



MONTHLY REPORT
SEPTEMBER 2024

Unit Price and FUM

Indicative Unit Price	\$1.3963^A	FUM Size	\$23.8 Million
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Indicative unit price is quoted on an cum-distribution basis until FY24 tax return is lodged.
Past distributions paid: FY23: 9.61c, FY22 5.12c, FY21 8.91c.

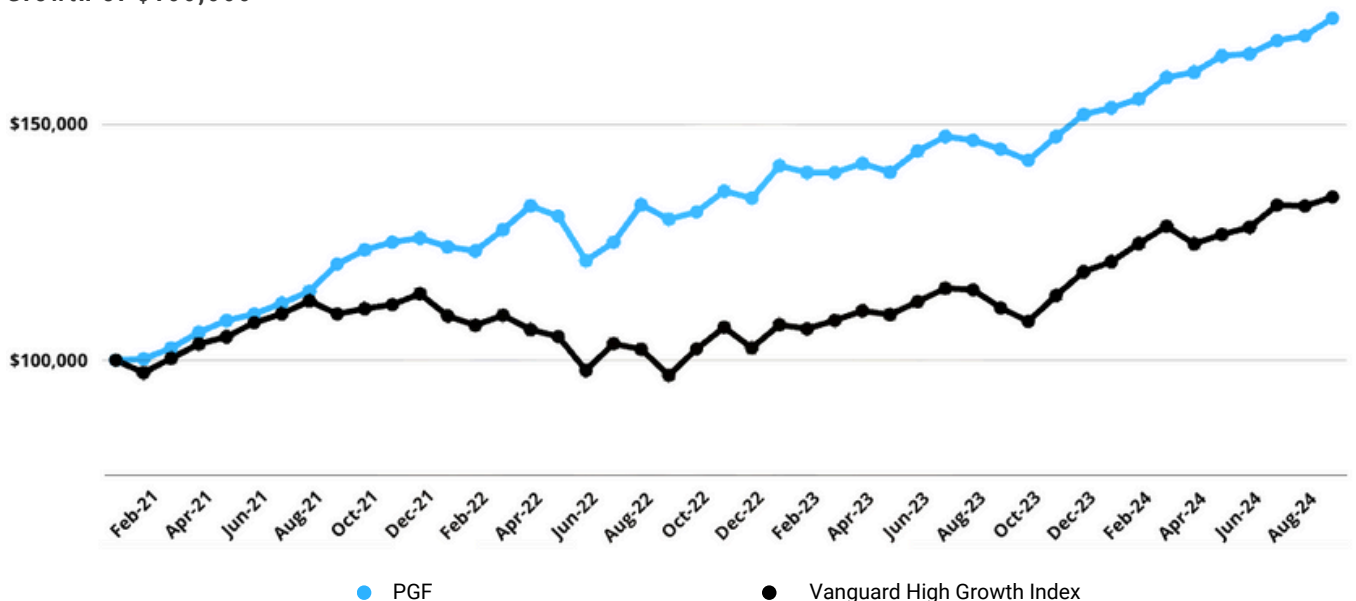
Performance Table Net of Fees

As at 30 September 2024	PGF	Vanguard High Growth Index Fund	Difference
1 Month	2.20%	1.45%	0.75%
3 Months	4.57%	5.03%	-0.46%
1 Year	19.16%	21.19%	-2.03%
3 Years p.a.	12.75%	7.18%	5.57%
Since Inception*	72.54%	35.21%	37.33%

Monthly Performances Net of Fees

Year	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	0.93	1.22	2.94	0.69	2.16	0.26	1.70	0.61	2.20				13.40

Growth of \$100,000

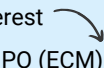



*Inception date is 8 February 2021. Vanguard High Growth Index Fund is chosen as PGF's benchmark for its representation of ASX and global equity market indices.
^AThe latest monthly unit prices and return figures are provided on an estimated basis only and may be subject to change.

Top 10 Listed Equity Positions

Stock Name	Portfolio Weight
Neuren Pharmaceuticals (ASX:NEU)	1.9%
S&P Biotech ETF (ASX:CURE/NYSE:XBI)	1.9%
VanEck Gold Miners (ASX:GDX)	1.8%
Santos (ASX:STO)	1.8%
Salter Brothers (ASX:SB2)	1.7%
Platinum Capital (ASX:PMC)	1.5%
Platinum Asia (ASX:PAI)	1.4%
Greatland Gold (LON:GGP)	1.3%
Tesla (NASDAQ:TSLA)	1.1%
Tencent Holdings (HKG:0700)	1.0%

Exposure Allocation

Strategy Bucket Allocation	Portfolio Weight
#1 Cash and Fixed Interest 	14.1%
 Placement + IPO (ECM)	22.3%
#2 High Conviction Stocks	40.4%
#3 Options Account	9.0%
Managed Funds	6.3%
Unlisted Investments	7.9%

Fund Analytics

# of Positive Months	32/44 (72.7%)
Upside Capture	0.73
Downside Capture	0.11

Fund Commentary

PGF's estimated return for August was +2.20%, outperforming the Vanguard High Growth Index Fund, which posted a +1.45% return. During the same period, the ASX 200 Accumulation Index rose by +2.97%, while the MSCI World Ex-Australia Index declined by -0.47%.

Under our Bucket #1 strategy this month, PGF participated in 36 placements, 4 block trades, and 1 IPO, with the expectation of receiving free attaching options in 13 of these deals. Although most of these options are yet to be issued, we anticipate their allocation to the fund over the coming months. Deal flow remained strong and consistent throughout September, picking up significantly in early October as Chinese equity markets experienced strong gains, positively impacting small-cap ASX companies.

Key contributors to returns in September included Aspen (ASX:APZ) +10.7%, Catalyst Metals (ASX:CYL) +11.3%, Agua Resources (ASX:AGR) +17.1%, Vysarn (ASX:VYS) +25.0%, Gratifii (ASX:GTI) +25.0%, Greatland Gold (LON:GGP) +43.7% and EchoIQ (ASX:EIQ) +53.3%. Echo IQ Limited achieved a major milestone with FDA 510(k) clearance for its EchoSolv AS tool, which will enable commercialisation in the United States. EchoSolv AS, an AI-powered decision support software designed to detect severe aortic stenosis, demonstrates a 100% accuracy rate for severe cases and a 72% improvement in detection compared to traditional methods. This clearance allows EIQ to progress with discussions involving US healthcare providers, device manufacturers, and pharmaceutical companies, paving the way for revenue through insurance reimbursements and licensing deals. We participated in the EchoIQ placement last month at \$0.15, with the stock closing at \$0.23 following the positive announcement. Magnetic Resources (ASX:MAU) -10.8%, Antilles Gold (ASX:AAU) -25.0%, Control Bionics (ASX:CBL) -25.8% and Golden Deeps (ASX:GED) -35.4% were the key detractors.

Our Bucket #2 high-conviction, longer-term positions showed good gains. Notable contributions to PGF's return came from Money Forward (TSE:3994) +6.0%, Regal Partners (ASX:RPL) +8.4%, NextGen Energy (ASX:NXG) +8.6%, Stanmore (ASX:SMR) +8.7%, Charter Hall (ASX:CHC) +10.2%, Gentrack (ASX:GTK) +12.2%, Salter Brothers (ASX:SB2) +13.2%, Pilbara (ASX:PLS) +13.2%, Tencent (HKG:0700) +14.3%, Zip Co (ASX:ZIP) +16.1%, Tesla (NASDAQ:TSLA) +18.6%, Metro Mining (ASX:MMI) +19.0%, Regis Healthcare (ASX:REG) +22.2%, TUAS (ASX:TUA) +24.7%, Opthea (ASX:OPT) +32.6% and Alibaba (HKG:9988) +54.7%. Chinese stocks rallied significantly due to a series of stimulus measures, which we will discuss further on the following page.

Major detractors were Santos (ASX:STO) -2.8%, Biotech ETF (ASX:CURE/NYSE:XBI) -4.3%, Argenica (ASX:AGN) -9.5%, Dimerix (ASX:DXB) -16.7% and Immutep (ASX:IMM) -19.7%.

Thoughts On Chinese A Shares

The MSCI China Index surged over 25% in September as China introduced a series of stimulatory measures aimed at revitalising its economy. This strong performance aligns with our observations of the Chinese A Shares market, which we believe is driven by retail investor sentiment and government policies in the short term but earnings growth in the long term.

For many years, the A Shares market has been viewed with a degree of scepticism by Chinese investors. Since its peak in 2015, the SSE Composite Index has declined by approximately 30% over nine years, making it one of the worst-performing stock markets globally. While the reasons for the Chinese stock market's decade-long downturn are widely discussed, one significant factor often overlooked is valuation. Simply put, the Chinese A Shares market experienced excessive growth from 1990 to 2015, resulting in overly optimistic expectations for future growth, which led the market to overshoot on the upside.

At previous peaks, valuations were indeed stretched. During the 2015 peak, the price-to-earnings (P/E) ratio reached 25x, whereas it now sits around 13x. While historical earnings growth figures can be challenging to verify, the SSE Composite currently anticipates EPS growth of approximately 12-17% for the coming year—a rate notably higher than many other markets and comparable to that of the S&P 500.

As the world's second-largest economy, China's publicly listed equity market is fundamental to its economic landscape. In our view, from time to time the Chinese market offers significant opportunities for substantial gains. **Retail sentiment towards stock market investing was sour but can change quickly.** Taking a longer-term perspective, the SSE has risen from 100 in December 1990 to approximately 3,300 at the end of September 2024, equating to an estimated annual return of around 12%, including dividends. There have been multiple periods where the Chinese market has doubled in a short span, generating significant wealth for investors.

Our exposure to China is primarily through H Shares in Hong Kong, with holdings in Tencent, Alibaba, and selected plays in Platinum. All of these positions are trading at very attractive valuations with near-term catalysts.

Period	Index Level	LTM PE Ratio (x)	EPS Growth - CY25
China 2007 Peak	6,124 (SSE)	69.9	-
China 2015 Peak	5,175 (SSE)	25.0	-
China 15 October 2024	3,201 (SSE)	13.1	12-17%
US 15 October 2024	5,860 (S&P 500)	24.7	14-15%



Sources: Shanghai Stock Exchange, East Money, TradingView, FactSet, PGF

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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.

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, BCom | jack@pgf.net.au

Responsible Manager

Benjamin Peters, GDFP | 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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