

## Investor Newsletter

Period to: 31 October 2021

Dear Investor,

We enclose the November 2021 update for the PURE Income and Growth Fund.

The PURE Income and Growth Fund is open for investment.

[PURE Application Portal](#)

### Foundation Class Portfolio Returns (After Fees)

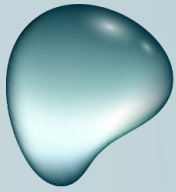
The PURE Income and Growth Fund returned 1.2% in October 2021.

	1 Month	3 Month	6 Month	1 Year	2 Years	Since inception (Annualised)*
Returns (%)	+1.2%	+0.3%	+4.5%	+4.3%	+60.6%	+21.6%
St Dev (Annualised %)		8.2%	7.2%	7.3%	16.1%	13.8%
Sortino Ratio						5.3
Sharpe Ratio						1.4

*\*After fees and assuming reinvestment of all income distributions*

#### Fund overview as at 31 October 2021

Funds Under Management	\$146.1m
Inception Return After Fees (Foundation Class, Distribution Re-Invest)	+77.0%
Inception Annualised Return After Fees (Foundation Class, Distribution Re-Invest)	+21.6%
Foundation Class Current Unit Price	\$1.4143
Total Distributions Paid After All Fees	28.9cpu
Number of Investments	22
Average Loan Size	\$4.8m
Weighted Average Portfolio Interest Rate	10.0%
Total Establishment and Arrangement Fees Paid to Investors (Gross)	\$2.3m



## Portfolio Summary

Global markets enjoyed a swing to positive sentiment in October with a decent US earnings season and lower bond yields, significantly transitory inflation, more than offsetting multiple macro concerns that weighed in September. The issues of high asset valuation, the beginning, of the beginning, of the end of quantitative easing, Chinese credit defaults and inflation spikes have not gone away, but the music is still playing, and equity markets continue to dance.

The US S&P 500 bounced 7.0% to reach an all-time high, but as is typical, by the time US euphoria had made its way across the Pacific, it was jet lagged and irritable, and so the ASX indices were more sceptical and closed the month flat.

From PURE's perspective, we're happy with how the I&G Fund is positioned into year end. After exiting Oliver's in October, there appears to be very little credit risk in the portfolio. Excitingly, there are numerous companies sitting on meaningful catalysts over the coming six weeks. While it inevitably takes longer than expected for these to crystallise, we remain positive about the remainder of 2021 (all things being equal).

## On Distributions

The PURE Income & Growth Fund pays distributions quarterly. Investors can elect, and change at any time, to receive distributions as cash or via reinvestment in additional Fund units (please contact a PURE representative if you wish to change).

Distributions comprise any cash payments received, and at the Manager's election in that quarter, realised gains.

This only varies in the final quarter of each financial year, when any as-yet undistributed but realised capital gains must all be paid out.

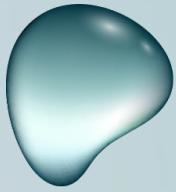
As a managed unit trust, all cash gains (interest, establishment fees, loan prepayment fees and realised capital gains) must be paid out to unit holders in the financial year they are realised. However, the Manager must also be careful not to overdistribute *throughout* the year.

An overdistribution situation could arise when, for example, capital gains are realised and paid out in the Q1 distribution, and then in a subsequent quarter of the same financial year, the Fund suffers a credit loss greater than the cash gains paid out. In this scenario, further distribution payments cease until the high watermark is again exceeded.

As such, it is prudent for capital gains realised early in the financial year to be 'held back' from distribution until later in the financial year, when certainty around the potential for credit losses in that financial year is firmer. However, the onus on the latter reduces as the diversification of the Fund grows.

This has two consequences:

1. Distributions in the earlier quarters of the financial year are always likely to be less than the latter quarters.
2. As realised capital gains form a proportion of distributions, distributions will not necessarily progress in a linear fashion over time, but rather be dictated by when capital gains are realised, and where we are in the financial year.



**PURE**  
ASSET MANAGEMENT

PURE targets a 15% per annum return, half from cash income. The target is an annual target, and investors should not expect to see it reflected evenly in quarterly distributions throughout the financial year.

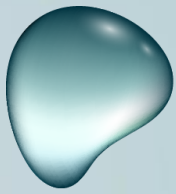
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<https://www.linkedin.com/company/pure-asset-management>

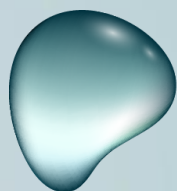
We thank you for your support.

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
Apr-21	1.4199	2.08%	1.6937
May-21	1.4199	0.00%	1.6937
Jun-21	1.3744	0.83%	1.7077
Jul-21	1.4211	3.40%	1.7658
Aug-21	1.3760	-3.17%	1.7097
Sep-21	1.3973	2.30%	1.7491
Oct-21	1.4143	1.22%	1.7704



## 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
Apr-21	1.3025	2.08%	1.4065
May-21	1.3025	0.00%	1.4065
Jun-21	1.2639	0.83%	1.4182
Jul-21	1.3068	3.39%	1.4663
Aug-21	1.2653	-3.18%	1.4197
Sep-21	1.2845	2.31%	1.4525
Oct-21	1.3001	1.21%	1.4701

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