

PURE MICROCAP

VALUE FUND



MONTHLY PERFORMANCE AS AT 30/11/2021

latest unit price \$1.6374	return since inception (Oct 2017) 73.54%	return 1 month -2.28%
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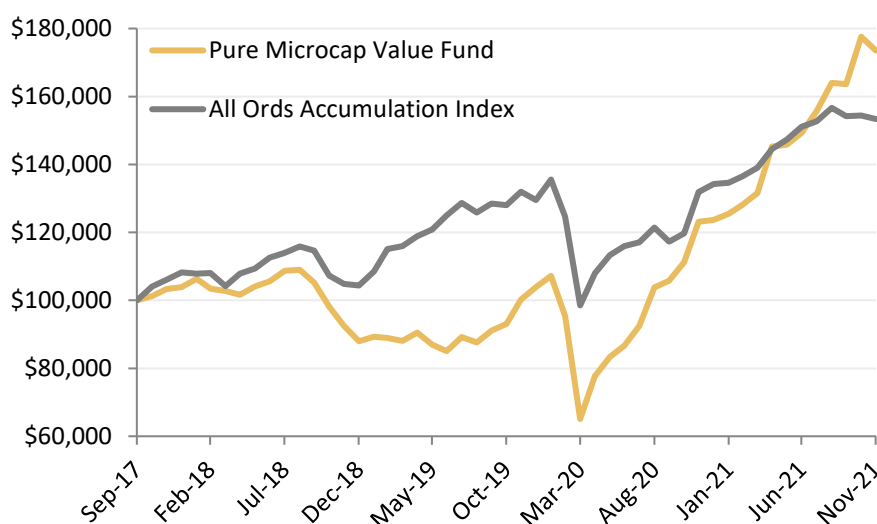
FUND OUTLINE

Fund Manager:

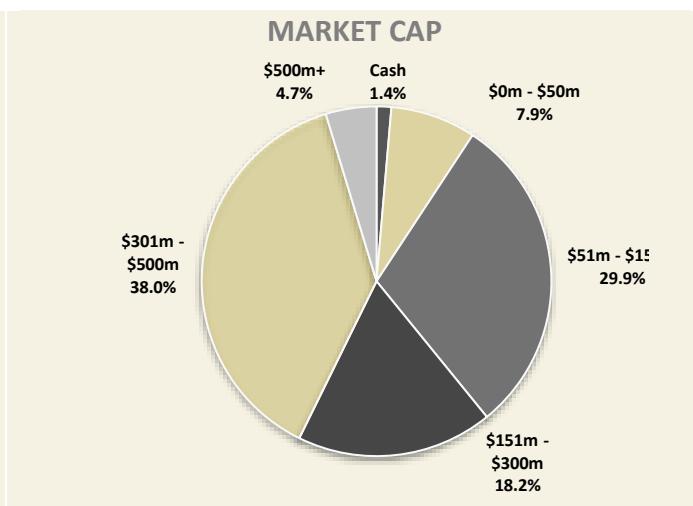
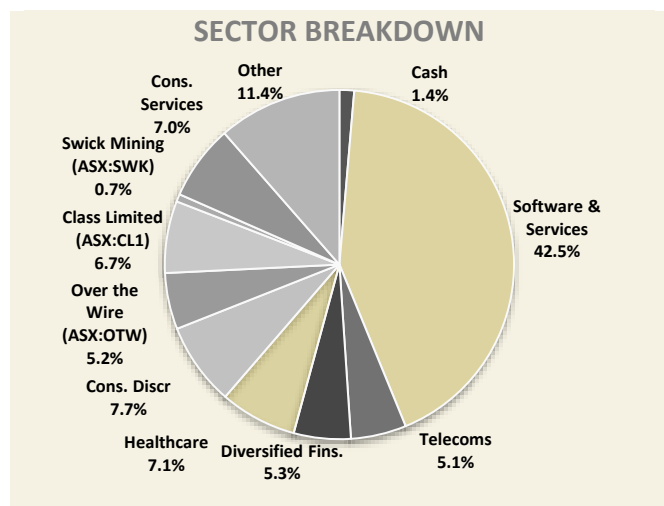
Carlos Gil (CIO)

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 > **\$173,539**



	Compound p.a. since inception	Total since inception	3 Year	2 Year	1 Year	6 Month	1 Month
PMVF	14.14%	73.54%	23.35%	31.61%	40.94%	19.04%	-2.28%



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MARKET UPDATE AND COMMENTARY

The US employment numbers provided another tangible data point that the world's largest economy needs very little stimulus to continue its growth phase. The US economy added an impressive 531,000 jobs last month pointing towards accelerating economic growth. Average hourly earnings is now tracking at a growth rate of +4.9%, suggesting wage inflationary pressure. That figure will likely be closely watched over the coming months. For much of the past decade, despite solid economic growth, the average US hourly earnings failed to grow beyond rates of +2.5%. The current growth rate is the highest ever recorded since the US Bureau of Labour Statistics started tracking the measure back in March 2007. The inflationary risks which we have previously cited in our updates, appear to be increasing and increase the chances that the Federal Reserve may raise rates in 2022. In Australia trading conditions and consumer spending are likely to end the calendar year on a strong note as pent up demand during the lockdowns is unleashed, particularly in the services sector of the economy.

Microequities Pure Microcap Value Fund returned -2.28% in November; this brings the total return net of fees to 73.54% for the Fund since inception in October 2017.

During the month, the Fund participated in two IPOs, both consumer discretionary businesses. Both are founder led, one has an international growth angle, the other has a domestic re-opening thematic coupled with near term acquisition led growth. Our holdings in these two businesses are relatively small at the moment, in total less than 3% of NAV.

AGM commentary was the dominant focus for this month with many of our businesses providing trading updates and qualitative guidance. Broadly we are seeing a significant rebound in business and consumer activity as we emerge out of lockdown. Some specific updates to call out include:

- **Smartpay (ASX:SMP)**, a provider of payment terminals to SME merchants announced 1H22 results showing overall revenue up 45% organically and EBITDA up 10% as they invest in marketing to grow their Australian business which was up over 90%.
- UK technology hardware business announced results for the first four months of the year showing the operating leverage the business has to the UK re-opening and delivering 50% more operational profit than the full 12 months of FY21.
- IT consulting business announced its second acquisition since listing a few years ago. This business is highly specialised and differentiated in the consulting vertical it plays in and management to date have shown clear direction in where they want to take this business, making very smart strategic acquisitions at sensible prices and continuing to grow the business organically at double digit rates.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+40.1%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+34.8%

Number of companies	36
Top 5 Holdings % of NAV	41.3%
Top 10 Holdings % of NAV	64.3%
Top 20 Holdings % of NAV	88.0%
Cash Position % of NAV	1.4%

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.