

PURE MICROCAP

VALUE FUND



MONTHLY PERFORMANCE AS AT 31/10/2021

| | | |
|--------------------------------------|----------------------------------------------------|--------------------------------|
| latest unit price \$1.6756 | return since inception (Oct 2017) 77.59% | return 1 month 8.50% |
|--------------------------------------|----------------------------------------------------|--------------------------------|



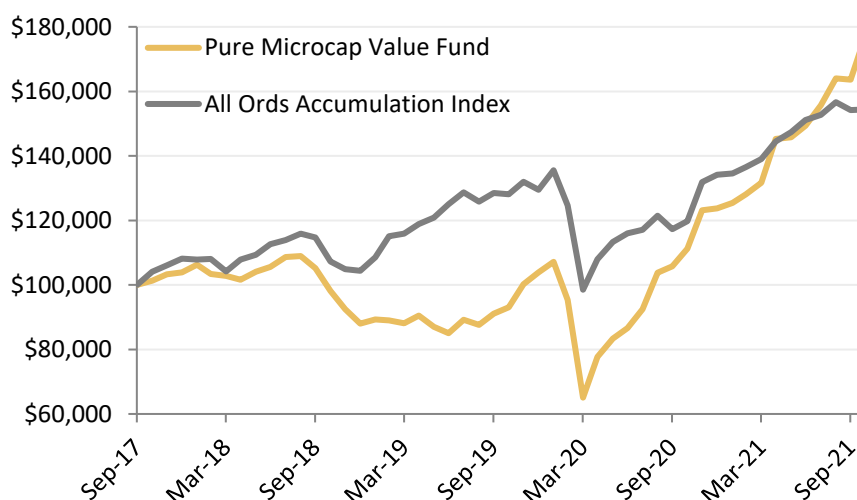
FUND OUTLINE

Fund Manager:

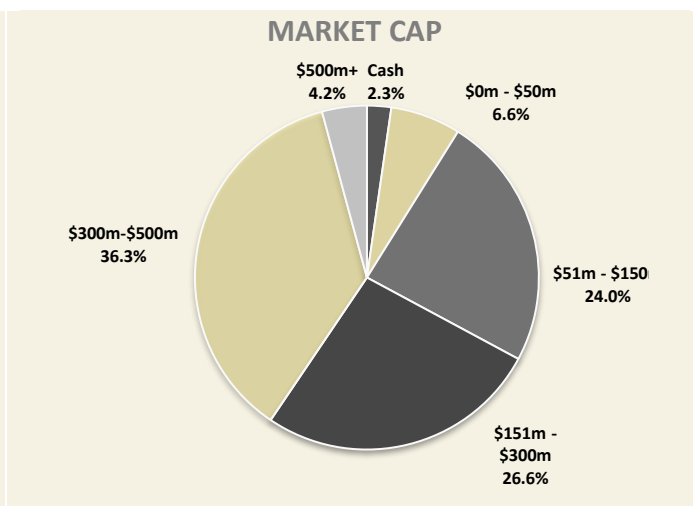
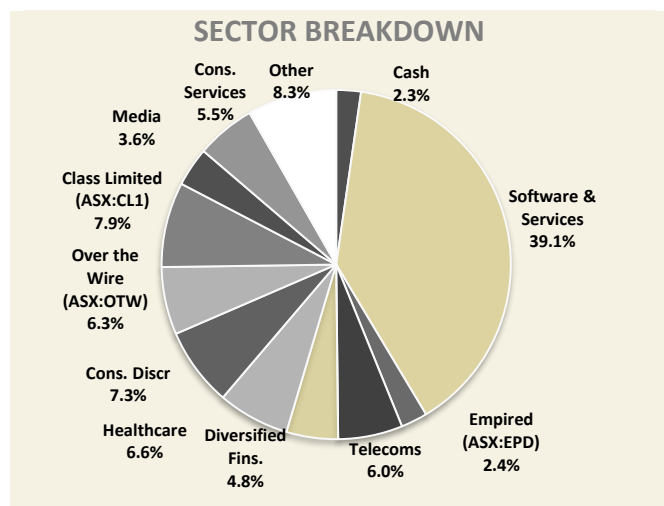
Carlos Gil (CIO)

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 > **\$177,588**



| | Compound p.a. since inception | Total since inception | 3 Year | 2 Year | 1 Year | 6 Month | 1 Month |
|-------------|-------------------------------|-----------------------|---------------|---------------|---------------|---------------|--------------|
| PMVF | 15.10% | 77.59% | 21.86% | 38.12% | 59.61% | 22.27% | 8.50% |



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MARKET UPDATE AND COMMENTARY

Increases in gas and oil prices are expected to exacerbate upward pressure on short term inflation rates across the world. These increases come at an unwelcome time for the world economy which is already grappling with global supply chain issues. To shed light on the supply chain issues, Amazon.com Inc. told investors this month it will incur several additional billions of dollars of costs to manage what it says are "labour supply shortages, increased wage costs, global supply chain issues, and increased freight and shipping costs". What this means for the inflation outlook is that uncomfortably short-term inflation rates that are rising all over the world, will persist for some time and are likely to worsen.

Domestically, as we had previously anticipated, the Australian economy is experiencing a fast rebound as its two most populous states, NSW and Victoria emerge from lockdowns. Early data coming through is suggesting some of the large pool of savings in Australia has begun to flow back into the economy. Retail sales for September grew by +1.3% a trend that will continue into October as Victoria emerges from its lockdown.

Microequities Pure Microcap Value Fund returned 8.50% in October; this brings the total return net of fees to 77.59% for the Fund since inception in October 2017.

M&A activity was again a feature in the Fund during October. There were three M&A events during the month:

- **Class Limited (ASX:CL1)**, provider of SMSF admin and trust admin software received a cash and scrip offer from **HUB24 (ASX:HUB)** at a 71.6% premium to the last traded price. Class represents 7.9% of the Fund's assets at month end.
- **Over the Wire (ASX:OTW)**, provider of business telecommunications and cloud services is in exclusive discussions with **Aussie Broadband (ASX:ABB)** regarding an acquisition proposal whereby ABB would acquire OTW for \$5.75 per share, in a combination of scrip and cash. OTW accounts for 6.3% of the Fund's assets at month end.
- **Swick Mining Services (ASX:SWK)**, provider of predominantly underground drilling services to gold and copper miners, received an all scrip takeover offer from **DDH1 (ASX:DDH)** at 35c per share, approximately 32% premium to the last traded price. Swick accounts for approximately 0.6% of the Fund's assets at month end.

The investment management team remains very excited about the portfolio prospects and a number of undervalued holdings within the Fund remain highly susceptible to M&A activity.

| | |
|------------------------------------------|---------------|
| Projected EPS Growth | |
| 1 Year Forward (on a weighted basis) | +39.1% |
| Projected EPS Growth | |
| 2 Years Forward (on a weighted basis) | +34.5% |

| | |
|------------------------------------|--------------|
| Number of companies | 35 |
| Top 5 Holdings % of NAV | 40.2% |
| Top 10 Holdings % of NAV | 64.9% |
| Top 20 Holdings % of NAV | 88.6% |
| 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.