

PURE MICROCAP

VALUE FUND



MONTHLY PERFORMANCE AS AT 31/07/2019

latest unit price \$0.8880 Ex-distribution	return since inception (Oct 2017) -10.78%	return 1 month 4.88%
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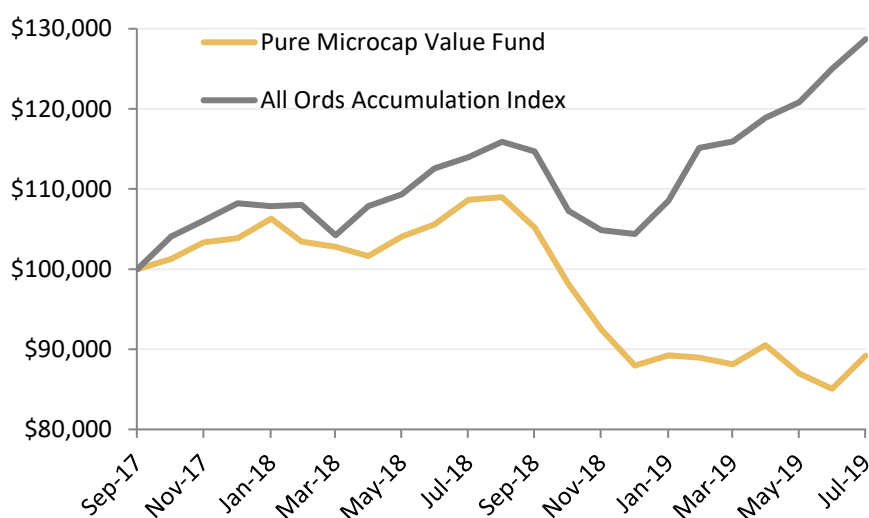
FUND OUTLINE

Fund Manager:

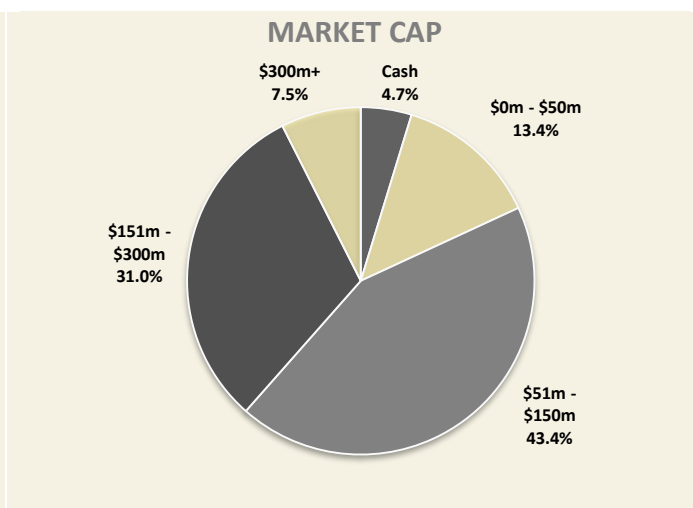
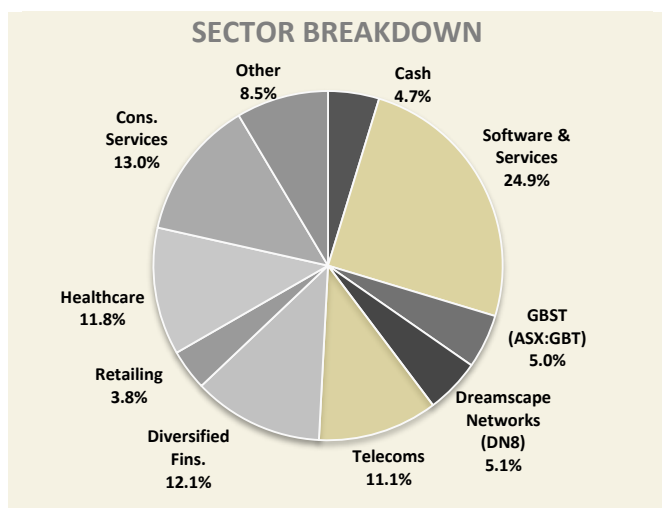
Carlos Gil (CIO)

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 > **\$89,216**



	Compound p.a. since inception	Total since inception	1 Year	6 Month	1 Month
PMVF	-6.03%	-10.78%	-17.90%	-0.05%	4.88%



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MARKET UPDATE AND COMMENTARY

Since the GFC, central banks around the world have adopted highly accommodative monetary policies to stimulate demand and boost employment. More than 10 years on since the GFC, we are experiencing another round of monetary easing at a time when there is neither an economic crisis nor a financial one. Last night, the US Federal Reserve cut its official rate to a range of 2.00% to 2.25%. The rate cut marks the first cut in over a decade. Across Europe, the ECB has signalled its intent to lower rates to an all-time low of -0.5%. In Australia, the RBA has undertaken two rounds of rate cuts bringing the official rate to a new record low of 1%. The expectation is that the RBA will cut rates one more time before the end of the year. This comes at a time when the unemployment rate is at a relatively benign 5.2%. So, what is going on? The answer is we have experienced a seismic structural shift in the long-term risk-free rates. Inflation is barely registering across most advanced economies and stimulating it, along with sustaining current employment levels, has become the number one priority for central banks. Low rates are consequently a structural phenomenon not a cyclical one.

Microequities Pure Microcap Value Fund returned 4.88% in July; this brings the total return net of fees to -10.78% for the Fund since inception in October 2017.

During the month, we added a new position in the education sector through a capital raising. This business is the clear market leader in the schools market and, with the recent exit of a competitor, will likely extend its lead in the market. We have also added to an existing holding in the vocational/international education sector. This business provided a strong trading update and we expect FY20 will be a watershed year in terms of its operating earnings result.

Financial software company **GBST (ASX:GBT)** announced several improved takeover offers from FNZ and SS&C during the month. At the time of writing, GBST had entered into a binding Scheme of Arrangement with FNZ at \$3.85. GBST represented 5.0% of the Fund at the end of the month and shares were up 31% during the month.

Dreamscape Networks (ASX:DN8) announced a takeover offer from Web.com at \$0.265. The offer represented a 32% premium to the price before the takeover offer and the shares were up 69% during the month. DN8 represented 5.1% of the Fund at the end of the month.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+15.8%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+27.3%

Number of companies	33
Top 5 Holdings % of NAV	34.0%
Top 10 Holdings % of NAV	54.7%
Top 20 Holdings % of NAV	81.9%
Cash Position % of NAV	4.7%

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.