



MONTHLY REPORT

JANUARY 2023

Unit Price and FUM

Indicative Unit Price

\$1.2379[^]

FUM Size

\$12.5 Million

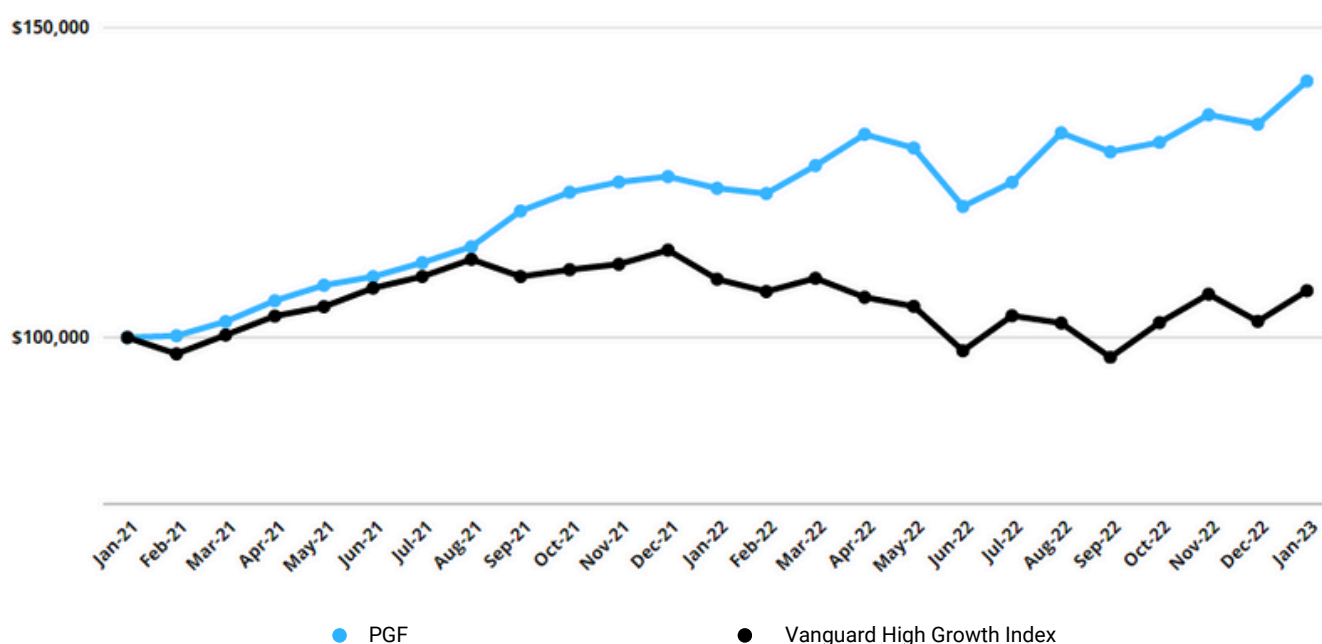
Indicative unit price is quoted on an ex-distribution basis. FY22 distribution 5.12c, FY21 distribution 8.91c.

Performance Table Net of Fees

As at 31 January 2023	PGF	Vanguard High Growth Index Fund	Difference
1 Month	5.18%	4.82%	0.36%
3 Months	7.21%	5.04%	2.17%
1 Year	13.92%	-1.29%	15.21%
3 Years p.a.	-	-	-
Since Inception*	41.35%	7.99%	33.36%

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

Return %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
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	6.71
2023	5.18												5.18



*Inception date is 8 February 2021

[^]The latest monthly unit price and return figure 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
Patriot Battery Metals (PMT/PMET)	5.0%
S&P Biotech ETF (CURE/XBI)	4.5%
Santos (ASX:STO)	3.1%
Meta Platforms (NASDAQ:META)	2.9%
Whitehaven (ASX:WHC)	2.2%
Entain (LON:ENT)	1.9%
Terra Uranium (ASX:T92)	1.7%
New Hope Corporation (ASX:NHC)	1.7%
Stanmore Resources (ASX:SMR)	1.6%
Charter Hall Group (ASX:CHC)	1.3%

Exposure Allocation

Strategy Bucket	Portfolio Weight
Cash and Fixed Interest	33.8%
Placement, IPO and Trading	12.2%
High Conviction Stocks	42.0%
High Conviction Funds	8.4%
Unlisted Investments and Pre-IPOs	3.7%

Fund Analytics

# of Positive Months	18/24 (75.0%)
Upside Capture	0.82
Downside Capture	(0.02)

Fund Commentary

The January 2023 return for the PGF portfolio was a robust 5.18%, outpacing the Vanguard High Growth Index's return of 4.82%.

The portfolio saw impressive gains from top performers, including BetaShares AsiaTech Tiger (ASX:ASIA) +9.4%, Tencent (HKG:0700) +9.4%, and Academies Australia (ASX:AKG) +12.4%. Other standouts included Alibaba (HKG:9988) +15.1%, Horizon Oil (ASX:HZN) +15.4%, Charter Hall (ASX:CHC) 15.6%, Stanmore (ASX:SMR) +15.9% and Meta Platforms (NASDAQ:META) +19.9%. Topping off the list were Terra Uranium (ASX:T92) with a +60.0% return and Patriot Battery Metals (ASX:PMT/TSXV:PMET) with a +114.7% increase. Terra Uranium experienced strong growth as investors renewed their interest in uranium. The company also announced a bonus issuance of 2.5-year listed options for those who hold shares as of February 2, 2023.

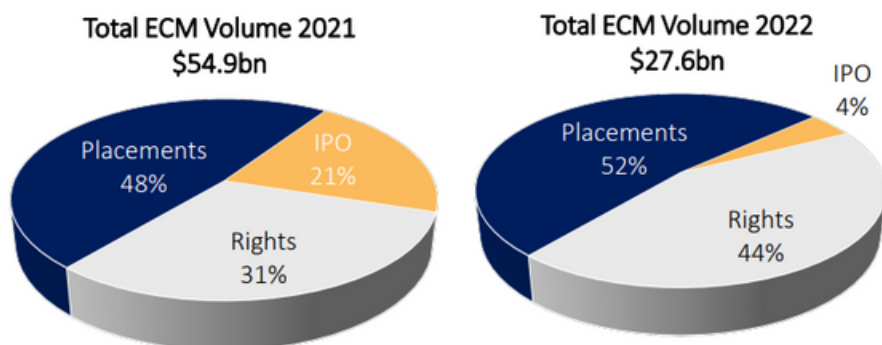
Meta Platforms continued its upward trajectory, rising from \$120 to \$149, as market participants began to recognize the value of its "family of apps" business, which includes Facebook, Instagram, and WhatsApp and is utilized by 90% of the world's (ex-China) connected population. The stickiness of these social applications represents a significant competitive advantage for the business. However, there is still signs showing that CEO Mark Zuckerberg's is unwilling to stop spending billions in the metaverse. Combined with a richer 17x forward earnings, we will be seller of the stock if it continues to move higher.

Key detractors were Acusensus (ASX:ACE) 4.4%, New Hope (ASX:NHC) -7.0%, Bowen (ASX:BCB) -10.7%, Whitehaven (ASX:WHC) -10.8%, VHM Limited (ASX:VHM) -17.6% and Richmond Vanadium (ASX:RVT) -39.9%. We have exited many of our more opportunistic positions to free up cash for new deals.

Placement and initial public offering (ECM) activities remained sluggish throughout most of January as market participants were on holiday. However, there was a noticeable pick-up in ECM deals towards the end of January, and the firm participated in six placements with Black Cat Syndicate (ASX:BC8), Nickel Industries (ASX:NIC), Imdex (ASX:IMD), and Dreadnought Resources (ASX:DRE). Black Cat Syndicate's raise included \$1.25m worth of Junior Mining Exploration Incentive Credits (JMEI) which are tax offsets that may be passed to placement participants. Assuming no further stocks issued in FY23, this represents a \$0.065 tax offset for each dollar invested in the placement. This is a direct tax benefit that we pass to our unitholders and is not reflected in our net performance figures. The JMEI scheme encourages investment in exploration companies that carry out greenfield mineral exploration in Australia, by allowing these companies to give up a portion of their tax losses for potential distribution to eligible investors. Since the inception of our fund, we have participated in many deals that have JMEI allocation.

ECM Market Review and Outlook

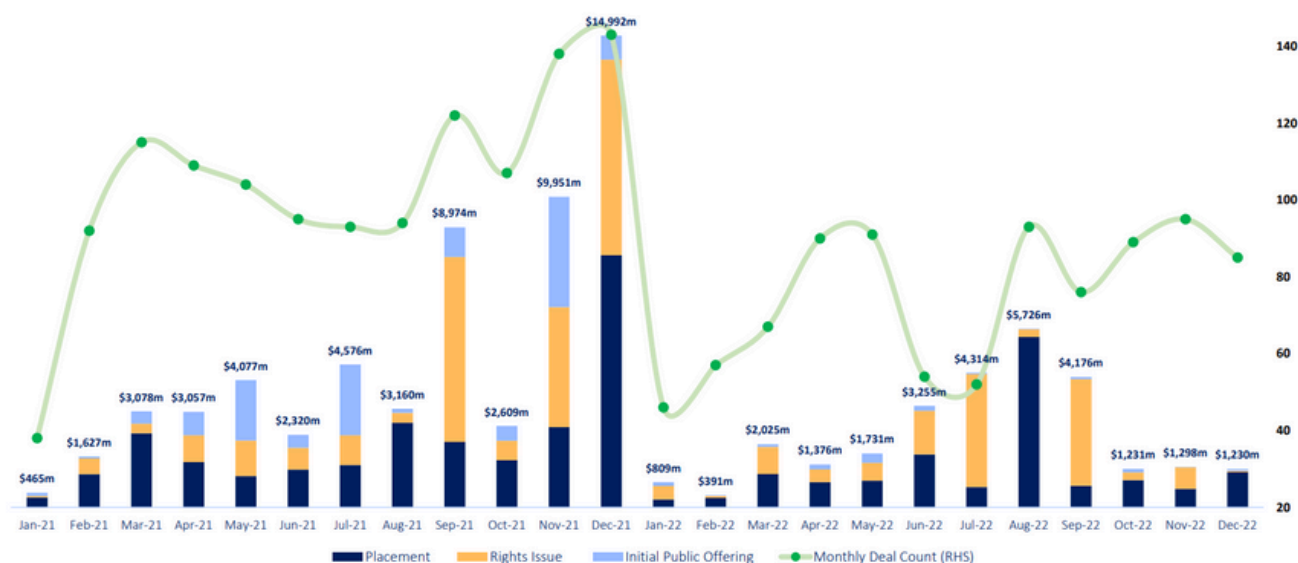
We have observed a rise in equity capital markets (ECM) deal activity in February, leading to a positive outlook for an increase in ECM deal volume in comparison to the previous year. The data from Bridge Street Capital Partners highlights that the ECM volume in 2022 was half of the volume seen in 2021, with IPOs accounting for only 4% or \$1.1 billion in ECM volume compared to the \$11.5 billion recorded in 2021.



Source: Bridge Street Capital Partners December 2022 ECM Monthly Update

As a continuation of the prior graphical representation, the chart below provides a monthly analysis of deal flow activities. It is evident that there has been a significant decline in IPO activities in 2022 as compared to 2021 (represented by the blue bar). We experienced material gains from only two IPOs in 2022, Lithium Plus and Terra Uranium, compared to over a dozen in the previous year.

ASX Transactions 2021 v 2022 - Deal Volume (A\$) and Count



Source: Bridge Street Capital Partners December 2022 ECM Monthly Update

So, what can we expect from 2023? The ebb and flow of IPO activity is closely tied to market sentiment and tends to follow cyclical patterns. This is due to a multitude of factors, including the state of the financial market and investor confidence in seeking growth opportunities. In 2023, the improving financial conditions and restored confidence among investors are contributing to the resurgence of IPO activity. This creates a positive cycle where increased activity leads to further investment and even more IPO activity. Additionally, private equity firms' need to exit their private investments is also likely to drive up activity. A prime example of this is the highly anticipated Virgin Australia IPO by Bain Capital. The outcome of this IPO, defined by how the stock trades relative to its IPO price, will likely set the tone for the rest of the year's IPO volume. If Bain and the investment bankers are wise, they will leave some value on the table for IPO participants to make gains and help the IPO market recover in 2023. Although the terms of the Virgin IPO are not yet publicly available, it is certainly an event to keep an eye on.

Generative AI and Investment Implications

The rise of AI technology has been nothing short of a revolution, and with the recent release of ChatGPT, the focus has shifted towards making AI more accessible and user-friendly for the average consumer. This has set the stage for an AI arms race, as companies and researchers compete to develop the most advanced and sophisticated models.

ChatGPT is a language model developed by OpenAI which Microsoft is invested in, while Google's BARD is another language model developed by Alphabet. Both of these models are part of the new generation of advanced AI systems that are designed to process and understand natural language, and both have the potential to change various industries and people's lives in different ways.

One of the similarities between ChatGPT and BARD is that they both use transformer-based architectures, which allow them to process large amounts of data in parallel and generate human-like responses. Another similarity is that they both have the ability to process multiple languages and generate outputs in different languages. However, there are also some differences between the two models. For example, ChatGPT is a generative model that generates text based on the input it receives, while BARD is a discriminative model that selects the best response from a set of pre-written outputs. Additionally, ChatGPT has been trained on a much larger corpus of data than BARD, which gives it a wider range of knowledge and a better understanding of the context in which words are used.

From an investment point of view, both ChatGPT and BARD have the potential to benefit industries such as semiconductors and data centers. The demand for advanced AI systems like these is expected to grow rapidly in the coming years, as more and more companies seek to automate various tasks and improve their customer service. This will drive demand for the underlying technologies, such as the GPUs and data centers that are used to train these models.

Semiconductor companies will benefit from the growing demand for GPUs, which are used to train AI models and perform other demanding computations. Additionally, data centre companies will benefit from the growing demand for data storage and processing capabilities, as companies seek to store and process the large amounts of data that are used to train AI models.

We haven't rushed out to buy any of them yet (Microsoft, Google or data centres), other than a small position in a semiconductor position. More research and thinking are warranted, possibly assisted by AI, to conclude how to benefit from this impending AI arms race.

**Paragraphs 2 to 5 were written by ChatGPT.*

Source: ChatGPT

Fund Information

PGF was established in February 2021 with the goal of generating a net return of 20% or higher per annum net of fees* 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.

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Application and Redemptions

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

Website

<https://www.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

*The target return figure provided is a target only and may not be achieved.

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