

PURE Resources Fund



Foundation Class Portfolio Returns (After Fees)

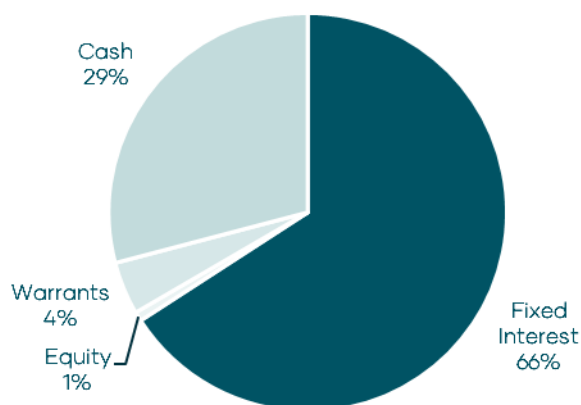
	1 month %	3 Months %	6 Months %	1 Year %	3 Years % p.a.	Since inception* % p.a.
PURE Resources Fund	-1.1%	-1.5%	-3.6%	+9.0%	N/A	+8.0%
Standard Deviation (Annualised %)				8.3%	N/A	6.6%

* Fund inception 31 April 2021

Fund Overview

Fund Size	\$79.4m
Foundation Class Unit Price	\$1.0969
Number of Investments	9
Average Loan Size	\$7.5m
Weighted Average Interest Rate	10.5%
Arrangement Fees Paid to Investors	\$1.2m
Trailing Fund Yield (12m)	3.9%

Portfolio Asset Allocation



PURE online application form



Monthly Commentary

With choppy markets dominating the start of 2023, the Fund unfortunately fell -1.1% during February. Small resources were hit by shifting macro sentiment, with the index falling -9% over the month. While it's encouraging to outperform, our portfolio equity positions were down across the board. Positively, however, our equity/warrant exposure sits at just 5%, and accordingly we see limited downside risk to the NAV.

Working capital constraints are intensifying for small cap miners as pressures from weakening commodity prices and high-cost inflation stifle operating performance. This is souring investor confidence, increasing the difficulty of raising capital, in what has already been a challenging market.

Small Resources, in aggregate, are drastically undervalued, but these challenges will likely see a higher-than-normal casualty rate. Nevertheless, within the broad based sell-off, there are many opportunities. We expect a marked increase in equity raisings, despite low share prices, significantly diluting existing shareholders. This provides plenty of opportunities for our product as a competitive source of capital. Our offer continues to resonate, but there is no hurry to deploy, and we are waiting for some of our preferred opportunities to present themselves.

We think the downside risks to the portfolio over the course of 2023 are modest, with our portfolio companies in good financial shape and the equity-like exposure very modest. On the upside, we think common-sense will prevail in the gas market, leading to a rally, and there are material catalysts amongst the portfolio companies.

Chart of the month

The Australian dollar gold price hit an all-time high this week, lifting to A\$2,864/oz. In fact, A\$ gold has risen +70% over the past 5 years - largely as the A\$ has fallen, however more recently due to price strength.

With uncertainty weighing on most major economic indicators globally, investors have turned to the precious metal as a safe haven. It's hard to know how it all plays out economically, but thankfully, we are past the belief that crypto is a safe haven, and we think gold will continue to be a beneficiary in the short to medium term.



Gold equities have responded somewhat cautiously, with the majors showing some small lifts, but it's been sporadic to say the least. The small end of the sector though has yet to see much benefit at all, due to cost inflation eating into margin that should have expanded from higher selling prices.

That's where we see opportunities, predominantly because we see the gold prices in A\$ terms remaining elevated, but input cost declining.

Our Fund's exposure comes via Kingston Resources (KSN.ASX). As we have written before, we are genuinely excited about what's coming over the next 12 months for this company, as it takes an underexploited brownfield asset at Mineral Hill in NSW and transforms it into a full-scale open cut and underground gold and copper mining project.

Thank you

Nick, Mike, Tim, Dan, Jonathan and Jean-Luc



Monthly Returns – After Fees

PURE Resources Fund – Foundation Class													
Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Fin YTD
FY21											0.0%	0.0%	0.0%
FY22	0.2%	-0.1%	2.8%	-0.8%	2.2%	0.1%	0.1%	1.1%	4.9%	2.3%	2.6%	-2.3%	13.7%
FY23	1.6%	3.5%	-3.9%	1.0%	0.8%	-1.1%	0.8%	-1.1%					1.3%

PURE Resources Fund – Platform Class (APIR: PUA1097AU)													
Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Fin YTD
FY22		-0.1%	2.7%	-0.8%	2.2%	0.1%	0.2%	1.1%	4.9%	2.3%	2.6%	-2.3%	13.4%
FY23	1.6%	3.5%	-3.9%	1.0%	0.8%	-1.1%	0.8%	-1.1%					1.3%

Unit Price Data Download

Please click on the link below to download the updated unit price data for each unit class.

[PURE Resources Fund – unit price data to 28 February 2023](#)

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