

PURE MICROCAP

VALUE FUND



MONTHLY PERFORMANCE AS AT 30/06/2021

latest unit price \$1.4812 Cum-distribution	return since inception (Oct 2017) 49.33%	return 1 month 2.43%
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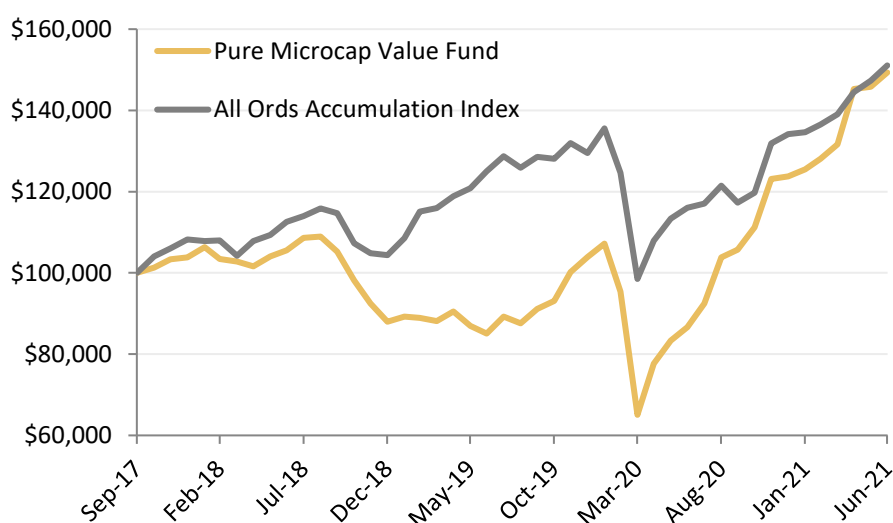
FUND OUTLINE

Fund Manager:

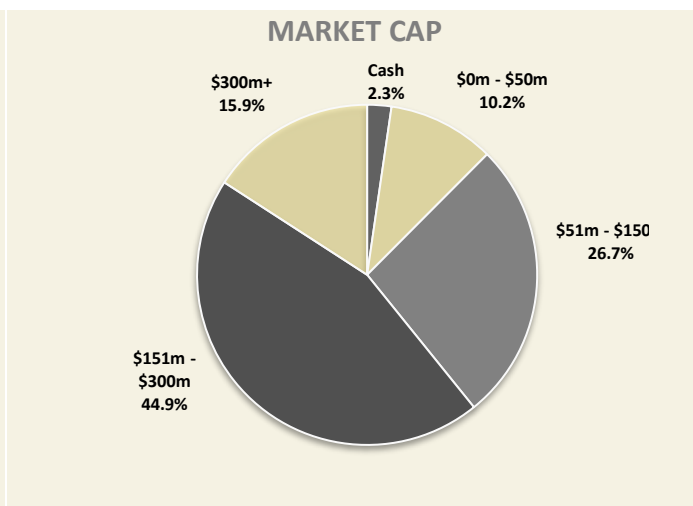
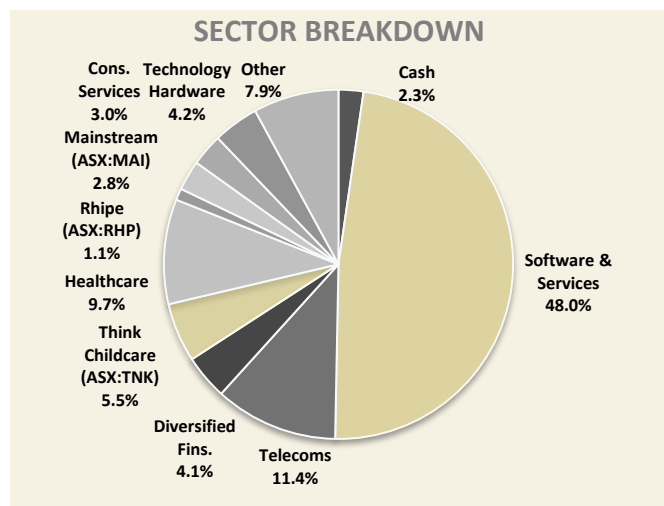
Carlos Gil (CIO)

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 > **\$149,333**



	Compound p.a. since inception	Total since inception	3 Year	2 Year	1 Year	6 Month	1 Month
PMVF	11.29%	49.33%	12.25%	32.49%	72.35%	20.70%	2.43%



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MARKET UPDATE AND COMMENTARY

The US Federal Reserve's meeting during the month provided compelling insight into the fine line the institution is walking as it faces a stronger than anticipated recovery, rising inflation and a health pandemic that is yet to be completely nullified. There is growing evidence that the labour market is strengthening, and companies are increasingly raising wages to attract workers as a subset of workers remain stubbornly opposed to returning to the labour market. Whilst wage growth has risen slightly to +2% per annum, the pace of wage growth picked up in April and May. The Federal Reserve revised its core inflation upwards to 3%. Against that backdrop the Fed shifted interest rate rise expectations from 2024 to 2023, projecting it will make at least two rate rises during 2023. Inflation upside risk remains and there is a possibility the Fed may have to raise rates before 2023. Whilst markets and the financial media may make a lot of noise about the impact of such an event, a return to a normalised inflationary and central bank rate environment would be a welcomed development. Domestically, Australia's economy has recovered even stronger than the US, with the May unemployment rate dropping to 5.1%. This is lower than when the pandemic started, and faster wage growth is now highly probable.

Microequities Pure Microcap Value Fund returned 2.43% in June; this brings the total return net of fees to 49.33% for the Fund since inception in October 2017.

During the month, our holding in fund administrator **Mainstream Group (ASX:MAI)** was subject to further offers from Apex and SS&C. By month end, the company had entered into a scheme of arrangement with Apex at \$2.80 cash. Mainstream Group represents 2.8% of the Fund assets at month end.

Rhipe (ASX:RHP), a distributor of cloud software licenses predominantly on behalf of Microsoft (Office365, Azure Cloud, Dynamics ERP) received a non-binding offer from Norwegian listed Crayon Group at \$2.50 cash, pitched at a 20% premium to the last traded price. Rhipe accounts for 1.1% of the Fund at month end.

Think Education (ASX:TNK), childcare operator, was previously under due diligence by Busy Bees. During the month it entered a scheme of arrangement at \$3.28 cash. Think Education accounts for 5.5% of the Fund at month end.

We added a new position in a media business that is unloved by the market but has significant operating leverage to any advertising recovery. We also disposed off a small position in **Uniti Wireless (ASX:UWL)** which has been a successful investment since initiating the position during the midst of Covid-19 market turmoil. The company entered the ASX200 index during the month and its market cap reached \$2.2bn.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+32.5%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+31.2%

Number of companies	34
Top 5 Holdings % of NAV	38.1%
Top 10 Holdings % of NAV	62.0%
Top 20 Holdings % of NAV	84.4%
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.