

Investor Newsletter

Period to: 30 June 2022

Dear Investor,

We enclose the July 2022 update for the PURE Income and Growth Fund.

The PURE Income and Growth Fund is open for investment.

Foundation Class Portfolio Returns (After Fees)

The PURE Income and Growth Fund returned -1.0% in June 2022.

	1 Month	3 Month	6 Month	1 Year	2 Years	Since inception (Annualised)*
Returns (%)	-1.0%	-1.0%	-1.8%	+0.5%	+41.7%	+16.3%
St Dev (Annualised %)		2.3%	4.2%	6.6%	15.7%	12.9%
Sortino Ratio						3.5
Sharpe Ratio						1.0

*After fees and assuming reinvestment of all income distributions. Fund inception 21 December 2018.

Fund overview as at 30 June 2022

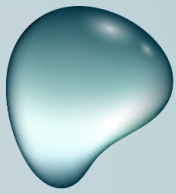
Funds Under Management	\$152.8m
Inception Annualised Return After Fees (Foundation Class, Distribution Re-Invest)	+16.3%
Foundation Class Current Unit Price	\$1.2927
Total Distributions Paid After All Fees	36.8cpu
Number of Investments	25
Average Loan Size	\$4.8m
Weighted Average Portfolio Interest Rate	9.9%
Total Establishment and Arrangement Fees Paid to Investors (Gross)	\$2.9m

PURE online application form

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Portfolio Summary

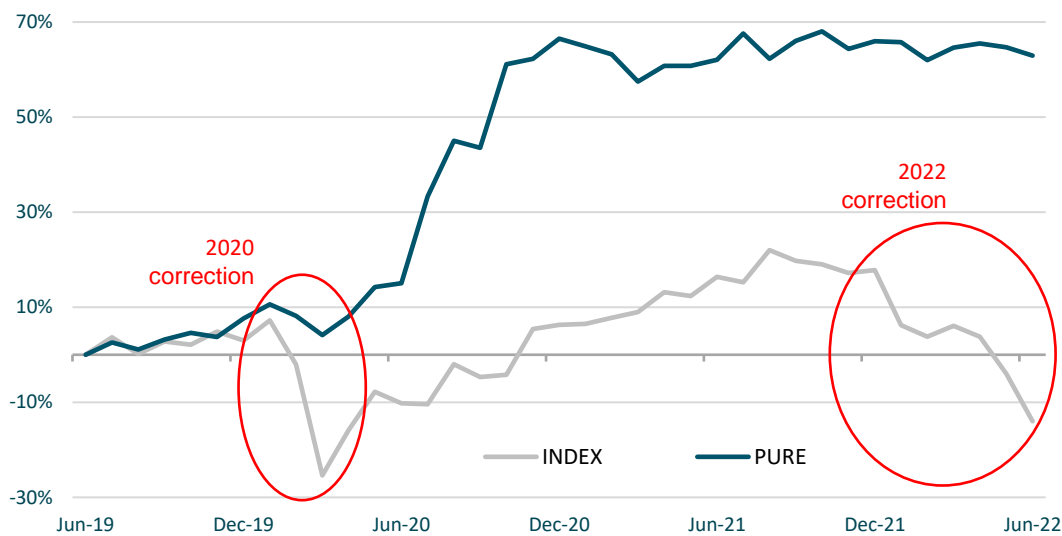
While May was an extremely difficult month for financial assets, it was but an entre for what followed in June. Asset class correlations over this period have been extreme, leaving few places to hide for those seeking capital preservation. Equities fell, bonds fell, crypto fell, and commodities - the true outperformer year to date - played downside catchup in June as global growth worries escalated and investors 'sold their winners'.

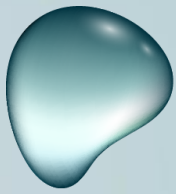
As we enter FY23, there are many factors determining the outlook for financial assets. In terms of equities, corporate earnings face headwinds in the short-to-medium term. A weak consumer challenges revenue growth, while inflation (COGS/Wages) and rising interest rates all but ensure margin pressure. This is a powerful one-two punch for the trajectory of earnings downgrades over the coming quarters. While valuation multiples have adjusted lower in the past six months, there is a question whether this will be enough to cushion the impact from a meaningful earnings downgrade cycle. It is likely that volatility will persist as markets come to terms with these competing dynamics for the remainder of 2022.

We've spoken recently of bond yields being 'out over their skis', and the May/June 'growth scare' in markets substantiates this claim. Longer duration yields have moved lower in recent weeks, a trend likely to continue. This should support bond pricing, and in a silver lining for equities, help support valuation multiples.

For PURE investors, the I&G Fund has continued to weather the storm, suffering limited drawdown in the unit price, and showing similar resilience to that of the market event of 2020.

S&P/ASX Small Ind Accumulation versus PURE (3 years)





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With only ~7% of the portfolio currently exposed to listed equities, the likelihood of further downside appears muted, while upside exposure is retained in the instance markets recover and/or catalysts unfold. Importantly, cash interest continues to underpin the positive absolute return objectives of the Fund.

The existing environment, one where cost of equity is prohibitively high, represents an excellent backdrop for PURE's model. The investment team believe the coming 6-12 months offer the best opportunity for growth since the strategy was launched in 2018. For this reason, we are actively raising capital in response to an explosion of deal flow. The bid/offer spread for equity is currently at extremes, and intuitively, the PURE team has fielded multiple enquiries from traditional equity houses seeking a palatable solution for their clients. We (and others) believe hybrid solutions will be the first passage to bridging the current bid/offer expectations. Such is the opportunity, actions over the coming period have the potential to drive returns for the coming 2-3 years, in our view.

PURE Team

We are pleased to welcome Jonathan Kriska to the PURE Investment Team. Jonathan brings a diverse skill set, with an innate understanding of both emerging companies and Equity Capital Markets. This expands the PURE Investment Team to six, across two funds, with funds under management having grown to \$230m since launch in December 2018.

Jonathan brings over 25 years of experience in financial markets across stockbroking and funds management. His experience has spanned numerous roles, including equities analysis, portfolio management and corporate advice.

Before joining PURE, Jonathan spent four years working at Charter Hall as a Portfolio Manager of several funds which invested in listed equities. Here he was also responsible for managing a \$50m institutional mandate that outperformed its benchmark by 4.8% annually over three years.

<https://www.afr.com/street-talk/charter-hall-pm-heads-to-boutique-manager-pure-20220814-p5b9os>

Fundraising

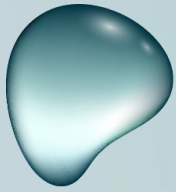
Market conditions have become extremely favourable to PURE's hybrid investment strategy.

When valuations have declined markedly but you're not sure if there's still more to come, exposure to convertibles can be a great way to:

- 1) not miss the upside should markets or an individual equity exposure begin to perform, whilst
- 2) minimising your exposure to further drawdowns, and
- 3) getting paid to wait for the equity thesis to perform, through the coupon of the debt

Or put another way – why try and catch the proverbial falling knife when you can get paid to wait for it to hit the floor and bounce?

We believe equity-like returns can be earned via credit instruments possessing upside optionality. As such, both PURE Funds are actively raising capital over the coming weeks to facilitate an expanding pipeline of opportunities.



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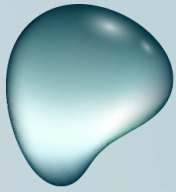
We are determined to capitalise in these conditions. As such, the PURE Income and Growth Fund is actively embarking on a fundraising campaign. If you would like to invest with the PURE team, please access the online application form via the Olivia123 link below:



The greatest compliment our investors can give is the referral of friends, family and associates. If you know of other investors who are seeking additional investment opportunities, please feel free to contact us at any time.

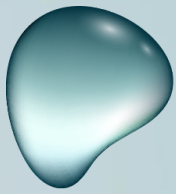
We thank you for your support.

Nick, Mike, Tim, Dan and Jean-Luc



Foundation Class Unit Performance History

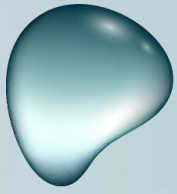
Month	Unit Price	Return	Distribution re-invest unit price
Inception	1.0000		1.0000
Dec-18	1.0240	2.40%	1.0240
Jan-19	1.0058	-1.78%	1.0058
Feb-19	1.0181	1.22%	1.0181
Mar-19	1.0216	0.34%	1.0216
Apr-19	1.0112	-1.02%	1.0112
May-19	1.0362	2.47%	1.0362
Jun-19	1.0231	1.68%	1.0536
Jul-19	1.0494	2.57%	1.0807
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



Nov-21	1.3833	-2.19%	1.7316
Dec-21	1.3791	0.96%	1.7482
Jan-22	1.3775	-0.12%	1.7462
Feb-22	1.3464	-2.26%	1.7068
Mar-22	1.3465	1.62%	1.7344
Apr-22	1.3537	0.53%	1.7437
May-22	1.3470	-0.49%	1.7351
Jun-22	1.2927	-1.05%	1.7169

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
Nov-21	1.2716	-2.19%	1.4379
Dec-21	1.2678	0.97%	1.4518
Jan-22	1.2664	-0.11%	1.4502
Feb-22	1.2377	-2.27%	1.4174
Mar-22	1.2378	1.62%	1.4404
Apr-22	1.2445	0.54%	1.4482
May-22	1.2383	-0.50%	1.4410
Jun-22	1.1896	-1.05%	1.4258



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