

Fact Sheet

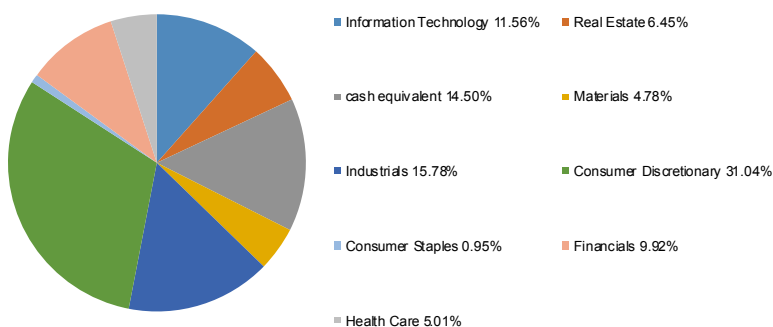
Investment objective	Aims to deliver superior medium to long term returns by investing in listed companies which possess a sustainable competitive edge. Companies can create that by owning/operating assets that are difficult to replicate. The Investment Manager believes that key intangible assets (such 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.		
Investments held	A portfolio of approximately 30-50 predominantly ASX listed securities (a minimum of 15 and generally no more than 80); cash and derivatives.		
Investment Manager	SG Hiscock & Company		
Commencement	13 February 2006		
APIR	ETL0062AU	mFund Product Code	SHF02
Minimum initial investment	\$20,000	Buy Spread	+0.35%
Management costs¹	1.180% p.a.	Sell Spread	-0.35%
Performance Fee²	15.375%	Pool size	\$707.70 million

Unit Prices	Application	Net Asset Value	Withdrawal
31 January 2019	\$ 1.9638	\$ 1.9570	\$ 1.9502

Performance as at 31 January 2019 ³	1 mth %	3 mths %	6 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	Inception % p.a.
Total Net Return	2.42	-4.08	-7.80	-3.02	2.95	9.03	10.41
S&P/ASX Smallcap Industrial Index	4.85	1.61	-5.60	-1.54	8.30	8.02	4.01
S&P/ASX 300 Accum. Industrials Index	2.58	0.03	-5.92	-1.15	6.61	7.39	6.33
S&P/ASX 300 Accumulation Index	3.87	1.38	-4.68	1.08	10.04	7.05	5.79

Distribution Period	30-Jun-17	31-Dec-17	30-Jun-18	31-Dec-18
Distribution rate (cents per unit)	1.3505	1.3919	9.8824	2.2280

Asset allocation as at 31 January 2019



Top 5 holdings as at 31 January 2019
Carsales.com Ltd
AMA Group Ltd
Bapcor Limited
Freightways Limited
Star Entertainment

Top 5 holdings represent 18.13% 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 January 2019

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Commentary

SGH ICE delivered a 2.4% return for the month. With January typically light on stock specific news flow, performance was largely macro and sentiment driven during the month.

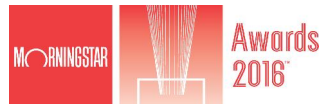
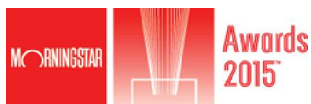
After investors had become concerned with the outlook for global growth late in 2018, the market took comfort in the more dovish tone from the US Federal Reserve to start the New Year, prompting a strong rally for the month. While all sectors posted gains, the rally was strongest in resources and energy stocks, with the Small Resources up +8%. If we purely focus on the Industrials market, the rebound in investor risk appetite was evident in the top 10 performers in the Small Industrials – with 5 of the 10 represented by highly priced tech stocks.

The key stock specific contributor of note was Navitas. The non-binding takeover bid from the BGH Consortium was increased to \$5.825 (from \$5.50) and now has endorsement from the Navitas Board. Through its entrenched university pathway programs, we believe Navitas is well placed to capture the structural growth in international student demand. It seems the Consortium has recognized this and is prepared to pay a premium for the asset.

A partial offset was Resmed (1% weighting), which grew Q2 FY19 operating earnings at 15%, though lost momentum in rest of world (ex US) sales, prompting a share price response disproportionate to consensus earnings revisions. We had taken profits over the course of 2018 and the stock remains a material positive contributor on a 1 year basis.

We now look forward to the H1 FY2019 reporting season and an update on the financial performance and business model progression of our portfolio franchises. At the same time we will be taking the opportunity to meet with and assess new companies for inclusion in the portfolio.

Portfolio activity largely involved dealing holdings to model weight and exiting 2 small positions.



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 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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