

PURE Resources Fund

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Favourable

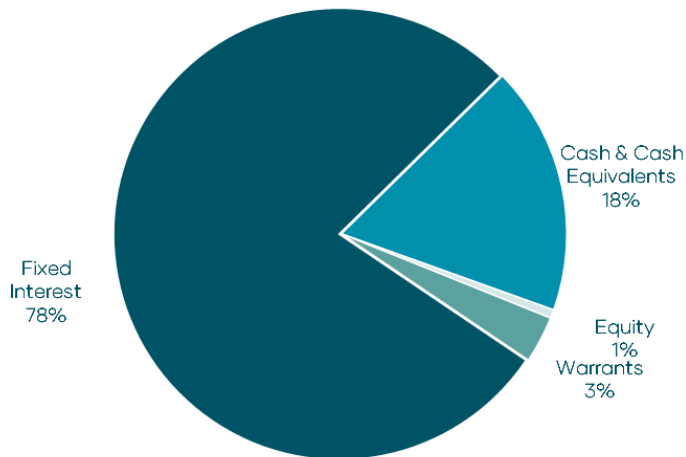


Foundation Class Portfolio Returns (After Fees)

	1 month %	3 Months %	6 Months %	1 Year %	2 Years % p.a.	Since inception* % p.a.
PURE Resources Fund	-0.5%	0.6%	4.2%	4.6%	8.1%	7.9%
Standard Deviation (Annualised %)				3.5%	6.4%	6.0%

* Fund inception 30 April 2021

Asset Allocation



Fund Overview

Fund Size	\$76.7m
Foundation Class Unit Price	\$1.0997
Number of Investments	7
Average Loan Size	\$8.6m
Weighted Average Interest Rate	9.3%
Arrangement Fees Paid to Investors	\$1.8m
Trailing Fund Yield (12m)	6.2%

Monthly Commentary

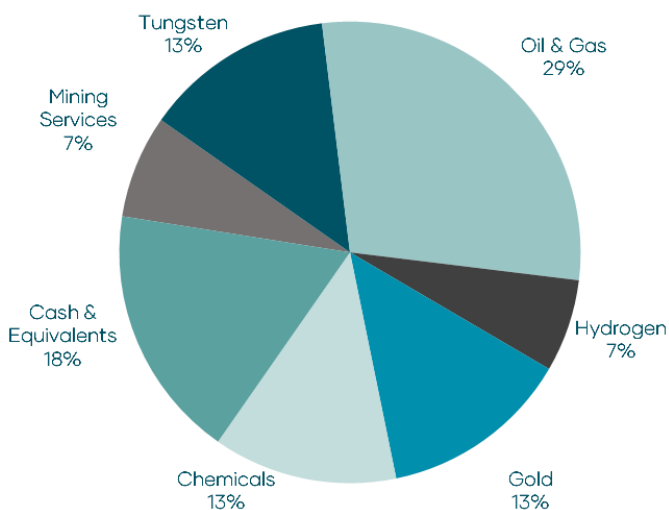
The Fund had a weaker month through September, pulling back -0.5%. This was driven by falls in equity prices (and pursuant impacts on warrants). Over 30 reported months the Fund has only had eight down months, with a maximum drawdown of -2.3% vs the market at -26.8%.

The Small Cap resources index fell -1.2% in September, and is now down -6.7% YTD. Conversely the Resources Fund is up +3.9%, with 1/5th the level of volatility of the index.

Share prices have been hit by forced selling from other institutional investors, cash calls across the sector, and the hesitance of investors to jump back into small caps. The small resources sector has had a torrid year and we continue to see project deferrals. At some point, someone, somewhere, will work out we are perilously close to running out of things we use every day. Until that point though, the Fund is sitting comfortably.

The Fund is currently carrying ~\$12m of cash and equivalents at present, and equity/warrants is just 4.0% of the NAV. Downside is therefore limited, although we stress we are not a Fund that moves up in a straight line month to month.

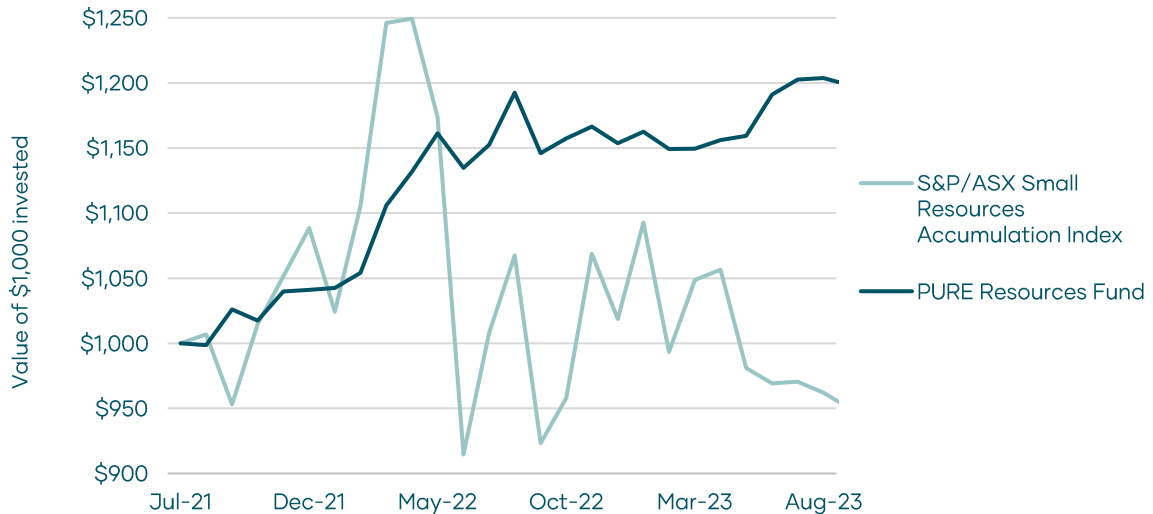
Sector Allocation



Fund Performance

This month we showed continued outperformance vs the ASX Small Resources Accumulation Index of c70bps. Since inception this outperformance is now over 28%. Although market conditions are challenging, our strategy and portfolio stocks are performing better than the market.

Monthly performance vs Small Resources Accumulation Index



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

Conflict in the Middle East has dominated headlines in the past two weeks. The unfortunate corollary of this is market jitters, however there are two bright spots that benefit us: rising Oil/Gas prices; and a rising Gold price. With c45% of our portfolio exposed to these two commodities, and the sharp improvements we have seen since the conflict began, we expect share prices to be supported by the trends in underlying commodities, albeit with a lag.

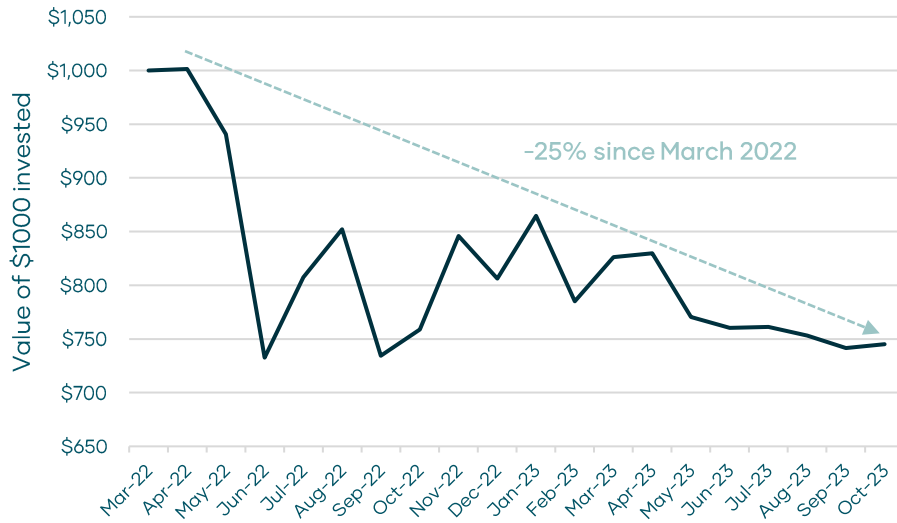
Chart of the Month

The tough time being faced by ASX junior resource companies is reflected in the chart below, which shows the performance of the ASX Small Ordinaries Resources Index (AXSRD) over the last 18 months. The index is currently at its low point for 2023, however an overall weakening trend is evident. Exacerbating the situation is the fact that many small companies have had to raise equity in poor market conditions, while larger resources dedicated funds have had their cash balances drained by significant raisings in the mid-cap space (think Aurelia, Aeria, Bowen Coking Coal, Strandline Resources, and 29 Metals).

Commodity markets are mirroring the uncertainty in global equity markets, with investors having become more cautious about the near-term outlook due to the impact of higher-for-longer interest rates. Metals markets for example are characterised by tepid demand, weak near-term growth prospects (especially from China), and growing stockpiles in metals warehouses. Although we expect this last trend to be short lived, it is unfortunately the result of global central bank policy to reduce demand.

As noted in previous newsletters, the world is simply not mining enough to keep up with longer term demand. Given a myriad of reasons, we don't think this trend is likely to abate. Although markets continue to focus on short term cyclical demand, it is the supply side of the equation that underpins our view that resource companies will enjoy structural growth in earnings.

S&P/ASX Small Resources Index



Thank you

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



PURE online application form



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%	0.1%	-0.5%										0.6%

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%	0.1%	-0.5%										0.6%

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 September 2023](#)

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