

Investor Newsletter

May 2020

Dear Investor,

We enclose the May 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 +3.8% in April, with the return offsetting the decline of March's COVID-19 selloff. The Fund is +0.4% calendar ytd, a pleasing outcome in the face of market dislocations. In contrast, the ASX200 is -17.3%* calendar ytd, and -22.9%* relative to the recent high of 20 February.

P U R E ASSET MANAGEMENT	1 Month	3 Month	6 Month	1 Year	Since inception
Returns (%)	+3.8%	-2.3%	3.3%	12.6%	13.8%
St Dev (Annualised %)		11.2%	10.4%	8.2%	7.5%

After fees and assuming reinvestment of all income distributions

*as at 30 April 2020

Portfolio Summary

Portfolio overview as at 30 April 2020:

Funds Under Management	\$37.6m
Since Inception Return After Fees (distribution re-invest)	+13.8%
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 during April, but is in due diligence on several opportunities.

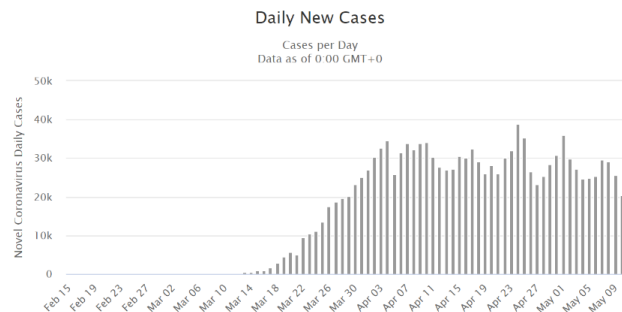
Market Conditions

Markets rallied strongly in April, providing some respite after March's history making sell-off. While the ASX200 Index rose 8.8% in April, extreme volatility remains warranting ongoing caution. This is best illustrated by the 5% fall on 1 May erasing 57% of the prior months' gains.

Recent weeks have seen the cautious lifting of COVID-19 restrictions across the globe. This, along with the vast levels of stimulus in the system, have allowed companies and markets to focus on the positives. While encouraging, PURE remain of the firm view that companies will not 'hire' as fast as they 'fire'. We expect unemployment and consumer spending to remain headwinds going forward, especially with targeted stimulus measures expiring in 4Q20.

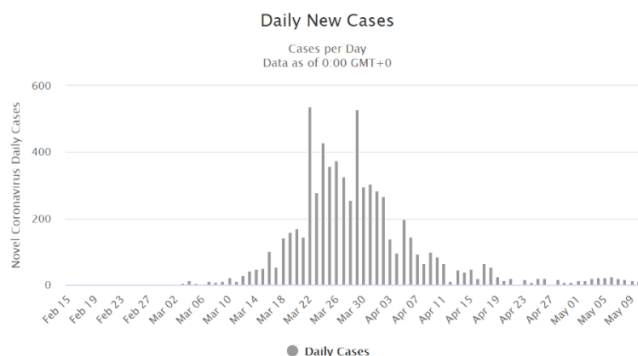
With regards to the easing of restrictions, any signs of 'second-wave' outbreaks are at the forefront of our thinking. Primarily relating to the USA, this is an important consideration for the behaviour of equity markets. The chart below shows the number of Daily New COVID-19 Cases in the United States. While declining, there are still some ~20,000 new cases being recorded per day in a period of lock-down. With this in mind, and the levels of contagion experienced to date, does it appear a prudent time to ease the restrictions on people movement? We pose this question based on the hypothetical reaction of financial markets should the USA become subject to a second-wave outbreak.

Daily New Cases in the United States



In contrast, the comparable chart illustrates our position in Australia. We hope the country can transition back to work as quickly as possible, with job preservation being the order of the day.

Daily New Cases in Australia



Distribution

We are pleased to report the payment of our maiden quarterly distribution in April 2020. Accruing from coupon payments received in the March quarter, the distribution of 1.42cpu represents PURE's first step to increasing the frequency of cash flows back to our investors.

This distribution included no arrangement fees and absorbed an elevated level of legal expenses incurred in the fund during the March quarter as PURE worked to shore-up the security of credit positions in the face of the COVID-19 market dislocation.

With regards to the outlook for distributions, PURE expects to retain a healthy quarterly cash distribution for fund investors. June quarter may moderate slightly with three (of 11 at the time) portfolio investments being granted PIK or capitalised interest for one quarter, in return to delivering other concessions for the fund's investments (such as raising equity capital to better insulate the balance sheet for trading through COVID-19 shutdowns), although arrangement fees may partially or fully offset any impact here, depending on the level of deal execution in the current quarter.

Zoom Calls

We are offering investors the opportunity to participate in a Zoom call with the Investment Team. Confined to small groups, these sessions provide investors the opportunity to ask any questions they may have surrounding the strategy, portfolio, and opportunities we are currently seeing. We invite open dialogue with our investors and look forward to speaking with you.

Please RSVP to a member of the Investment Team to arrange a time.

Outlook

The team is confident that existing investments are now all well-positioned to trade through COVID-19, and is once again turning its efforts externally on transaction origination. Underlying FUM has grown with both existing and new investors purchasing units during April, and the team is excited about the quality of opportunities in review.

We hope you are all navigating this difficult period in good health.

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.