

PURE MICROCAP

VALUE FUND



MONTHLY PERFORMANCE AS AT 31/10/2020

latest unit price \$1.1036	return since inception (Oct 2017) 11.26%	return 1 month 5.21%
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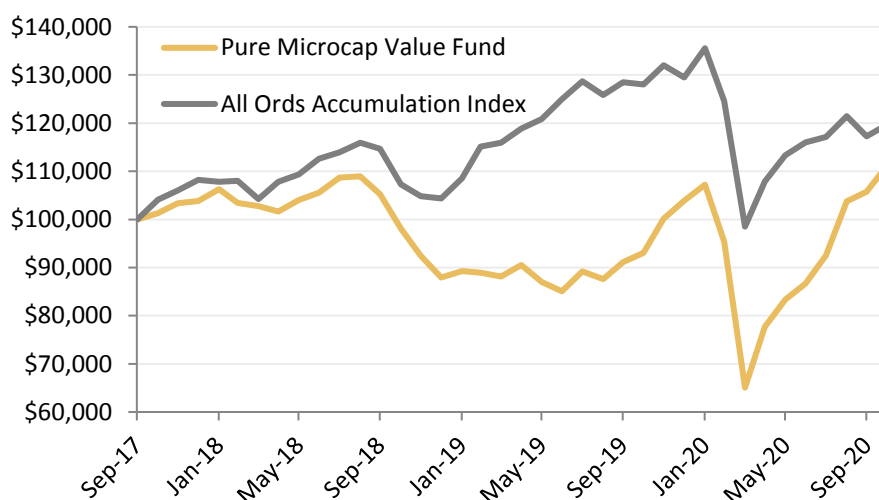
FUND OUTLINE

Fund Manager:

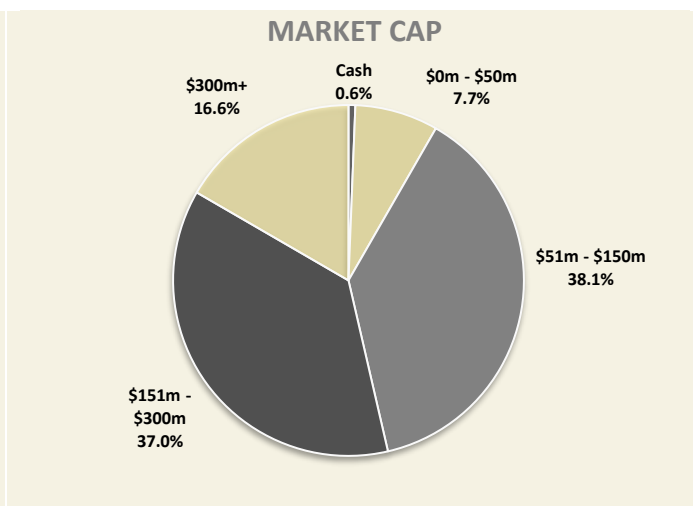
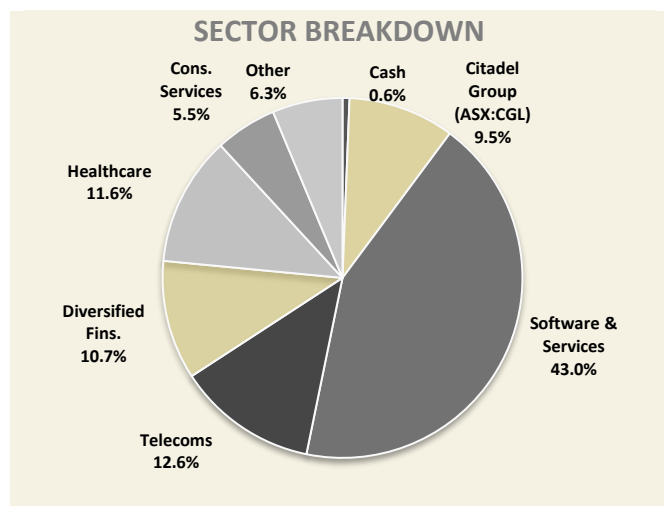
Carlos Gil (CIO)

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 > **\$111,263**



	Compound p.a. since inception	Total since inception	3 Year	2 Year	1 Year	6 Month	1 Month
PMVF	3.52%	11.26%	3.18%	6.48%	19.53%	43.23%	5.21%



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MARKET UPDATE AND COMMENTARY

US third quarter GDP bounced back strongly to record a +7.4% increase on the prior quarter, or a historic +33.1% on annualised basis. The annual number should not be read literally; very much like the dramatic decline experienced in the second quarter of -31.4%, both of those numbers were very much driven by the disruptive effects of the Covid-19 shutdowns and consequent easing of those restrictions. Despite the strong third quarter growth numbers US output remains below pre Covid-19 levels. There were however some encouraging data points with private investment increasing +83%, including strong increases in equipment investment and consumption rebounding strongly. Challenges for the US economy remain though as a strong rise in a second wave of Covid-19 cases threatens to disrupt the recovery and the country anxiously awaits the outcomes of third phase clinical trials of vaccines. Domestically, Australia's third quarter GDP is also likely to have turned positive with the country likely to have come out of its first technical recession in almost three decades. The RBA is expected to continue to be extremely accommodative in its monetary policy and financial markets are anticipating another rate cut in November.

Microequities Pure Microcap Value Fund returned 5.21% in October; this brings the total return net of fees to 11.26% for the Fund since inception in October 2017.

The Fund made no changes to its constituents during the month. The investment management team was focused on the trading updates and AGM commentary that provided an insight on trading in the first quarter of the new financial year. A number of notable developments in the Fund during the month included:

1. Our investment in a telecommunications business made its second sizeable acquisition in as many months. We like the strategic rationale of these two acquisitions and have increased our investment through the capital raising.
2. Our investment in a payments business provided a trading update showing Q2 revenue in its fast growing Australian business rising 72% from a year earlier. This is a significant investment for the Fund, and we think growth will only accelerate from here as lockdowns ease in Victoria and extra marketing investment is made.
3. Our investment in **Integral Diagnostics (ASX:IDX)**, a diagnostic imaging business provided Q1 trading update showing 4.2% organic revenue growth despite the lockdown impact in metropolitan Melbourne. The company also noted a very active acquisition pipeline.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+20.2%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+20.2%

Number of companies	35
Top 5 Holdings % of NAV	44.7%
Top 10 Holdings % of NAV	67.4%
Top 20 Holdings % of NAV	87.0%
Cash Position % of NAV	0.6%

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.