

Investor Newsletter

Period to: 31 March 2022

Dear Investor,

We enclose the April 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 +1.6% in March 2022.

	1 Month	3 Month	6 Month	1 Year	2 Years	Since inception (Annualised)*
Returns (%)	+1.6%	-0.8%	-0.8%	+4.5%	+58.1%	+18.0%
St Dev (Annualised %)		5.5%	5.4%	6.7%	15.8%	13.3%
Sortino Ratio						4.1
Sharpe Ratio						1.1

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

Fund overview as at 31 March 2022

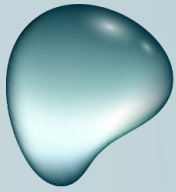
Funds Under Management	\$151.5m
Inception Annualised Return After Fees (Foundation Class, Distribution Re-Invest)	+18.0%
Foundation Class Current Unit Price	\$1.3465
Total Distributions Paid After All Fees	32.8cpu
Number of Investments	23
Average Loan Size	\$4.8m
Weighted Average Portfolio Interest Rate	10.0%
Total Establishment and Arrangement Fees Paid to Investors (Gross)	\$2.7m

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Portfolio Summary

After disappointing price action in February, the PURE Income & Growth Fund reclaimed lost ground in March delivering a return of +1.6%. The Fund also declared a 2.2cpu distribution (Foundation Class; 2.0cpu Platform) for the quarter, taking the running yield FTY to 4.9%. With many of the February's detractors posting solid 1H22 results, it was pleasing to see pricing realign with our view of reality.

Global markets performed strongly in March as investor psychology shifted from 'what can go wrong?' to 'what can go right?'. Primarily driven by ceasefire optimism in the Ukraine (which ultimately failed to materialise), such moves underscore the power of market positioning in the short-term. Looking forward however, investors appear to be ignoring the outlook for two market pricing dynamics which deteriorated in March – namely earnings growth and central bank liquidity.

To remind investors, there are two key inputs in determining equity valuations – earnings, and the multiple investors are willing to pay for these earnings. Interestingly, market expectations for earnings growth in the USA remains at 9% for both CY22 and CY23. While acknowledging those selling commodities will do well, higher input costs deliver an inflationary margin squeeze for many. Add weaker consumer spending expectations and higher financing costs, this 9% earnings growth starts to look heroic.

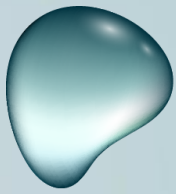
The key driver of multiple expansion since the GFC has been global monetary policy. Central banks have held rates near zero for an extended period, while at the same time purchasing countless financial assets. This meaningfully increased multiples, and in turn, almost all asset prices. When the Federal Reserve hiked rates by 25bps in March (first hike since Dec 2018), the rhetoric took on a hawkish tone. Investors must now – according to consensus forecasts - digest a further ~200bps of rate rises in 2022, along with the Fed likely reducing the size of its balance sheet from May.

The question from here is whether central banks can decrease liquidity at a time when growth is slowing. While not impossible, elevated earnings expectations are sure to make this a delicate transition. Markets have chosen not to focus on these dynamics in the short-term, however January's price action shows just how quickly prices can move when they do.

In such markets positive price action from modest catalysts is typically short-lived and, cognisant of this, PURE is taking profits where possible. Further, the Income & Growth Fund is carrying a modest ~14% equity market exposure at present and remains well placed to weather any resulting volatility.

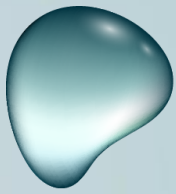
We thank you for your support.

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

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

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