



## MONTHLY REPORT

JANUARY 2025

### Unit Price and FUM

**Indicative Unit Price**

**\$1.4654<sup>^</sup>**

**FUM Size**

**\$27.4 Million**

Past distributions paid: FY24: 4.02c, FY23: 9.61c, FY22 5.12c, FY21 8.91c.

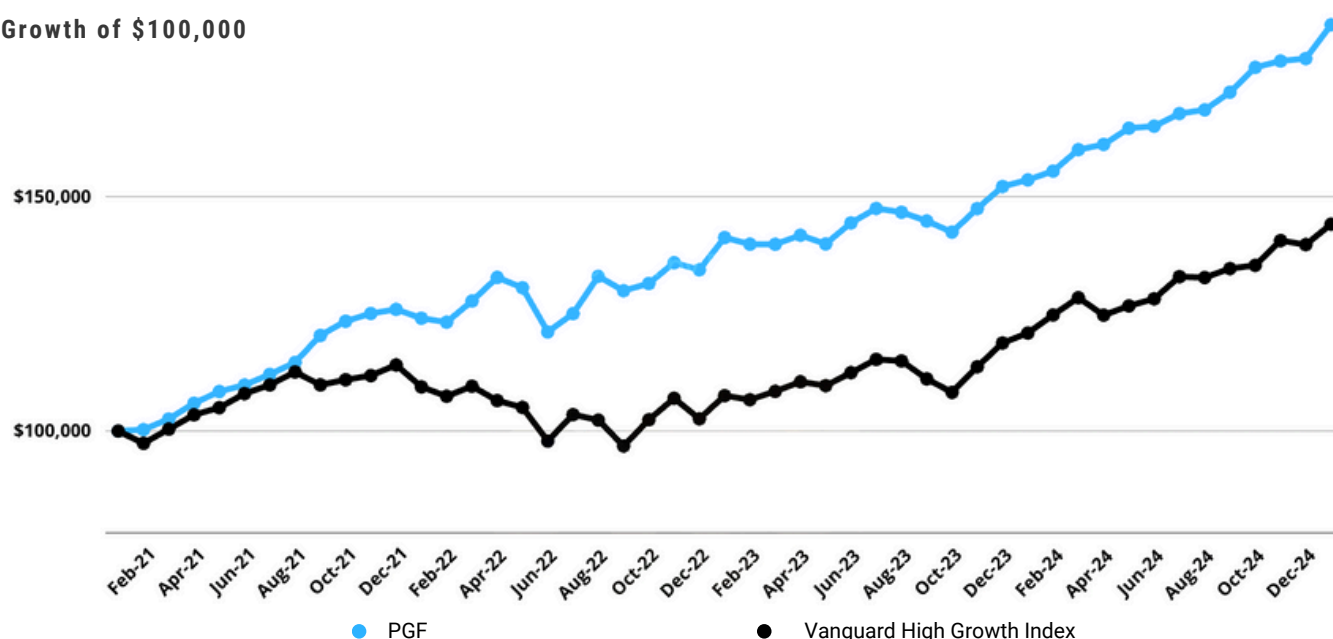
### Performance Table Net of Fees

As at 31 January 2025	PGF	Vanguard High Growth Index Fund	Difference
1 Month	4.01%	3.12%	0.89%
3 Months	5.11%	6.49%	-1.37%
1 Year	21.57%	19.21%	2.36%
3 Years p.a.	14.59%	9.77%	4.82%
Since Inception*	86.68%	44.71%	41.97%

### 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	1.63	0.47	2.23	3.08	0.77	0.29	17.96
2025	4.01												4.01

### 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.

<sup>^</sup>The latest monthly unit prices and return figures are provided on an estimated basis only and may be subject to change.

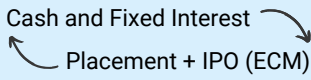
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Past performance is not indicative of future performance. Specific risks of the Fund may impact on the possibility of such a return in future.

## Top 10 Listed Equity Positions

Stock Name	Portfolio Weight
Platinum Asia (ASX:PAI)	2.6%
Platinum Capital (ASX:PMC)	2.1%
S&P Biotech ETF (ASX:CURE/NYSE:XBI)	1.8%
Neuren Pharmaceuticals (ASX:NEU)	1.7%
VanEck Gold Miners (ASX:GDX)	1.6%
Block Inc CDI (ASX:XYZ)	1.5%
Kaiser Reef (ASX:KAU)	1.3%
Skylark Minerals (ASX:SKM)	1.3%
Regal Partners (ASX:RPL)	0.9%
Tencent Holdings (HKG:0700)	0.9%

## Exposure Allocation

Strategy Bucket Allocation	Portfolio Weight
#1 Cash and Fixed Interest 	13.5%
Placement + IPO (ECM)	27.5%
#2 High Conviction Stocks	37.2%
#3 Interactive Brokers Option Account	10.4%
Managed Funds	4.6%
Unlisted Investments	6.8%

## Fund Analytics

# of Positive Months	38/48 (79.2%)
Upside Capture	0.75
Downside Capture	0.11

## Fund Commentary

PGF's estimated return for January was +4.01%, outperforming the Vanguard High Growth Index Fund, which rose by +3.12%. During the same period, the ASX 200 Accumulation Index gained +4.58%, while the MSCI World Ex-Australia Index increased by +2.58%.

In January, under our Bucket #1 strategy, PGF participated in 12 placements and 2 IPOs, with expectations of receiving free-attaching options in 5 of these deals. These options are yet to be issued, and we anticipate their allocation to the fund in the coming months. Deal flow was very quiet in the first half of January, as many market participants were still on holiday. Our first deal was completed on January 6, followed by a second one on January 15. However, activity picked up towards the end of the month and has accelerated further in February. Key contributors to returns in January included Kingston Resources (ASX:KSN) +9.1%, Benz Mining (ASX:BNZ) +13.0%, Novatti Group (ASX:NOV) +16.0%, Symal Group (ASX:SYL) +16.3%, Cuscal (ASX:CCL) +17.2%, Paradigm Bio (ASX:PAR) +21.4%, VRX Silica (ASX:VRX) +23.7%, Larvotto Resources (ASX:LRV) +25.0%, Black Cat Syndicate (ASX:BC8) +25.6%, Enterprise Group (TSE:E) +29.4%, Meeka Metals (ASX:MEK) +40.1%, and Skylark Minerals (ASX:SKM) +43.0%.

Symal and Cuscal were two IPOs we participated in at the end of last year. We were fortunate to retain both positions and opportunistically increased our holdings in the market. Both are high-quality companies with strong fundamentals and growth prospects, making them ideal candidates for our long-term portfolio. Elsewhere, our gold, silver, and antimony positions performed exceptionally well, buoyed by gold surpassing A\$4,500 per ounce for the first time. A rising tide lifts all boats, and our junior gold plays are gaining attention. We have been accumulating positions in Meeka, Black Cat, Larvotto, Benz, Skylark, Trigg (ASX:TMG) and Horizon (ASX:HRZ) for months. Along with our Newmont (ASX:NEM) and gold miner ETF (GDX) exposure, all of which significantly contributed to PGF's recent returns. Major detractors included Dentalcorp Holdings (TSE:DNTL) -9.6%, Imagion Biosystems (ASX:IBX) -34.8%, and C29 Metals (ASX:C29) -40.2%. Our placement strategy overall worked very well in January.

Our longer-term #2 Bucket positions also delivered solid gains, with strong performances from Kaiser Reef (ASX:KAU) +6.3%, Alibaba (HKG:9988) +6.8%, Block (ASX:XYZ) +6.9%, FREEE K.K. (TYO:4478) +11.9%, Neuren (ASX:NEU) +15.9%, Newmont (ASX:NEM) +16.9%, Richemont (SIX:CFR) +27.3%, Opthea (ASX:OPT) +40.7%, and Artrya (ASX:AYA) +85.5%. Market virtuoso Doug Tynan's stocks FREEE K.K., Hemnet (STO:HEM) and Richemont continue on a strong run. Richemont, which owns the Cartier and VCA brands amongst others impressed the market with its Veblen goods doing very well. Major detractors included Humm Group (ASX:HUM) -15.1% and Zip Co (ASX:ZIP) -17.6% as profit taking occurred in some of these positions that have ran too hard recently.

## **China - The Quiet Achiever**

In recent years, China has quietly achieved the following:

### **1. Advancing soft power**

China's AAA game "[Black Myth: WuKong](#)" has set a new benchmark in Chinese game development, showcasing world-class graphics and gameplay. Meanwhile, the film "[Ne Zha 2](#)" has elevated the standard of Chinese filmmaking. Still showing in cinemas, it has already grossed over US\$1.6 billion, making it one of the top 10 highest-grossing films of all time and the only non-English title in the top 50.

### **2. Becoming the world's largest car manufacturer and exporter**

In 2024, China exported 6.4 million vehicles, significantly outpacing second place Japan's 4 million ([Source](#)). More strikingly, China produced 31.3 million vehicles—four times Japan's 7.8 million ([Source](#)). In terms of quality and technological advancement, Chinese cars now far exceed competitors at the same price level. We are finding the same phenomenon across other advanced manufacturing sectors.

### **3. Advancements in semiconductor and AI technology**

Despite restrictions on extreme ultraviolet (EUV) lithography, China's SMIC has successfully produced 5nm chips ([Source](#)). While challenges remain in mass production, continued investment suggests China may eventually close the gap with global semiconductor leaders. Significant progress has also been made in AI technology and robotics, such as the recently released DeepSeek LLM and [Unitree robots](#).

### **4. Rapid urbanisation and infrastructure dominance**

China's urbanisation rate reached 67% in 2024, with the country adding approximately 15 million urban residents annually ([Source](#)). This continued urban expansion drives demand for infrastructure, supporting iron ore prices above US\$100/t. At the same time, China's high-speed rail network now spans over 48,000 km, accounting for two-thirds of the world's total (compared to just 735 km in the U.S.) ([Source](#)). A high-speed train from Shanghai to Beijing (comparable to Port Macquarie to Hobart) only costs travellers US\$100 and takes just 4 hours, offering affordability, reliability, and convenience unmatched globally.

### **5. Global Co-operation**

In 2025, China's foreign policy continues to prioritise economic cooperation and trade over conflict ([Source](#), [Source](#)). While geopolitical tensions with the U.S. persist, China remains committed to dialogue and multilateralism.

Despite the negative sentiment surrounding China's consumption slowdown and property market decline, the Chinese economy continues to grow meaningfully in other areas. Current GDP growth is being driven by industrial output and strong export performance. The industrial sector contributed 36.5% to GDP, with manufacturing alone expanding by 6% year-on-year. Net exports accounted for 30.3% of GDP growth, the highest share since 1997 ([Source](#)).


Additionally, Chinese household savings have now exceeded US\$20 trillion in 2024 ([Source](#)). While high savings rates can suppress short-term consumption, these funds must eventually flow into the economy. With the People's Bank of China (PBOC) adopting an easing monetary stance, low-yielding savings will ultimately be redeployed into investments or spending. Major banks now offer term deposit rates of around 1% ([Source](#)), and history has shown us what happens when rates approach zero.


What we want to highlight is the stark contrast between perception and reality in China. While media narratives often focus on economic and demographic challenges, the situation on the ground in China is actually not that bad at all.

Given this context, the key question now is do Chinese companies truly warrant the significant discount currently embedded in their valuations?

## Mag 7 Vs China 7?

U.S.'s "Mag 7" have made profound impact on all of our lives and they probably deserve the valuation they are sitting on. For our purpose, we also provide a table of the "China 7" to demonstrate how cheaply they are trading on, relative to their U.S. peers.

 <b>United States - Magnificent 7</b>		<b>10 Year Bond Yield = 4.5%</b>					
<b>Company</b>	<b>Main Revenue Source</b>	<b>Market Cap (US\$b)</b>	<b>Price (\$US)</b>	<b>LTM Earnings</b>	<b>LTM Trail PE</b>	<b>CY27 Forecast Earnings</b>	<b>CY27 Forward PE</b>
Apple	Consumer electronics, software	\$3,674	\$244.60	\$6.3	38.8x	\$9.2	26.7x
Nvidia	Graphic processing units, AI chips	\$3,400	\$138.85	\$3.0	46.3x	\$6.3	22.0x
Microsoft	Software, cloud, hardware, gaming	\$3,036	\$408.43	\$11.8	34.6x	\$17.7	23.1x
Amazon	E-commerce, cloud, streaming	\$2,423	\$228.68	\$5.5	41.6x	\$9.5	24.1x
Alphabet	Search, cloud, streaming, AI	\$2,267	\$185.23	\$8.0	23.2x	\$11.8	15.7x
Meta	Social media, VR/AR, AI	\$1,866	\$736.67	\$23.9	30.8x	\$33.6	21.9x
Tesla	EV, self-driving, robotics, energy sto.	\$1,144	\$355.84	\$2.4	148.3x	\$4.8	74.1x
<b>Average</b>		<b>\$2,544</b>	<b>\$244.60</b>	<b>\$6.3</b>	<b>38.8x</b>	<b>\$9.2</b>	<b>29.6x</b>
<b>3-Year Earnings Growth</b>							<b>46.0%</b>
<b>3-Year PEG Ratio</b>							<b>0.64</b>

 <b>China - China 7</b>		<b>10 Year Bond Yield = 1.7%</b>					
<b>Company</b>	<b>Main Revenue Source</b>	<b>Market Cap (US\$b)</b>	<b>Price (\$US)</b>	<b>LTM Earnings</b>	<b>LTM Trail PE</b>	<b>CY27 Forecast Earnings</b>	<b>CY27 Forward PE</b>
Tencent	Social media, cloud, payments, gaming, entertainment, AI	\$551	\$61.01	\$3.2	19.1	\$4.8	12.7
Alibaba	E-commerce, cloud, payments, logistics, entertainment, AI	\$282	\$15.95	\$1.1	14.5	\$1.3	12.3
Pinduoduo	E-commerce	\$172	\$124.16	\$11.2	11.1	\$14.5	8.6
Xiaomi	Consumer electronics	\$144	\$5.74	\$0.13	44.2	\$0.25	23.0
BYD	EV, batteries and renewables	\$140	\$46.80	\$1.8	26.0	\$3.2	14.6
Meituan	Delivery, services, ride hailing	\$129	\$21.83	\$1.0	21.8	\$1.8	12.1
Baidu	Search, cloud, self-driving, AI	\$34	\$97.48	\$10.0	9.7	\$12.9	7.6
<b>Average</b>		<b>\$207</b>	<b>\$53.28</b>	<b>\$4.1</b>	<b>20.9x</b>	<b>\$5.5</b>	<b>13.0x</b>
<b>3-Year Earnings Growth</b>							<b>34.1%</b>
<b>3-Year PEG Ratio</b>							<b>0.38</b>

*Data Sources: TIKR; prices reflect U.S. market closing values as of February 14, 2025.*

We can see that the China 7 is currently trading at a significant discount to the Mag 7. Again we acknowledge that the Mag 7 are truly exceptional companies, and we are not questioning their valuation. Given the current dynamics in China, including economic resilience, industrial expansion, and ongoing technological advancements, we believe the China 7 deserve higher valuation multiples than where they currently trade.

PGF is currently invested in Alibaba, Tencent, Ping An Insurance, Platinum Asia and Platinum Capital as our Chinese exposure, totalling to circa 7% of the total portfolio.

**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.

<b>Portfolio Manager</b> Jack Hu, CFA, BCom   jack@pgf.net.au	<b>Fund Guideline</b> <ul style="list-style-type: none"><li>• Maximum Single Holding Size: 20% at Cost</li><li>• Maximum Unlisted Holdings: 30% at Cost</li><li>• Buy Sell Spreads: Nil</li><li>• Distribution Frequency: Annually</li><li>• Minimum Investment: \$100,000</li></ul>
<b>Responsible Manager</b> Benjamin Peters, GDFP   ben@pgf.net.au	
<b>Application and Redemptions</b> <a href="https://www.registrydirect.com.au/offer/phoenix-growth-fund/">https://www.registrydirect.com.au/offer/phoenix-growth-fund/</a>	
<b>Website</b> <a href="https://www.pgf.net.au/">https://www.pgf.net.au/</a>	

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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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