

# PURE MICROCAP VALUE FUND



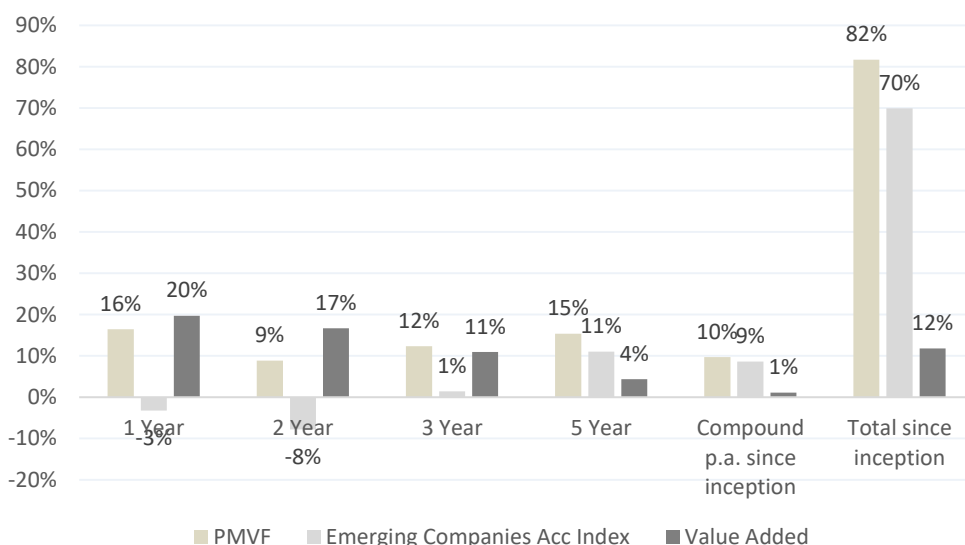
## MONTHLY PERFORMANCE AS AT 29/02/2024

latest unit price <b>\$1.4652</b>	return since inception (Oct 2017) <b>81.69%</b>	return 1 month <b>4.75%</b>
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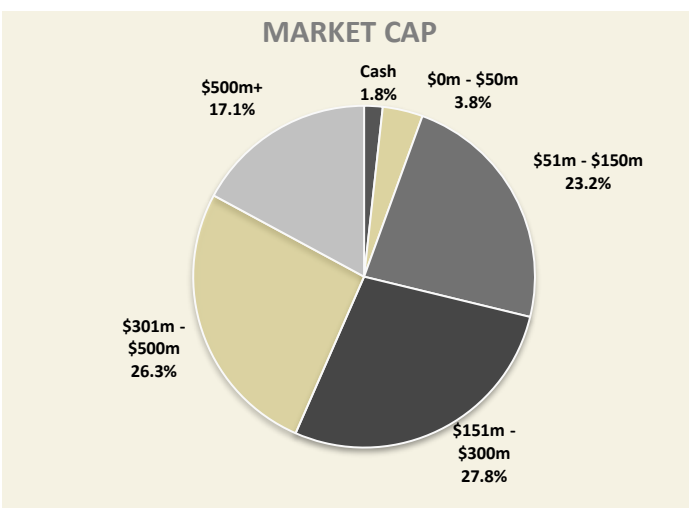
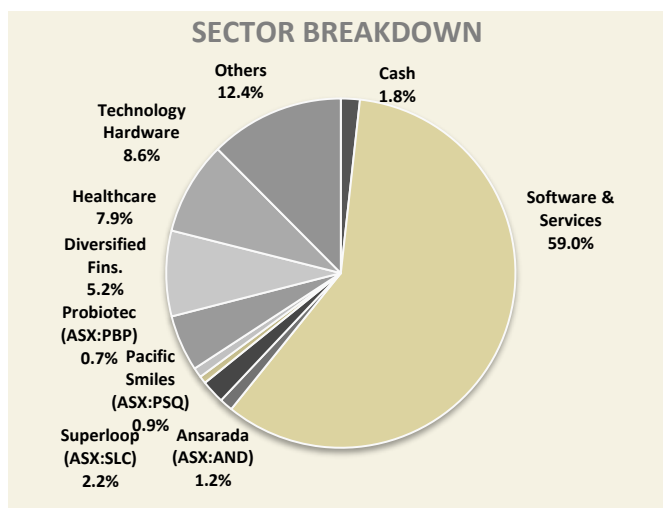
VALUE OF \$100,000 INVESTED AT INCEPTION > **\$181,690**

### FUND OUTLINE

The Pure Microcap Value Fund is a wholesale fund investing in a portfolio of undervalued, profitable and growing ASX microcap companies.



	Compound p.a. since inception	Total since inception	5 Year Annual Compound	3 Year Annual Compound	2 Year Annual Compound	1 Year	1 Month
<b>PMVF</b>	<b>9.75%</b>	<b>81.69%</b>	<b>15.35%</b>	<b>12.36%</b>	<b>8.85%</b>	<b>16.47%</b>	<b>4.75%</b>



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## VALUE FUND



### MARKET UPDATE AND COMMENTARY

The strength of the US economy which has surprised most economists, gives the US Federal Reserve (the Fed) the added luxury of time. In the fourth quarter of 2023, the US economy expanded at a revised annual pace of 3.2%, with consumer spending running at a healthy 3.0% annualised rate. The much-watched personal consumption expenditure (PCE) rose at an annual pace of 2.1%. The key takeaway is the US economy has entered 2024 with momentum, and whilst inflation continues to trend downwards, it is still not yet decisively low enough for the Fed to cut rates. The health of economic growth and strong Labor market gives the Fed the luxury of time. In equity markets the remarkable increased demand for Nvidia Corporation's products has driven the technology led Nasdaq Index to within a whisker of its all time high. The AI revolution is driving demand for processing power and rapid build-up of data centres around the US. It is a societal trend that will also head towards Australia and some of our investment funds own businesses that are likely to benefit from this emerging structural change.

**Microequities Pure Microcap Value Fund returned 4.75% in February; this brings the total return net of fees to 81.69% for the Fund since inception in October 2017.**

In February, most of the Fund's constituents reported their 1H24 earnings results. Whilst outlining each of the investee companies results is beyond the scope of this report, we can categorically state that the overall results in breadth and depth were excellent and reinforced the excellent growth dynamics of the investee companies.

Some of notable results and announcements included:

- M&A dataroom software business **Ansarada (ASX:AND)** entered into a scheme of arrangement with private equity backed competitor Datasite. The cash offer of \$2.50 was a 19% premium to the last price and about 2x our average entry price. Ansarada weighting is 1.2% of the Fund at month end.
- Telecommunications provider **Superloop (ASX:SLC)** announced **Aussie Broadband (ASX:ABB)** had acquired a 19.9% stake and made a non-binding scrip offer of 95c. We agree with the board's assessment that the offer is opportunistic and undervalues Superloop. At its 1H24 results, Superloop reported 33% revenue growth and 83% EBITDA growth and has had a strong start to 2H24.
- We exited **Damstra (ASX:DTC)** and **A2B Ltd (ASX:A2B)**, both under takeover offers and recycled capital into two new holdings. We added an initial stake in a consumer services company which is growing quickly and able to self-fund its organic growth plans. It is currently just 0.8% weighting of the Fund, and we will accumulate patiently over time. We also added a financial services company which we bought close to cash backing and is now profitable.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+24.0%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+22.2%</b>

<b>Number of companies</b>	<b>41</b>
<b>Top 5 Holdings</b> % of NAV	<b>50.3%</b>
<b>Top 10 Holdings</b> % of NAV	<b>67.5%</b>
<b>Top 20 Holdings</b> % of NAV	<b>83.8%</b>
<b>Cash Position</b> % of NAV	<b>1.8%</b>

**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.