

PERPETUAL PURE MICROCAP FUND - CLASS A

February 2017



Our fund only invests in profitable, well capitalised and well managed businesses. By conducting our own in depth, bottom up analysis we seek the best opportunities for our investors. Many of these companies often have little or no research published on them which leads to them being overlooked and/or mispriced. As investors, we look to capitalise on these market inefficiencies. It is worth noting that our fund will not speculate in unprofitable businesses.

PERFORMANCE SUMMARY (AFTER FEES) AS AT 28 FEBRUARY 2017

	1 MTH %	3 MTHS %	6 MTHS %	1 YR %	2 YR %	3 YR %	SINCE INCEPTION % PA*
Perpetual Pure Microcap Fund - Class A	-1.3%	0.5%	-1.3%	34.0%	27.1%	27.4%	31.3%
S&P/ASX Small Ordinaries Accumulation Index	1.3%	2.4%	-2.1%	16.8%	6.1%	5.1%	5.0%

*Inception date: 2 September 2013

Capilano honey is the market leader in Australia with approximately 80% market share. They have done well to maintain their domestic share despite increased competition as a result of honey supply returning to normal levels. Management have successfully transitioned away from selling majority bulk product and are in the process of building supply in premium honeys such as Manuka.

CZZ reported a flat first half result due to a number of one off expenses that are non-recurring. These include setting up distribution channels in China and other overseas markets and the release of a new health product called Beeotic. Initial market acceptance of the product is pleasing and the company feels they are now well placed to benefit from these initiatives in the coming months.

We have held CZZ in the portfolio in the past but sold out when the valuation became stretched. At current levels we find CZZ an attractive opportunity for the fund.

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MORE INFORMATION

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