

PURE MICROCAP

VALUE FUND



MONTHLY PERFORMANCE AS AT 31/01/2021

latest unit price \$1.2445	return since inception (Oct 2017) 25.47%	return 1 month 1.41%
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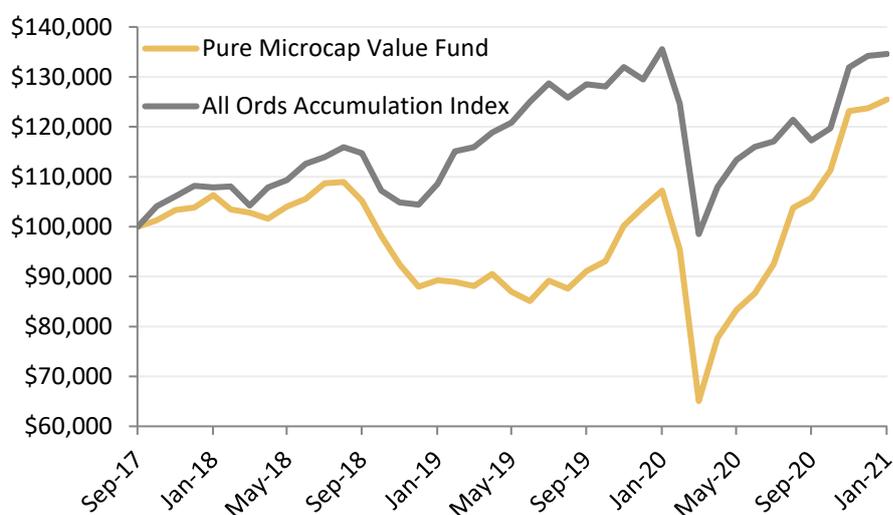
FUND OUTLINE

Fund Manager:

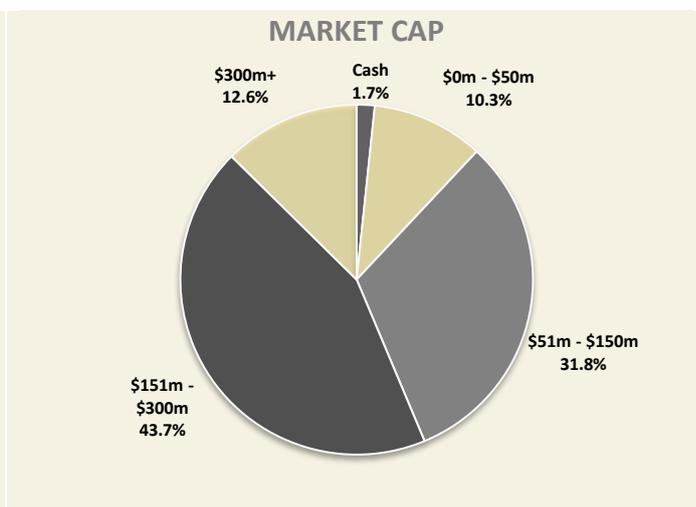
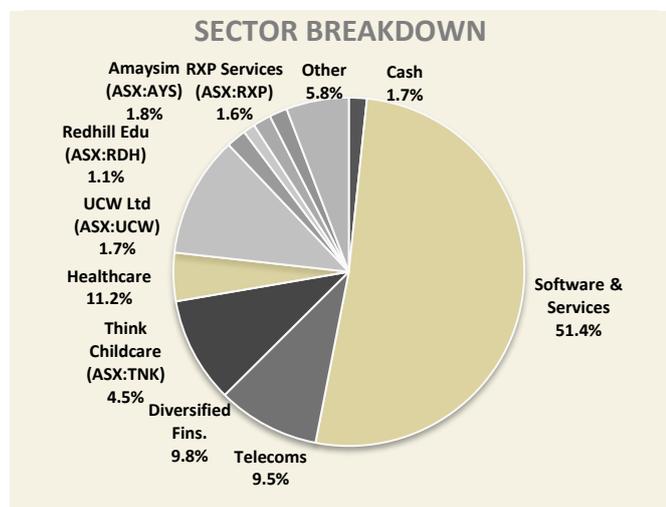
Carlos Gil (CIO)

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 > **\$125,469**



	Compound p.a. since inception	Total since inception	3 Year	2 Year	1 Year	6 Month	1 Month
PMVF	7.04%	25.47%	5.68%	18.56%	17.03%	35.63%	1.41%



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MARKET UPDATE AND COMMENTARY

2021 will be a year of recovery for the world economy, battered by the distortive effects of Covid-19. The first major economy to feel its effects, China, is also the first economy to come out the Covid induced slow down. In numbers published during the month of December, the Chinese economy expanded by +6.5% during the 4th quarter, taking the annual GDP growth to +2.3%. This was a commendable effort, but it was still the lowest GDP growth experienced in China in more than 40 years. The full year GDP number understates the resurgence of economic activity in the world's second biggest economy. The Chinese economy could expand at a growth rate above +8% during 2021. A growth rate that should help Australian commodity exports. The US economy is also likely to grow at above trend rates as its economy emerges from a 3.4% contraction in 2020. The degree and timing of the US recovery will to some degree depend on the national Covid vaccine rollout, a process that will take months. In Australia, our economy looks set to expand at its fastest rate in more than 20 years, though the recovery will also likely be tilted towards the 2nd half of 2021 and will require some easing of international border restrictions.

Microequities Pure Microcap Value Fund returned 1.41% in January; this brings the total return net of fees to 25.47% for the Fund since inception in October 2017.

The Fund added two new constituents of less than \$100m market cap. The first is a telecommunication business we have been following since IPO. The business has been operating in niche areas and subscale to date. Recent strategic acquisitions, partnerships and contract wins should see a step change to this business over the next 1-2 years. The second new addition to the Fund is a software business that we have followed since listing over 5 years ago. It has also remained largely subscale but developments in the past 12 months suggest now is an inflection point in the revenue and earnings trajectory. We see multiple times upside from both of these new positions.

Other developments in the Fund include **Think Childcare (ASX:TNK)**, a premium childcare provider receiving a revised indicative offer of \$2.10 from Busy Bees. Alceon the other party in the race had previously submitted a \$1.75 offer and currently hold a 19% stake. We welcome the bidding competition and expect further developments in the weeks ahead.

We also continue to add to several positions in software, telecommunications, and IT services.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+27.3%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+24.0%

Number of companies	35
Top 5 Holdings % of NAV	41.2%
Top 10 Holdings % of NAV	64.7%
Top 20 Holdings % of NAV	85.3%
Cash Position % of NAV	1.7%

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.