

# PURE MICROCAP

## VALUE FUND



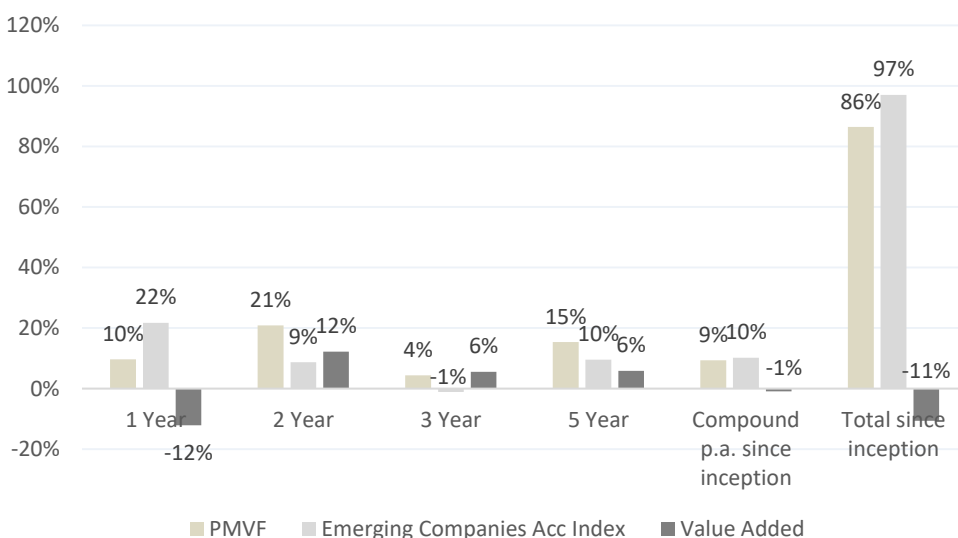
### MONTHLY PERFORMANCE AS AT 30/09/2024

latest unit price <b>\$1.4086</b>	return since inception (Oct 2017) <b>86.41%</b>	return 1 month <b>0.78%</b>
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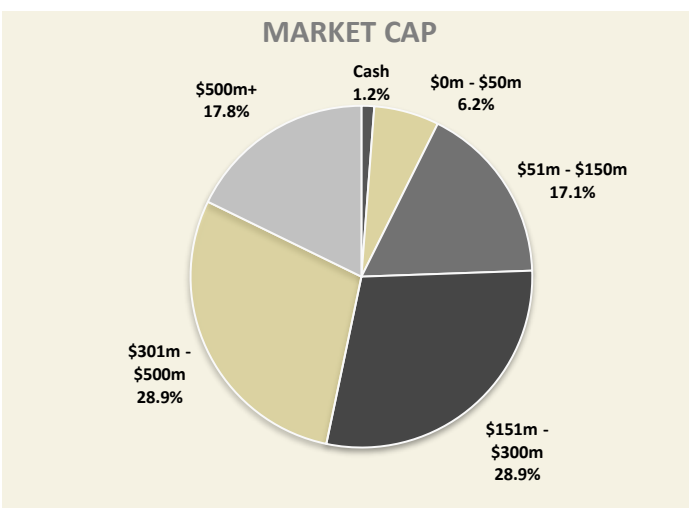
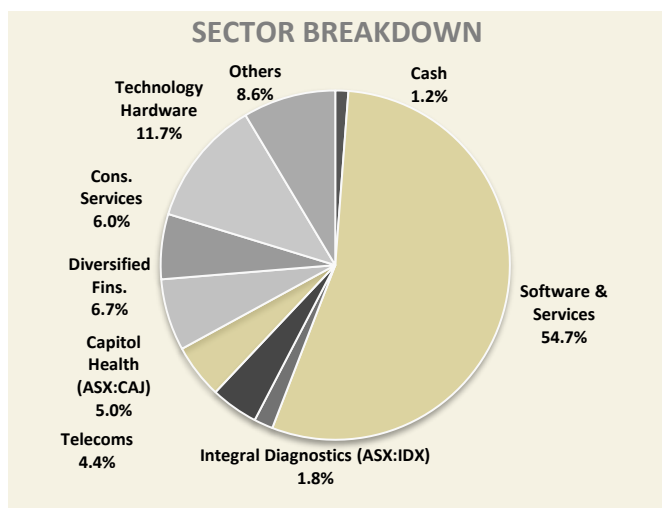
VALUE OF \$100,000 INVESTED AT INCEPTION > **\$186,411**

#### 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>9.30%</b>	<b>86.41%</b>	<b>15.39%</b>	<b>4.43%</b>	<b>20.86%</b>	<b>9.66%</b>	<b>0.78%</b>



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## MARKET UPDATE AND COMMENTARY

China has finally addressed its sluggish economic trends by implementing a series of measures aimed at revitalizing its lacklustre performance. The People's Bank of China (PBoC) has reduced the critical 7-day repo reference rate by 20 basis points. In addition to this rate cut, the PBoC will lower the reserve requirement ratio by 50 basis points, a move expected to inject approximately AUD 200 billion in liquidity into the economy. These actions have driven the yield on Chinese 10-year government bonds (the risk-free rate) to below 2%. To further support the struggling housing market, the PBoC has decreased the minimum mortgage deposit from 25% to 15%. Whilst equity markets welcomed the stimulus packages, the reality is China is still not addressing its structural imbalances with an economy that has a bloated property market and deficient internal consumption levels. The economic experiment that is the Chinese economy has no precedents; the jury is still out on the sustainability of its economic structure. In Australia, the Consumer Price Index (CPI) recorded a headline rate of 2.7%, which appears artificially low due to household energy subsidies. A more telling measure, the trimmed mean inflation, stands at 3.4%, lower, yet still elevated. We do not anticipate any rate cuts until 2025.

**Microequities Pure Microcap Value Fund returned 0.78% in September; this brings the total return net of fees to 86.41% for the Fund since inception in October 2017.**

The investment management team continued meeting portfolio companies during the month of September as well as companies not currently held but are shortlisted ideas. Two new companies were added into the Fund during the month, their collective weightings at the end of the month represent just 0.8%. We will look to continue to increase our weightings pending share price, liquidity and continued operational execution by these two businesses:

- The first company is in the commercial products sector. We have purchased this business close to its net tangible assets and is a business we have watched for a number of years as it had faced a number of external headwinds. We are starting to see some initial signs of green shoots in its latest set of financial results and the management commentary for FY25 suggest a continuation of this improved momentum. The share price over the past 5 years has fallen over 80%, but given its strong profitability track record over many years and a number of irons in the fire in terms of growth options, we have initiated a small initial position.
- The second company is in consumer retail and in a turnaround phase under new management. There are a number of low hanging fruit operational improvements that can significantly improve sales and profitability. We think the downside is mitigated by the strong balance sheet whilst upside is significant with some improved sales execution.

<b>Projected EPS Growth</b>	
1 Year Forward (on a weighted basis)	<b>+16.1%</b>
<b>Projected EPS Growth</b>	
2 Years Forward (on a weighted basis)	<b>+21.8%</b>

<b>Number of companies</b>	<b>43</b>
<b>Top 5 Holdings</b> % of NAV	<b>48.8%</b>
<b>Top 10 Holdings</b> % of NAV	<b>68.0%</b>
<b>Top 20 Holdings</b> % of NAV	<b>85.3%</b>
<b>Cash Position</b> % of NAV	<b>1.2%</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.