

PURE MICROCAP VALUE FUND



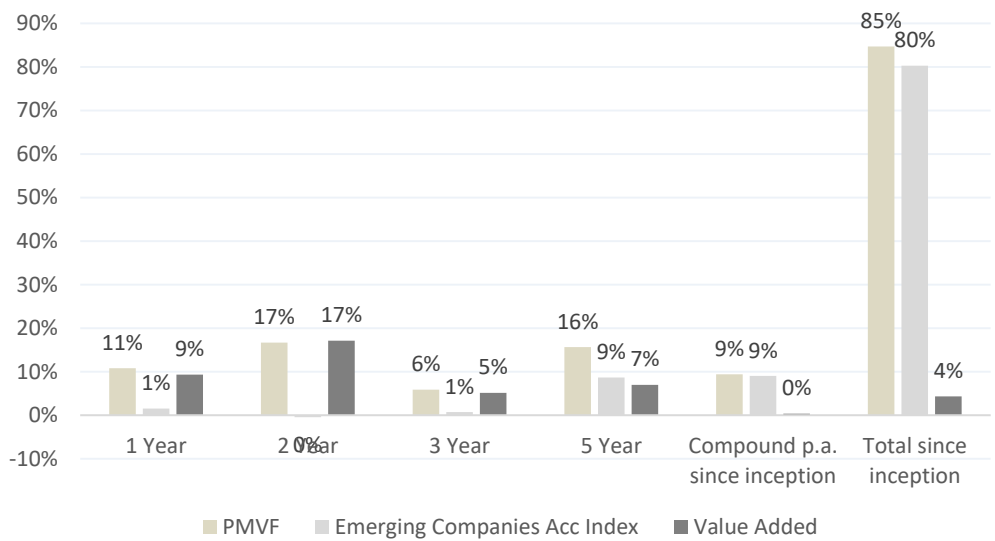
MONTHLY PERFORMANCE AS AT 31/07/2024

latest unit price \$1.3953	return since inception (Oct 2017) 84.65%	return 1 month 1.89%
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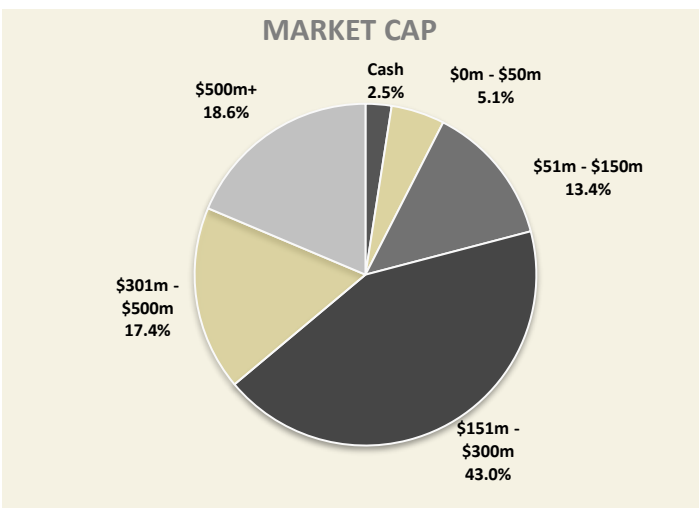
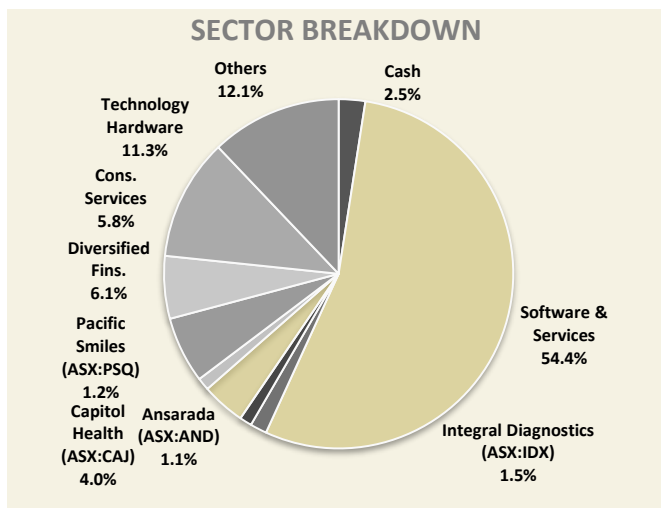
VALUE OF \$100,000 INVESTED AT INCEPTION > **\$184,651**

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	9.39%	84.65%	15.66%	5.86%	16.69%	10.83%	1.89%



PURE MICROCAP

VALUE FUND



MARKET UPDATE AND COMMENTARY

The latest economic data from the US strongly point towards the world's largest economy undergoing a remarkable soft landing after the most aggressive central bank interest rate increases in two decades. The US economy grew at annual pace of +2.8% during the second quarter of 2024, a solid pace of growth without fuelling inflationary winds the US Federal Reserve is so focused on. In fact, in the same week the US GDP data was released, the Fed's favourite measure of inflation, personal consumption expenditures (PCE), printed a monthly gain of 0.2%, at a 2.6% pace for the year. US PCE peaked at 7.1% during 2022 and has been trending down ever since. The data puts a potential rate cut for the September meeting very much in play. Across to China, the macroeconomic data set looks very different, with the country battling deflation and an economy that has not fired post the Covid pandemic as expected. GDP growth for the second quarter in the world's second largest economy slowed to an annualised rate of +4.7%, down from +5.3%. The Chinese economy is reeling from a severe property market downturn and lacklustre personal consumption. The PBOC responded by cutting the 1-year medium term lending rate to Chinese financial institutions by 20 bps to 2.3% in a bid to stimulate activity.

Microequities Pure Microcap Value Fund returned 1.89% in July; this brings the total return net of fees to 84.65% for the Fund since inception in October 2017.

Diagnostics imaging business **Capitol Health (ASX:CAJ)** and larger listed peer **Integral Diagnostics (ASX:IDX)** entered into binding merger after 4 weeks of due diligence. Net cost synergies have been pegged at greater than \$10m, mostly achieved after the first year. We still think there is a small outside chance of an interloper in the process and therefore continue to hold both companies in the Fund.

In other M&A news, **Ansarada's (ASX:AND)** takeover by Datasite has been cleared by the ACCC. We expect completion here in early September. **Pacific Smiles (ASX:PSQ)** takeover saga drags on with Genesis declaring its voting its almost 20% stake against Crescent Capital's improved \$1.91 offer. Late in the month it upped its own offer to \$1.90 along with a scrip rollover option, which the PSQ directors have now declared as superior to Crescent Capital's offer and have given them a short period to improve their offer.

Local government and education software company **Readytech (ASX:RDY)** won a landmark university for its student management system in the month which positions it well to win further enterprise size contracts in education and local government. We are looking forward to the company confirming its double digit growth profile and improved cash flow generation.

IT services company confirmed 35% revenue and 19% EBITDA growth for FY24. Most of its end markets have strong growth tailwinds and management is confident enough to provide guidance of 20% growth in FY25.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+23.7%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+20.6%

Number of companies	42
Top 5 Holdings % of NAV	48.2%
Top 10 Holdings % of NAV	66.6%
Top 20 Holdings % of NAV	83.0%
Cash Position % of NAV	2.5%

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.