined by 8.4% during the second quarter of 2020. Care should be taken not to extrapolate this number as the current heartbeat of the US economy; it is not. The US economy is going to decline this year, but its decline will likely be at a lower level than the second quarter numbers suggest. The government-imposed shutdowns during March and April severely impacted the US economy and would have had a very material impact on economic activity during the second quarter. The focus in coming weeks will now shift to the second stimulus package. The Republicans and Democrats will need to carve out a deal, but the scale of the stimulus package is likely to be enormous and will provide fresh support to an economy that will face a challenging outlook.

Domestically, the Australian government also announced extensions to its JobKeeper and JobSeeker programs. In all, the extensions are worth \$20b+. It is probable that the federal government will provide further stimuli as fiscal restraints are deprioritised and economic growth takes precedence.

Microequities Pure Microcap Value Fund returned 6.77% in July; this brings the total return net of fees to -7.49% for the Fund since inception in October 2017.

There were no changes to the portfolio during the month, rather several businesses within the Fund provided trading updates.

1. Our investment in a mission critical enterprise software business noted that it had not seen material impacts from Covid-19 on its business. 90% of its revenues are recurring in nature and customer churn remains low. We expect the business to report in line with prior guidance provided of stable margins and 20% organic revenue growth.
2. Financial administration business provided a strong quarterly update with increasing funds under administration and growing offshore business.
3. Payments business reported Q1 FY20 revenue in its NZ business being stable v same quarter last year and fast growing Australian business up 59%.
4. Remote utilities provider **Zenith Energy (ASX:ZEN)** received an improved offer from PEP/Apex Opportunities at \$1.05, from \$1.01 previously. The scheme has been approved by majority of shareholders and we expect to receive cash proceeds in August. Zenith represents 6.7% of the Fund weighting at month end.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+3.8%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+22.4%

Number of companies	34
Top 5 Holdings % of NAV	41.7%
Top 10 Holdings % of NAV	64.8%
Top 20 Holdings % of NAV	86.1%
Cash Position % of NAV	2.3%

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.