

PURE MICROCAP

VALUE FUND



MONTHLY PERFORMANCE AS AT 31/03/2023

latest unit price \$1.2536	return since inception (Oct 2017) 49.58%	return 1 month -4.12%
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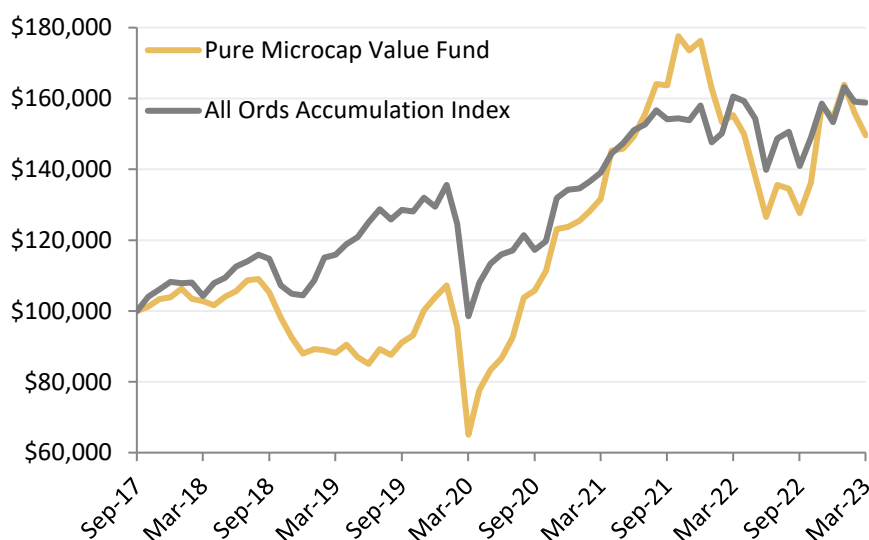
FUND OUTLINE

Fund Manager:

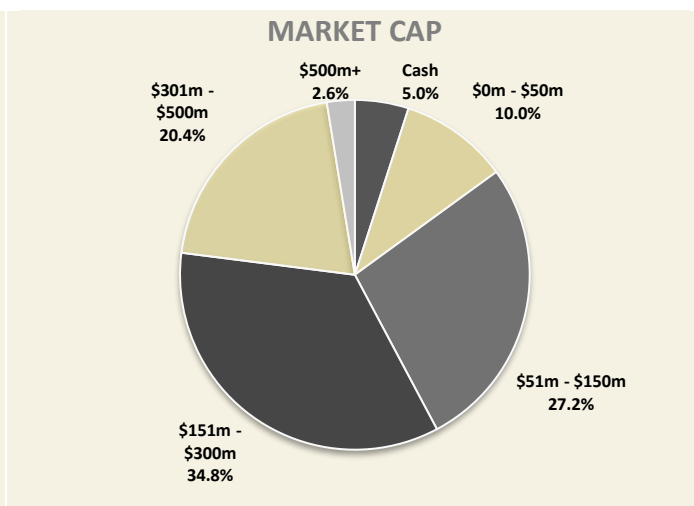
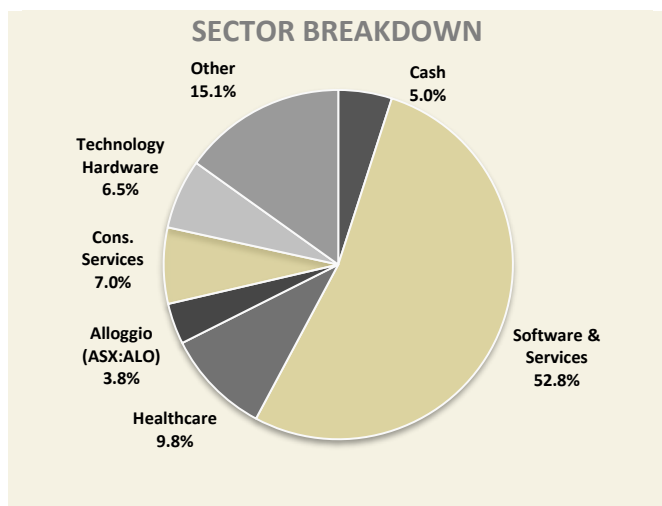
Carlos Gil (CIO)

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 > **\$149,578**



	Compound p.a. since inception	Total since inception	5 Year	3 Year	2 Year	1 Year	1 Month
PMVF	7.60%	49.58%	7.79%	31.98%	6.60%	-3.69%	-4.12%



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MARKET UPDATE AND COMMENTARY

Whilst we think the inflation rate in Australia has peaked, we are still within 25 to 75 basis points of peak interest rates in this cycle. With the labour market undersupplied and resilient consumption, the RBA has plenty of cushion to continue to elevate its monetary policy towards a restrictive zone to fight inflation. Therefore, we still expect the RBA to raise rates at its April board meeting by 25 basis points. We do however note that peak rates are getting close. In China, the official non-manufacturing Purchasing Managers' Index (PMI) climbed sharply to 58.2, the highest mark in 11 years. The services sector is an important contributor to China's economy and labour market. It accounts for 55% of GDP and 48% of employment. While manufacturing is rebounding slower than expected, the services side of the economy will provide an important boost to economic activity as China strives to shift its economy to a more services driven mix. The data point also reinforces the view that economic activity in China was strong throughout March.

Microequities Pure Microcap Value Fund returned -4.12% in March; this brings the total return net of fees to 49.58% for the Fund since inception in October 2017.

During the month of March, our holding in **Alloggio (ASX:ALO)** entered into a scheme of arrangement with private equity Next Capital at 30c per share. This represented a 57% premium to the last undisturbed price. Microequities is supportive of the transaction in the absence of a superior offer and is a good outcome for our Fund unitholders as we bought the majority of our stake around the time of the IPO in late 2021 at 20c per share. Alloggio represents 3.8% weighting in the Fund at month end.

One of our newer positions we have been accumulating for the Fund in the consumer services space announced the divestment of a major asset during the month. New board and management have been methodically executing a significant cost out program and realising value from assets on its balance sheet. We still believe there is significant upside in the business and price and volume permitting will continue to build our investment here.

The other major development during the month was the acquisition of two smaller private businesses by an IT services business the Fund owns a stake in. The acquisitions were previously flagged as part of a capital raising conducted at the end of 2022 and supplements the strong organic growth experienced by this business. It is exposed to defensive sectors, providing specialist IT services to higher education, local council, defence, and manufacturing sector customers.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+22.0%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+25.3%

Number of companies	38
Top 5 Holdings % of NAV	44.5%
Top 10 Holdings % of NAV	63.5%
Top 20 Holdings % of NAV	83.2%
Cash Position % of NAV	5.0%

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.