

PURE Resources Fund

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Favourable

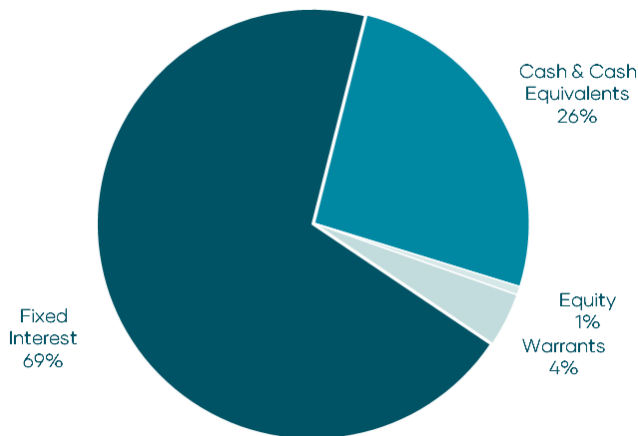


Foundation Class Portfolio Returns (After Fees)

	1 month %	3 Months %	6 Months %	1 Year %	3 Years % p.a.	Since inception* % p.a.
PURE Resources Fund	+2.7%	+3.6%	+3.2%	+5.0%	N/A	+8.5%
Standard Deviation (Annualised %)				6.3%	N/A	6.3%

* Fund inception 30 April 2021

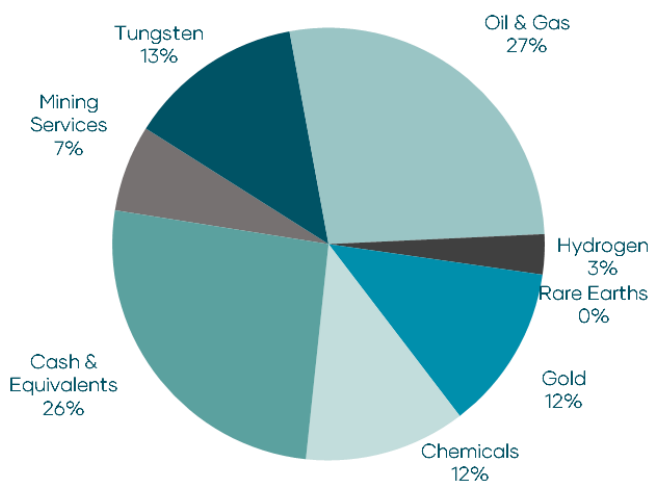
Asset Allocation



Fund Overview

Fund Size (Cum Dist.)	\$82.9m
Foundation Class Unit Price (Cum Dist.)	\$1.1368
Number of Investments	7
Average Loan Size	\$8.2m
Weighted Average Interest Rate	9.0%
Arrangement Fees Paid to Investors	\$1.8m
Trailing Fund Yield (12m) Est.	~4.5%

Sector Allocation



Monthly Commentary

The Fund closed +2.7% for June, a strong finish to the financial year as we saw positive moves in East Coast gas markets combining with recent deal flow. The Fund performed well versus the S&P/ASX Small Resources Index over the month, which suffered a decline of -1.2%.

The Small Resources sectors has been particularly erratic over the last year with volatility at 26.5%. The Fund has been able to generate a superior return but with just 6.3% volatility, meaning it is performing as it is intended – defensive in down markets but participating in up markets.

During the month, we reduced the large cash position by investing in Kingston Resources (second tranche) and Carbonxt, increasing the Fund's weighting into Gold and Chemicals.

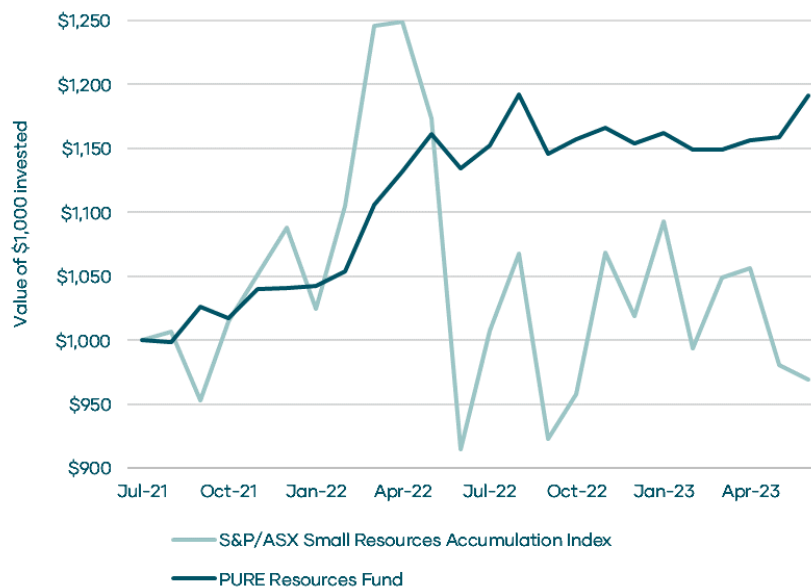
Looking ahead, we're focused on deploying the remaining available cash in the Fund and are currently reviewing several new opportunities.

We look forward to delivering improved performance over the course of FY24 through a lowered cash weighting and the potential equity upside (i.e., warrant positions) in the Fund.

Fund Review

The volatility of the small cap resources sector has been elevated since mid-2022, exacerbated by low trading volumes and subdued commodity prices (excluding Lithium and Gold). As commodity prices tailed off and cost inflation became rampant, the sector has been hit hard; but the reality is that it has suffered no more than most areas of the market outside the ASX 50. Nonetheless, our portfolio has solidly outperformed as can be seen in the chart below.

Positively, the Fund is now only carrying just c.\$12m in cash and equivalents, post recent deployments into Kingston Resources, Carbonxt and Energys. Considering current deal flow, we are likely to be fully deployed in the near term, which should again boost the consistency of the yield in the Fund. Our warrant book, sits at just 4% of NAV, providing latent optionality when individual company catalysts strike, and as the broader small cap resources markets (hopefully) turns more positive.



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

With all but one of our investments looking to substantially grow cash generation over the coming six months (Comet Ridge remains in development phase) we believe equity performance can pick up to match increasing earnings.

While attractive opportunities are available, we expect operating conditions to remain challenging for most small resource companies. Soaring inflation and labour costs are significantly increasing mining costs, squeezing productivity, and delaying expansion plans. However, the obvious focus on cost management and productivity across the sector appears to be paying off. In a sign of stock market valuation support, M&A volumes are also picking up markedly, with the value of transaction so far in 2023 more than in the whole of 2021 and 2022 combined. Our focus on strategic asset investment is always done with one eye on the potential of M&A.

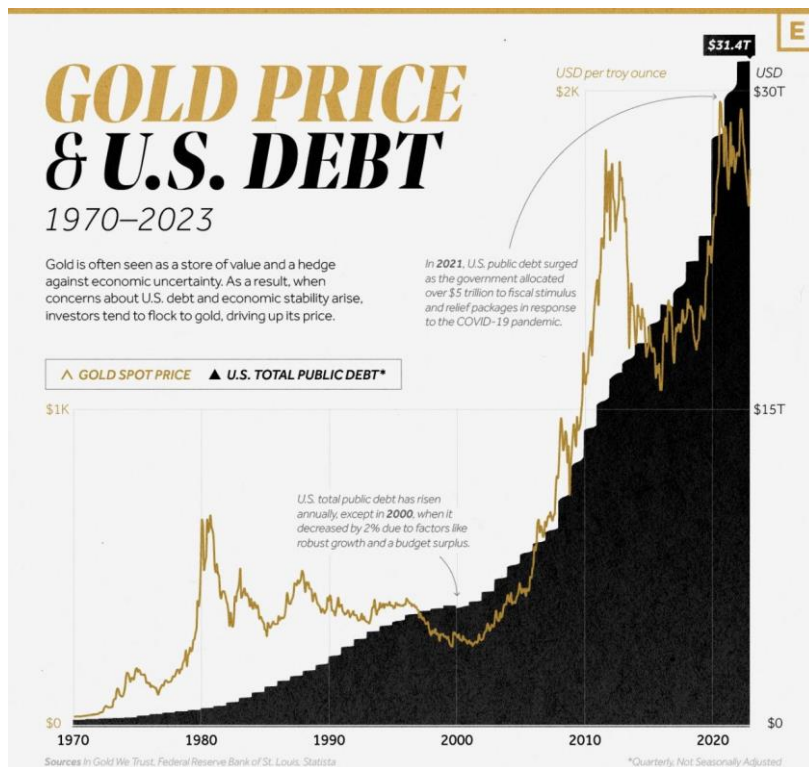
Chart of the Month

You may have seen the recent rally in the US Dollar gold price, as it pushed back towards the US\$2,000/oz level. In Australian dollar terms the pricing of just north of A\$2,900 is closing in on the record of A\$3,118/oz seen in late January 2023. That puts Australian gold producers in pretty good shape, and in our portfolio this helps Kingston Resources, currently producing around 4,500oz/qtr.

Forecasting gold prices is somewhat like trying to land a triple backward somersault from a speeding train, onto a stationary platform covered in water. Where it goes from here is anyone's guess, but there are good arguments as to why it can remain around these levels, largely around gold's ability to act like a currency, as well as being a strong offset for risk. As economic conditions remain mixed, it's looking like a safer bet than most asset classes.

We came across the chart below during the month and thought it also sheds some light. There is a fascinating correlation between the price of gold and US Government debt. Although the US moved off the gold standard in 1971, clearly investors, and perhaps Government's too, haven't quite moved away from the commodity as a genuine store of value.

US\$ Gold Price vs US Government debt



Source: Federal Reserve Bank of St Louis

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%	0.3%	+2.7%	5.0%

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%	0.3%	+2.8%	4.9%

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 June 2023](#)

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