

Investor Newsletter

Period to: 30 September 2021

Dear Investor,

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

Driven by a confluence of events, volatility returned to asset markets with a vengeance in September. Bond yields moved higher as markets tried to price in the risks of the US Federal Reserve tapering quantitative easing; while Chinese property developer Evergrande's debt driven crisis entered the public domain. Pleasingly, the PURE Income and Growth Fund weathered these conditions to provide a meaningfully positive return as positive individual performances more than offset the overall fall in the market.

The PURE Income and Growth Fund is open for investment.

[PURE Application Portal](#)

Foundation Class Portfolio Returns (After Fees)

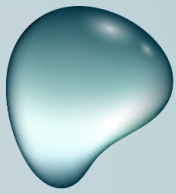
The PURE Income and Growth Fund returned 2.3% in September 2021.

	1 Month	3 Month	6 Month	1 Year	Since inception (Annualised)*
Returns (%)	+2.3%	+2.4%	+5.4%	+15.6%	+21.8%
St Dev (Annualised %)		10.0%	7.3%	13.5%	14.0%
Sortino Ratio					5.5
Sharpe Ratio					1.5

*After fees and assuming reinvestment of all income distributions

Fund overview as at 30 September 2021

Funds Under Management	\$140.1m
Since Inception Return After Fees – (Foundation Class, Distribution Re-Invest)	+74.9%
Since Inception Annualised Return After Fees (Foundation Class, Distribution Re-Invest)	+21.8%
Foundation Class Current Unit Price	1.4077
Total Distributions Paid After All Fees	+27.8 cpu
Number of Investments	18
Average Loan Size	\$4.8m
Weighted Average Portfolio Interest Rate	9.9%
Total Establishment and Arrangement Fees Paid to Investors (Gross)	\$2.2m



Portfolio Summary

The resilience of the strategy came to the fore in September, with the ASX Small Ords Index down 2.7% for the month versus a gain of 2.3% for the Fund. This was the inverse of the prior month when the market was strong, but the Fund lagged.

We expect the Fund to meaningfully outperform in falling equity markets, outperform in markets that are marginally falling or marginally rising, and underperform in very strong market conditions, the aggregate of these trends being that we expect to deliver a better than market performance. After almost three years, the CAGR of the Fund is 21.8% versus 16.1% for the comparable benchmark (S&P/ASX All Ordinaries - Total Return Index).

The contrarian movements in recent months are not structural but rather the result of some changes in individual investments. Over time, as the portfolio grows to be 40-50 positions, the impact of individual movements will lessen, albeit due to the asymmetric risk/return nature of our warrants, we remain hopeful that periodically individual investments will provide above typical returns.

Although equity market sentiment feels fragile, we are well prepared for any weakness. This is because at the individual investment level we are comfortable with all of our investments and the operational performance of several investments has been strong. In addition, at the asset allocation level, the portfolio is well positioned. With the recent repayment of the Oliver's loan (discussed below), those companies most impacted by Covid induced weakness have now repaid their loans, or raised additional funds to be well capitalised and have now returned to growth. Once our capital raising is complete, the equity exposure (shares and warrants) will be around ~15% (the bottom of our target range) and cash will be ~20% (the top of our target range).

Our capital raising has gone well, with a further +\$7.0m committed during the month, taking the total raising to ~\$17.0m so far, with several new investors indicating that they are likely to commit in October, which will see us reach our target of \$20.0m-\$30.0m. This has coincided with the early repayment of our loan to Oliver's, and therefore, depending on where the final figure lands, and our success in deploying capital into the deals in progress, we may soft close the Fund to new investors again this year, with a view to reopening in 1Q2022.

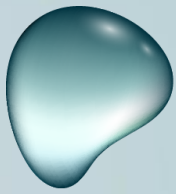
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<https://www.linkedin.com/company/pure-asset-management>

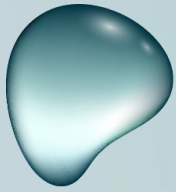
We thank you for your support.

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	1.4077	2.30%	1.7491



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	1.2945	2.31%	1.4525

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