



MONTHLY REPORT

FEBRUARY 2024

Unit Price and FUM

Indicative Unit Price

\$1.2555[^]

FUM Size

\$18.9 Million

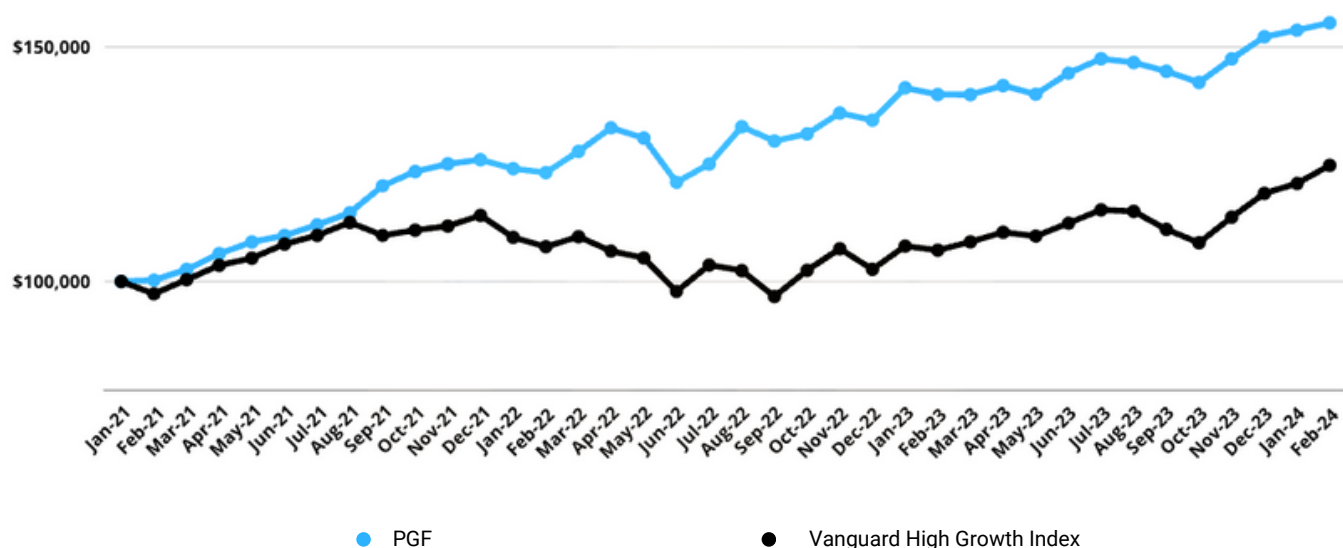
Past distributions paid: FY23: 9.61c, FY22 5.12c, FY21 8.91c.

Performance Table Net of Fees

As at 29 February 2024	PGF	Vanguard High Growth Index Fund	Difference
1 Month	1.02%	3.19%	-2.17%
3 Months	5.21%	9.71%	-4.50%
1 Year	8.70%	16.95%	-8.25%
3 Years p.a.	15.31%	8.77%	6.54%
Since Inception*	55.13%	25.27%	29.87%

Monthly Performance Net of Fees and Growth of \$100,000

Return %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Return %
2021	-	0.28	2.28	3.28	2.36	1.28	2.06	2.29	5.02	2.52	1.33	0.70	25.95
2022	-1.48	-0.68	3.80	4.10	-1.62	-7.21	3.21	6.80	-3.09	1.54	3.08	-1.12	6.72
2023	5.12	-1.01	-0.02	1.38	-1.30	3.21	2.13	-0.54	-1.28	-1.64	3.53	3.19	13.21
2024	0.91	1.02											1.96



*Inception date is 8 February 2021

[^]The latest monthly unit prices and return figures are provided on an estimated basis only and may be subject to change.

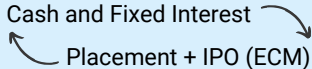
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Past performance is not indicative of future performance. Specific risks of the Fund may impact on the possibility of such a return in future.

Top 10 Listed Equity Positions

Stock Name	Portfolio Weight
Magellan Global (ASX:MGF)	7.6%
NB Global Income (ASX:NBI)	4.7%
S&P Biotech ETF (ASX:CURE/NYSE:XBI)	4.5%
Neuren Pharmaceuticals (ASX:NEU)	2.7%
Santos (ASX:STO)	1.9%
Meta Platforms (NASDAQ:META)	1.7%
NextDC (ASX:NXT)	1.6%
Stanmore Resources (ASX:SMR)	1.5%
Opthea (ASX:OPT)	1.4%
VanEck Gold Miners (ASX:GDX)	1.3%

Exposure Allocation

Strategy Bucket Allocation	Portfolio Weight
#1 Cash and Fixed Interest 	10.2%
Placement + IPO (ECM)	25.6%
#2 High Conviction Stocks	43.1%
#3 Options Account	8.0%
Managed Funds	5.9%
Unlisted Investments	7.2%

Fund Analytics

# of Positive Months	25/37 (67.6%)
Upside Capture	0.73
Downside Capture	0.16

Fund Commentary

PGF's estimated return for February was +1.02%, compared to the Vanguard High Growth Index Fund's +3.19%. During the same period, the ASX 200 Index gained +0.79%, while the MSCI World Ex-Aus Index rallied +5.92%. Vanguard's large return is due to gains in the US market, while Australian indices performed much more modestly.

This month, under our Bucket #1 strategy, PGF participated in 24 placements, 3 IPOs, and 2 block trades. We expect to receive free attaching options in 13 of these deals. The number of deal flows accelerated towards the end of February, with larger deals, such as from Orica (ASX:ORI, \$465m deal) and Lifestyle Communities (ASX:LIC, \$275m deal), becoming more frequent.

Metals Acquisition Corp (ASX:MAC) +10.6%, Opthea (ASX:OPT) +24.5%, Stellar Resources (ASX:SRZ) +42.9%, and PharmAust listed options (ASX:PAAOA) +157.4%. PharmAust jumped in anticipation of its Phase 1 MEND Study Top-Line Results, which ended up meeting the market's expectations. PGF was also quoted in an AFR article on Metals Acquisition Corp, which can be accessed [here](#). There were not many losses incurred in Bucket #1, with only Toro Energy (ASX:TOE) -18.9% being a material detractor in this part of the fund.

In our #2 High Conviction bucket, key positive contributions came from Pinnacle (ASX:PNI) +9.5%, Abacus Storage King (ASX:ASK) +9.7%, S&P Biotech ETF (ASX:CURE/NYSE:XBI) +14.0%, Hemnet (STO:HEM) +14.6%, Nick Scali (ASX:NCK) +18.0%, Gentrack (ASX:GTK) +21.3%, NextDC (ASX:NXT) +25.9%, Meta Platforms (NASDAQ:META) +26.7%, and Temple and Webster (ASX:TPW) +37.8%. Looking through the names above, you may notice that they are all either growth or interest rate sensitive names that benefited from the ongoing rotation from value to growth stocks. Small-cap technology names on the ASX have done especially well, and we feel the trend may continue this way. Towards the end of the month, we added to our existing positions in Gentrack and new names including Megaport (ASX:MP1), Zip Co (ASX:ZIP), BeforePay (ASX:B4P), Life360 (ASX:360), and Block (ASX:SQ2).

We had some large detractors in our #2 bucket, with Neuren (ASX:NEU) being the single largest detractor, down -17.6%. Neuren's drug, Daybue, was caught in a short report, which we have provided our view [here](#). Other key detractors were VanEck Gold Miners (ASX:GDX) -7.1%, Santos (ASX:STO) -9.8%, Stanmore Resources (ASX:SMR) -15.1%, and Whitehaven Coal (ASX:WHC) -17.1%. As you can see, the losses are centered around resource and energy positions as the shift to growth and tech was well underway. We are not concerned about these positions and note their low correlation versus the market. The gains in these names can often be abrupt and significant, even when the broader market is experiencing a sell-off.

Gold

Recent trends in the gold market have seen its price climb to a record of USD \$2,150/oz, highlighting a robust uptrend. This movement is propelled by a mix of factors, including a weakening US dollar, expected cuts in US interest rates, and other key drivers such as inflation, industrial demand, low inventories, and market tightness, all of which support a bullish outlook for gold.



Gold price in USD/oz, Source: Market Index

The surge in gold's value is also significantly supported by robust buying from central banks, particularly in emerging markets. This strategic accumulation by central banks lays a sturdy foundation for the upward trajectory of gold prices as we view the strength of the buying to continue. Viewing gold as a reliable hedge against the devaluation of national currencies and geopolitical uncertainties, these institutions' collective actions will push the price higher.

Positioning of PGF in the Gold Market

- **The VanEck Gold Miners ETF (ASX:GDX)** is exposed to a diversified portfolio of gold companies. As one of the most actively traded ETFs globally, GDX is attractive for its potential to outperform gold bullion in a bullish gold market. The recent underperformance of the VanEck Gold Miners ETF (GDX), due to increased production costs among its underlying companies, could see a turnaround this year. With inflationary pressures easing, the cost burden on gold mining companies is likely to reduce, potentially improving their profitability and, by extension, the performance of GDX.
- **Southern Cross Gold (ASX:SCG)** is a burgeoning gold exploration company with a sharp focus on its Sunday Creek project, located just 60km north of Melbourne. The project, reminiscent of the high-grade Fosterville mine, has shown exceptional promise through drilling results that unveiled significant gold intercepts. Recent drill results came in at 455.3m at 7.2 g/t Au, demonstrating continuity with previous drill holes.
- **Magnetic Resources (ASX:MAU)** is actively advancing its Lady Julie Gold Project located in the vibrant and prolific Laverton region of Western Australia. This 100% owned venture is highlighted by a notable gold resource estimate, boasting approximately 17.7Mt at 1.86g/t Au for 1.15Moz of contained gold, which positions the project significantly within a well-established gold-producing region. Recently, a Preliminary Feasibility Study (PFS) was completed, and a capital raise was done at 90 cents.
- **Santana Minerals (ASX:SMI)** is making waves in the gold mining sector with its Rise and Shine deposit, located in New Zealand. The country's efforts to streamline its regulatory framework, potentially offering a fast-track initiative for resource project permits, provides Santana with a faster path to development than what the market is ascribing to its low market cap.
- **Gold Placements** - we estimate that there are around 300-400 ASX-listed companies that can be either considered as a pure or indirect play in the gold sector. Many of these companies will require a capital injection in the coming months. We look forward to actively participating in attractively termed deals for our investors.

Fund Information

PGF was established in February 2021 with the goal of generating an above equity net return for its unitholders. It is designed as an absolute return fund with capital growth as the key focus, achieved by using an unconstrained approach via investing in a wide range of investable assets. Refer to fund Information Memorandum for more information.

Portfolio Manager

Jack Hu, CFA | jack@pgf.net.au

Responsible Manager

Benjamin Peters | ben@pgf.net.au

Fund Guideline

- Maximum Single Holding Size: 20% at Cost
- Maximum Unlisted Holdings: 30% at Cost
- Buy Sell Spreads: Nil
- Distribution Frequency: Annually
- Minimum Investment: \$100,000

Application and Redemptions

<https://www.registrydirect.com.au/offer/phoenix-growth-fund/>

Website

<https://www.pgf.net.au/>

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There are risks involved in investing in the Emerald Capital's strategy. All investments carry some level of risk, and there is typically a direct relationship between risk and return. We describe what steps we take to mitigate risk (where possible) in the Fund's Information Memorandum. It is important to note that despite taking such steps, Emerald Capital cannot mitigate risk completely.

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