

PURE Income and Growth Fund

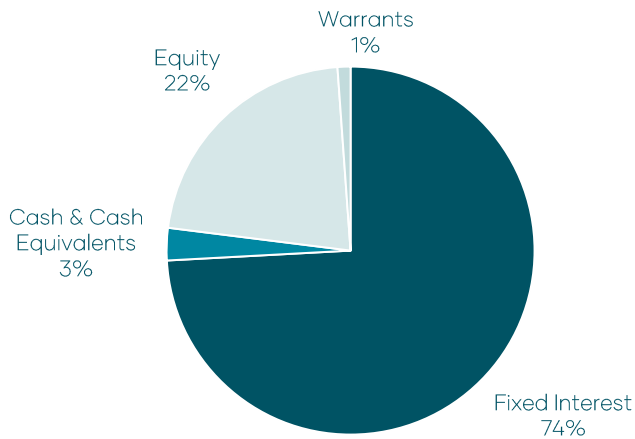


Foundation Class Portfolio Returns (After Fees)

	1 month %	3 Months %	6 Months %	1 Year %	3 Years % p.a.	Since inception* % p.a.
PURE Income and Growth Fund	+0.6%	+0.8%	+5.1%	+7.8%	+0.6%	+10.4%
Standard Deviation (Annualised %)				2.6%	4.8%	10.8%
Sortino Ratio						1.4
Sharpe Ratio						0.6

* Fund inception 21 December 2018

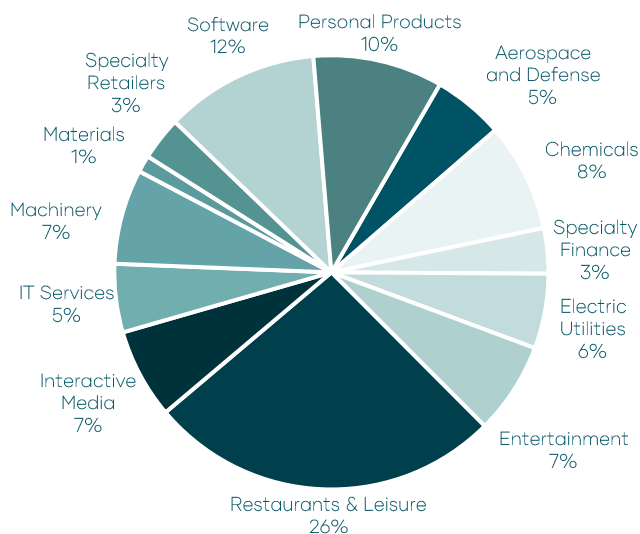
Portfolio Asset Allocation



Fund Overview

Fund Size (Cum Dist.)	\$109.1m
Foundation Class Unit Price (Cum Dist.)	\$1.179
Number of Investments	14
Average Loan Size	\$5.6m
Weighted Average Interest Rate	10.6%
Arrangement Fees Paid to Investors	\$4.1m
Trailing Fund Yield (12m) Est.	4.9%

Fixed Interest Sector Allocation



Monthly Commentary

The Fund returned 0.6%, lifting the annual return to ~8% and a run rate over the last 6-mths to +10%.

September saw the US Fed cut rates 50bp, the first cut since rates peaked at 5.5% last year. Inflation moderated for the 6th straight month and, at 2.4%, is now within swinging distance of its target of (2%).

Fixed income was the main driver of gains in the Fund, with some equity weakness following the *indigestion* of multiple capital raises. These successful equity injections are positive for future prospects.

M&A remains a strong thematic in the portfolio, and the wider market. In the last 12 months, five of the Fund's 19 investments have been acquired, but due to the incredibly low valuation for micro-caps, with the exception of Decmil, the Fund's gains have been modest. Microcaps rarely underperform for as long as they have, but in the absence of a broad based rally, we expect further M&A in the portfolio this financial year. With most of our remaining investments, we have significant leverage, which would be material to performance.

PURE online application form



Company Value

In the last 12 months, five of the Fund’s holdings have been acquired: Tesseract (listed), Decmil (listed), Xref (listed), Sitesoft (private) and Tyroola (private). Further to this, Hydration Pharmaceuticals Company completed an asset sale at a material premium to its Enterprise Value.

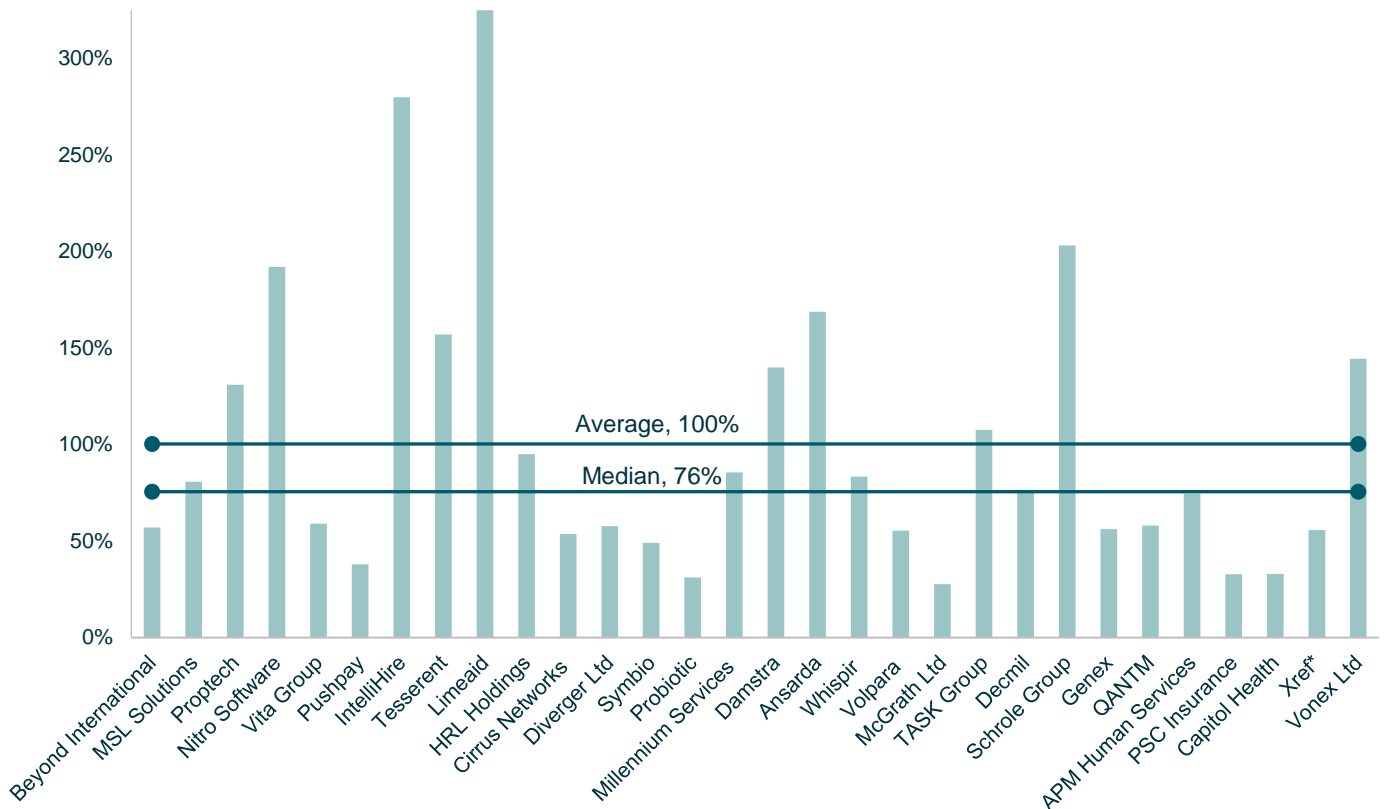
While the premiums of the private companies haven’t been disclosed publicly, we can say the quantum of uplift versus the prior valuation wasn’t dissimilar to the action in the public markets.

For over a year now, strategic capital has been valuing companies that PURE is invested in well above the valuation that ordinary investors are prepared to pay.

We can’t determine how much longer equity investors are prepared to leave such value on the table, but the scale of value mismatch between strategic and ordinary capital has historically been a precursor to listed stocks rallying. Small-caps have been performing in line with large caps for most of 2024.

Over the long-run the median takeover premium has been 35%. In 2023 and 2024 the median takeover bid premium has been 76% (+100% on average).

Small Cap takeover premiums 2023 - 2024



Looking across some of the investments in the portfolio, there are many that we believe positively ‘cry value’ to strategic capital. We lay out some examples below.

Thank you

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



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%	0.7%	0.0%	0.7%	1.1%	-0.1%	0.2%	0.6%	2.8%	0.9%	0.6%	8.7%
FY25	0.4%	-0.2%	0.6%										0.8%

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%	0.7%	0.0%	0.7%	1.1%	-0.1%	0.2%	0.6%	2.8%	0.9%	0.6%	8.7%
FY25	0.4%	-0.2%	0.6%										0.8%

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 30 September 2024](#)

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