

PURE MICROCAP

VALUE FUND



MONTHLY PERFORMANCE AS AT 31/08/2021

latest unit price \$1.5476	return since inception (Oct 2017) 64.02%	return 1 month 5.36%
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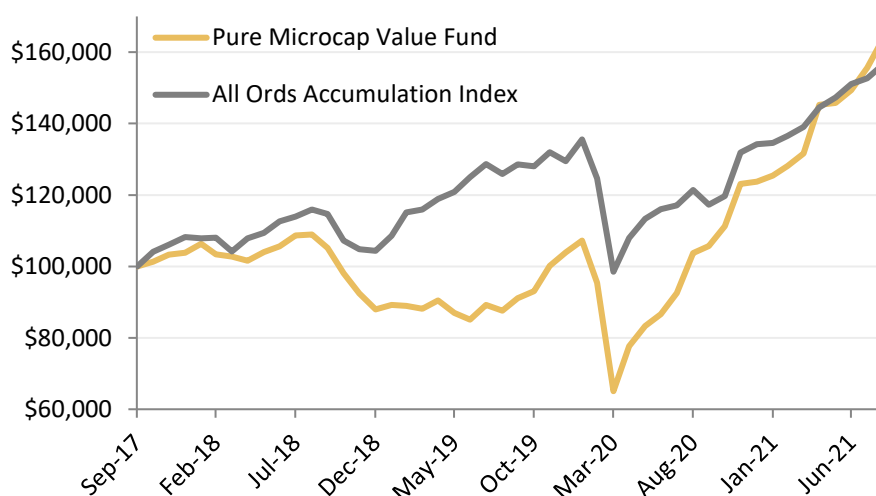
FUND OUTLINE

Fund Manager:

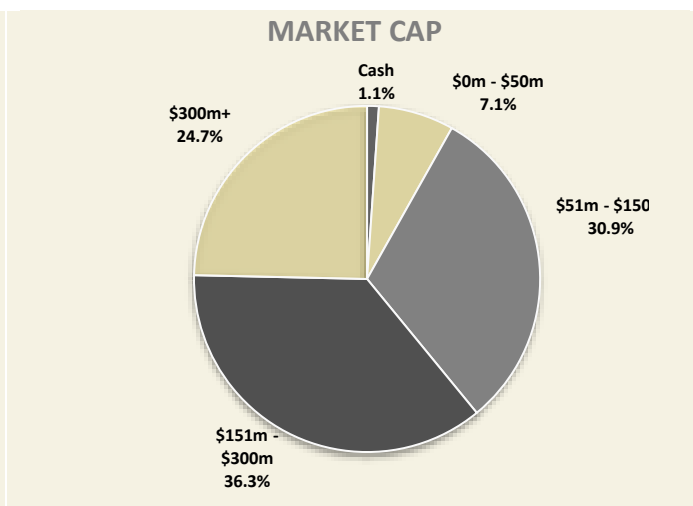
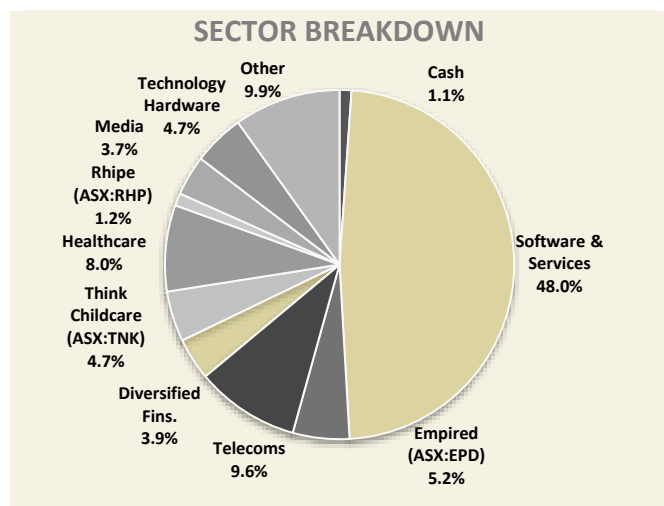
Carlos Gil (CIO)

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 > **\$164,022**



	Compound p.a. since inception	Total since inception	3 Year	2 Year	1 Year	6 Month	1 Month
PMVF	13.47%	64.02%	14.60%	36.82%	58.04%	28.05%	5.36%



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MARKET UPDATE AND COMMENTARY

The US Federal Reserve gave its strongest signal that it is likely to begin tapering its massive bond buying program after acknowledging it had met two of its key goals required to unwind it. The Federal Reserve chairman recognised the US economy had made clear progress towards achieving full employment and inflation had gathered pace sufficiently to warrant removal of bond buying. The US Federal Reserve has been buying \$120b USD of bond securities each month since July 2020, the biggest quantitative easing programme in the history of economics. Whilst there appears to be clear consensus amongst US Federal Reserve members about cessation of the bond buying programme the exact timeline remains unclear though we believe it is likely to happen towards the end 2021. Domestically Australia's most populated states, NSW and Victoria remain in a prolonged lockdown that will have distortive economic effects for the 1H22 period, however we are expecting a difference of two halves. Unwinding of the lockdowns towards the end of October with resultant pent-up demand will lead to resurging economic conditions in the last two months of this half.

Microequities Pure Microcap Value Fund returned 5.36% in August; this brings the total return net of fees to 64.02% for the Fund since inception in October 2017.

During August, 32 out of the 34 companies in the Fund (86% by weighting) reported their full year 2021 financial results. The weighted average earnings per share growth was 53.7%. The portfolio is set up to deliver substantial EPS growth over the coming years.

	FY21 EPS Growth Weighted Average
32 companies of the total 34 companies reported FY21 financial results in August	+53.7%

There were notable results from the August reporting season including:

- Our two investments in radiology services businesses both reported double digit organic revenue growth and clean set of results despite lockdowns during the year. Outlook remains solid and we believe are strong candidates as M&A targets going forward.
- **Readytech (ASX:RDY)**, enterprise software provider across payroll, student management software and local government and justice software reported 15% organic revenue growth, 27% total revenue growth and 21% EBITDA growth. Outlook is for a continuation of solid growth with an achievable 5 year target to double revenue.
- Enterprise software and hardware business in hospitality and sports and stadium market has completed its turnaround from negative to positive EBITDA. We see further upside from potential acquisitions, new revenue streams and new business pipeline.

Projected EPS Growth 1 Year Forward (on a weighted basis)	+33.5%
Projected EPS Growth 2 Years Forward (on a weighted basis)	+26.9%

Number of companies	34
Top 5 Holdings % of NAV	39.3%
Top 10 Holdings % of NAV	62.9%
Top 20 Holdings % of NAV	87.5%
Cash Position % of NAV	1.1%

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.