

PURE MICROCAP

VALUE FUND



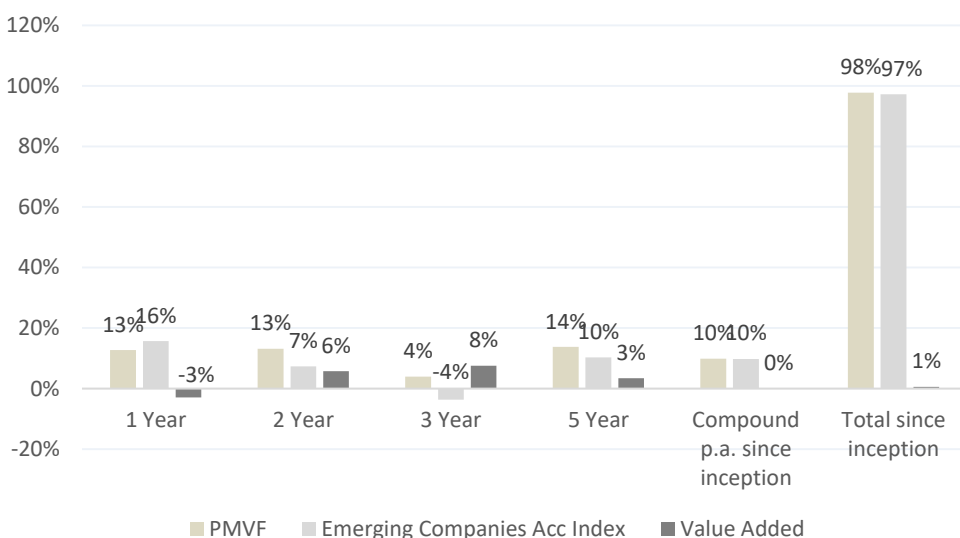
MONTHLY PERFORMANCE AS AT 31/12/2024

latest unit price \$1.4944	return since inception (Oct 2017) 97.77%	return 1 month 1.47%
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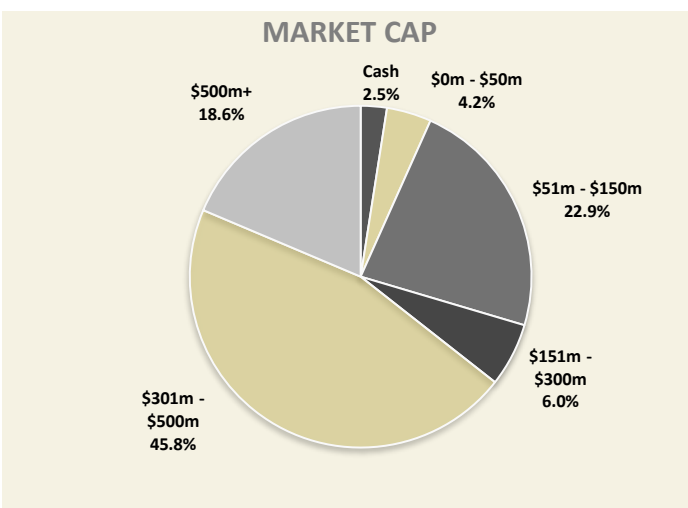
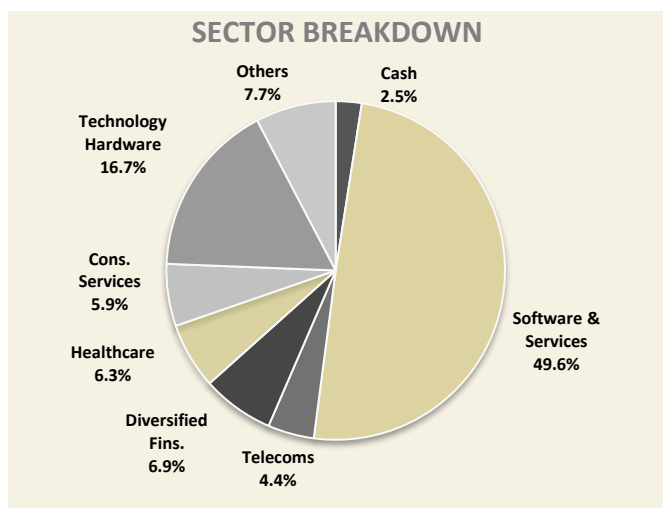
VALUE OF \$100,000 INVESTED AT INCEPTION > **\$197,765**

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	9.86%	97.77%	9.64%	13.74%	3.91%	12.73%	1.47%



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MARKET UPDATE AND COMMENTARY

China's slowing economic growth is expected to face greater pressure in 2025, as a new Trump administration is likely to impose trade tariffs on Chinese imports, potentially ranging from 20% to as high as 60%. The US accounts for approximately 15% of China's exports, and exports overall contribute roughly 20% to China's GDP. The risk of negative fallout from a trade war with the US is significant, and China will need to address its structural economic challenges sooner rather than later. China's economy continues to grapple with a bloated export sector, an oversized property and construction sector, and insufficient growth in domestic consumption, which currently represents only 55% of GDP. Additionally, youth unemployment remains unacceptably high. On the positive side, China retains a wide array of stimulus options that have yet to be deployed, providing the People's Bank of China and other institutions with considerable flexibility and optionality. Domestically, attention will turn to the Reserve Bank of Australia (RBA), which is scheduled to meet in February 2025. We see little likelihood of the RBA lowering rates at that meeting, given the trimmed mean inflation data from November and a labour market that remains exceptionally tight, particularly in view of participation rate which at 67.1% continues to be near all-time highs.

Microequities Pure Microcap Value Fund returned 1.47% in December; this brings the total return net of fees to 97.77% for the Fund since inception in October 2017.

We made minor weighting recalibrations to some of the holdings in the Fund where recent strong share price appreciation has closed the gap between intrinsic value and market prices. In terms of announcements several portfolio companies made strategic bolt on acquisitions:

- IT services company made three small acquisitions that expand its customer base and cements its stronghold in a certain industry vertical.
- 2nd IT services company made a significant strategic acquisition adding IP that could be cross sold to an existing client base.
- Software company acquired a smaller competitor adding circa 20% to its client numbers and revenue by 10%. We deem this a well-priced, low risk acquisition that increases its strategic value.
- Telco company acquired a large network of infrastructure assets which will allow the company to shift existing customers to its higher margin owned network and reduce future capex requirements.
- Consumer services company continues to consolidate its fragmented sector at circa 4x EBITDA multiples. We deem this company significantly undervalued and is well setup for a significant re-rating in 2025.
- Diagnostics imaging service provider **Integral Diagnostics (ASX:IDX)** completed its acquisition of **Capitol Health (ASX:CAJ)**. The combined business will benefit from scale, MRI licensing tailwinds and general market growth.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+16.8%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+20.6%

Number of companies	43
Top 5 Holdings % of NAV	49.8%
Top 10 Holdings % of NAV	66.7%
Top 20 Holdings % of NAV	84.1%
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.