

PURE Resources Fund

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Favourable



Foundation Class Portfolio Returns (After Fees)

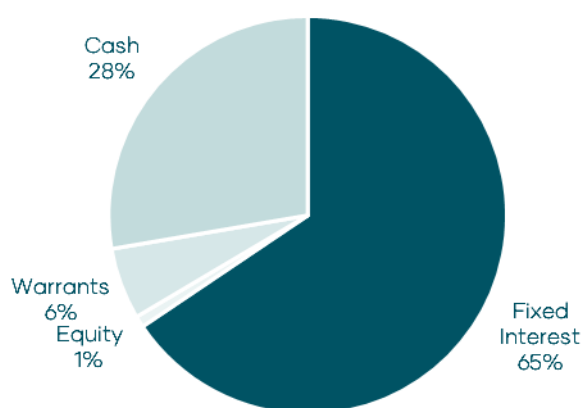
	1 month %	3 Months %	6 Months %	1 Year %	3 Years % p.a.	Since inception* % p.a.
PURE Resources Fund	+0.8%	+0.4%	+0.9%	+11.5%	N/A	+9.1%
Standard Deviation (Annualised %)				8.1%	N/A	6.6%

* Fund inception 31 April 2021

Fund Overview

Fund Size	\$79.4m
Foundation Class Unit Price	\$1.1095
Number of Investments	9
Average Loan Size	\$7.4m
Weighted Average Portfolio Interest Rate	10.5%
Total Arrangement Fees Paid to Investors	\$1.2m
Trailing Fund Yield (12m)	4.0%

Portfolio Asset Allocation



PURE online application form

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Monthly Commentary

The Fund returned to growth last month, rising +0.8%. Positively, two portfolio companies (Vintage, G6Metals) are approaching production, but our exposure to gas is weighing on the Fund, as the market remains in wait and see mode following the Government's market intervention in December. Commodity markets are showing two divergent trends with critical minerals, battery, industrial and precious metals showing strong demand, while energy prices (coal, oil, gas) are taking a breather after a strong 2022.

What is evident is there is a working capital squeeze across the small cap miners. With equity markets shut for 2H22, and inflation still rising, demand for capital is running hot. This provides plenty of opportunities for our product. We also expect the market to be inundated with equity raisings in March and April. It could be an interesting couple of months ahead.

If you would like to get some solid returns while catalysts take time to deliver, we have the right product for the times. Please get in touch as we are seeing some phenomenal opportunities. Our focus on quality assets with great Management underpins everything we do.

The Resources Fund was the star performer of the PURE stable last year, soundly beating all benchmarks and the majority of peers. We think that commodities and resources can be an outperformer again in 2023, as rate rises hit the consumer and housing sectors, while demand and supply levels across most commodities are dangerously out of kilter.

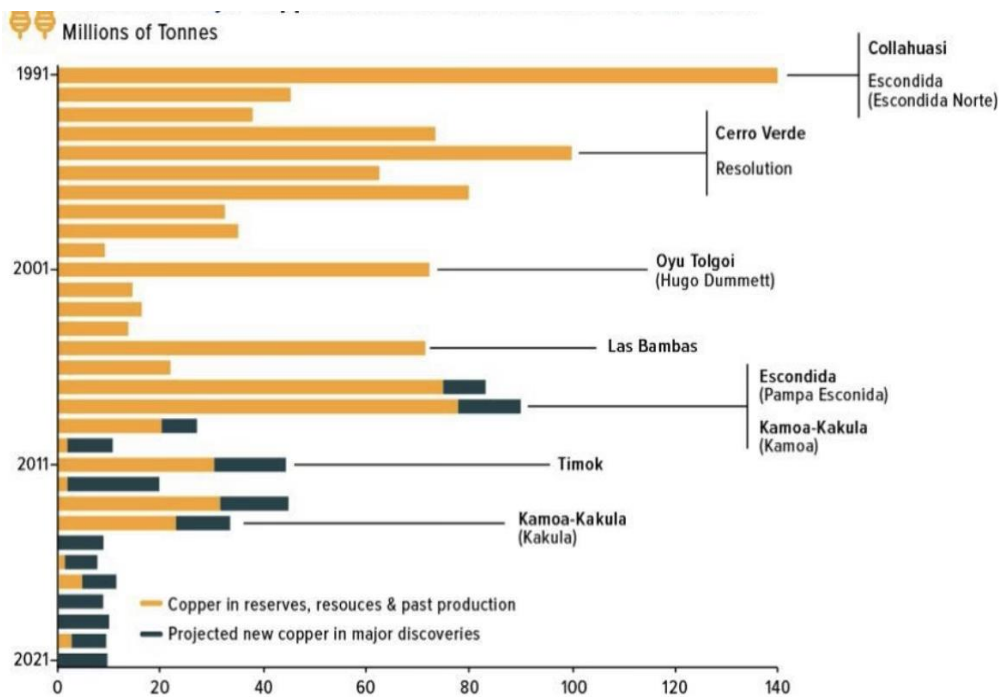
Chart of the month

Copper markets and particularly copper prices have had a tumultuous past two years. Since the price hit a low in November 2020 prices subsequently rallied aggressively; then fell sharply; and since the end of last year, staged a recovery. While it's well known that supply is tight, this has all been driven by changes in demand.

The initial sell-off was due to the consensus conviction of an imminent global recession, weaker demand from Chinese manufacturing giants (due to China's zero-Covid policy), and through 2022 a high US dollar. Over the closing months of 2022, the metal began to recover for the same reasons equities markets rallied: the improved view of inflation and a softening monetary policy, a lower US dollar and China's reopening.

These are cyclical issues, but the backdrop that underpins our optimism for the metal is structural. The first big long-term driver is that the transition of energy supply requires large quantities of copper, which is used in electrification wiring, solar panels and electric vehicles. The second large long-term driver is output from copper mines has not kept pace with demand, and with very few world-class discoveries, against the backdrop of structural demand, this underpins long-term prices.

Global Copper Discoveries 1991 – 2021



Source: S&PCapitalIQ

In a complex financial world there are complex arguments, but sometimes, the simple story is the best guide. We have seen this play out in the gas market where the industry has been warning about the supply cliff for decades, and yet here we are with an unprecedented supply gap. We think, over the long run, the same thing will happen to copper.

The Fund's copper exposure comes via our investment into Kingston Resources (KSN.ASX). This is discussed in the overleaf. While it's a gold story for now, future development of the Jack's Hut deposit is all about copper upside.

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%						2.5%

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%						2.4%

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 31 January 2023](#)

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