



MONTHLY REPORT

MAY 2023

Unit Price and FUM

Indicative Unit Price

\$1.2262[^]

FUM Size

\$14.2 Million

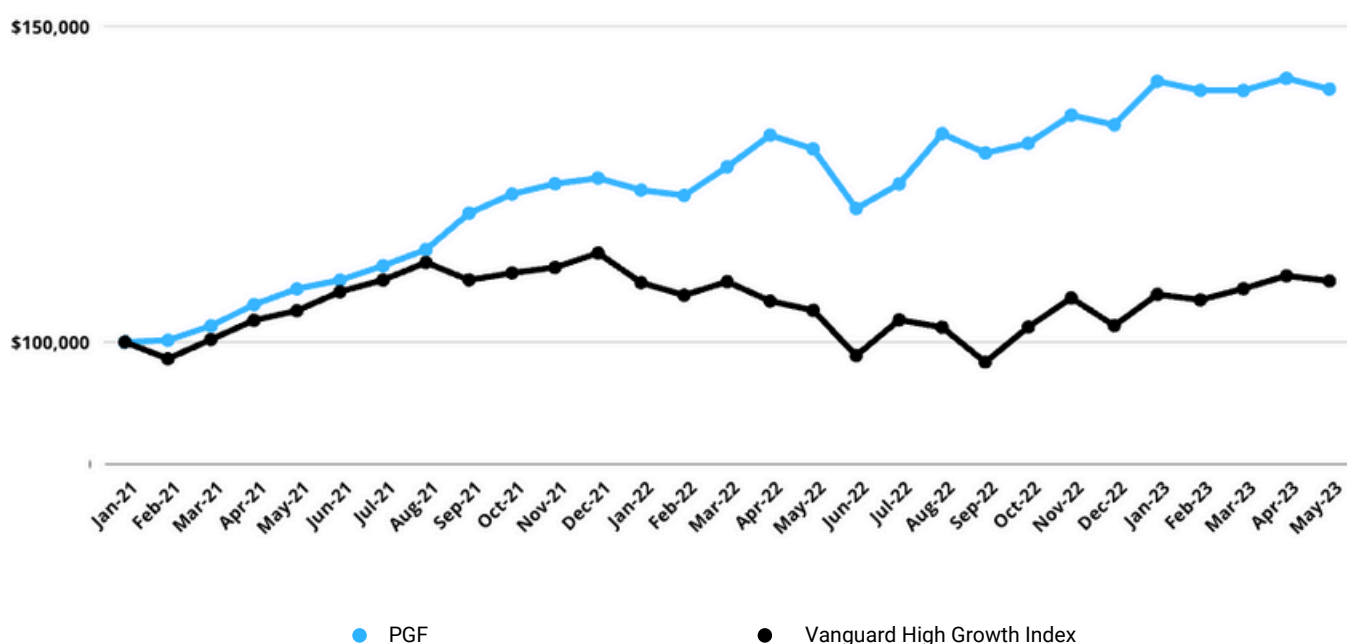
Indicative unit price is quoted on an ex-distribution basis. FY22 distribution 5.12c, FY21 distribution 8.91c.

Performance Table Net of Fees

As at 31 May 2023	PGF	Vanguard High Growth Index Fund	Difference
1 Month	-1.22%	-0.74%	-0.48%
3 Months	0.13%	2.81%	-2.69%
1 Year	6.89%	4.88%	2.01%
3 Years p.a.	-	-	-
Since Inception*	40.03%	10.13%	29.90%

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	5.12	-1.01	-0.02	1.38	-1.22								4.19



*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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Top 10 Listed Equity Positions

Stock Name	Portfolio Weight
S&P Biotech ETF (ASX:CURE/NYSE:XBI)	5.7%
Partners Group Global (ASX:PGG)	4.6%
Santos (ASX:STO)	2.8%
Nextdc (ASX:NXT)	2.1%
Meta Platforms (NASDAQ:META)	2.1%
VanEck Gold Miners ETF (ASX:GDX)	1.8%
Entain (LON:ENT)	1.6%
Charter Hall Group (ASX:CHC)	1.1%
Stanmore Resources (ASX:SMR)	1.1%
Whitehaven (ASX:WHC)	1.1%

Exposure Allocation

Strategy Bucket Allocation	Portfolio Weight
#1 Cash and Fixed Interest	17.9%
Placement + IPO (ECM)	19.9%
#2 High Conviction Stocks	39.3%
#3 Options Account	8.8%
Managed Funds	6.3%
Unlisted Investments	7.8%

Fund Analytics

# of Positive Months	19/28 (67.9%)
Upside Capture	0.77
Downside Capture	0.06

Fund Commentary

In May, PGF generated a return of -1.22%, which was lower than the -0.74% return of the Vanguard High Growth Index Fund. During the same period, the ASX 200 Index fell by -2.53%, while the MSCI World Ex-Aus Index rose by +1.18%. Continuing the trend of this year, the MSCI was once again lifted by the rally in mega-cap technology stocks. In stark contrast, the Australian small-cap index, to which most of our placement type of stocks are in, declined by -3.3%.

We find ourselves frustrated by the lack of significant gains in the fund over the past four months. However, it's important to note that the ASX Emerging Companies Index experienced a decline of -11% from February to May 2023. In comparison, PGF only declined by less than 1% during the same period, highlighting the defensive nature of the fund due to our unique investment process.

Considering the better performance of large cap stocks, it is likely that the gap will eventually narrow. We have observed sharp rallies in the ASX Emerging Companies Index, often unexpectedly, such as the impressive +290% rally from March 2020 to December 2021, or the countless 20%+ rallies throughout the last decade. Our investment process is unique in that it allows us to permanently capture the gains during market upswings whilst avoiding losses during market downturns due to positioning in cash. We remain highly vigilant on the next market upswing and have the network and resource to get the best deals when the time comes.



Sources: Trading View and PGF Internal NAV

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Fund Commentary (Continued)

PGF participated in 26 placements and 1 IPO in May, with an overall negative attribution to return. It is one of the few months where placement opportunities ended up in negative absolute dollar returns. Positive attributions came from IPO Augustus Minerals (ASX:AUG) +4.2%, Peak Rare Earth (ASX:PEK) +7.4%, Impedimed (ASX:IPD) +9.2%, Encounter Resources (ASX:ENR) +17.3%, Magnetic Resources (ASX:MAU) +17.6%, Nova Eye Medical (ASX:EYE) +27.6% and Volatic Strategic (ASX:VSR) +50.2%. Key drags were Calidus Resources (ASX:CAI) -10.9%, Victory Metals (ASX:VTM) -13.2%, Vulcan Energy (ASX:VUL) -17.9%, Greentech Metals (ASX:GRE) -18.2% and Australian Rare Earths (ASX:AR3) -27.2%. Greentech Metals was the single largest detractor in dollar terms as investors interest waned after high grade copper was drilled at its West Pilbara Project. We still hold GRE in the portfolio which has increased by 200% in June. In addition, we have a few strong placements that are settling in June/July, including GSM which is up 77% from the placement price as well as VSR's tranche 2 placement which is up 100% from the placement price. These two placements should provide an uplift of 0.4% to PGF's return in June at the time of writing. We have also received five new unlisted options in the portfolio ranging with expiry dates of 2024 to 2026 for which we value at zero.

Our high conviction long-term positions also detracted from overall return. Positive contributors were Partners Group (ASX:PGG) +1.3% which is now one of our top stock holdings which we have written about in April, Santos (ASX:STO) +3.1%, Immutep (ASX:IMM) +3.6%, Megaport (ASX:MP1) +3.6%, Biotech Index (ASX:CURE/NYSE:XBI) +7.0%, Flight Centre (ASX:FLT) +7.4%, Meta Platforms (NASDAQ:META) +12.0%, Nextdc (ASX:NXT) +15.1%, TUAS (ASX:TUA) +18.7% and Temple and Webster (ASX:TPW) +21.6%. We have added Immutep to our high conviction portfolio via its 26 cents capital raise which also settles in June. Immutep has reported excellent results from its clinical trials of its eftilagimod alpha across multiple different cancers, indicating its drug's potential to become a standard of care in many oncology settings.

Key detractors were Entain (LON:ENT) -8.3%, Star Entertainment (ASX:SGR) -9.9%, Ramsay Healthcare (ASX:RHC) -11.3%, New Hope (ASX:NHC) -11.3%, Coronado (ASX:CRN) -18.3% and Whitehaven (ASX:WHC) -20.1%. The latter three stocks contributed to bulk of the negative return for the fund in May. We have exited Coronado during the month and switched to other opportunities that we believe are more compelling in the current environment.

Commentaries are continued next page.

IPO Pipeline of 2H 2023

The IPO market has been notably limited, with very little activity observed so far in 2023. Last month, Augustus Minerals, an exploration company focused on lithium, rare earth, and copper in WA's Gascoyne Region, achieved a successful IPO, with its share price rising by as much as 27% on its first day. We are witnessing a growing push for more ASX IPOs as both bankers and the ASX begin to stress about the lack of activity. It is important to highlight that PGF doesn't solely rely on IPOs to generate returns, but an active IPO market will be a significant tailwind for our fund. We use this opportunity to highlight the upcoming IPO contenders in the second half of 2023.

Redox (RDX) - Expected listing date 3 July 2023

- Family-founded and led, Redox is a supplier and distributor of chemicals, ingredients, and raw materials. The company is raising approximately \$400m, resulting in a total market cap of \$1.35b, making it the largest IPO since 2021. The valuation has been set at a FY24 PE of 13.75x and a 5.1% yield, which is lower than globally listed peers and below the valuation target of \$1.4b to \$2.1b set by lead broker UBS.
- The purpose of the IPO is to provide liquidity for the controlling family, who, along with management, will retain 70% of the shares post-listing. While the family's operational ownership is a positive, the limited free float may discourage larger small-cap managers from seriously considering the company.
- Redox itself is a strong business, displaying consistent growth and visibility in its pipeline. The company benefits from a proprietary database and sourcing system, operating within a fragmented industry that presents opportunities for consolidation.
- The investor reception has been neutral thus far, as the deal circulated for a while before being presented for listing. We perceive the demand for the stock as relatively lacklustre, leading us to adopt a "wait and see" approach. We participated in the IPO with a modest amount and intend to consider adding to our position if the stock weakens.

Virgin Australia - Anticipated to IPO in 2H 2023

- Bain Capital acquired Virgin during the peak of the pandemic when the company went into administration. Following a decade of losses totaling \$2b, Virgin is now projected to deliver \$1b in profit in FY23.
- The success of the IPO hinges on several factors, including market conditions, Virgin's valuation relative to Qantas a.k.a. how much Bain Capital will leave on the table for IPO investors.
- Qantas itself has garnered some valuation support in the market, with its stock range bound trading between \$6 to \$7. With a *trailing* PE of 7x, we believe Qantas is reasonably priced. The company holds a substantial amount of cash, and investors have begun to recognise the value of the popular Qantas Frequent Flyer reward program. However, it is important to note that Qantas and Virgin operates in a highly cyclical airline industry, and we believe we are currently closer to the peak of the cycle rather than the bottom.
- Initially planned for an IPO in early 2023, the Virgin IPO process was delayed as bankers awaited more favourable market conditions. While the IPO discussions are reportedly in an advanced stage, no specific date has been set at this time.

Chariot Corporation - Anticipated to IPO in 3Q 2023

- Chariot is engaged in lithium exploration in two US based projects. Its flagship Resurgent Project is situated in the McDermitt Caldera, which boasts the largest lithium mineral resource in North America. It is in close proximity to the projects of Jindalee Resources (ASX: JRL) and Lithium America (NYSE: LAC). The company plans to conduct extensive drilling activities, supported by IPO funding, to further substantiate the resource potential.
- Wilsons and Jett Capital have been appointed as joint lead managers for the IPO, which is expected to offer shares at a price of 50 cents each. PGF participated in the initial seed raise at a share price of 25 cents.

IPO Pipeline of 2H 2023 (Continued)

Mason Stevens - Anticipated to IPO in 2H 2023

- Mason Stevens operates as a platform technology provider, similar to Netwealth (ASX: NWL) and Hub24 (ASX: HUB). The platform has garnered attention due to its enhanced functionality, positioning it as a noteworthy competitor to both NWL and HUB.
- The wealth management platform targets a sizable market worth nearly a trillion dollars, yet Mason Stevens currently holds less than 1% of the total market share. Incumbent, older platforms continue to experience market share erosion, creating opportunities for new players like Mason Stevens, which anticipates a 20% increase in funds under management this year.
- In late 2022, a pre-IPO funding round took place, during which the CVC Emerging Companies Fund acquired a significant stake in the company. With fresh pre-IPO investors now on the shareholder register, a liquidity event for Mason Stevens appears highly likely this year, pending favourable market conditions.

Brennan IT- Anticipated to IPO in 2H 2023

- Brennan is the largest Australian systems integrator and operates as an IT consultancy firm. With an approaching annual revenue of \$300 million, the company is currently engaged in an extensive hiring process focused on data and AI, in anticipation of a potential IPO.
- The company has a strong desire for acquisitions and aims to utilise the IPO as a means to facilitate further acquisitions, allowing for significant scaling of the company.
- Brennan shares similarities with Atturra (ASX: ATA) which was floated by Morgans in 2021. PGF participated in the Atturra IPO and experienced pleasant gains. Brennan is in the right sector at the right time and given the right pricing, the Brennan IT IPO is expected to be well received by fund managers.

Mondiale VGL - Anticipated to IPO in 2H 2023

- Mondiale VGL is a global leader in transport and logistics and Oceania's premier freight forwarder.
- Management is keen to proceed for a potential listing to support Mondiale VGL's growth plans. Although the freight forwarding business is one of low margin but it is considered as a defensive asset that will appeal to certain type of fund managers.
- The consideration for an IPO began last year but has been put off due to market condition. Chance for a successful float is much higher this year.

Chemist Warehouse - Much talked about but unlikely to IPO in 2023

- Chemist Warehouse, Australia's largest pharmacy chain is a well run business with billionaire owners. Recently it has awarded ASX listed Sigma (ASX:SIG) with a \$2 billion supply contract, even stirring up expectation for a RTO or a reverse takeover of some sort via SIG to become a listed entity.
- Being a profitable business with a complex ownership structure, the company is in no rush for an IPO.

Other IPO potential contenders include fresh produce market Brisbane Markets, carbon credit trading platform Xpansiv, payments provider Cuscal, steel business MolyCop and education group Education Centre of Australia. Alongside a plethora of small cap resource IPOs, there should be plenty of deals floating around in the second half of this year. We are hopeful that they will generate good returns for our investors.

Sources: AFR, The Australian, IBIS World, Company Website and Documents

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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	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
Responsible Manager Benjamin Peters ben@pgf.net.au	
Operations Manager Alice Zhang alice@pgf.net.au	
Application and Redemptions https://www.registrydirect.com.au/offer/phoenix-growth-fund/	
Website https://www.pgf.net.au/	

*The target return figure provided is a target only and may not be achieved. Investors balance may even fall in value.

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There are risks involved in investing in the CAR'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, the CAR cannot mitigate risk completely.

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