

PURE MICROCAP

VALUE FUND



MONTHLY PERFORMANCE AS AT 31/07/2021

latest unit price \$1.4688	return since inception (Oct 2017) 55.67%	return 1 month 4.24%
--------------------------------------	--	--------------------------------



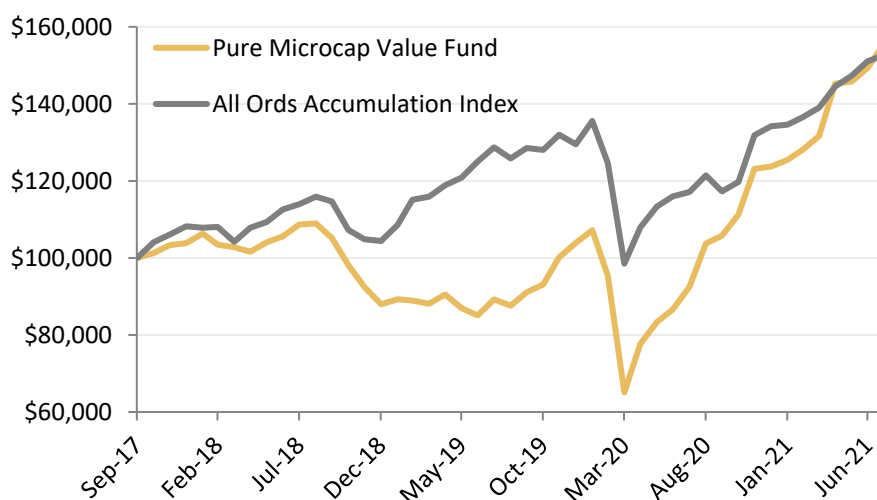
FUND OUTLINE

Fund Manager:

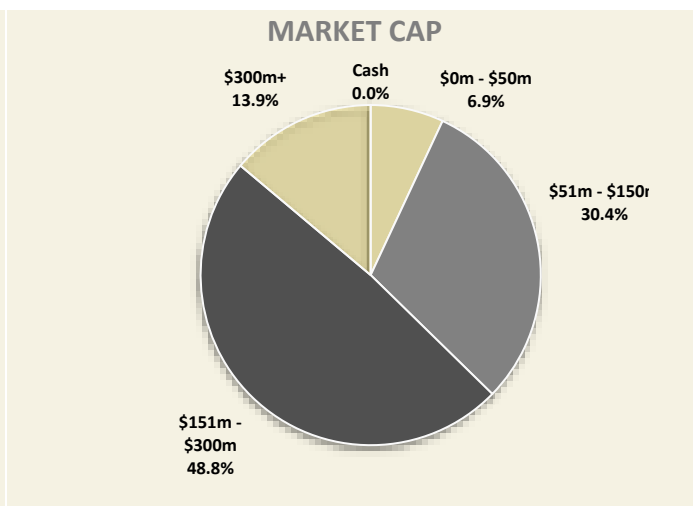
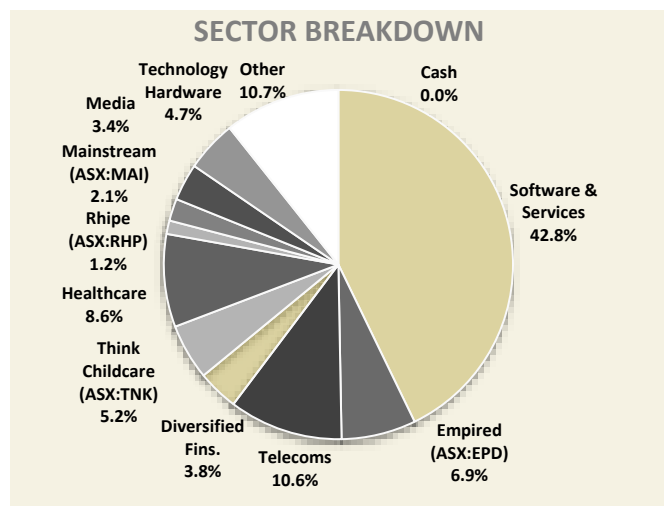
Carlos Gil (CIO)

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 > **\$155,670**



	Compound p.a. since inception	Total since inception	3 Year	2 Year	1 Year	6 Month	1 Month
PMVF	12.24%	55.67%	12.73%	32.09%	68.27%	24.07%	4.24%



PURE MICROCAP VALUE FUND



MARKET UPDATE AND COMMENTARY

Australia's citizens are feeling the ill effects of a troubled vaccine rollout with both Victoria and NSW experiencing Covid outbreaks and both states suffering prolonged lockdowns. The lockdowns will dampen the economic recovery that was taking place. Australia's 1QFY22 GDP growth rate will likely be negative however the medium term outlook remains largely unchanged, and we expect the resurging economic trend to resume once the lockdowns are lifted and pent-up demand is once again unleashed. Internationally, the prevailing economic rebound continues despite outbreaks of the Delta variant. The developed economies in the Northern hemisphere of the US, UK, Canada, Germany, Spain, France, and Italy are in much more advanced phases of their vaccine rollout and thus the impact of the Delta strain is unlikely to cause the same type of dislocation as previous waves of the pandemic. The higher level thematic outside of the day-to-day noise of Covid case numbers is that a country that undertakes a large-scale vaccination rollout on its population can go back to a semblance of business as usual. The world economic recovery remains on track.

Microequities Pure Microcap Value Fund returned 4.24% in July; this brings the total return net of fees to 55.67% for the Fund since inception in October 2017.

During the month, we sold the last of our small stake in a healthcare business and started accumulating a new position in an industrial distribution business that announced a transformational strategy shift.

Empired Limited (ASX:EPD), a provider of IT managed services and digital transformation services for primarily government, resources and utilities sectors received a cash takeover from French listed Capgemini at \$1.35 per share. This represented a 65% premium to the last traded price. We have always believed Empired was vulnerable to M&A as operational turnaround was gaining momentum despite market pricing lagging comparable transactions in this sector in recent years. Empired represents 6.9% of the Fund assets at month end.

There were operational updates from several of our businesses including:

- **Lark Distillery (ASX:LRK)** upgraded the value of its whisky under maturation given the increased sales through direct channels and greater mix of limited release and rare series sales.
- Our investment in an enterprise software company announced a transformational government contract that is 1.5x the size of its current recurring revenues.
- Telecommunications company announced a series of further government funding for network construction and launch as Australia's fourth mobile network operator.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+33.6%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+31.7%

Number of companies	34
Top 5 Holdings % of NAV	37.0%
Top 10 Holdings % of NAV	61.9%
Top 20 Holdings % of NAV	86.5%
Cash Position % of NAV	0.0%

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.