

## PURE Income and Growth Fund

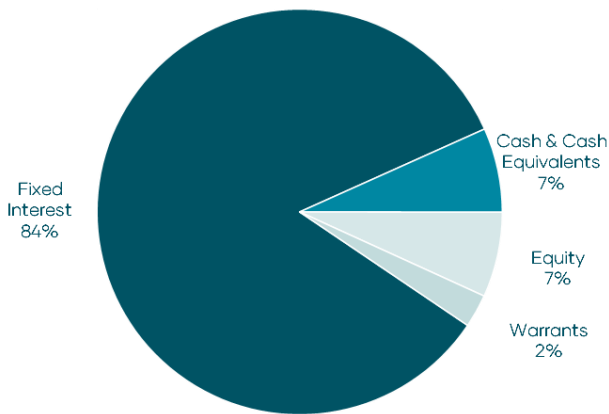


### Foundation Class Portfolio Returns (After Fees)

	1 month %	3 Months %	6 Months %	1 Year %	3 Years % p.a.	Since inception* % p.a.
PURE Income and Growth Fund	+0.5%	+1.2%	+1.7%	-6.1%	+5.1%	+11.1%
Standard Deviation (Annualised %)				6.1%	10.5%	12.0%
Sortino Ratio						1.5
Sharpe Ratio						0.6

\* Fund inception 21 December 2018

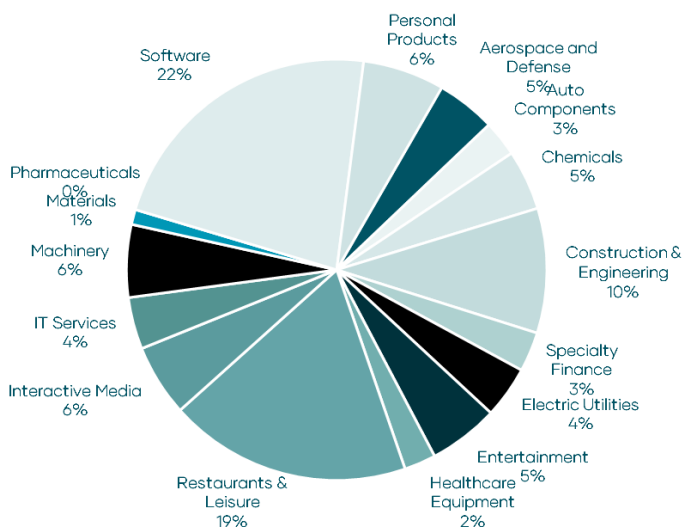
### Portfolio Asset Allocation



### Fund Overview

Fund Size	\$124.5m
Foundation Class Unit Price	\$1.1494
Number of Investments	23
Average Loan Size	\$4.9m
Weighted Average Interest Rate	9.7%
Arrangement Fees Paid to Investors	\$4.0m
Trailing Fund Yield (12m)	6.1%

### Fixed Interest Sector Allocation



### Monthly Commentary

The Fund delivered performance of +0.5% for the month of July. As mentioned in the June update, we feel that sentiment towards small cap companies is improving. Tax loss selling is complete, valuations are depressed, and opportunities exist for the patient investor. One investor we would like to talk about here is corporates, who are now seeing value in bombed-out competitors.

This month we analyse the acquisitive landscape for small industrials, and the trends that have presented over the past 12 months. It appears the days of a 30-40% control premium are gone, with many takeovers demanding triple-figure premiums to get a deal done. In most cycles, M&A represents a tangible turning point in valuation support, with the next leg derived from the improving sentiment of retail investors.

While conditions no doubt remain difficult, we consider the recent M&A activity a key inflection point of small cap underperformance.

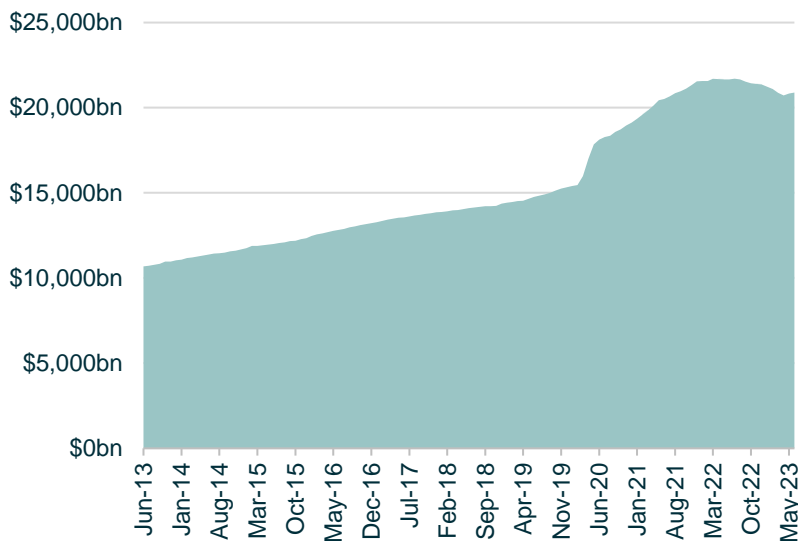
### PURE online application form



## Will M&A activity lead the turnaround in Small-Cap sentiment?

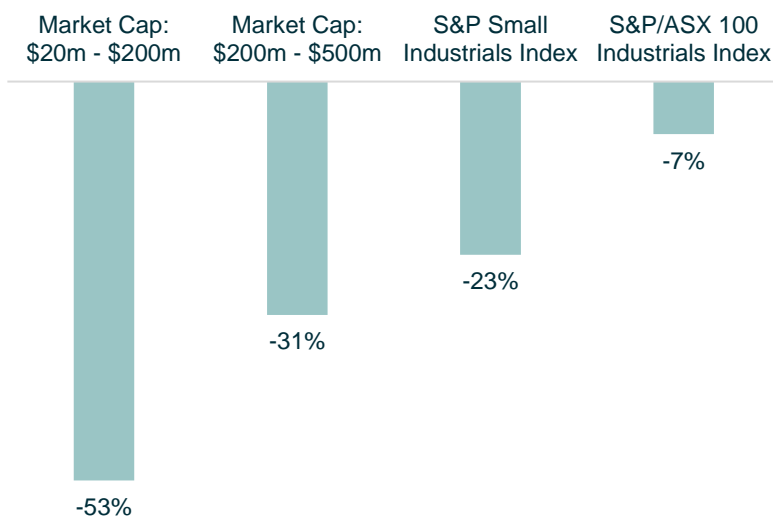
Stockmarkets continue to scale the wall of worry with resilience in the face of global economic concerns of recession. Corporate earnings continue to show strength and inflation data is progressively improving, but arguably it is excess liquidity (money supply) that is underpinning markets. Although central banks are looking for ways reduce their balance sheets, there remains considerable excess liquidity, which is supporting asset prices.

### US M3 Money Supply



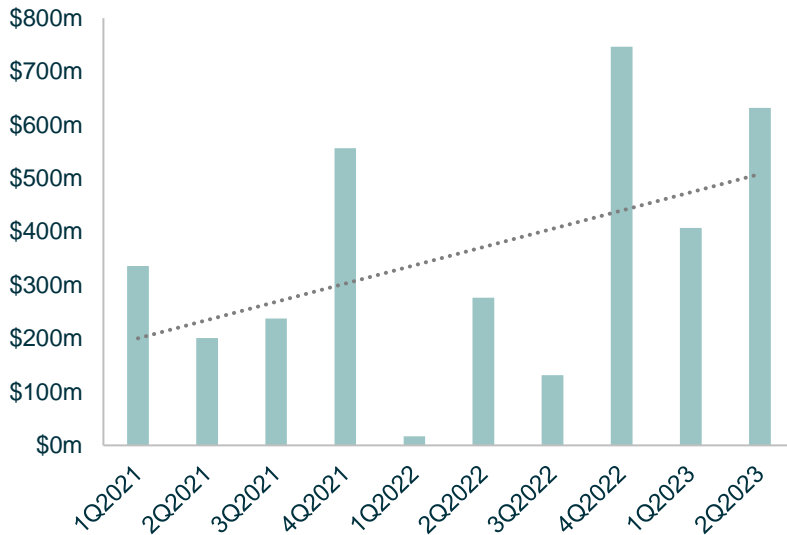
Small-caps are always the apex of investor sentiment with the smaller end of the market acutely squeezed over the last 18 months with the huge discount being applied for their lower liquidity.

### Median share price fall by market capitalisation



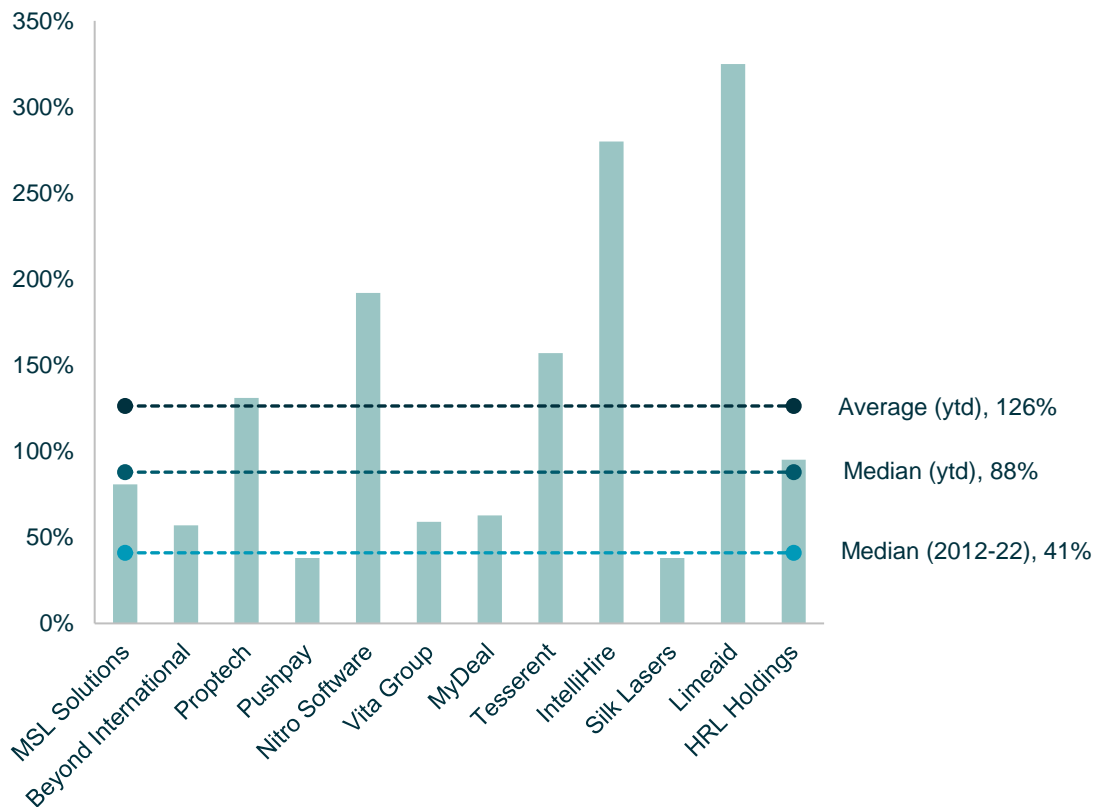
In a sign of green shoots, however, M&A activity is showing that while the stockmarket may be struggling to see value, corporates are now seeing it. In the smaller end of the market activity has picked up markedly.

### M&A activity in Industrial companies under \$250m market cap



What is particularly encouraging for the argument that the stockmarket is undervaluing companies is the significant expansion in the takeover premium being paid. Over the course of 2023 the Median premium being paid is 88%, more than double the long run median control premium of 41%

### Takeover premiums for small industrial companies in 2023 so far



## Thank you.

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



## Monthly Returns – After Fees

The Income and Growth Fund – Foundation Class													
Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Fin YTD
FY19						2.4%	-1.8%	1.2%	0.3%	-1.0%	2.5%	1.7%	5.4%
FY20	2.6%	-1.4%	2.1%	1.4%	-0.8%	3.8%	2.8%	-2.2%	-3.8%	3.8%	5.7%	0.7%	15.0%
FY21	15.9%	8.8%	-1.0%	12.2%	0.7%	2.6%	-1.0%	-1.0%	-3.5%	2.1%	0.0%	0.8%	40.9%
FY22	3.4%	-3.2%	2.3%	1.2%	-2.2%	1.0%	-0.1%	-2.3%	1.6%	0.5%	-0.5%	-1.0%	0.5%
FY23	1.3%	-1.7%	-1.6%	0.9%	-5.7%	0.1%	0.2%	0.3%	0.2%	0.1%	0.4%	0.3%	-5.3%
FY24	0.5%												0.5%

The Income and Growth Fund – Platform Class (APIR: PUA7226AU)													
Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Fin YTD
FY21	16.0%	8.9%	-0.9%	12.4%	0.7%	2.7%	-0.9%	-1.0%	-3.5%	2.1%	0.0%	0.8%	41.8%
FY22	3.4%	-3.2%	2.3%	1.2%	-2.2%	1.0%	-0.1%	-2.3%	1.6%	0.5%	-0.5%	-1.0%	0.5%
FY23	1.3%	-1.7%	-1.6%	0.9%	-5.7%	0.1%	0.3%	0.3%	0.2%	0.1%	0.5%	0.3%	-5.3%
FY24	0.5%												0.5%

## Unit Price Data Download

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

[The Income and Growth Fund – unit price data to 31 July 2023](#)

### Disclaimer

The information contained in this document is produced by PURE Asset Management Pty Ltd ("PURE") in good faith, but does not constitute any representation or offer by PURE. It is subject to change without notice and is not complete or definitive. PURE does not accept any responsibility, and disclaims any liability whatsoever for loss caused to any party by reliance on the information in this presentation. Please note that past performance is not a guarantee of future performance. PURE is in the business of issuing managed investment schemes. A product disclosure statement or information memorandum for the managed investment schemes referred to in this presentation can be obtained at [www.puream.com.au](http://www.puream.com.au) or by contacting PURE. You should consider the product disclosure statement before making a decision to acquire or continue to hold an interest in the managed investment schemes. This advice is general in nature and does not consider your individual objectives, needs or financial situation. You should consider your individual circumstances before making a decision about any of the financial products discussed in this document.

### Confidential Information

The information in this document is confidential and may be privileged or subject to copyright. It is intended for the exclusive use of the addressee(s). If you are not an addressee, please do not copy, distribute or otherwise act on the document, except as otherwise required to inform PURE Asset Management. If you have received the document in error, please contact the sender immediately and delete the document. The unauthorised use of this document may result in liability for breach of confidentiality, privilege or copyright. Subject to applicable regulations and laws under the Corporations Act 2001.