

PURE MICROCAP VALUE FUND



MONTHLY PERFORMANCE AS AT 28/02/2021

latest unit price \$1.2705	return since inception (Oct 2017) 28.09%	return 1 month 2.09%
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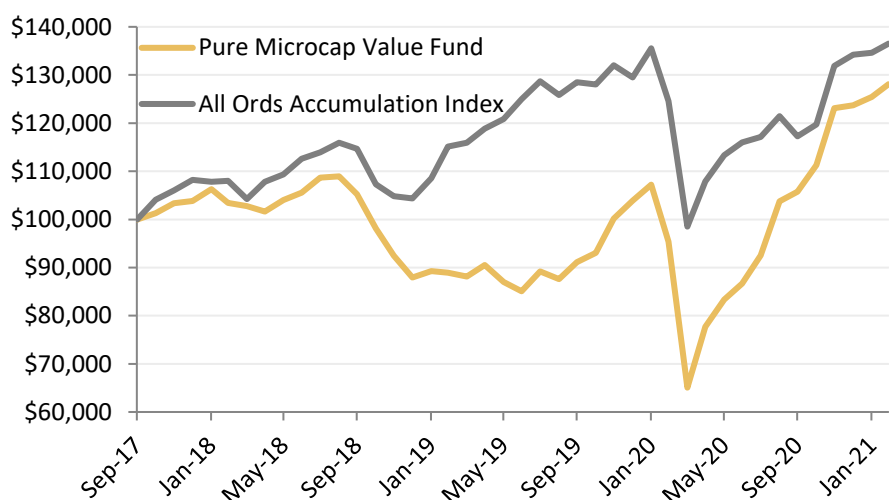
FUND OUTLINE

Fund Manager:

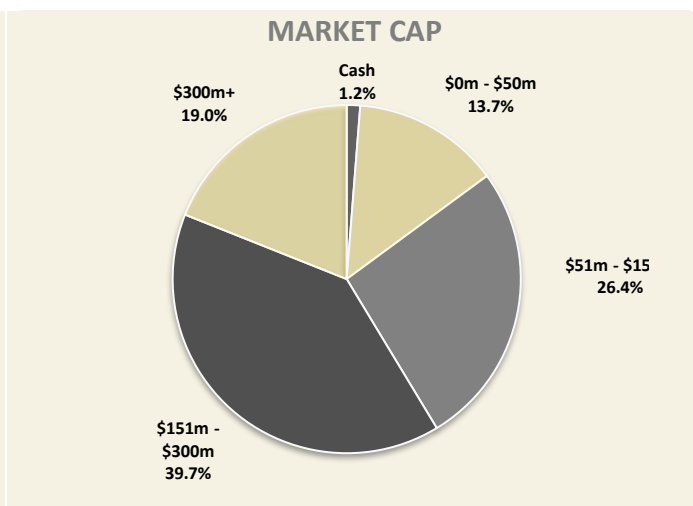
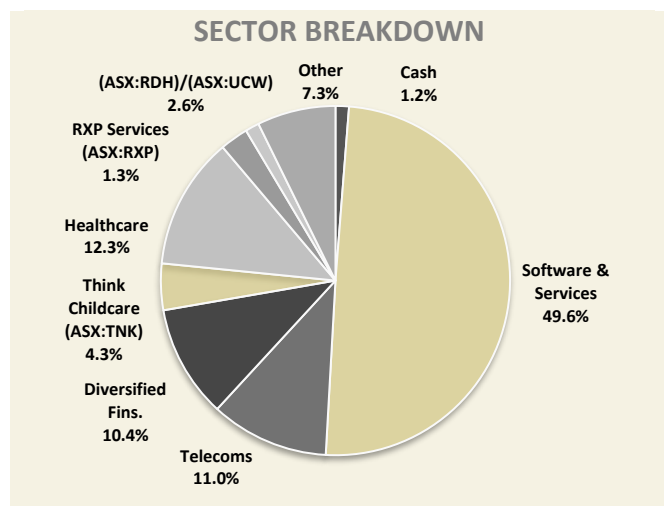
Carlos Gil (CIO)

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 > **\$128,090**



	Compound p.a. since inception	Total since inception	3 Year	2 Year	1 Year	6 Month	1 Month
PMVF	7.51%	28.09%	7.39%	20.00%	34.30%	23.42%	2.09%



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MARKET UPDATE AND COMMENTARY

The vaccine rollout across the developed world will be this year's biggest stimulus for the world economy reeling from the Covid-19. Outside of Israel, the UK and the US are leading the world vaccination race with the UK already vaccinating 30% of its population, whilst the US has surpassed 20%. Both countries are beginning to phase down differing levels of regional lockdowns and many restrictions are expected to continue to lift over the ensuing months. In addition to the expected demand driven boost that will come from lockdown easing the US economy will be provided with a further stimulant jab. The \$1.9tn coronavirus relief package has been passed by the House of Representatives. The package includes \$1,400 in direct payment to individuals' earning \$75,000 USD or less and \$350b to state and local governments. The entire package will provide further support to the economy. The combination of these forces plus quantitative easing, a highly stimulant monetary setting, is beginning to shift the view on medium term interest rates as capital markets adjust expectations that inflationary pressures will ultimately permeate through the economy. This provides a negative outlook for bond prices which could endure a difficult period of adjustment.

Microequities Pure Microcap Value Fund returned 2.09% in February; this brings the total return net of fees to 28.09% for the Fund since inception in October 2017.

During the month, 34/35 companies in the Fund reported their six-monthly financial results. On a weighted basis, 86% of these companies met or exceeded our expectations, with 14% producing earnings below our expectations.

	% Weighting of companies that reported during February 2021
Above Expectations	28%
Met Expectations	59%
Below Expectations	14%

Our retail investment in **Shaver Shop (ASX:SAG)** has not wasted the pandemic with over 30% of sales now online and acquiring the last remaining portfolio of six franchise stores. **Think Childcare (ASX:TNK)** delivered a knockout result and now have the capability to double its EBITDA over the next three years. Both indicative takeover offers now appear to require substantial improvement to gain broad shareholder support. Both **Capitol Health (ASX:CAJ)** and **Integral Diagnostics (ASX:IDX)**, radiology providers, weathered the Covid lockdowns well showing the defensive nature of diagnostic imaging services. Finally, our IT services business delivered 42% EBITDA growth and expect an even stronger second half. We think this is one of the most undervalued growth businesses in our portfolio.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+28.3%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+26.2%

Number of companies	35
Top 5 Holdings % of NAV	39.2%
Top 10 Holdings % of NAV	63.6%
Top 20 Holdings % of NAV	83.9%
Cash Position % of NAV	1.2%

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.