

Investor Newsletter

June 2020

Dear Investor,

We enclose the June 2020 update for the PURE Income and Growth Fund. An overview of our returns and portfolio comments are detailed below.

As always, thank you for your support.

Portfolio Returns

The PURE Income and Growth Fund returned +5.7% in May. We're pleased to report the Fund has now recovered the COVID-19 drawdown and is +6.1% during this calendar year.

PURE ASSET MANAGEMENT	1 Month	3 Month	6 Month	1 Year	Since inception
Returns (%)	+5.7%	+5.6%	+10.1%	16.1%	+20.3%
St Dev (Annualised %)		14.2%	11.9%	9.3%	8.3%

After fees and assuming reinvestment of all income distributions

Portfolio Summary

Portfolio overview as at 31 May 2020:

Funds Under Management	\$41.0m
Since Inception Return After Fees (distribution re-invest)	+20.3%
Total Distributions Paid After All Fees (31 March 2020 +1.4 cpu)	+8.4 cpu
Total Committed Capital	>\$50m
Number of Investments	10
Average Loan Size	\$3.0m
Weighted Average Portfolio Interest Rate	+11.0%
Total Arrangement Fees Paid to Investors	\$0.7m

PURE added no new positions to the portfolio throughout May, however three new Terms Sheets have been submitted on prospective investments.

Independent Research



Throughout May, independent research was conducted on The Income and Growth Fund by SQM Research. We are pleased to report the Fund received a 4-star 'Superior - High Investment Grade' rating. While we still have some way to go, this is a pleasing first review 18 months into our efforts to productise hybrid investing within Australian markets.

Fund Rating

The Fund has achieved the following rating:

Star Rating	Description	Definition	Investment Grading
4 stars rating	Superior	Suitable for inclusion on most APLs	High Investment Grade

A copy of the report had been included in the accompanying email. This is for the use of wholesale investors only.

Deal Flow

With the Australian economy beginning to unfreeze, PURE is now actively engaged in deal origination. Awareness of the product continues to grow in the market, and the velocity of inbound opportunities is increasing. While COVID-19 has been a difficult period for most, there are still good businesses out there with meaningful growth opportunities. Most of these companies are more dissatisfied with their cost of equity today than they were pre-COVID-19. We view this as an opportunity.

Much uncertainty remains as we (hopefully) exit the COVID-19 era in Australia. With this in mind, the Investment Team is assessing business models that have experienced minimal disruption from the lock-down. Winners will also come from such an event, and we continue to investigate those exposed to structural trends, which have accelerated as a result of these business conditions.

The Investment Team has recently submitted three Terms Sheets and will keep investors abreast of developments should these culminate into transactions. One interesting point to note is the relative size of the businesses that we're seeing post-the COVID-19 dislocation in equity markets. Prior to COVID-19 the majority of businesses that we have invested in or offered terms on have been generating revenue in the \$5-\$25m range. The three term sheets that we currently have out in the market are for businesses generating \$10m-\$80m in revenue per annum.

Fund Applications – Olivia123



PURE has recently implemented Olivia123 to assist investors with Fund applications. Olivia123 is a software product facilitating the online submission of application forms and KYC requirements. We acknowledge that all application processes can be tedious, yet Olivia goes a long way to improving this experience.

If you are interested in investing with PURE we encourage you to click on the link below:

<https://www.olivia123.com/applications/the-pure-income-and-growth-fund.php>

Outlook

The team is pleased with how the portfolio has performed throughout a very difficult 2020 year-to-date. After adopting an insular focus throughout 1Q20, it is refreshing to again focus on growth. We're excited by the quality of opportunities under review and look forward to communicating developments with you as they come to hand.

Stay safe.

Nick, Mike and Tim

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.