

## Fact Sheet

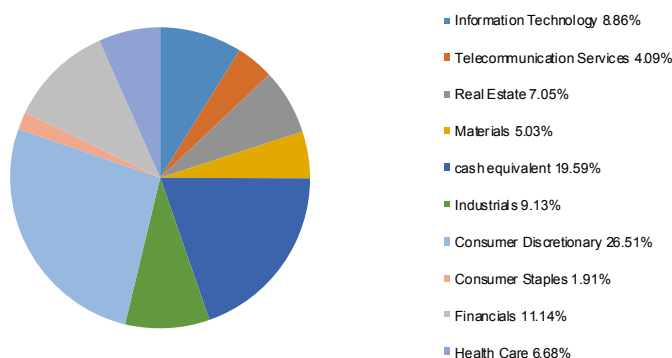
<b>Investment objective</b>	Aims to deliver superior medium to long term returns by investing in listed companies which possess a sustainable competitive edge. Companies can create that by owning/operating assets that are difficult to replicate. The Investment Manager believes that key intangible assets (such as Brands, Licenses, Patents, Logistical capability, a Captive client base) are the most difficult to replicate and that these key assets enable companies to entrench their products/services in the marketplace.		
<b>Investments held</b>	A portfolio of approximately 30-50 predominantly ASX listed securities (a minimum of 15 and generally no more than 80); cash and derivatives.		
<b>Investment Manager</b>	SG Hiscock & Company		
<b>Commencement</b>	13 February 2006		
<b>APIR</b>	ETL0062AU	<b>mFund Product Code</b>	SHF02
<b>Minimum initial investment</b>	\$20,000	<b>Buy Spread</b>	+0.35%
<b>Management costs<sup>1</sup></b>	1.180% p.a.	<b>Sell Spread</b>	-0.35%
<b>Performance Fee<sup>2</sup></b>	15.375%	<b>Pool size</b>	\$754.35 million

Unit Prices	Application	Net Asset Value	Withdrawal
31 July 2018	\$ 2.1549	\$ 2.1474	\$ 2.1399

Performance as at 31 July 2018 <sup>3</sup>	1 mth %	3 mths %	6 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	Inception % p.a.
Total Net Return	0.61	4.48	5.19	17.20	8.35	12.90	11.57
S&P/ASX Smallcap Industrial Index	-0.54	4.69	4.30	17.98	11.37	10.27	4.66
S&P/ASX 300 Accum. Industrials Index	1.62	5.75	5.07	10.83	6.47	9.77	7.12
S&P/ASX 300 Accumulation Index	1.31	5.78	6.05	14.70	8.09	9.15	6.44

Distribution Period	31-Dec-16	30-Jun-17	31-Dec-17	30-Jun-18
Distribution rate (cents per unit)	0.7943	1.3505	1.3919	9.8824

### Asset allocation as at 31 July 2018



### Top 5 holdings as at 31 July 2018

GTN Limited
Bapcor Limited
Ooh! Media Ltd
Speedcast International Limited
Pendal Group Ltd

Top 5 holdings represent 17.58% of total fund.

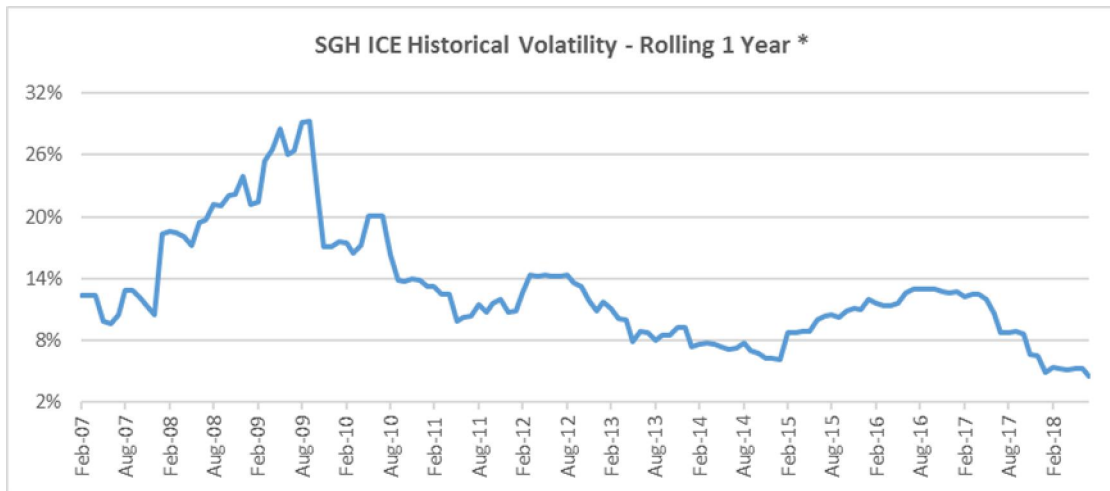
- Includes estimated GST payable, after taking into account Reduced Input Tax Credits ("RITC").
- A performance fee of 15.375 (inclusive of GST and an estimate of RITC) of any performance in excess of the performance hurdle (the daily percentage movement in the S&P/ASX 300 Accumulation Index plus 1.20 p.a. calculated on a daily basis) may also be payable.
- Performance: Distribution Return is the return due to distributions paid by the Fund, Growth Return is the return due to changes in initial capital value of the Fund, Total Net Return is the Fund return after the deduction of ongoing fees and expenses and assumes the reinvestment of all distributions.

31 July 2018

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### Commentary

SGH ICE returned +0.61% in July. The 1 year absolute return is now 17.98%, which has been achieved with historically low volatility (as shown in the chart below). It is also worth noting that ICE fund volatility has been 1/3<sup>rd</sup> lower than the Small Industrials over the year.



\*Measured as the standard deviation of monthly returns

As is typical with companies in blackout ahead of reporting season, July was relatively light on news flow. GTN and Bapcor were key contributors, with investors attracted by the consistent earnings growth at a reasonable price of Bapcor and GTN's renewed focus on its core profitable growth regions post the exit from the loss making US venture. The main detractor for the month was Carsales with industry data (eg VFACTS) showing declines in domestic new car volumes. While Carsales' share price may respond to this data over intermediate periods, structural growth and pricing power within the business will drive the stock longer term.

As we enter reporting season, we look forward to getting an update on the progress of our franchise investments. We will also be looking for earnings surprises, share price movements and an active meeting schedule to create new candidates for investment.

### Quarterly Portfolio Activity

Portfolio activity largely involved dealing holdings to model weights, in addition to building positions in 2 new companies and taking profits in Serko and Pacific Current.



Awards  
2015



Awards  
2016



Morningstar Awards 2016©. Morningstar, Inc. All Rights Reserved. Finalist: Domestic Equities – Small Caps  
 Morningstar Awards 2015©. Morningstar, Inc. All Rights Reserved. Awarded to SGH ICE for Fund Manager of the Year 2015 - Small Companies Category, Australia.

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