

Fact Sheet

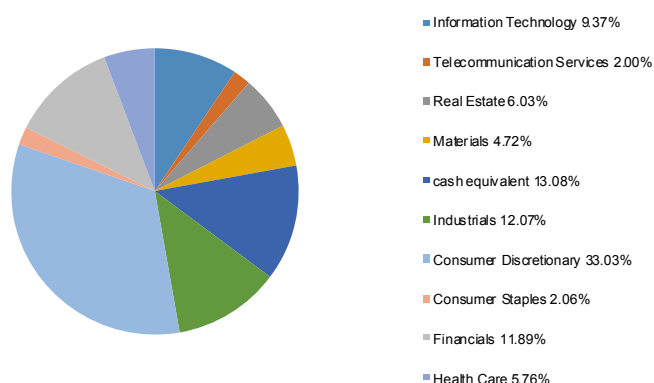
Investment objective	Aims to deliver superior medium to long term returns by investing in listed companies which possess a sustainable competitive edge. Companies can create that by owning/operating assets that are difficult to replicate. The Investment Manager believes that key intangible assets (such 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	\$739.61 million

Unit Prices	Application	Net Asset Value	Withdrawal
31 October 2018	\$ 2.0713	\$ 2.0641	\$ 2.0569

Performance as at 31 October 2018 ³	1 mth %	3 mths %	6 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	Inception % p.a.
Total Net Return	-6.02	-3.88	0.43	5.42	5.68	9.57	10.98
S&P/ASX Smallcap Industrial Index	-10.62	-7.09	-2.73	0.73	7.83	6.68	3.96
S&P/ASX 300 Accum. Industrials Index	-6.06	-5.95	-0.54	0.22	6.41	6.62	6.45
S&P/ASX 300 Accumulation Index	-6.16	-5.98	-0.54	2.88	8.24	6.00	5.79

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 October 2018



Top 5 holdings as at 31 October 2018

GTN Limited
Bapcor Limited
Carsales.com Ltd
Ooh! Media Ltd
AMA Group Ltd

Top 5 holdings represent 17.38% 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 October 2018

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Reporting Season Commentary

SGH ICE posted a -6.0% return in October and 5.4% for the year. While the fund is benchmark unaware, it provides some cold comfort that the ICE return was achieved against a backdrop where the Small Industrials declined -10.6% for the month and increased 0.7% for the year. Long term performance remains strong in both absolute and relative terms.

Positive contributors for the month included:

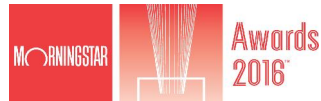
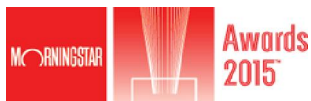
- Navitas – received a conditional, non-binding takeover offer from the BGH (private equity) consortium at a 26% premium. While the Board is not supportive of the current proposal, the bid has highlighted the inherent value in the stock.
- Steadfast – made a positive start to the year with mid-single digit premium rate rises (supporting organic growth) and completion of several acquisitions, which prompted management to upgrade FY19 earnings guidance by c4% at the AGM.
- Austbrokers – Steadfast's commentary also highlighted the positive conditions in the insurance broking industry which underpinned the Austbrokers share price during the month.

Other stocks worthy of note that had modest pullbacks but far less than the market retracement included:

- GTN – renewed investor interest following exit from private equity shareholder
- Lifestyle Communities – defensive characteristics given quality product offering and exposure to aging population

Key detractors for the month were AMA and Carsales. We saw limited change in fundamentals and took the opportunity to increase our weighting in both holdings.

In aggregate, the franchise nature of our holdings cushioned the portfolio as the broader small cap market corrected. As value presented, we used share price weakness to increase our invested position over the month.



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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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