October 16th, 2025

> *"If you listen very carefully, you'd hear the duck quacking inside the wolf's belly, because the wolf in his hurry had swallowed her alive"..*
> Peter and the Wolf by Sergei Prokofiev, Russian Composer, 1936

Dear Shareholder,

When I started the Phoenix Gold Fund back in the year 2000 it was because I was alarmed by the "dot com bubble" in the US stock market and believed that, when the bubble met the inevitable pin, investors would seek the security of real assets and would bid up the prices of gold and silver. This indeed happened, but at the time I had not suspected that Wall Street, and the US Government, would be able to blow several more bubbles; in housing, in crypto coins, in stocks and most recently in the "Magnificent Seven" technology stocks and those participating in the AI game. As I write, we have just witnessed a momentous week in the financial markets, with many crypto currencies essentially imploding as reportedly $20 billion of crypto bets were liquidated in a cascade of forced selling by those holding leveraged positions. The stock markets too fell sharply as President Trump announced that he would impose 100% tariffs on Chinese goods after the Chinese Government announced they were turning up the heat on the US military by denying the export of essential rare earths and high-tech magnets and other items with dual use, military and civilian. Such a move, essentially terminating trade between the world's two largest economies, has spooked investors and sent gold and silver prices to new highs above $4,100/oz for gold and $52/oz for silver.

For years I have been bemoaning the fact that gold mining shares were absurdly cheap and that virtually no-one was interested in taking out the traditional insurance. Suddenly this has changed, with some of the absurdly cheap gold stocks rising as much as 25-fold this year, Phoenix Gold Fund up 167% year to date, and everything appearing to be technically overbought and due for consolidation. We have trimmed some of our most successful investments where the gains have been extraordinary and we needed to rebalance the portfolio and seek stocks that, despite their strong fundamentals, have not yet caught the market's attention. However, we intend to remain almost fully invested, for we believe that this move out of the wild speculative investments and into real assets has only begun. When one considers that the market capitalization of all listed gold mining companies is now about US$750 billion, and one compares this with the market capitalization of just one stock, Nvidia, at US$4.57 trillion, it is difficult to imagine the prices that would prevail if investors decided to run from their speculative bubbles and seek refuge in precious metals.

Morgan Stanley was on record recently as advising clients that the traditional 60-40 portfolio was no longer appropriate and that it would now recommend 60-20-20 with the last 20% being allocated to gold! Several other US banks are proffering similar advice. The enormity of this idea must sink in. The bond market is the largest market in the world. Most Western investors have less than 1% of their portfolios attributed to gold and, if they are to take this to a 20% allocation, the price of gold will have to rise to astronomical levels leading us almost certainly to Weimar II.

The two monetary metals, gold and silver, are themselves showing many signs of being technically overbought and overdue a correction or consolidation, but fear is a much stronger emotion than greed and as investors begin to realise that the Emperor has no clothes, and they have no gold, they are likely to panic buy. China has been accumulating gold since 1983; India is known to have the largest hoard of private citizens' gold and Russia is believed to have as much as 12,000 tons in its Central Bank and sovereign wealth funds.

This past week we saw lease rates for silver reach as high as 35% as the gang of short sellers scampered to borrow silver to deliver against their short sales and the silver market is in sharp backwardation (see Figure 1, where future prices are trading at a discount to the spot price). The Comex managers, last Friday night, decided to double the margin requirement supporting silver open positions to force the small long speculators to sell, but that does not address the real problem which is the number of buy contracts standing for delivery. Buyers of precious metals are seeking to remove counterparty risk and are seeking physical delivery translating to minimal 'free float" silver inventories (Figure 2).

Figure 1: LME Silver Forward curve at 10/10/2025 (Source; Bloomberg)

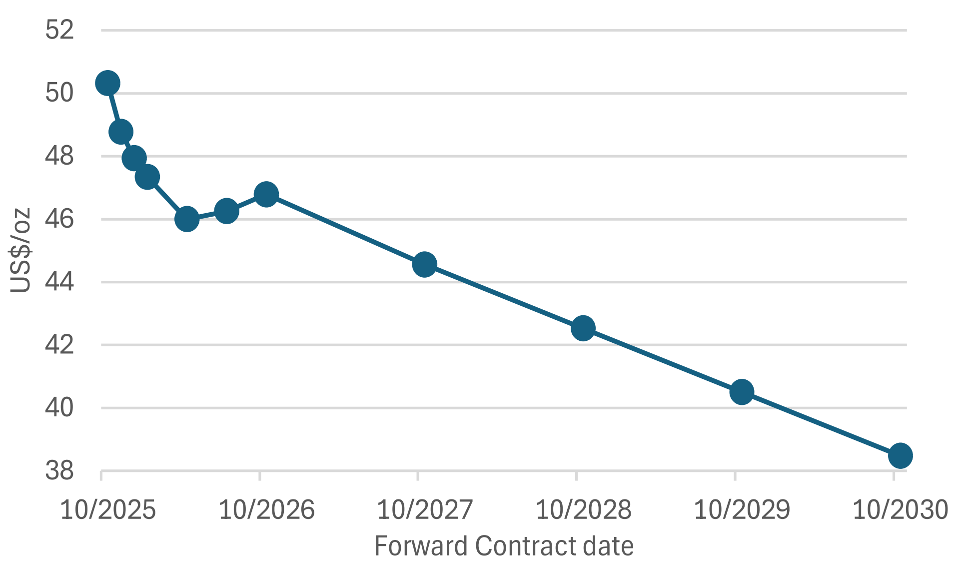
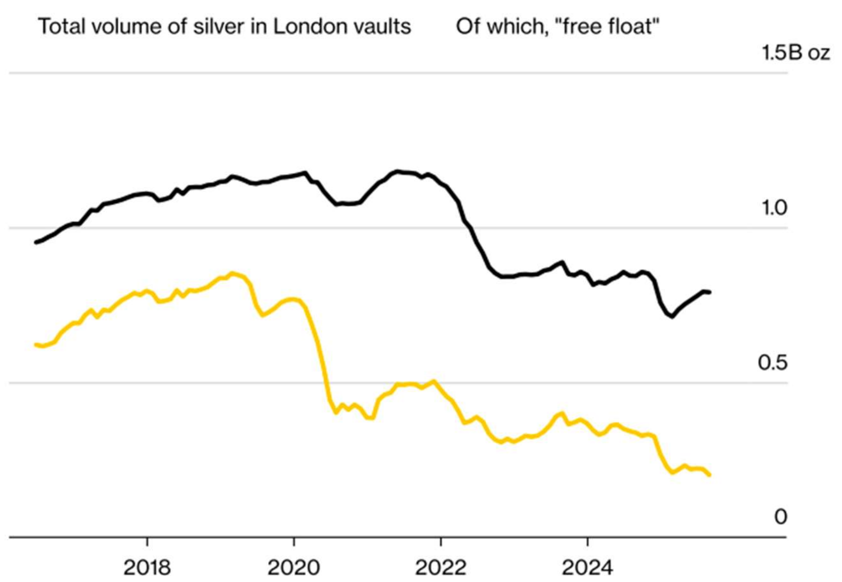


Figure 2: Silver held on the LME (Boz, free float (yellow)) (Source: Bloomberg)



Clearly all markets are becoming increasingly unstable, and gold and silver could certainly see a correction, but it would not be surprising if prices continue to rise as anxious buyers fight for physical all round the world. At Phoenix we will continue to stay fully invested although we will continue to trim our most successful stocks to try to rotate into those shares that have been left behind.

Overleaf, Larry to share his observations from the quarter...

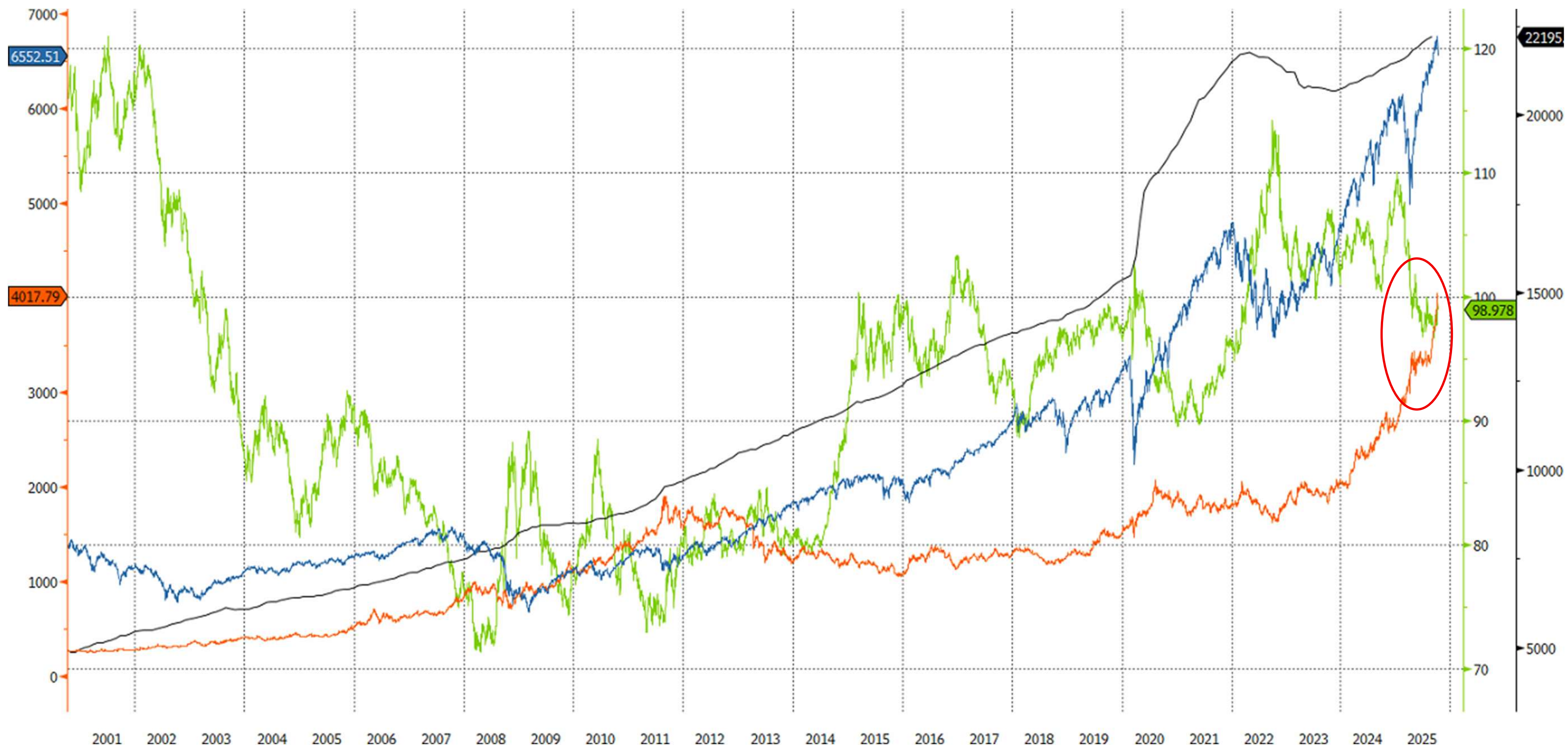
SepQ'25 Letter to Shareholders

Not long after the Phoenix Gold Fund started, in a parallel career, I began working in the mining industry for near on a decade at several large-scale projects globally. As a plant metallurgist, the work environment was often excessively noisy, as crushers and mills whirred away at over 100 decibels, desensitizing me to an obvious occupational hazard. Industrial hearing loss is caused by damage to the delicate inner ear cells or "follicles" that like grass blades, can be permanently flattened when bent by sound vibrations leading to irreversible hearing loss. Fortunately, I have no lasting effects, but what has this got to do with the strongest quarter for the gold price since 1979?

I share the analogy as we view SepQ'25 will be recalled as one where the cumulative exposure to industrial noise (expansion of US debt and money supply) has bent the follicles (US dollar) in an irreversible way inducing far worse than mild vertigo. In short, the US dollar is comfortably numb no longer, having had its weakest half in H1'25 (%DXY change, green Figure 3) since 1979 (when the gold price surged from $233/oz to $670/oz).

Upon re-election Trump wanted a weaker dollar to ensure competitiveness and the stock market has been a clear beneficiary, with the Nasdaq 100 companies generating close to 50% or all their revenues offshore and powering through to all time highs. The market's attention to the top line revenue benefits however is yet to factor in tariff induced cost inflation from foreign inputs. At a combined market capitalisation of US$20 trillion, the value of "Magnificent Seven" has swelled to represent ~70% of US GDP and without their capital expenditure on AI infrastructure, GDP growth over the H1'25 (1.9%) would retract perilously close to zero, demonstrating the perception of economic health doesn't match reality.

Figure 3: Gold Price (US$/oz, LHS, Orange), S&P500 (Blue, LHS), DXY index (RHS, Green), M2 Money Supply (US$B, RHS, Black) (Source: Bloomberg)

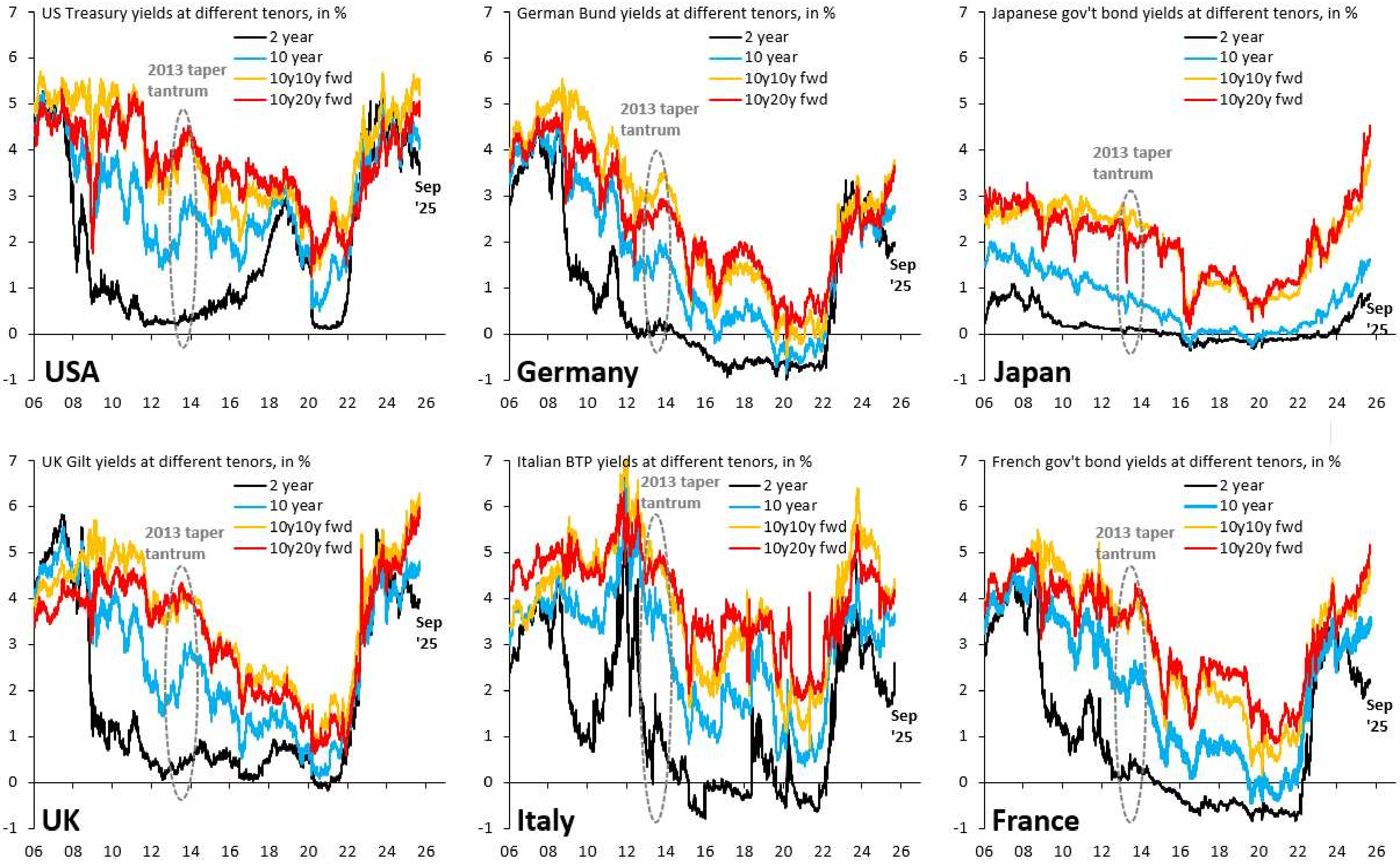


Over SepQ'25 (red circle Figure 3) the USD strengthen 1.5% as the gold price ran up 12%, an unusual pattern and the most pronounced quarterly move since 2011. Most of this gold price appreciation was after US Fed chair Powell's dovish speech at Jackson Hole on August 22 giving the "all clear" for at least three further rate cuts over 2025. What has played a major role to power up gold 15% over the next four weeks wasn't so much a flight away from the dollar as a flight out of *all* G10 currencies as fears of inflation and currency debasement grow.

A key feature of global markets this year has been the upward pressure on longer-term yields in the bond market across not just the US but Europe and Japan. This was a reflection of the profligacy of governments during COVID where budget deficits increased sharply and have continued to deteriorate as entitlements have been hard to scale back. With total global government debt projected to rise another US$5 trillion to close to US$100 trillion, bond investors are demanding a higher yield on long dated debt.

Aside from AI, weak economic data in the US has increased recession fears with the pricing of more Fed cuts pulling down the front end of the curve (as depictured in the two-year rate (black) in top left, Figure 4 overleaf). However, this is having little impact on the back end of the yield curve falling, a sign of market's heightened concern over the sustainability of the debt glut. What is consistent for all countries shown in Figure 4 is the alarmingly yield spike of the 10y10y forward (that is the expected interest rate on a 10y treasury that starts in ten years, i.e. 2035). As shown in the yellow and in red for the 10y20y forward, all countries (ex-Italy) are offering forward yields last seen post 2008 GFC. This is most pronounced in Japan, where we are seeing yields of the 10-year spiking towards 2%with the high likelihood for future debt driven economic stimulus from newly elected PM Sanae Takaishi. As the Japan is the largest and most consistent buyer foreign buyer of US treasuries, accounting for ~13% of demand, this further exacerbates the likelihood for a steepening US yield curve.

Figure 4: Major G7 economies bond yields over various durations (2006-2025) (Source: VBLGoldFix)



The credit worthiness of France, down to an A+ rating over September, is now its lowest on record, joining downgrades to the US earlier in the year and the UK recently. Combined with Trump's meddling with the appointees of the Federal Reserve, the credibility of the institutions is waning and reflected in the surging long term yields.

To confront any economic crisis such as COVID and the GFC the US has engaged in quantitative easing with money supply (M2, black Figure 3) increasing 30% alone in the response to COVID. European Governments having attempted austerity post GFC and having been confronted with the political backlash, have similarly chosen the path of liquidity (money printing) often in concert with expansionary budgets (deficits) to resolve structural issues.

The historical corelation of loose fiscal policies and central bank gold purchasing is worth highlighting. Selling gold through the 1980's (to capitalises on the run up to $500/oz post the inflation shock of the late 1970's), central banks accelerated their selling through the turn of the millennia, personified most by UK Prime Minister Gordon Brown liquidating half of the UK's reserves at $251/oz, a cool $36 billion mark to market loss today. During this era from 1998-2001, Bill Clinton oversaw four US budget surpluses and the 'goldilocks' conditions of the 'great moderation' so there was little inclination for central banks to hold gold. The World Gold Council soon intervened and limited sales to a total of 400 tonnes per year. All this soon changed with government's response to the GFC through quantitative easing and running perpetual deficits. Since 2009 central banks have switched to net buyers, a trend that has been sustained and indeed accelerated when the US Government aided and abetted by their European vassals froze Russian deposits with expectations for close to record net purchases over 2025.

Figure 5:1971-2025: US Budget as % of GDP and M2 Money YoY change (%) (Source: FRED).

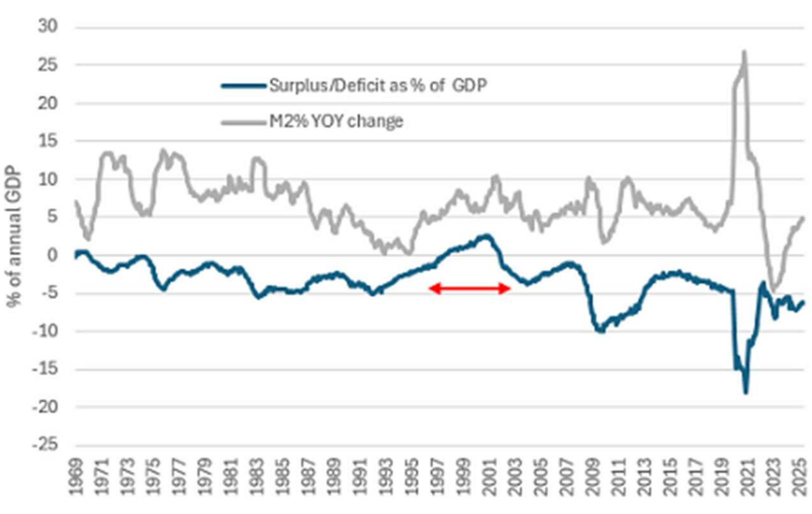
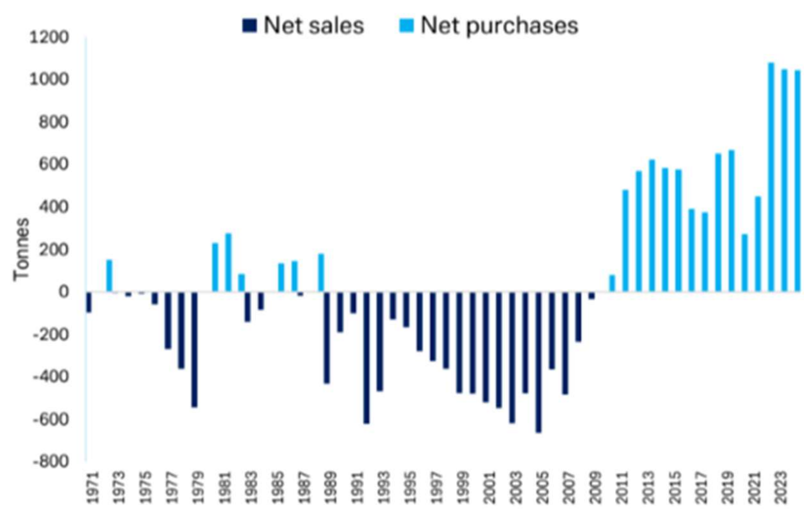


Figure 6: 1971-2025 Central Bank net sales (Source: DB)



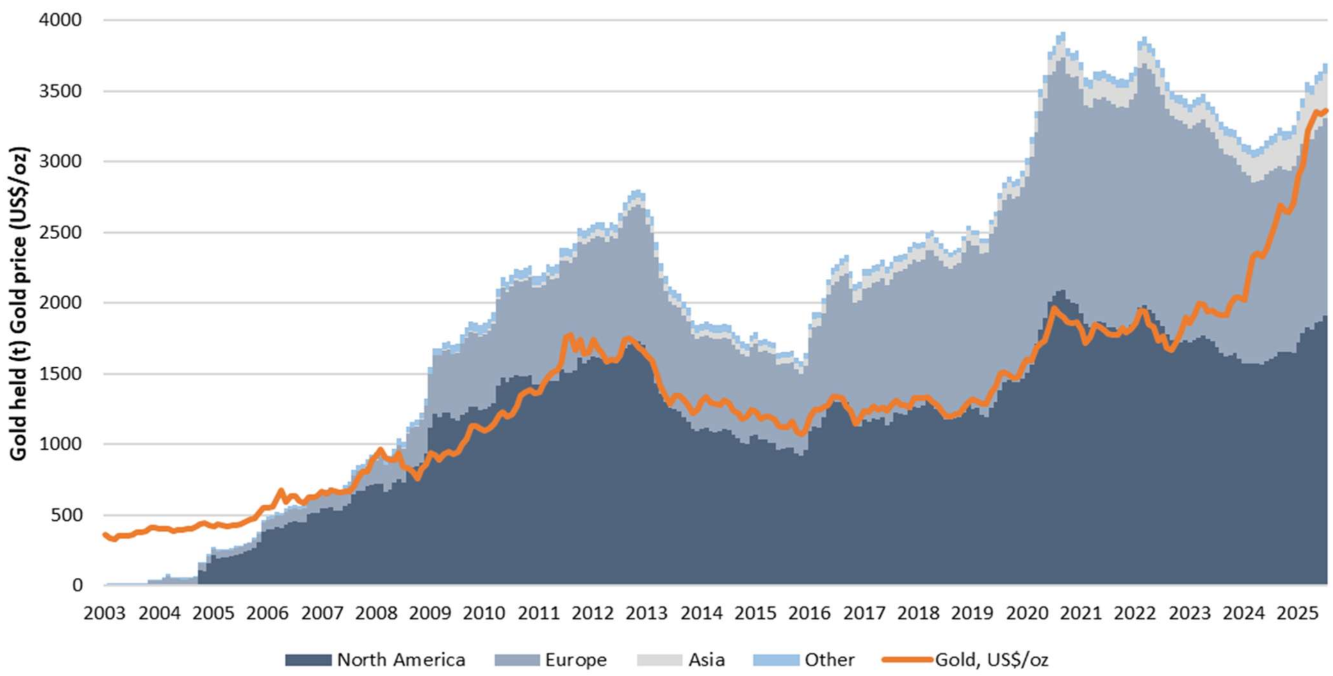
Most recently, the People's Bank of China has been the fundamental buyer, consistent with the plans to link the Yuan currency with gold for international trade settlement purposes. Moves are afoot, with the Shanghai Gold Exchange opening regional vaults in Hong Kong, Singapore and Saudi Arabia along with yuan-gold exchange facilities elsewhere in SE Asia.

The moves away from the US dollar gained further commercial acceptance this week with reports that the world's largest miner and the bastion of Australia's economy, BHP Billiton, will this quarter, settle 30 per cent of its spot iron ore sales to China in RMB instead of US dollars. Having held up cargoes at delivery ports in the lead up, BHP acquiesced to the Chinese rationale that, as the customer, they have the right to pay in its own currency. Politically however, for BHP and by extension Australia, with a reliance on US for defence, it presents as a conundrum. Having just gathered over forty BRICs aligned nations in August 2025 at the Shanghai co-operative meeting it is apparent that positioning for the post dollar world has extended beyond just the assembled fraternity.

Concerns over rising geopolitical tensions and retaliatory tariffs have seen Western investors return to purchase bullion in droves as North American ETFs added US$10.6B in September as the first of several expected rate cuts materialised. This made for the fourth consecutive month of additions by investors post the "liberation day" tariff proposals and the most sustained investor demand since the zero interest rates policy (ZIRP) was enacted by the US Fed over 2020. The World Gold Council estimates that the year-to-date inflow into physically backed ETF's is US$47 billion (Figure 7) rising in all regions and taking gold holdings to an amount near the 2020 peak of 3,800 tonnes.

While ETF purchasing of gold has been robust, the rate of buying over 2025 by the world's largest stable coin provider Tether has been truly staggering. Having grown to a market capitalisation of US$180billion, Tether has diversified from owning treasury bills to offer gold-backed digital tokens, collateralized against physical holdings to 82 tonnes as at end of H1'25. Tether purchased 19 tonnes of gold (vs the People's Bank of China with 22 tonnes) over H1'25, equal to fourth most by any country and its holdings alone now exceeds the reserves of Australia. With Tether evaluating a fund raising of the coming year of over US$20 billion as part of a potential IPO Valuation approaching US$500 billion, we expect that Tether will accelerate its purchasing of gold in line with its' other investments in the gold supply chain such as its US$100 million stake in a listed gold royalty business purchased over SepQ'25.

Figure 7: 1971-2025 Central Bank Gold Purchases (Source: World Gold Council)

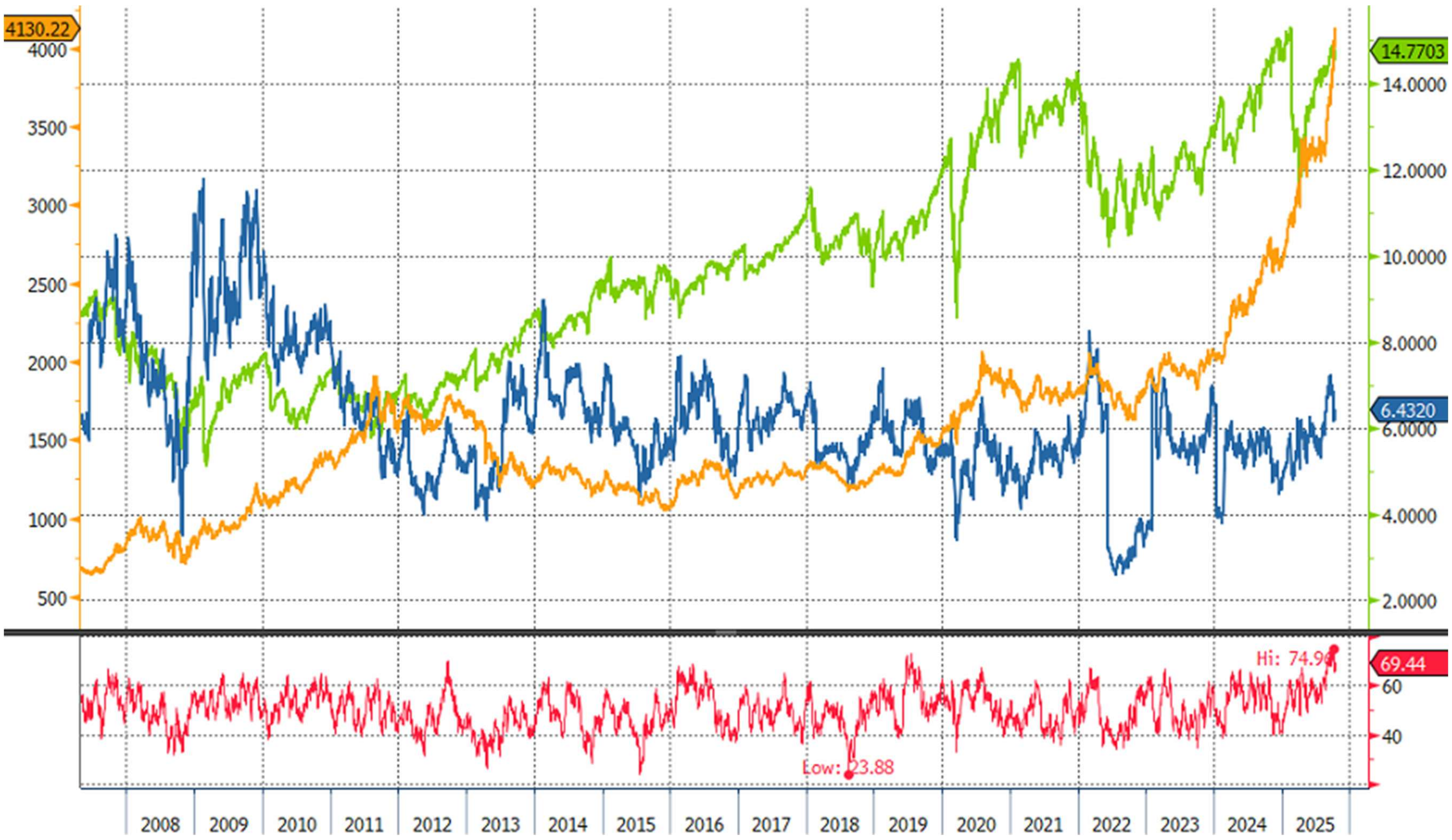


Gold stocks observations

We have just returned from the annual conference season at Beaver Creek and Denver catching up with old and new companies alike. While most major producers (+1 million ounces per year)) have reported record high operating margins of +50% over H1'25, we expect these to expand over H2'25 due to higher gold pricing and production that is usually second half weighted. Over the 12 months, the top 25 stocks within the benchmark HUI index have seen quarterly earnings growth of 31%, 75% to now 78% YoY. From our discussions, we were pleased to hear that most companies were keeping gold price assumptions at reasonable levels (US$2,500/oz cut off) to protect margins and input costs have plateaued with a benign oil price. Cost creep has been inevitable but overall capital discipline remains.

We see little impediment to free cash flow growth over the coming quarterly reporting season and have added to several of our producers on weakness such as Orla Mining. We acknowledge on a momentum basis the gold stocks are entering overbought territory with a relative strength indicator of the HUI exceeding 70 for the first time since 2019 (red line, Figure 8). On a valuation basis however, gold stocks are still trading in their typical earnings multiple range of 5-7 times vs 15 times for the S&P 500 on an Enterprise Value/One year forward EBITDA earnings. We see this as a material discount to earnings based on the inherent cyclicity of the gold price and not reflective of a higher gold price floor supported from the increased role of gold in global FX reserves (from 12% to 24% since 2020).

Figure 8: Forward EV/EBITDA (x) of HUI Index (Blue,RHS), S&P500 (Green) Gold Price (US$/oz, LHS, Orange). HUI Index RSI (Red RHS) (Source: Bloomberg)



Phoenix Gold Fund SepQ'25 performance

Over SepQ'25 the PGF returned 49.24% ahead of the GDXJ (46.52%) and the HUI (46.14%). This is the third best quarter performance for the fund and the best since the market rebound over JunQ'20 (+85%). Over the quarter the gold price had consecutive monthly gains with September (+11.92%) being the strongest month since August 2011 (+12.2%). July (-3.04%) had provided the only negative return month for the fund over 2025 mostly due to a 30% retraction in share price of our biggest holding at the time, an Australian based explorer. Performance over August (25.19%) and September (22.95%) were the strongest since April 2020 and comfortably above benchmark indices to set new highwater marks and provide enhanced returns over 2025 (+163.45% return YTD to SepQ'25).

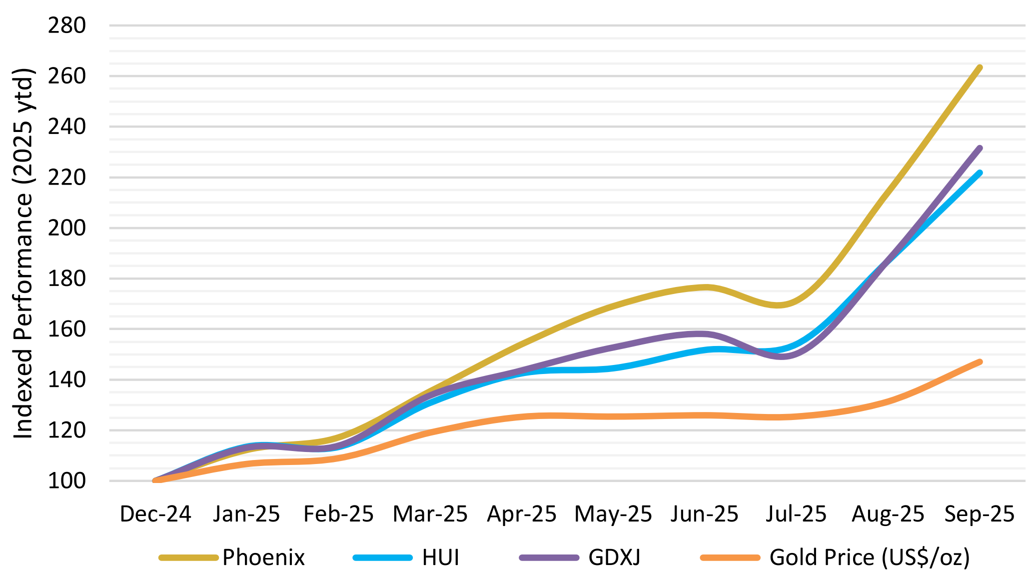
While the month of September accounted for most of the gain in gold price for the quarter, August provided the best monthly returns for PGF and benchmark indices as investors recognised the strong results that many producers reported for H1'25. Our best performers in this month was a long held African producer that reported a very strong Q2 result with operating costs in the lowest quartile globally. The quarter saw the 'rising tide lifting all boats' as only one stock that had delivered +500% over H1'25, slipped back a little and was a minor (-0.69%) drawdown on the NAV for SepQ'25.

Trading activity picked up substantially over the SepQ'25 as we rebalanced the portfolio to account for the significant appreciation and improved trading volumes in some of major holdings. Our approach in such a buoyant market was to look to reinvest profits from exited positions into earlier stage companies within the same category. An example of this is our allocation to silver with profit taken in Andean Precious Metals (APM-TSX, +600% YTD) and initiating a position in Minaurum Gold (MGG-TSX), a Mexican based silver developer expected to deliver a meaningful maiden resource this quarter.
We remain mindful of the technical indicators that suggest the gold stocks are overbought and as such will look to be more selective in deploying capital.

Figure 9: PGF vs benchmarks for SepQ'25 Source: Bloomberg

	PGF	GDXJ	HUI	Gold Price
Jul	-3.04%	-5.02%	1.50%	-0.40%
Aug	25.19%	24.69%	21.45%	4.80%
Sep	22.95%	23.71%	18.55%	11.92%
SepQ'25	49.24%	46.52%	46.14%	16.83%
JunQ'25	30.42%	18.16%	16.02%	5.75%

Figure 10: PGF vs benchmarks for YTD to end SepQ'25 Source: Bloomberg



At the end of SepQ'25 the PGF portfolio was allocated 30% to developers, 20% to explorers, 18% to junior producers (<200kozpa), 10% to senior producers, 8.3% to silver companies and the balance to royalties and other instruments (such as convertibles). The fund held ~1% of value as cash, consistent with remaining fully invested as much as practical.

When compared to 35 listed funds of similar mandates to PGF, SepQ'25 was mostly in line (Figure 11), however the strong H1'25 has provided a basis for the fund to exceed its peers YTD (Figure 12) with most funds returning in line with the HUI (91%) and GDXJ (102%).

Figure 11: PGF (orange) vs peer funds - SepQ'25 returns

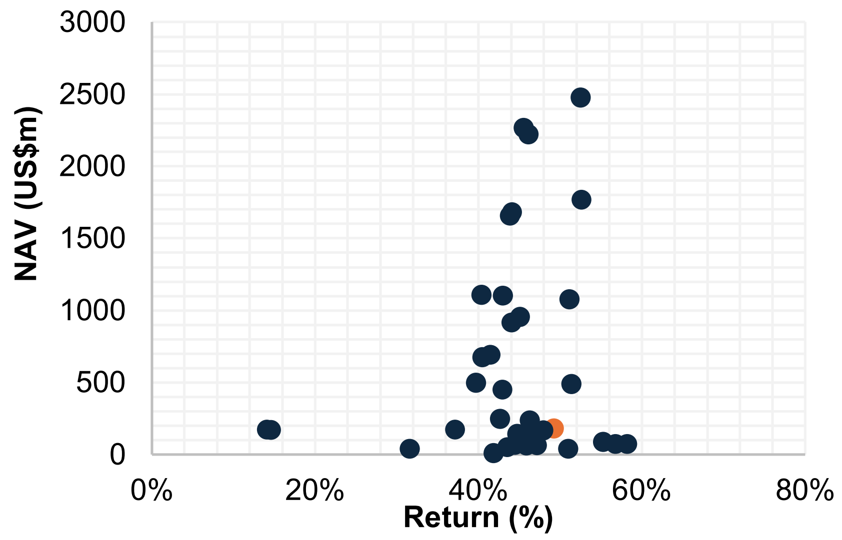
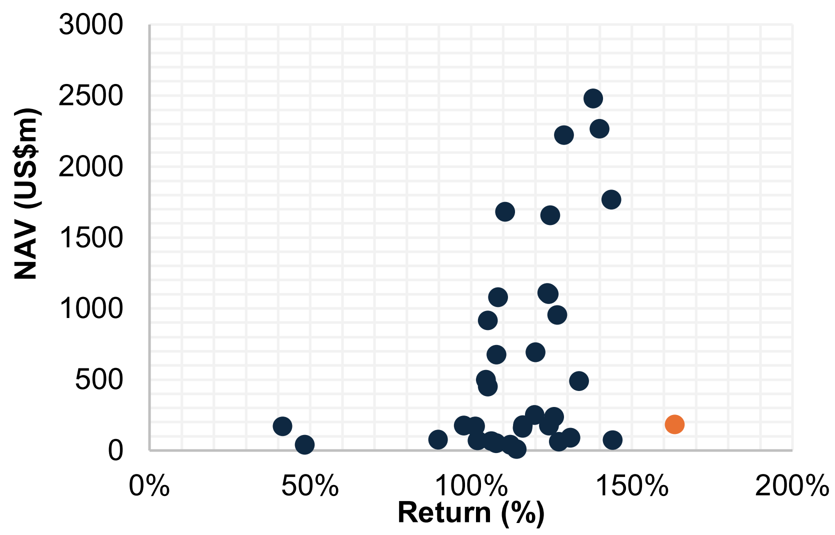


Figure 12: PGF (orange) vs peer funds – YTD to SepQ'2525 returns (Sources: Bloomberg)



Key contributors and detractors (ticker, price change, PGF profit attribution) over SepQ'25

Talisker Resources (TSK-TSXV, +302%, +9.62%)

Over 2025 Talisker Resources (TSK) has made rapid progress to restart the Bralorne Gold mine in British Columbia (BC), Canada. Bralorne, which hosts 1.66Moz had previously produced 4.2Moz at 17.7g/t to be the largest historic gold camp in BC. Having purchased the asset in November 2019 from Avino Silver for $10.2m TSK have since confirmed the over 150km of drilling within the known resource and commenced ore production from previously mined areas in late H1'25. We were attracted to Talisker Resources given the deeply discounted valuation (~US$20/oz) at the time of our initial investment in October 2024 but to mitigate the risk we invested through convertible debt, convertible at C$0.50/sh. We subsequently added to this position recently around the same price through facilitating a block trade and the stock has returned 300% over the quarter. We visited site last quarter and observed the ramp up of underground development and transition to the mining of stoped ore which is subsequently toll milled at a nearby plant we also toured. Key milestones we will watch for in the next twelve months are installing an ore sorter and amending the permit, both necessary to drive production towards 50kozpa that will in turn generate free cash to fund ongoing exploration and development.

KEFI Gold and Copper: (KEFI-LSE, +246%, +1.32%)

We first invested in KEFI in late 2024, as the multiple it was trading on at <US$50/oz was significantly discounted to its advanced stage of development. A lot of this was warranted, as progress at KEFI's 1.72Moz Tulu Kapi Gold project in Ethiopia had stalled with country risk, protracted debt financing and moribund equity markets with its LSE listing impacted overall investor sentiment. Over 2025 the company has received debt and equity facilities to cover its capital costs (US$340m) and commenced site preparations targeting first gold in late 2027. With the concurrent build of the 3.6Moz Kurmuk project by Allied Gold being sanction over 2025 to give confidence to investing in Ethiopia, we view that KEFI has scarcity value as an advanced developer of meaningful scale (+150kozpa) to continue to drive share price appreciation.

At the time of writing gold has just breached $4,200/oz and silver had hit an all-time high of $53/oz. While we expect there to be periods of consolidation ahead, the shift from speculative assets to real assets is underway with precious metals the clear beneficiary.

We remain fully invested, with a disciplined approach to portfolio rotation and capital allocation. Our goal is to continue to seek undervalued opportunities and manage risk proactively.

Thank you for your continued support and trust in our strategy.

Yours Sincerely,

Larry Hill

David Crichton-Watt