

PURE MICROCAP VALUE FUND



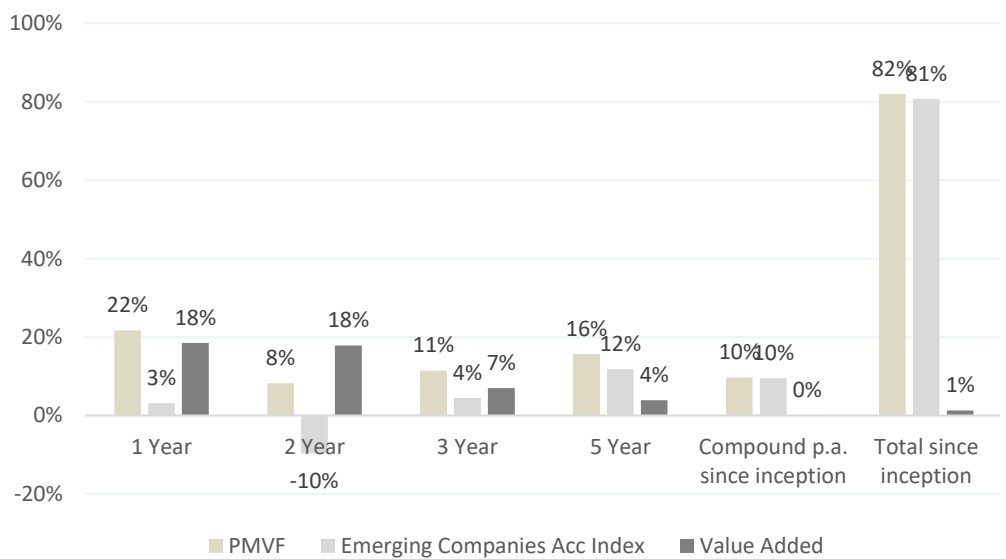
MONTHLY PERFORMANCE AS AT 31/03/2024

latest unit price \$1.4674	return since inception (Oct 2017) 81.96%	return 1 month 0.15%
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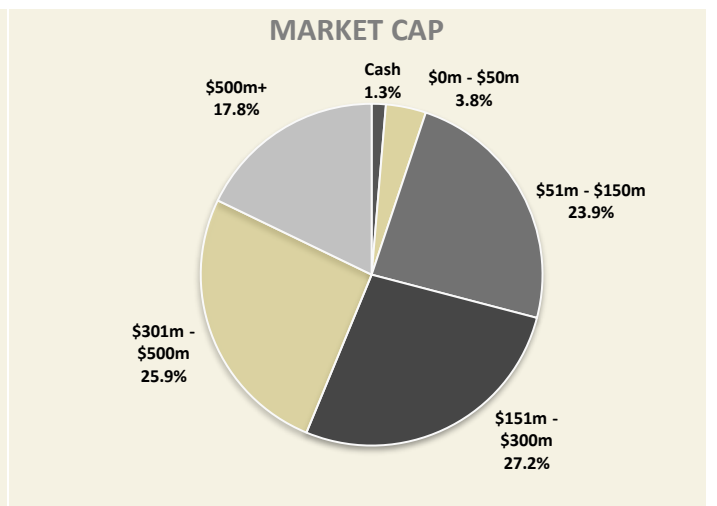
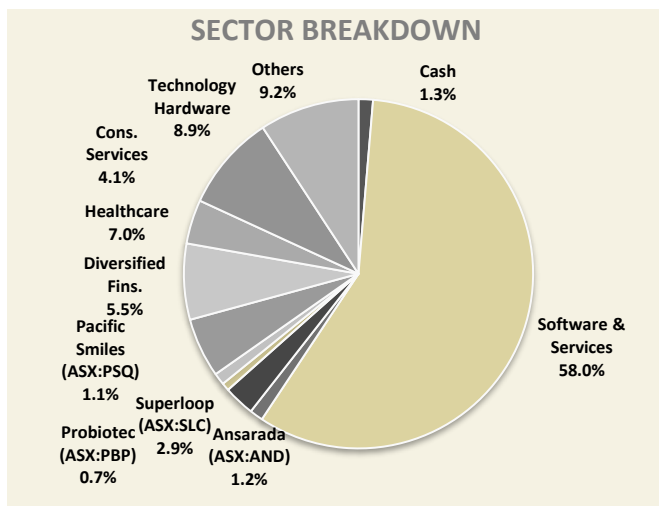
VALUE OF \$100,000 INVESTED AT INCEPTION > **\$181,963**

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
PMVF	9.65%	81.96%	15.61%	11.40%	8.24%	21.65%	0.15%



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MARKET UPDATE AND COMMENTARY

The US Federal Reserve, predictably, kept rates on hold for its March meeting. All eyes however were on the wording in the statement and more importantly whether it would continue to signal rate cuts during 2024. It did not disappoint, wording in the official statement said rate reductions would “likely be appropriate” later in the year but under the proviso that the economy “evolves broadly as expected”. The strength of the US economy continues to give the Fed the benefit of time, with the unemployment rate at 3.9% and ongoing economic growth of the US economy is avoiding a pathway to a recession. The Fed therefore doesn’t need to rush into cutting rates, it has the luxury of waiting for more data points that validate the cadence of slowing inflation while keeping a restrictive monetary policy. Domestically, the Australian unemployment rate surprisingly dropped back to 3.7% after the economy created 116k jobs. The strength of the Australian economy has allowed households to navigate through a tough cost of living environment. We continue to see the inflationary outlook in Australia as more challenged than that of the US, with wage growth feeding structural elements into inflationary pressure.

Microequities Pure Microcap Value Fund returned 0.15% in March; this brings the total return net of fees to 81.96% for the Fund since inception in October 2017.

Dental services business **Pacific Smiles (ASX:PSQ)** previously announced it had received a non-binding offer from private equity group Genesis Capital at \$1.40, representing a 17% premium. During the month, Genesis increased its offer to \$1.75 or 45% premium to the last undisturbed price. The board has granted further due diligence and is intending to recommend the offer to shareholders. Pacific Smiles represents 1.1% of the Fund at month end. The battle for control of **Superloop (ASX:SLC)** which currently represents 2.9% of the Fund, took an interesting turn during the month. For context, **Aussie Broadband (ASX:ABB)** back in February revealed it had acquired 19.9% of Superloop and consequently launched an opportunistic offer to acquire Superloop at \$0.95 per share. That indicative offer was promptly rejected by Superloop. Shortly after the rejection, Superloop announced it had signed its biggest wholesale contract in the history of the company. The wholesale contract will add \$19m of EBITDA annually once fully deployed. The client was none other than **Origin Energy (ASX:ORG)** which happened to be an existing wholesale customer of Aussie Broadband. Superloop also revealed as part of the deal Origin has been issued shares and options in Superloop. The deal means Aussie Broadband has lost a significant client, Superloop has gained a very large client and upgraded its guidance in FY24 to \$51-53m EBITDA whilst also announcing that it expects FY25 growth of 60-70%. The scrip issue also effectively introduces competitive tension if Aussie Broadband was to have another tilt at Superloop. We remain fully committed to our Superloop investment and deem the Origin contract win as a transformational win.

MICROEQUITIES ASSET MANAGEMENT | CAR 462438 OF AFSL 287526 | +61 (2) 9009 2900 | INVEST@MICROEQUITIES.COM.AU

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+23.9%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+22.0%

Number of companies	42
Top 5 Holdings % of NAV	49.5%
Top 10 Holdings % of NAV	66.9%
Top 20 Holdings % of NAV	83.3%
Cash Position % of NAV	1.3%

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.