

PURE MICROCAP

VALUE FUND



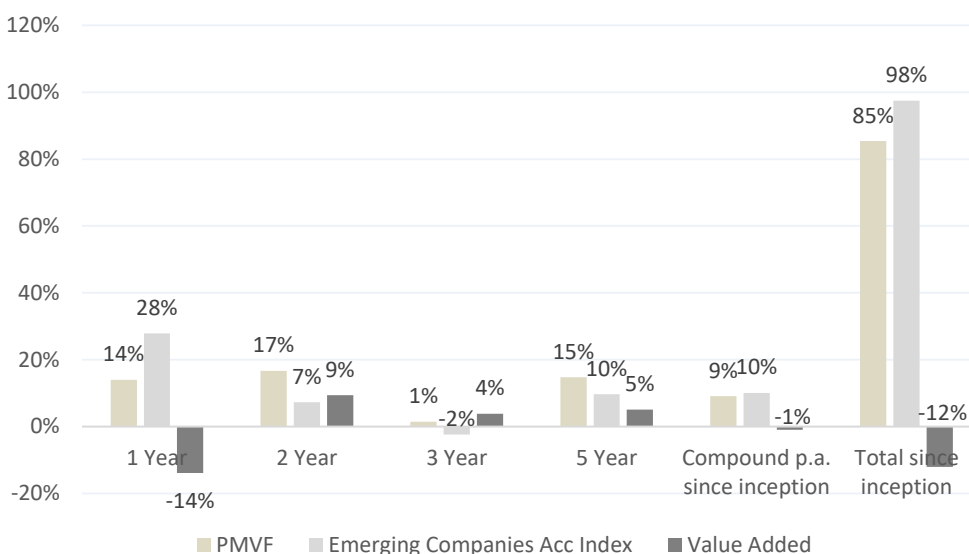
MONTHLY PERFORMANCE AS AT 31/10/2024

latest unit price \$1.4012	return since inception (Oct 2017) 85.43%	return 1 month -0.53%
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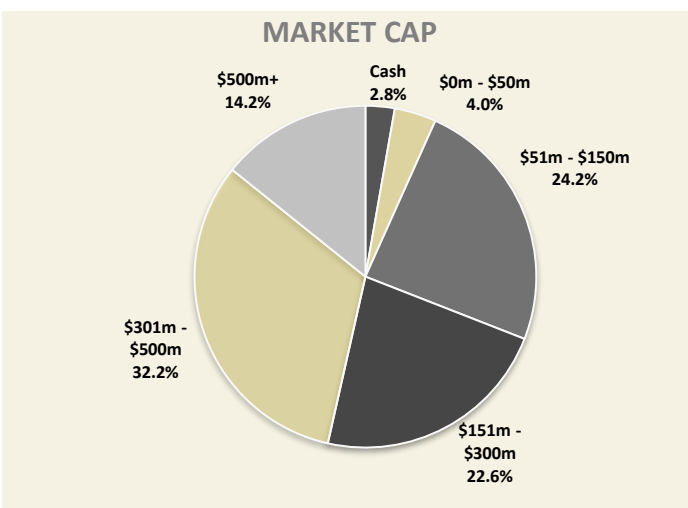
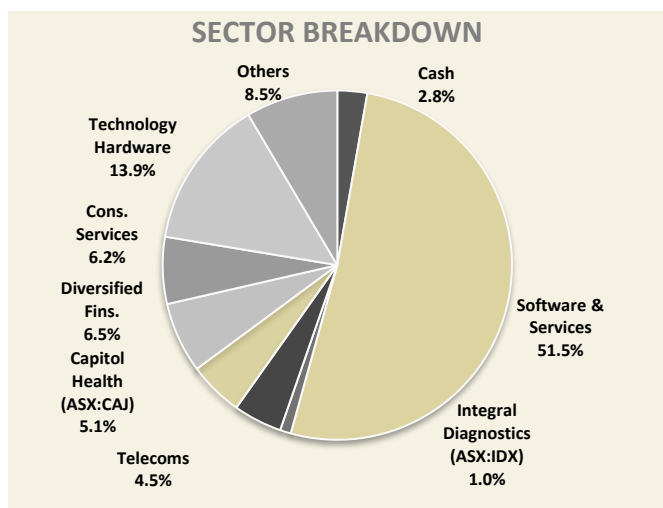
VALUE OF \$100,000 INVESTED AT INCEPTION > **\$185,432**

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	7 Year Annual Compound	5 Year Annual Compound	3 Year Annual Compound	1 Year	1 Month
PMVF	9.11%	85.43%	9.02%	14.78%	1.45%	13.98%	-0.53%



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MARKET UPDATE AND COMMENTARY

The Chinese economy expanded at an annual pace of +4.6% during Q3FY24, broadly in line with expectations and slightly lower than the +4.7% rate recorded in the previous quarter. Consumption in China remains weak with retail spending growing at an annual pace of +2.8%. The most positive element in the GDP report was investment spending which grew at +6.2%. Our view is China continues to face structural imbalances in its economy, which for the most part remain unremedied. China is stepping up its economic stimulus measures with the Vice-Minister of Finance announcing last week China will intensify countercyclical measures including measures to reduce local government debt risks, stabilise the property market and increasing income of key economic groups. The measures are expected to see Q4FY24 GDP growth accelerate. Domestically, Australia's remarkable jobs market has continued to strengthen with net employment growth for September surging by 64,100 new jobs. This was the sixth consecutive print above forecasts and marks an extraordinarily strong employment market which unintendedly will elongate the wait for interest rate cuts.

Microequities Pure Microcap Value Fund returned -0.53% in October; this brings the total return net of fees to 85.43% for the Fund since inception in October 2017.

Capitol Health (ASX:CAJ) and Integral Diagnostics (ASX:IDX) have experienced material share price appreciation since the acquisition of Capitol Health was first announced. In view of the material reduction in the gap between market price and intrinsic valuation, we have adjusted the weighting to reflect an updated risk/reward analysis. The Fund holds shares in both companies totalling 6.1% of the Fund. Payments company **Smartpay (ASX:SMP)** has seen its share price fall a further 34% during the month and is now down 50% from 30 June to 31 October. The RBA during the month announced a review into card surcharging, seeking industry participant feedback on a range of potential changes ranging from banning surcharging on debit card transactions, caps on surcharges, crackdown on excess surcharging, caps on scheme fees or interchange fees. Widespread media coverage and comments from Labor MPs on banning debit card surcharging from 1 January 2026 has caused an overhang on the share price. There is still plenty of water to flow under the bridge on this issue and a more likely outcome might be to look at changes to interchange fees (no net impact to SMP) or some caps to debit card surcharging that may cause SMP to change its go to market model in Australia. At the current enterprise value we think zero value is being attributed to the Australian business or assigning 100% probability of the worst case outcome. **OFX Ltd (ASX:OFX)** share price fell 32% on a disappointing trading update just 2 months after confirming guidance at its AGM. The company's new payment platform launch is progressing well but its core FX service has been buffeted by lower transactional values by its business customers.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+17.5%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+19.8%

Number of companies	42
Top 5 Holdings % of NAV	49.0%
Top 10 Holdings % of NAV	67.6%
Top 20 Holdings % of NAV	83.8%
Cash Position % of NAV	2.8%

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.