

PURE Resources Fund

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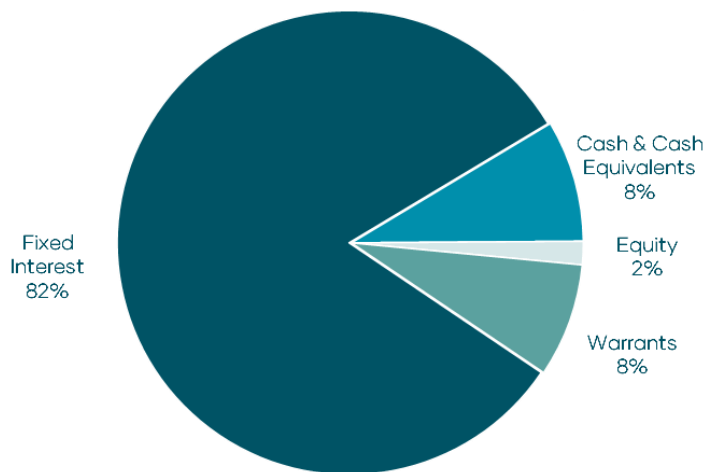


Foundation Class Portfolio Returns (After Fees)

	1 month %	3 Months %	6 Months %	1 Year %	3 Years % p.a.	Since inception* % p.a.
PURE Resources Fund	+1.9%	+3.7%	+8.5%	+13.7%	+9.6%	+9.6%
Standard Deviation (Annualised %)				4.5%	5.9%	5.9%

* Fund inception 30 April 2021

Asset Allocation



Fund Overview

Fund Size	\$78.6m
Foundation Class Unit Price	\$1.1777
Number of Investments	7
Average Loan Size	\$9.1m
Weighted Average Interest Rate	10.3%
Arrangement Fees Paid to Investors	\$1.8m
Trailing Fund Yield (12m)	6.5%

Monthly Commentary

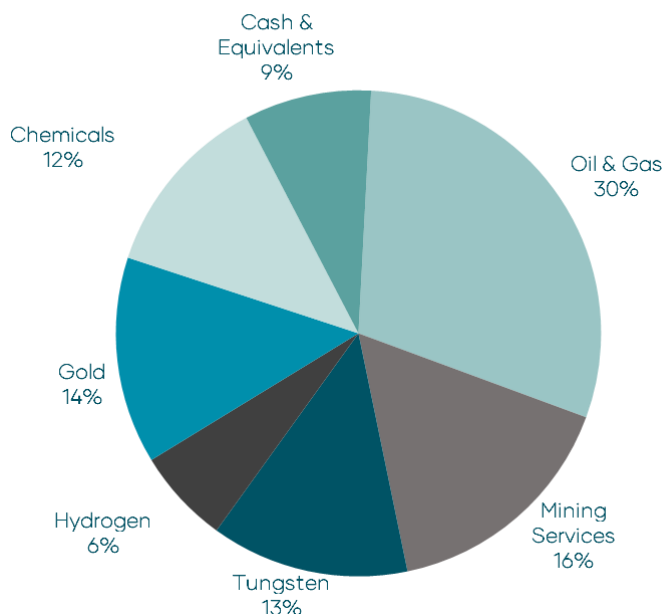
We are proud to announce the 3 year anniversary of our Resources Fund. In that time, we have strived to stack solid months and solid quarters; and at this point we are pleased to say we have done exactly that. April performance was again strong, up a healthy +1.9%. Meanwhile rising portfolio yield continues to lift distributable income.

When we launched Australia's first Resources Hybrid Debt Fund three years ago, we believed there was a better way to invest. We believed Resources Small Cap equity-like returns could be delivered without the drawdown degree of straight equity. We believed senior secured capital could be deployed against real assets at attractive interest rates to deliver regular cash coupons.

Today, our conviction couldn't be greater.

After three years which included two significant market corrections, an aggressive cost inflation cycle and highest degree of geopolitical uncertainty since the Cold War, the model is proven. We invite you to join us on our next stage of growth.

Sector Allocation



PURE Resources Fund – Three Years of Performance

The PURE Resources Fund is now fully deployed and has embarked upon a concerted fundraising campaign to fund a deal pipeline over 2024.

Our strategy is working well, and the Fund has outperformed peers and benchmarks for some time now.

The Fund has demonstrated consistent positive performance since its inception three years ago. Interest levels have been strong from both existing and new investors to date.

The greatest compliment our investors can give is the referral of friends, family and associates. If you know of other investors who are seeking additional investment opportunities, please feel free to contact us at any time by phone on 1300 017 873, or by email at contact@puream.com.au.

Small Cap Resources – exposing the real story.

Readers of our other newsletter will know we have spent some time over the last year lamenting the turmoil of what we have called “real” smaller companies, or micro-caps. The ASX version of “small-caps” range from \$1bn - \$2bn in market capitalisation, and in recent years there has been a significant divergence in returns.

Our target range for initial investment is companies with a market cap of \$20-200m, which reflects both the fact that the kind of return we are trying to achieve (+20% IRR per investment) is not really feasible for larger companies, which have the support of both the ASX and cheaper debt providers, but to our mind, also reflects genuine smaller company investing.

There is no index for our target market, so like most fund managers in our area, we compare our returns to the S&P/ASX Small Cap indices as a surrogate. Building on the work we undertook last year we have now built two proxy indices (Resources & Industrials) for companies in our target zone. It is very revealing.

Small Cap Resources Index versus PURE Index <\$200m Market Cap

What our analysis shows is that since the start of the downturn in smaller resource companies in April 2022, our index has lost 48% in value, compared to a 17% fall in the S&P/ASX Small Ords Resources (accumulation) and a 14% rise in the S&P/ASX 200 Resources (accumulation).

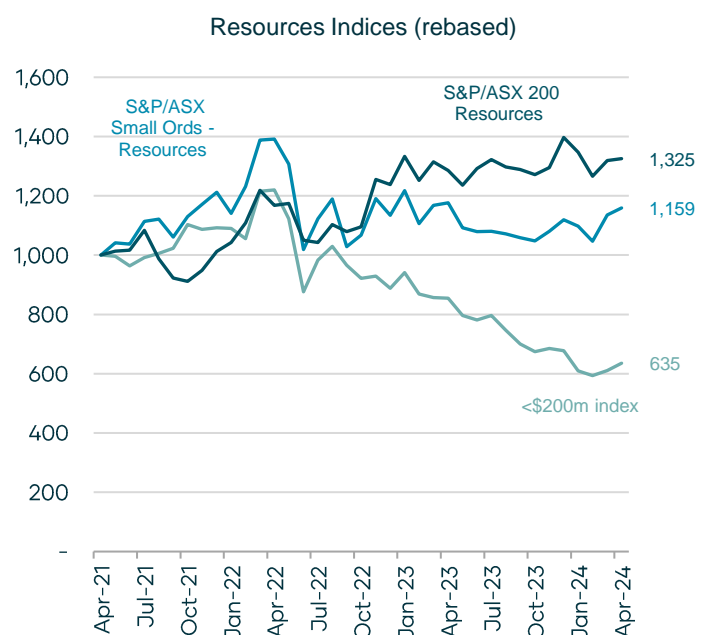
Our proxy index is not perfect data, but it is based on our analysis of the share prices of 295 companies. The chart shows the weighted aggregate performance since we launched the Fund three years ago.

What does this tell us?

Until mid-2022 the indices were broadly correlated, but since then since then there has been a sell-off correlated to size. This is not unusual when investors are nervous, but the differential is extreme.

We put this down to:

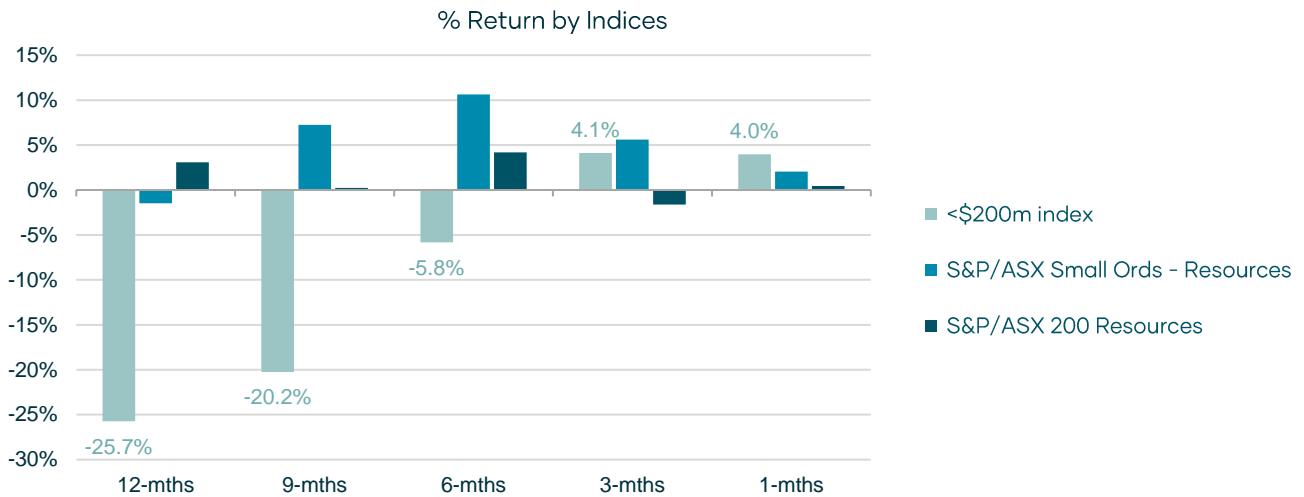
- Small Resources companies generally need capital, so this has weighed heavily on sentiment both for fears of insolvency if no capital can be found, or at least, the risk of heavy dilution.
- The incredibly low liquidity in this part of the market in recent years.
- The widespread revaluation of liquidity.



- Small-cap funds suffering redemptions making them forced sellers.

Some of these issues are structural, but in our view, most are cyclical.

The chart below shows that S&P/ASX Small Cap Index has now outperformed its Large Cap peer over the last 9-months, and at every interval since.

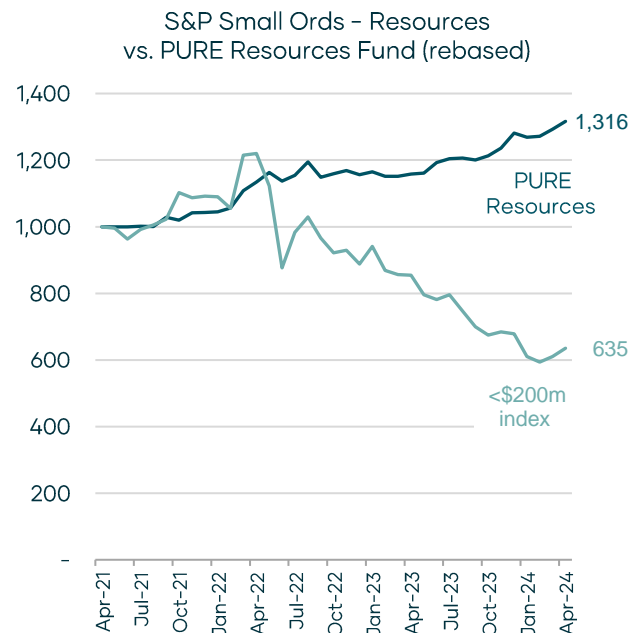


More recently the same green shoots that were present at the larger end of the small-cap market are now present in the smaller end of <\$200m. This being: M&A activity; and improved access to capital, with capital raising activity having picked up materially in 2024.

The Fund has performed well in the last year and since inception, despite the headwind in the smaller end of small-caps, which as our data shows, has been far more acute than the headline Indices suggest.

We have every reason to believe that this will continue for the following reasons:

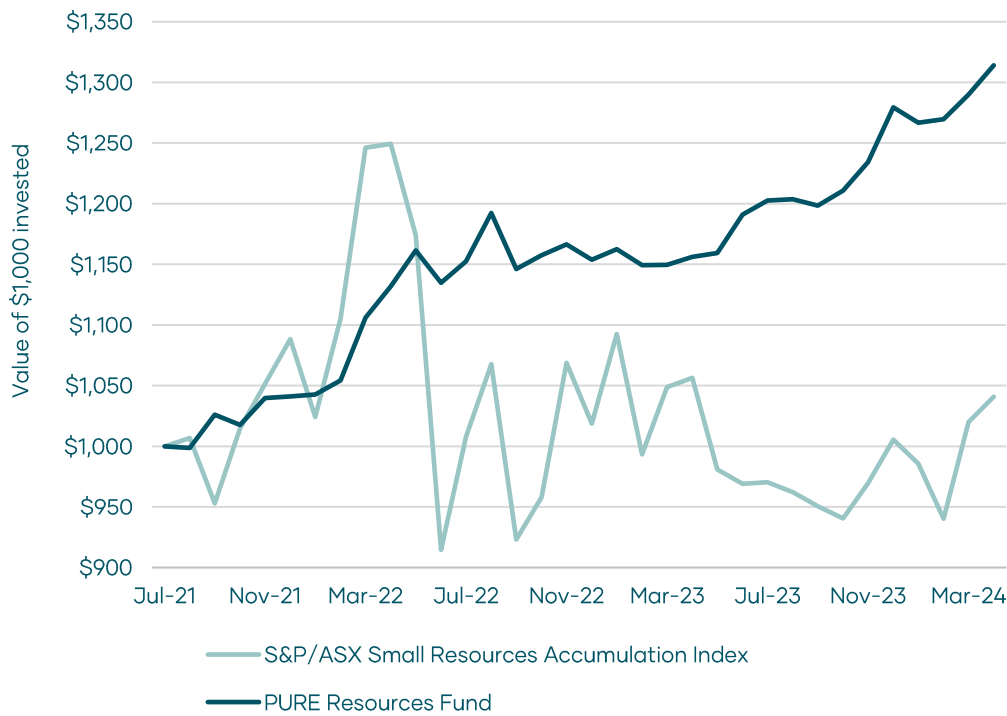
- Operationally our companies executing their plans.
- We have negotiated improved economics on several positions.
- By raising capital, several of our companies have triggered a lower reset of the warrants' strike price, such that we expect, in the coming months, all the warrants in the portfolio will be close to, or in, the money.
- Our warrant book is valued at \$6.1m today, but 90% of that is Comet Ridge and Decmil, there is material upside in the other portfolio company warrants, if their share prices perform from here.
- We think the improvement in sentiment towards the smaller end of the market will continue, as it has been so profoundly oversold in recent years.



Fund Review

Pleasingly the Fund is up +31% since our first investment was made, versus the Index which is up +4% over the same period. We are proud to highlight we have consistently beaten this over the past 18 months.

Monthly performance vs Small Resources Accumulation Index



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

Thank you

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



PURE online application form

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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%	0.1%	-0.5%	1.0%	1.9%	3.7%	-1.0%	0.2%	1.6%	1.9%			10.3%

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%	1.0%	1.9%	3.7%	-1.0%	0.2%	1.6%	1.9%			10.3%

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 2024](#)

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