

PURE Resources Fund

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Favourable

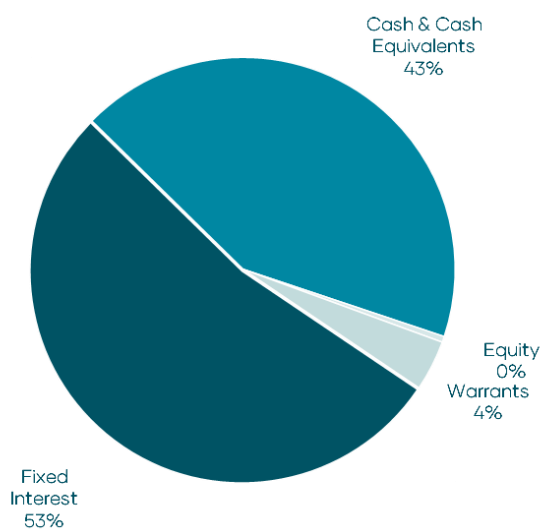


Foundation Class Portfolio Returns (After Fees)

| | 1 month % | 3 Months % | 6 Months % | 1 Year % | 3 Years % p.a. | Since inception* % p.a. |
|-----------------------------------|-----------|------------|------------|----------|----------------|-------------------------|
| PURE Resources Fund | +0.6% | -0.5% | -0.1% | +2.2% | N/A | +7.6% |
| Standard Deviation (Annualised %) | | | | 6.8% | N/A | 6.4% |

* Fund inception 30 April 2021

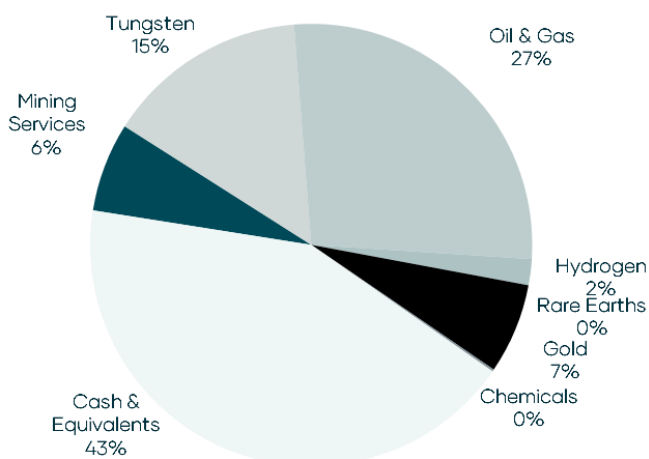
Asset Allocation



Fund Overview

| | |
|------------------------------------|----------|
| Fund Size | \$79.4m |
| Foundation Class Unit Price | \$1.1035 |
| Number of Investments | 8 |
| Average Loan Size | \$7.0m |
| Weighted Average Interest Rate | 9.9% |
| Arrangement Fees Paid to Investors | \$1.4m |
| Trailing Fund Yield (12m) | 3.7% |

Sector Allocation



Monthly Commentary

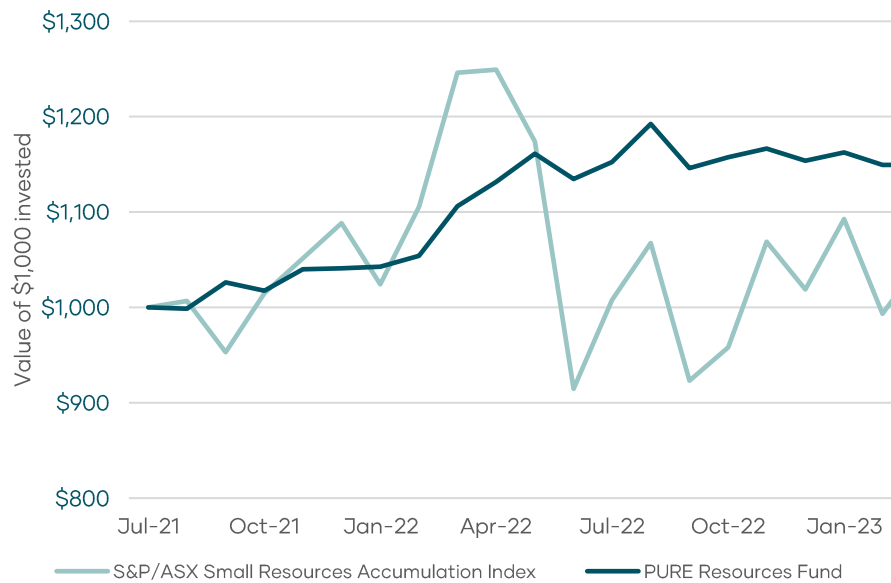
The Resources Fund closed up +0.6% for April, as warrant and equity positions stabilised and the interest contribution delivered a more normalised return. The underlying volatility of small resources remains incredibly high, exacerbated by low trading volumes. Despite a more subdued return profile YTD, the Resources Fund is doing what it is supposed to do: delivering in bear markets.

Overall market conditions for resources remain quite mixed as investor concerns surrounding looming recessions (if it eventuates) hang about to create nervousness. Resources conference season is in full swing, and we have noticed that this trepidation is broad based, both between companies and equity investors. The sector fundamentals however remain sound, with reticence from investors only adding to the demand and supply dislocation that is widening each day. At some point this will be strongly reflected in commodity prices.

Nonetheless the quality of inbound opportunities is picking up noticeably and we are excited about the assets and management teams we are reviewing and working with. Deal conditions are certainly ripe for hybrid debt, and the deals we are working on now should set the fund up well over the years to come.

PURE Resources Fund Portfolio Performance vs Small Cap Resources Index

The volatility of the small cap resources sector has been elevated since mid-2022, the point at which commodity prices saw a sharp drop, and then a mixed recovery. Combining this with lower daily trading volumes at the small end of the market, the PURE Resources Fund is delivering as it should in these times. Looking ahead over the next 6 months, every company we invest in should move into production, or very close to, and this should underpin multiple re-ratings as cash delivery opens new investor potential.

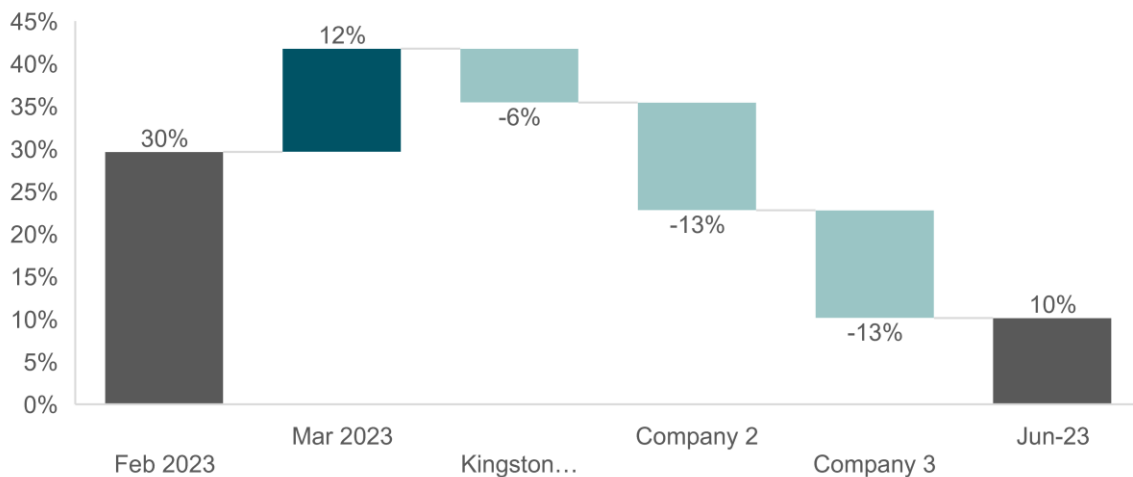


Source: PURE Asset Management. Performance since first investment in July 2021.

Cash Management

Following the repayment of the Peak Minerals Inc. facility, the Fund is carrying c.\$35m in cash. This is too high for our liking but should be resolved in the coming months. Looking to 30 June, we are actively involved on three near term deals, with potential to add another in that timeframe, or soon after. Meanwhile active cash management ensures a return on these funds is being generated for investors in the interim.

Cash Management June Qtr '23

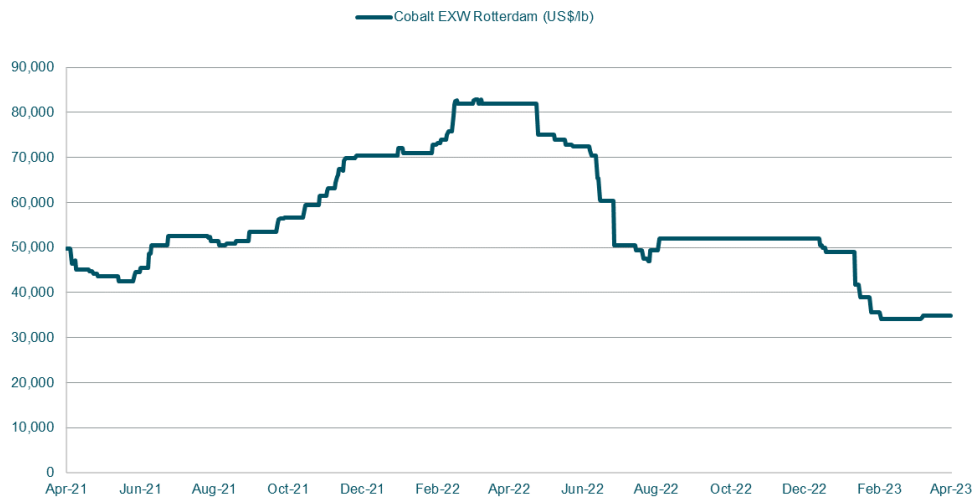


Source: PURE Asset Management

Chart of the Month

This month, we're looking at Cobalt. Battery metals and EV materials always go up, right? Read on then for why this isn't always so and why Cobalt prices have been under immense pressure.

Cobalt prices (US\$/lb) Apr-21 to Apr-23



Source: CapitalIQ

In recent years Cobalt been a popular metal with investors, as demand is seemingly driven by the rise in EV production. More recently, we have seen plenty of negative press following the release of a book, *Cobalt Red: How the Blood of the Congo Powers our lives*. This came alongside a media campaign surrounding production of cobalt from the Democratic Republic of Congo, and the human toll of these archaic mining techniques. It makes for sobering reading.

Very broadly, large supplies of cobalt are hard to come by. In most of the world it is a by-product of other metals such as nickel, copper and tin. In the Congo however, where 71% of the world's supply is found, Cobalt is the dominant metal and cheaper to produce. Unfortunately, effective slave labour makes it cheaper again.

Over the longer term, we see support for cobalt prices as new ethical forms of supply are not only found but demanded. We may see a day soon with a Tesla battery containing cobalt "proudly not produced from the Congo". However, that's going to be expensive.

Nonetheless, supply is not the only consideration. Given tight markets, even small changes in demand can have large changes in pricing. That's exactly what we have seen with cobalt markets over the past 12 months and continuing into 2023 as the price has fallen sharply. While automotive usage is still rising, there's been a sharp fall in buying from another key sector, Chinese electronics, and cobalt prices have crashed more than 50% since a peak in May 2022 (China accounts for c.70% of global demand). The batteries used in laptops, phones and tablets contain more cobalt (pound for pound) than EV batteries, and demand from the industry has fallen about 30% to 40% over the past year, according to researcher Rystad Energy. At the same time, demand growth for use in EVs is moderating as more manufacturers shift to battery chemistries that don't require cobalt.

In resources there is a common phrase: *the best cure for high prices is....high prices*. For cobalt, and all materials used in batteries and EV's, we think this can continue to hold true.

Thank you

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



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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% | 0.0 | 0.6% | | | 1.9% |

| 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% | 0.0 | 0.6% | | | 1.9% |

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 30 April 2023](#)

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