

# PURE MICROCAP

## VALUE FUND



### MONTHLY PERFORMANCE AS AT 31/12/2020

latest unit price <b>\$1.2272</b>	return since inception (Oct 2017) <b>23.73%</b>	return 1 month <b>0.48%</b>
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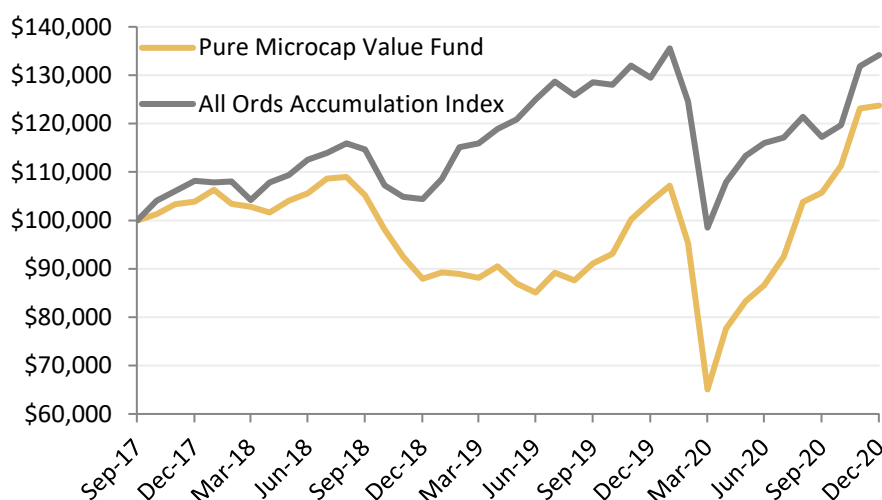
#### FUND OUTLINE

Fund Manager:

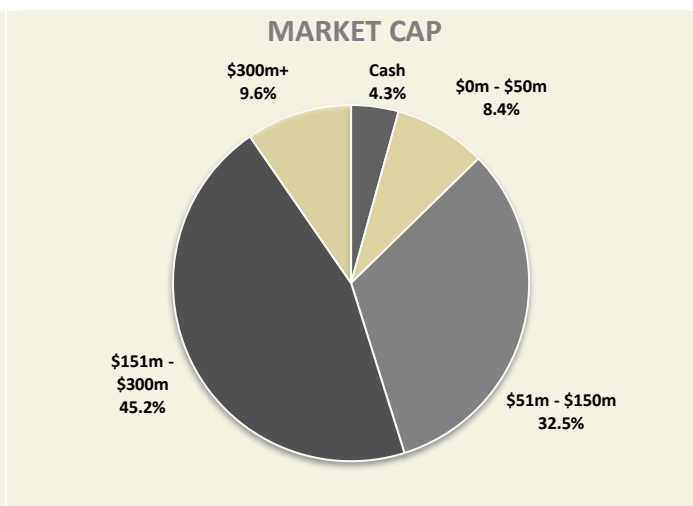
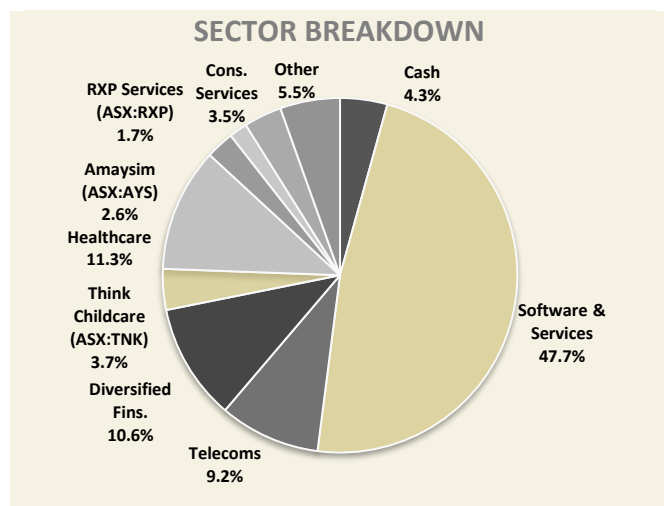
Carlos Gil (CIO)

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 > **\$123,725**



	Compound p.a. since inception	Total since inception	3 Year	2 Year	1 Year	6 Month	1 Month
<b>PMVF</b>	<b>6.77%</b>	<b>23.73%</b>	<b>6.01%</b>	<b>18.60%</b>	<b>19.08%</b>	<b>42.80%</b>	<b>0.48%</b>



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## MARKET UPDATE AND COMMENTARY

Financial markets digested two significant events during the month: The US presidential election outcome and Brexit. The US presidential election outcome was not a surprise to financial markets which were also imbued with confidence given the status quo result in the chambers. A Republican held Senate and a Democrat majority House of Representatives will continue. Across the Atlantic, it was a case of relief. After years of arduous, tenacious and at times strenuous negotiations, the European Commission and UK finally agreed on a Brexit pathway that will see the UK leave the EU after 47 years of membership. The main elements of the deal focuses on capital and goods both of which will still be able to move freely between the EU and UK. The deal will see the end of the free movement of people within the bloc, however services, which makes up to 80% of the UK economy have to a significant degree been left out of the agreement and will require further negotiations between the parties. Despite the shortcomings, the accord does however remove a significant risk element to financial markets and provides a more stable regulatory platform for companies to make investment decisions.

**Microequities Pure Microcap Value Fund returned 0.48% in December; this brings the total return net of fees to 23.73% for the Fund since inception in October 2017.**

The Fund exited **Citadel Group (ASX:CGL)** after the successful implementation of the takeover offer. We saw updates from a number of our businesses:

- **Amaysim (ASX:AYS)** a mobile virtual network operator received an offer for the remaining cash shell from Wilson Asset Management, post completion of the potential asset sale to Optus. The offer of either scrip, cash or a combination values the shell at between 69.5c and 83c.
- **Think Childcare (ASX:TNK)**, a premium childcare provider received a revised indicative offer of \$1.75 from Alceon after a raid on its shares where it accumulated a 19%+ stake. At this point in time, both Busy Bees and Alceon are still actively considering formal offers for both companies and we think there is more to play out here.
- **UCW Limited (ASX:UCW)** made a scrip merger offer for **Redhill Education (ASX:RDH)**. Microequities are shareholders in both companies and welcome the offer which significantly increases the scale of both businesses to approximately \$90m revenue and \$7m EBIT and \$10m+ EBIT post synergies in a normalised year. Both businesses uphold quality education outcomes for students, have complimentary course offerings and provide scope for further acquisition opportunities.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+26.3%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+23.0%</b>

<b>Number of companies</b>	<b>33</b>
<b>Top 5 Holdings</b> % of NAV	<b>39.9%</b>
<b>Top 10 Holdings</b> % of NAV	<b>61.6%</b>
<b>Top 20 Holdings</b> % of NAV	<b>83.1%</b>
<b>Cash Position</b> % of NAV	<b>4.3%</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.