

PURE MICROCAP

VALUE FUND



MONTHLY PERFORMANCE AS AT 30/06/2020

latest unit price \$0.8624 Cum-distribution	return since inception (Oct 2017) -13.36%	return 1 month 3.98%
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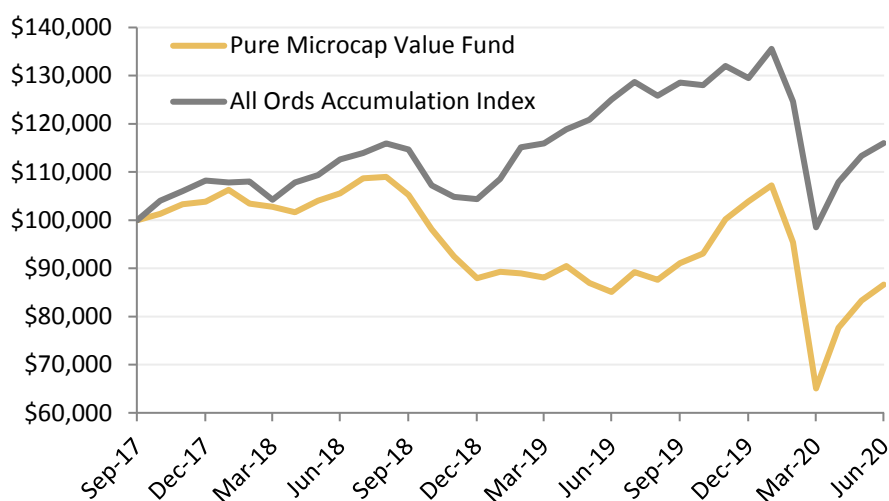
FUND OUTLINE

Fund Manager:

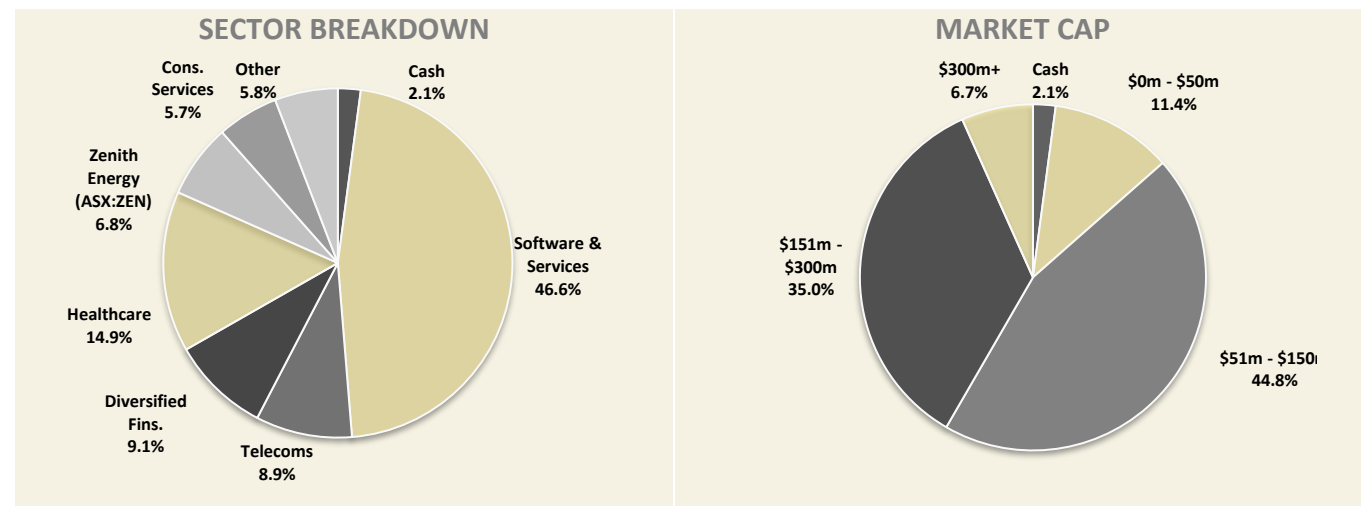
Carlos Gil (CIO)

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 > **\$86,643**



	Compound p.a. since inception	Total since inception	2 Year	1 Year	6 Month	1 Month
PMVF	-5.08%	-13.36%	-9.41%	1.85%	-16.61%	3.98%



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MARKET UPDATE AND COMMENTARY

Europe, Asia and North America face different Covid-19 dynamics and by consequence different short-term economic outlooks. Europe which bore the brunt of new cases early in the pandemic is progressively relaxing restrictions and consumer consumption data in its major economies all point to a substantial recovery in spending behaviour. Asia, whilst facing different regional undercurrents, is experiencing a recovery in major economies with China and South Korea leading the economic recovery. Effective management of the pandemic outbreaks allowed their economies to reopen earlier. Japan which is a more export reliant economy faces a harder road to recovery as domestic demand resurgence will not offset the sharp fall in exports. The US is now experiencing a sharp rise in new Covid cases, potentially endangering the unlocking of its economic activity.

The likely scenario is regional outbreaks of Covid will continue to be experienced across the world, but it is improbable that state responses will be as aggressive as the shutdowns enacted at the beginning of the pandemic. We have likely entered a “management phase” of the pandemic with less severe government intrusion upon the economic system.

Microequities Pure Microcap Value Fund returned 3.98% in June; this brings the total return net of fees to -13.36% for the Fund since inception in October 2017.

During the month, the investment management team replaced two existing holdings with two new businesses. One of the holdings exited was in the software sector. We have been holders for a number of years now and have been frustrated at the lack of momentum the business has been having in its international divisions, whilst facing a more competitive domestic environment. We have exited the position for now but will actively monitor the business going forward. The second position we exited was in the financial services sector, which during the month quickly rerated closer to fair value after a strong trading update. We feel most of the upside has now been captured and proceeds better utilised in our two new positions.

Our new positions include a software business in the education sector. We have followed this business since IPO and now feel the business and its product has reached an inflection point in terms of sales and profit scalability. We have bought this business on just 2.5x revenue multiple. We have also added a healthcare software business that made an interesting acquisition during the month. This acquisition opens up a large addressable market, significant sales pipeline opportunities and fast growth in profits over the next three to five years.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+2.5%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+22.6%

Number of companies	34
Top 5 Holdings % of NAV	41.5%
Top 10 Holdings % of NAV	65.0%
Top 20 Holdings % of NAV	85.8%
Cash Position % of NAV	2.1%

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.