

## PURE Resources Fund

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Favourable

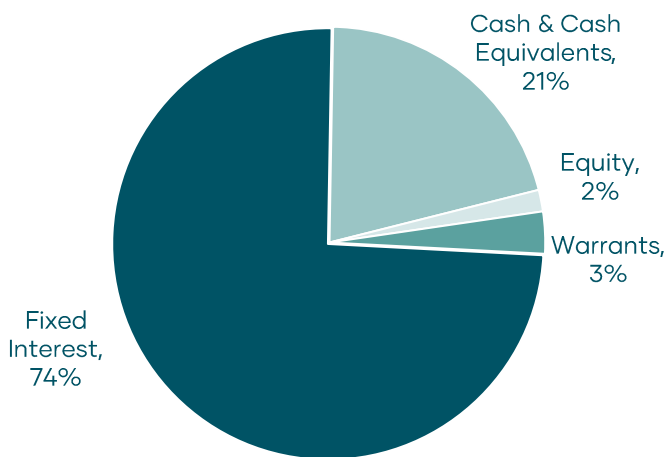


### Foundation Class Portfolio Returns (After Fees)

	1 month %	3 Months %	6 Months %	1 Year %	3 Years % p.a.	Since inception* % p.a.
PURE Resources Fund	-0.1%	+0.6%	+4.6%	+10.3%	+10.0%	+8.9%
Standard Deviation (Annualised %)				4.5%	5.8%	5.7%

\* Fund inception 30 April 2021

### Asset Allocation



### Fund Overview

Fund Size	\$76.6m
Foundation Class Unit Price	\$1.1490
Number of Investments	6
Average Loan Size	\$9.4m
Weighted Average Interest Rate	11.3%
Arrangement Fees Paid to Investors	\$2.0m
Trailing Fund Yield (12m)	6.2%

### Monthly Commentary

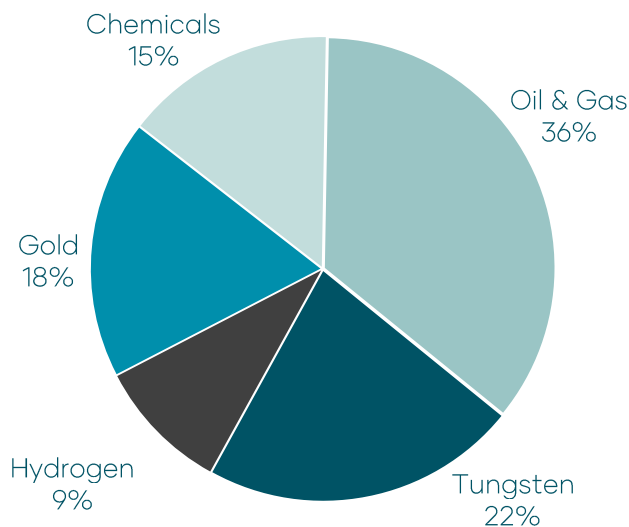
After commencing the year with lofty expectations, the Resources sector has been something of a damp squib in 2024.

All commodities except precious metals have taken a major tumble, with pricing of major bulk commodities (Iron Ore, Coal, Oil/Gas) indicating a recession is more likely than not. Central Banks have commenced a process of global rate cutting to offset, but nonetheless global demand for commodities has slumped. This is reflected in share price performance, with the broader ASX200 Resources Index (Equity) down -18.4% YTD vs the ASX200 up +6.9%. China's recent move is a start, but still short of 'stimulating'.

While this backdrop brings with it investment challenges, The PURE Resources Fund has managed to grind out a return of +5.0% over the first eight months of 2024. Yes, short of our target, but a fantastic risk-adjusted outcome in the midst of a market correction.

While it feels like 'wet weather footy' at times, limiting drawdowns is fundamental to compounding investment returns. When market recoveries ultimately arrive, it's imperative they drive new highs, not right the wrongs of prior investment losses.

### Loan Sector Allocation



## Chart(s) of the Month

Everyone is looking at gold right now, so let's dive in too. The middle of this year was a globally spectacular month on the political front with the assassination attempt on Trump followed by Biden stepping down from the presidential race, the UK General election and continued conflict in the Middle East. The global backdrop has been one of slowing global growth rates, with inflation seemingly having peaked in most major countries (except Australia), with a cooling labour market and rate cutting by Central Banks.

In turn, US Treasury yields have fallen, and the US dollar has weakened, pushing the gold price to a record high during September. Importantly this is spurring investor interest. Nonetheless, gold equities for the most part haven't kept up. Larger cap producers have rallied, but smaller developers have not. Not that we should be surprised, in the chart below we can see the underperformance of gold equities vs gold prices over various time periods. It's not pretty, reflecting the many underlying variables that impact all mining companies (Government policy, weather, geology, and mining itself is not easy).

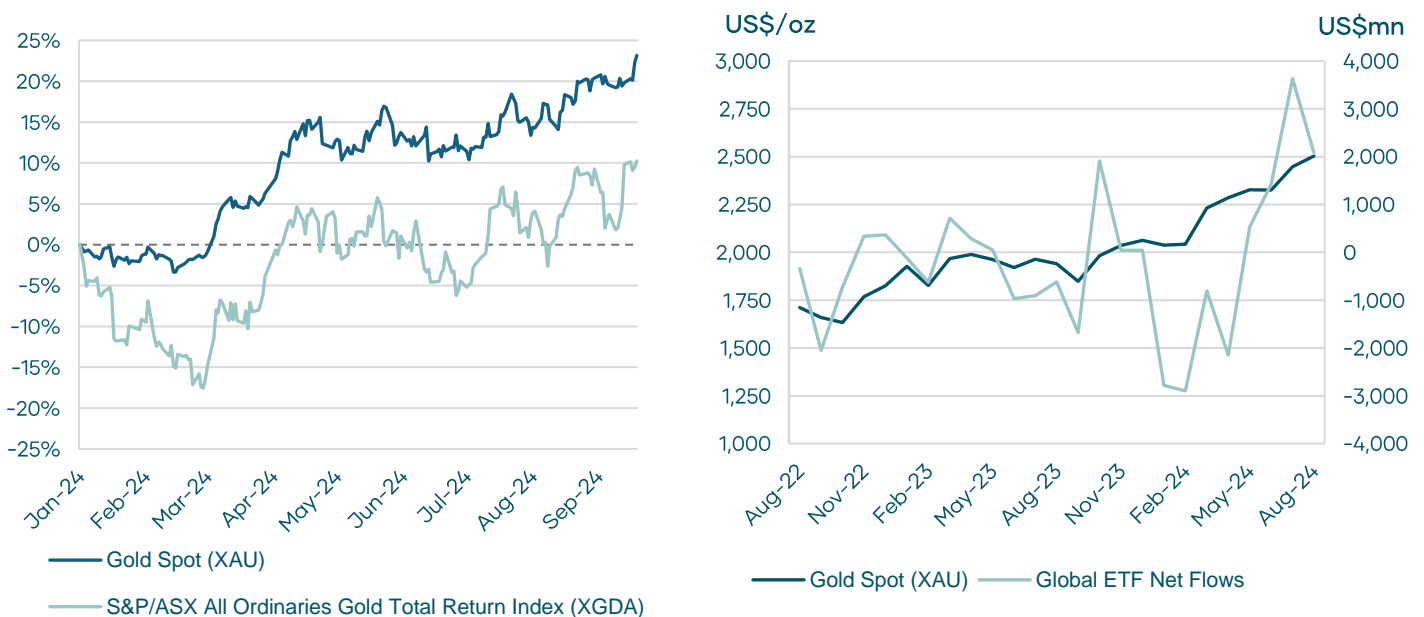
### ASX Gold Share index vs US\$ Gold price over time

	1 Year		3 Years		5 Years		18 Years	
	Return	Daily Downside Vol	Return	Daily Downside Vol	Return	Daily Downside Vol	Return	Daily Downside Vol
ASX Gold Stocks	17.0%	1.1%	21.5%	1.2%	17.5%	1.5%	123.0%	1.5%
Gold	19.9%	0.6%	30.9%	0.6%	57.9%	0.7%	252.0%	0.8%

Source: Refinitiv

Unsurprisingly, Gold ETF's have seen major inflows over recent months, pointing to increased safe-haven demand. In July '24, Global gold ETFs experienced their strongest month since April '22, attracting US\$3.7bn, the third consecutive monthly inflow. Western demand from investment funds led the way, according to the World Gold Council. Furthermore, we believe increasing equity market volatility, especially since May, has also supported gold ETF demand. Clearly there is a strong correlation.

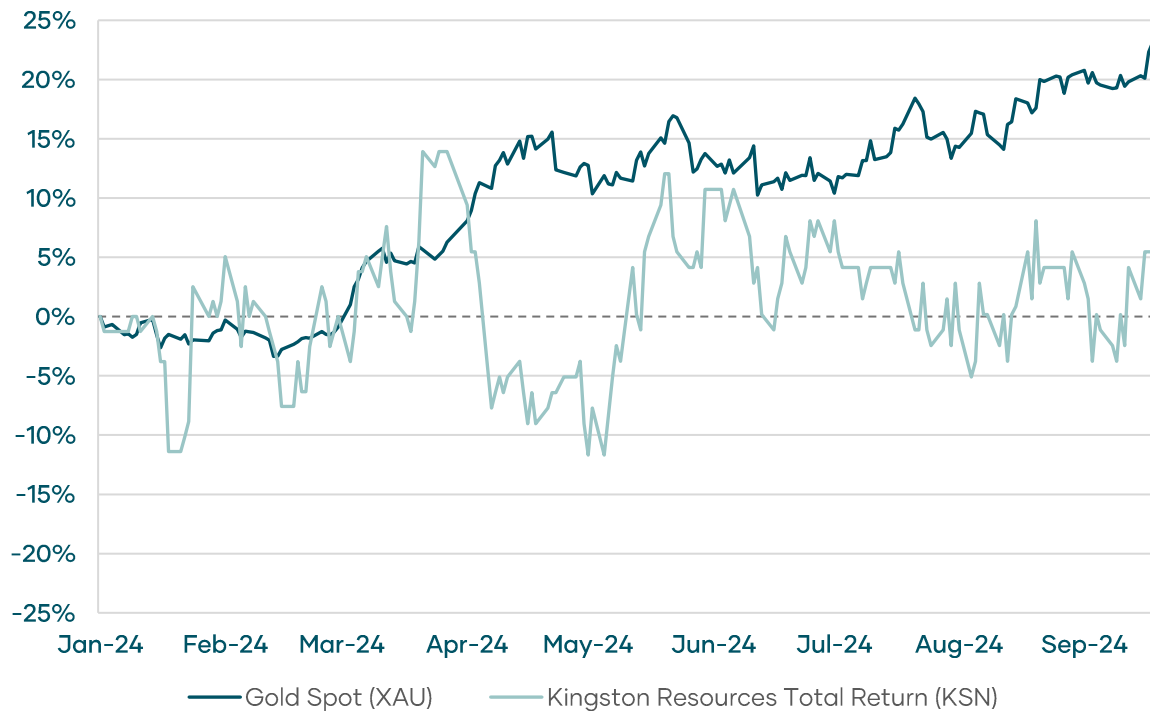
### ASX Gold Share index vs US\$ Gold price & Global ETF flows vs US\$ Gold price



So where to from here? Gold has had a very strong run, so the big question for investors - is there more upside in the price, or more upside in gold equities? We think the latter, particularly for those companies that are growing into earnings and have solid catalysts, independent of the underlying commodity price.

For us, that leads us to be very bullish on Kingston. With development fully funded, a mining lease, a well-functioning plant and production ramping up strongly (ahead of forecast) and cash flows building, we are very bullish about this company. Excitement is building and we are seeing some early signs of share price momentum.

### Kingston Resources (KSN) Total Return vs US\$ Gold (spot) prices (YTD)



Source: Refinitiv

Thank you

Nick, Mike, Tim, Dan, Jonathan and Sibghat.



## 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%	1.0%	1.9%	3.7%	-1.0%	0.2%	1.6%	1.9%	1.7%	-0.1%	12.0%
FY25	-0.4%	-0.1%											-0.5%

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%	1.7%	-0.1%	12.0%
FY25	-0.4%	-0.1%											-0.5%

## 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 August 2024](#)

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