

PURE MICROCAP

VALUE FUND



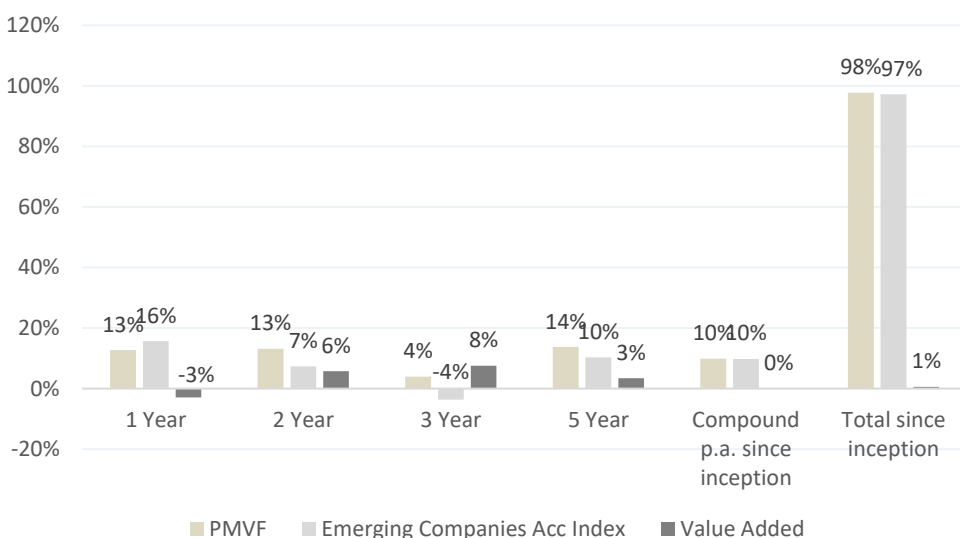
MONTHLY PERFORMANCE AS AT 31/01/2025

latest unit price \$1.4782	return since inception (Oct 2017) 95.62%	return 1 month -1.08%
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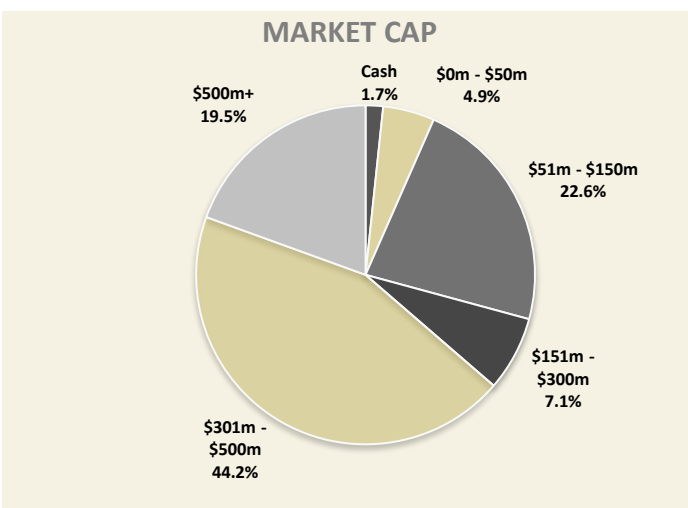
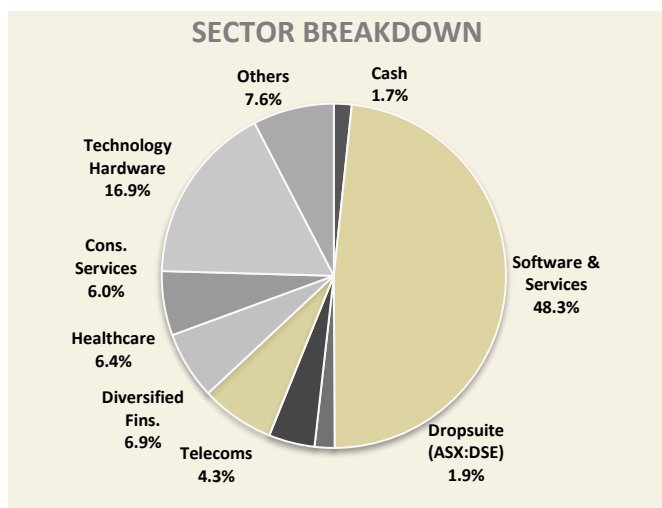
VALUE OF \$100,000 INVESTED AT INCEPTION > **\$195,622**

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	9.58%	95.62%	9.10%	12.78%	6.32%	12.79%	-1.08%



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MARKET UPDATE AND COMMENTARY

Whilst world equity markets, particularly the US, attempted to understand and price the long-term consequences of effective Chinese AI competition, the development has little consequence in our technology assets which are not directly in the business of engineering generative AI and large language models. Our interests in technology are in specific niche B2B industry verticals and cybersecurity software. The future developments of AI will however transform society and all industries in what is a fascinating field and the mother of all revolutions. In Europe, the ECB cut rates for the fifth time to 2.75%, recognising that monetary policy remains restrictive in face of economic headwinds and weakening inflationary pressures. The ECB is likely to cut rates by another 100 basis points over the course of 2025. On rate cuts, Australia's RBA remains one of the very few remaining central banks yet to cut. However, that may change given a much-improved CPI print during the month which saw headline inflation fall to 2.4% whilst core inflation fell from 3.5% to 3.2%, bolstering the chances of a rate cut at next month's RBA meeting.

Microequities Pure Microcap Value Fund returned -1.08% in January; this brings the total return net of fees to 95.62% for the Fund since inception in October 2017.

A number of portfolio companies provided updates during the month:

- Global cloud backup and archiving software provider **Dropsuite (ASX:DSE)** entered into a scheme implementation with NinjaOne at \$5.90 cash per share, representing 34.1% premium to the last traded price. Dropsuite is a rare example of a vertical software business that has been able to grow revenue strongly (37% ARR growth in the last 12 months, whilst remaining free cash flow positive). The implied multiple of the offer is 7.8x EV/ARR. Dropsuite represents 1.9% weighting in the Fund at month end.
- Consumer discretionary tourism related business provided a trading update showing 1H25 revenue 9% higher than pcp and underlying EBITDA 51% higher. Higher pricing and increased volumes benefiting from international tourist numbers continue to drive the rebound.
- Enterprise software company announced a share buyback given its strong net cash balance sheet, multi-year low share price and reconfirmation of revenue and contracted ARR growth ahead of operating cost growth.
- Financial services platform business provided a strong Q2 trading update with a second consecutive quarter of net fund inflows. Some of the previous fund outflows from churned advisers is now abating and the company also noted its new platform product secured a large client. Also pleasing is the continued focus on managing costs ensuring operating leverage is evident in the business along with price increases across its products.

Projected EPS Growth	
1 Year Forward (on a weighted basis)	+16.7%
Projected EPS Growth	
2 Years Forward (on a weighted basis)	+21.1%

Number of companies	43
Top 5 Holdings % of NAV	50.1%
Top 10 Holdings % of NAV	66.7%
Top 20 Holdings % of NAV	84.5%
Cash Position % of NAV	1.7%

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.