

Investor Newsletter

October 2020

Dear Investor,

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

As always, we thank you for your support.

Foundation Class Portfolio Returns (After Fees)

The PURE Income and Growth Fund returned -1.0% in September, a pleasing result in a turbulent environment which saw the ASX200 fall -4.0%.

PURE ASSET MANAGEMENT	1 Month	3 Month	6 Month	1 Year	Since inception*
Returns (%)	-1.0%	+24.7%	+37.8%	+39.1%	+51.2%
St Dev (Annualised %)		24.1%	19.4%	17.9%	14.2%

After fees and assuming reinvestment of all income distributions

*21 December 2018

Portfolio Summary

Portfolio overview as at 30 September 2020:

Funds Under Management	\$88.0m
Since Inception Return After Fees (Foundation Class, Distribution Re-Invest)	+51.2%
Foundation Class Current Unit Price (ex-Distribution Re-Invest)	1.3868
Foundation Class Current Buy/Sell Unit Price	1.3917 / 1.3819
Total Distributions Paid After All Fees (ex-1QFY21 distribution, declaring Oct.)	+9.2 cpu
Total Committed Capital	>\$90m
Number of Investments (plus two at Binding Term Sheet)	14
Average Loan Size	\$4.1m
Weighted Average Portfolio Interest Rate	+10.5%
Total Establishment and Arrangement Fees Paid to Investors (Gross)	\$1.2m

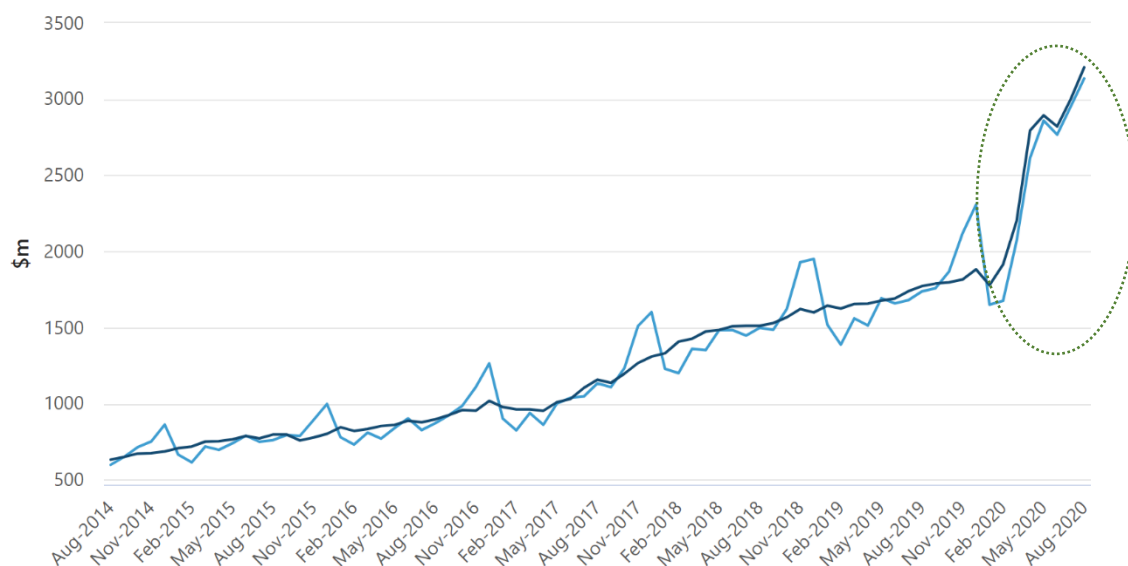
September was a tricky month for investment markets as the US election campaign took centre stage prompting an increase in volatility.

While most will welcome the end of 2020, it seems likely that the stock market will still have to navigate some treacherous waters before the year is through. The Trump COVID-19 diagnosis being one such melodrama, however, the resulting price action - broadly flat - underscores the market's increasing contempt for modern politics. The fact remains that markets take their lead from policy, not politics, and the key driver of market valuations remains the huge liquidity being injected by central banks.

Closer to home the economy continues to show remarkable resilience. The unemployment rate surprisingly fell from 7.5% to 6.8% in August, while the participation rate also grew. Retail sales fell a modest -4% YoY in August as the mix shifted online.

Shown below, this insightful chart illustrates the structural growth of online sales since 2014 and the corresponding acceleration since the onset of COVID-19. It underscores the 'haves' and the 'have nots' in our economy, and the opportunity to be invested in businesses with online models. PURE continues to assess such businesses and we hope to provide an update in our November Investor Update.

Total online, original and seasonally adjusted



At a portfolio level, PURE's credit position in Sensera has been repaid early after the Company sold its Nanotron business division for US\$8.7m. PURE continues to view Sensera as a highly prospective investment opportunity, and while our initial capital has been repaid and we now have zero capital at risk, we retain a material warrant position in the Company.

Distribution

The Distribution for the September quarter will be declared over the coming weeks. With income being on the minds of all investors, we look forward to providing you with a positive update later this month.

Deal Flow

Deal flow continues to be fruitful, with PURE's network delivering a significant number of inbound enquiries. The investment team has agreed in principle terms on three further investment opportunities which are moving to documentation. We intend to complete these investments throughout October/November and will provide further details as the transactions are executed.

Outlook

We were disappointed not to have delivered a positive return during the month, but we were able to partially insulate investors from the sharp pull back in the market by taking a significant, but partial, profit in the Fund's largest investment, Tesserent, when the stock was trading at its highs in mid-September. We are pleased to report that the subsequent share price drop proved temporary, with the shares now almost trading back to their highest level following the release of a positive trading update earlier this week.

We retain enough cash to execute our current pipeline and the Fund is enjoying a steady inflow of new capital and new opportunities. The portfolio has numerous investments that harbour the potential for positive news flow during the final quarter of 2020, and we remain optimistic for the performance in October and the months ahead.

Stay safe.

Nick, Mike and Tim

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

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