

PURE Resources Fund

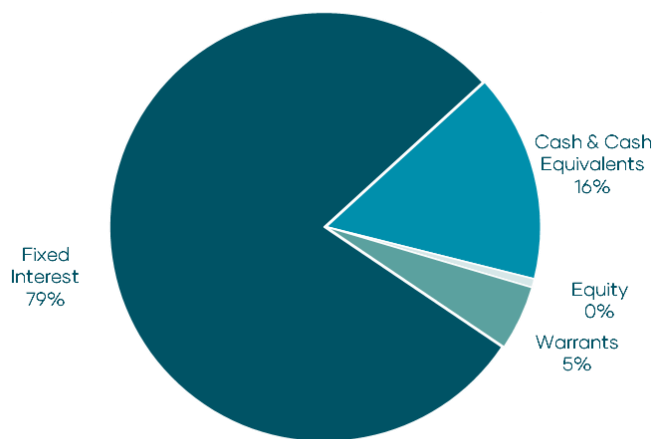


Foundation Class Portfolio Returns (After Fees)

	1 month %	3 Months %	6 Months %	1 Year %	2 Years % p.a.	Since inception* % p.a.
PURE Resources Fund	+1.0%	+4.0%	+3.4%	+4.4%	9.7%	+8.6%
Standard Deviation (Annualised %)				6.2%	6.5%	6.2%

* Fund inception 30 April 2021

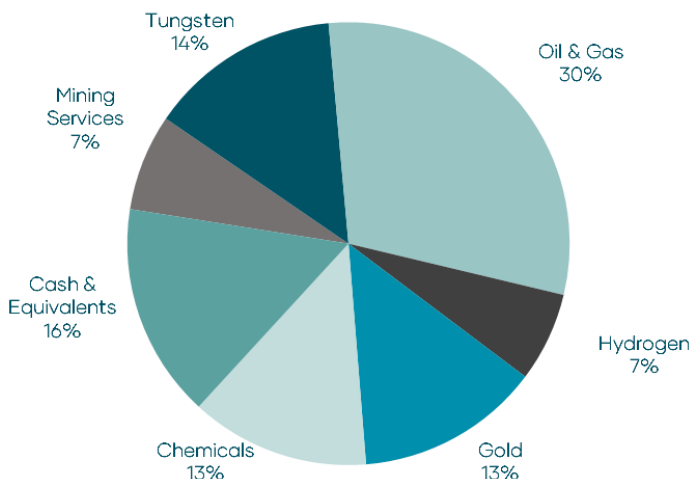
Asset Allocation



Fund Overview

Fund Size	\$76.8m
Foundation Class Unit Price	\$1.1036
Number of Investments	7
Average Loan Size	\$8.6m
Weighted Average Interest Rate	9.2%
Arrangement Fees Paid to Investors	\$1.8m
Trailing Fund Yield (12m)	6.2%

Sector Allocation



Monthly Commentary

The Fund closed up +1.0% for July, the sixth month of positive growth in the past seven. The NAV has risen +20% (dist. Re-invested) in the two years since the Fund's first investment (Jul-21), vs. a -3% decline in the ASX Small Cap Resources Index. This outperformance also came with less than one quarter of the level of volatility of the index.

Distributions are higher, and should continue to improve, with investors receiving 4.4 cpu (Foundation Class) of distribution for the six months ended 30 June 2023, a 6.2% annualised trailing yield. At the end of the month the Fund's cash balance was c\$11m, and with several deal opportunities close to closing out we will be fully invested shortly. Looking ahead, distribution yields should rise to 7-8%.

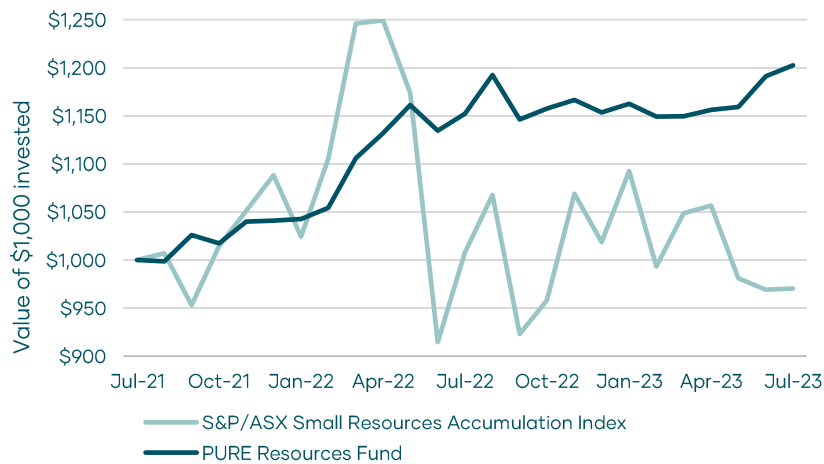
Activity across the Resources sector, however, remains volatile, with several recent failures in the mid-cap space weighing on sentiment and capital availability in the junior end.

Our portfolio is in a solid position and with equity/warrants just c5% of NAV, our portfolio is positioned for growth when markets turn. We remain positive that commodities are in a long term up trend.

Fund Review

The individual companies within our portfolio remain in a sound position. With all at varying levels of either ramping up production, undertaking construction and/or late-stage project development. Furthermore, all our investee companies are in a sound balance sheet position, with each one having raised fresh equity capital in the past 12 months. Solid market capitalisations support the credit worthiness of the debt.

The Fund is now only carrying just c.\$11m in cash and equivalents, post recent deployments and payment of the distribution. Considering current deal flow, we will 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 5% of NAV, providing latent optionality when individual company catalysts strike, and as the broader small cap resources markets turns more positive.



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

While attractive opportunities are available, we expect operating conditions to remain challenging for most small resource companies. Though, we take this also as a positive over the medium term. With investment across the small and mid-cap space challenged of late, given the basic relationship of demand and supply, when conditions do steady themselves and the world returns to a growth focus, commodity prices are likely to surge. Fortunately, our small but quality portfolio is positioned to capture this.

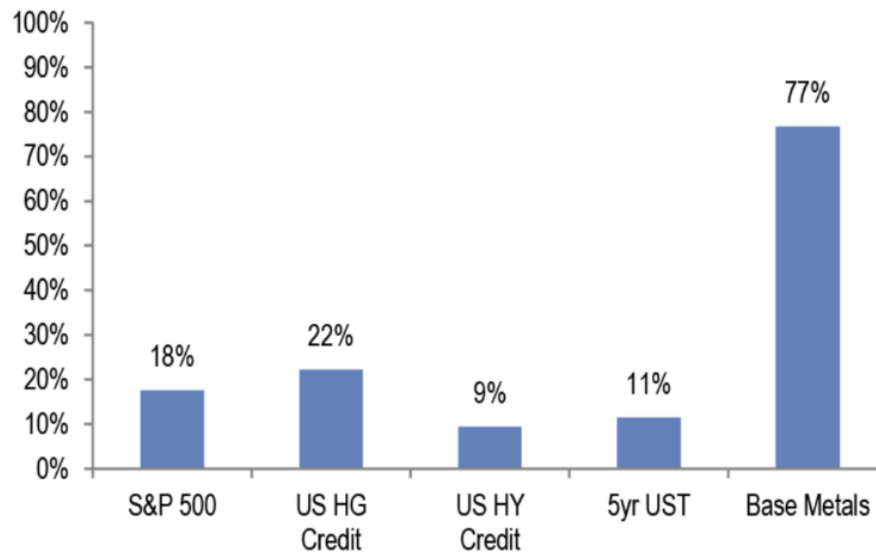
Chart of the Month

The following chart gives some indication of just how bearish commodity and resources markets are relative to other asset classes. Consensus is now firmly for a soft landing or no recession at all. Commodity markets on the other hand, are firmly of the view that a substantial crisis is emerging, a global recession is a certainty, or even has already arrived.

In our view the reasons are threefold.

1. Commodities and resources stock are leveraged to news flow. When it's on, it's on. And when it's not, it's really not. As we have highlighted, volatility has been at extreme levels over the past year.
2. The small/mid cap end has been decimated by an inability to raise capital. There is serious inertia in the market, and this has put off investors and led to deteriorating share prices.
3. Inflation in the mining sector has made inflation elsewhere look rather pedestrian, and that's hit developers and smaller producers particularly hard.

Probability of recession priced in across US asset classes based on JPMorgan calculations.



Source: Bloomberg, JPMorgan

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%
FY24	1.0%												1.0%

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%
FY24	1.0%												1.0%

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 July 2023](#)

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