

PURE MICROCAP

VALUE FUND



MONTHLY PERFORMANCE AS AT 30/04/2021

latest unit price \$1.4406	return since inception (Oct 2017) 45.24%	return 1 month 10.33%
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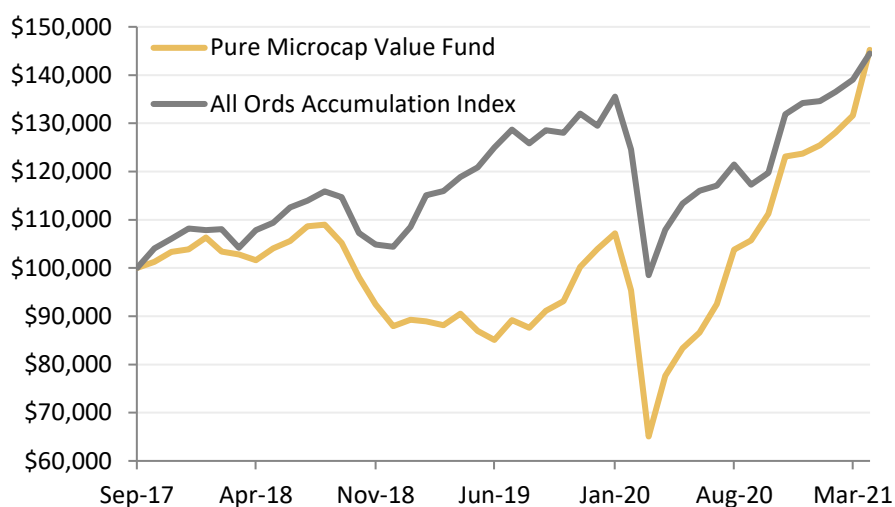
FUND OUTLINE

Fund Manager:

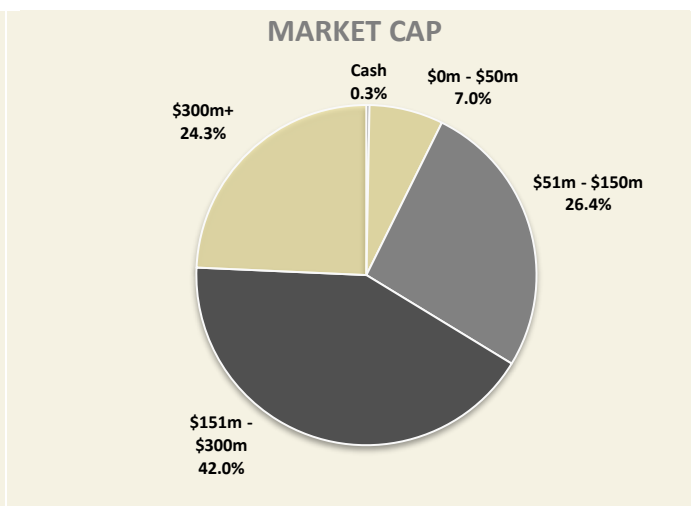
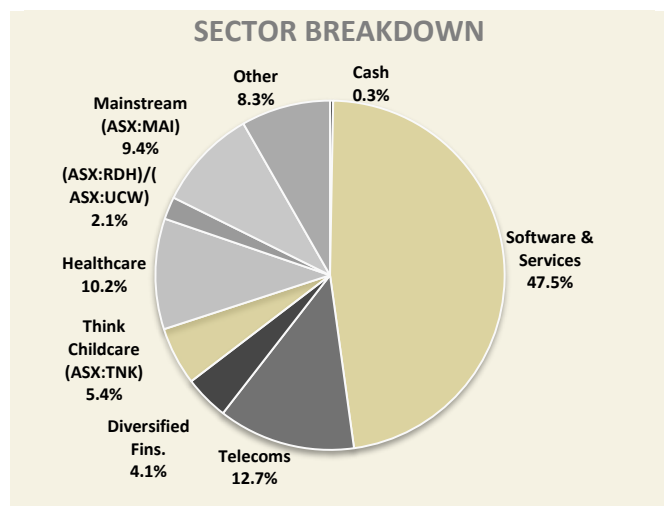
Carlos Gil (CIO)

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 > **\$145,239**



	Compound p.a. since inception	Total since inception	3 Year	2 Year	1 Year	6 Month	1 Month
PMVF	10.98%	45.24%	12.64%	26.68%	86.97%	30.54%	10.33%



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MARKET UPDATE AND COMMENTARY

As the economic recovery across the world gathers space, forward looking financial markets are increasingly focussed on the outlook for inflation. The US March CPI number was 2.6% slightly above consensus, stripping out energy and food prices, core inflation was 1.6% also ahead of expectations. While the number is still significantly below the long-term core inflation range, the trend is clearly upward. The difficulty for financial markets is its currently very difficult to form a reasonable basis for what the inflationary climate will look like over the next 12 months, let alone 36 months. Covid-19 and then the subsequent government stimuli has distorted the underlying basis of economic activity meaning extrapolating what is short term adulterated forces versus true underlying factors is difficult exercise. Clouding the picture even further is supply chain disruption specially in Asia, are increasing short term prices for many end consumer goods. Removing the distortive temporal effects and acknowledging demand is likely to increase it is highly likely US core inflation will move above 2% over the medium term.

Microequities Pure Microcap Value Fund returned 10.33% in April; this brings the total return net of fees to 45.24% for the Fund since inception in October 2017.

In last month's update we noted that our holding in **Mainstream Group (ASX:MAI)** received a takeover offer at \$1.20 from Vistra Group. That bid was subsequently trumped by Nasdaq-listed SS&C, which came in at a huge \$2.00, or 67% higher than Vistra's offer. SS&C's bid was then bettered by an unknown party at \$2.20 which SS&C then countered at \$2.25. Another offer came from Apex Group at \$2.35, and was then matched by SS&C. Apex then upped the ante with a \$2.55 bid and at the close of Friday 30 April, Apex was currently the highest bidder, **144% higher than Mainstream's share price prior to the first bid for the company.** Mainstream Group represents 9.4% of the assets of the Fund. **Think Child Care (ASX:TNK)** had previously received a bid by private equity group Alceon at \$1.35 which was subsequently trumped by Busy Bees (owned by the Ontario Teachers' Pension Fund) at \$1.75, and that bid was matched by Alceon. Busy Bees came back with an improved indicative offer price of \$2.10. Earlier this month, in order to secure Alceon's support with their 19% stake, Busy Bees came back with an indicative offer of \$3.20 per share, **143% higher than Think Childcare's share price prior to the first bid for the company.** Think Child Care Group Ltd represented 5.4% of the assets of Fund at month end.

The investment management team continues to see a large opportunity set which is likely to be the target of the next wave of M&A and will look to deploy net inflows into these undervalued opportunities.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+29.1%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+27.2%

Number of companies	34
Top 5 Holdings % of NAV	40.3%
Top 10 Holdings % of NAV	65.8%
Top 20 Holdings % of NAV	86.2%
Cash Position % of NAV	0.3%

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.