

Investor Newsletter

April 2021

Dear Investor,

We enclose the April 2021 update for the PURE Income and Growth Fund. An overview of our returns and portfolio comments are detailed below.

Foundation Class Portfolio Returns (After Fees)

The PURE Income and Growth Fund returned -3.5% in March 2021.

PURE ASSET MANAGEMENT	1 Month	3 Month	6 Month	1 Year	Since inception* (Annualised)
Returns (%)	-3.5%	-5.4%	+9.7%	+51.2%	+24.2%
St Dev (Annualised %)		4.1%	17.6%	19.7%	15.0%
Sortino Ratio					6.2
Sharpe Ratio					1.5

After fees and assuming reinvestment of all income distributions

*21 December 2018

The Fund overview as at 31 March 2021 is shown below:

Funds Under Management	\$113.4m
Since Inception Return After Fees – Annualised % Return (Foundation Class, Distribution Re-Invest)	+24.2%
Foundation Class Current Unit Price (Ex Mar 2021 Distribution)	1.391
Total Distributions Paid After All Fees (Ex Mar 2021 Distribution)	+22.1 cpu
Total Committed Capital	>\$140m
Number of Investments	17
Average Loan Size	\$3.5m
Weighted Average Portfolio Interest Rate	+10.5%
Total Establishment and Arrangement Fees Paid to Investors (Gross)	\$1.45m

Portfolio Summary

March was a frustrating month for the PURE Income and Growth Fund, with many of our derivative/equity positions trading lower. The Funds' five largest warrant/equity exposures all impacted returns, with most subjected to profit taking (by the market) after strong performance in 2020. The magnitude of these moves is illustrated below:

- Swift Media: -33%
- Tesserent: -25% (every c.10% movement in TNT is a c.1% contribution/detraction to performance)
- Sensera: -18%
- Xref: -14%
- Mighty Craft: -14%

While markets will be markets in the short-term, all companies are trading well operationally and remain catalyst rich. We're pleased to report that the majority of companies outlined above are materially higher in April, recapturing recent underperformance.

Further, we note two things: 1) the value of the derivatives is now only 10.2% of NAV, meaning its scope to have a meaningfully negative impact on unit price from here is limited (equity is a further 6% of NAV), and 2) the Fund is carrying a number of unlisted equity/derivative investments at nil value, recognising only the debt value, until such time as a meaningful external liquidity event occurs (we note that one of these investments has raised additional capital at a >100% premium to our valuation, but it was a private market transaction and partially involved insiders).

Distribution

The Income and Growth Fund is pleased to report March quarter distributions of 4.34 cpu for the Foundation Class and 3.99 cpu for the Platform Class. This represents income of 2.9% for the March quarter. The Fund has elected to carry forward a balance of distributable income which will be paid out in July.

PURE Resources Fund

After a successful fundraising campaign throughout March, the PURE Resources will go live on 1 May 2021. The fund has commitments well in excess of our \$25m target, providing sufficient capital to execute on many near-term opportunities. Applications are now open via our unit registry provider Automic, with the relevant link shown below.

<https://investor.automic.com.au/#/w/PRF>

Initial deal flow has been exciting, underpinning our initial thesis that the resources cohort is well suited to PURE's solution. The deal pipeline has grown rapidly over recent weeks, and we are hopeful of reaching binding terms on initial transactions throughout May and June.

Income & Growth Fund Deal Flow

The first quarter has been slower than anticipated for deploying capital with two larger transactions falling at the final hurdle, with the Fund walking away from one and a prospective borrower deciding on a different path on the other. That said, we note the Fund has still executed one deal per month since the start of the year.

The pipeline of deals remains robust however, with new opportunities coming in with regular cadence. The Fund currently has indicative terms out on five transactions, with additional opportunities under appraisal. We continue to see no impediments to the growth and ongoing diversification of the Fund.

We thank you for your support.

Nick, Mike, Tim, Dan and Jean-Luc

Foundation Class Unit Performance History

Month	Unit Price	Return	Distribution re-invest unit price
Inception	1.0000		1.0000
Dec-18	1.0240	2.40%	1.0240
Jan-19	1.0058	-1.78%	1.0058
Feb-19	1.0181	1.22%	1.0181
Mar-19	1.0216	0.34%	1.0216
Apr-19	1.0112	-1.02%	1.0112
May-19	1.0362	2.47%	1.0362
Jun-19	1.0231	1.68%	1.0536
Jul-19	1.0494	2.57%	1.0807
Aug-19	1.0343	-1.44%	1.0651
Sep-19	1.0558	2.08%	1.0873
Oct-19	1.0704	1.38%	1.1023
Nov-19	1.0614	-0.84%	1.0930
Dec-19	1.0619	3.76%	1.1341
Jan-20	1.0912	2.76%	1.1654
Feb-20	1.0674	-2.18%	1.1400
Mar-20	1.0130	-3.77%	1.0971
Apr-20	1.0511	3.76%	1.1383
May-20	1.1112	5.72%	1.2034
Jun-20	1.1117	0.71%	1.2120
Jul-20	1.2883	15.89%	1.4045
Aug-20	1.4015	8.79%	1.5279
Sep-20	1.3868	-1.05%	1.5119
Oct-20	1.5114	12.24%	1.6975
Nov-20	1.5224	0.73%	1.7099
Dec-20	1.5169	2.61%	1.7545
Jan-21	1.5022	-0.97%	1.7375
Feb-21	1.4869	-1.02%	1.7198
Mar-21	1.3910	-3.52%	1.6592

Platform Class Unit Performance History

Month	Unit Price	Return	Distribution re-invest unit price
Inception	1.0000		1.0000
Jul-20	1.1598	15.98%	1.1598
Aug-20	1.2635	8.94%	1.2635
Sep-20	1.2291	-0.86%	1.2526
Oct-20	1.382	12.44%	1.4084
Nov-20	1.3922	0.74%	1.4188
Dec-20	1.3911	2.66%	1.4566
Jan-21	1.3781	-0.93%	1.4430
Feb-21	1.3641	-1.02%	1.4284
Mar-21	1.2760	-3.53%	1.3779

Confidential Information

The information in this document is confidential and may be privileged or subject to copyright. It is intended for the exclusive use of the addressee(s). If you are not an addressee, please do not copy, distribute or otherwise act on the document, except as otherwise required to inform PURE Asset Management. If you have received the document in error, please contact the sender immediately and delete the document. The unauthorised use of this document may result in liability for breach of confidentiality, privilege or copyright. Subject to applicable regulations and laws under the Corporations Act 2001