

## Fact Sheet

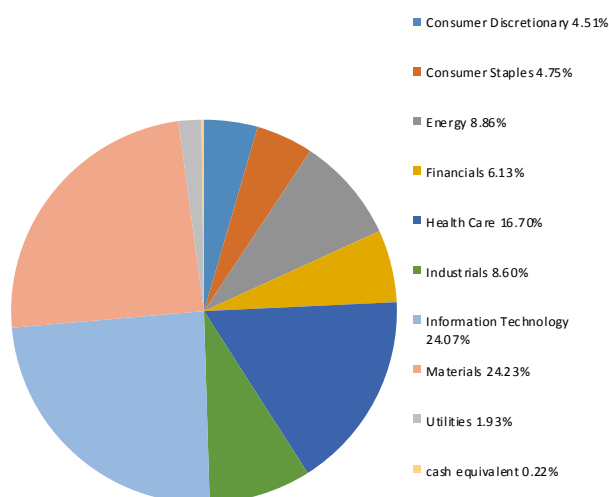
<b>Investment objective</b>	To provide medium to long-term capital growth potential and seeks to outperform the S&P/ASX Emerging Companies Accumulation Index over rolling three to five year periods after taking into account fund fees and expenses.		
<b>Investments held</b>	The Fund will primarily invest in companies that have a market capitalization of less than \$500m at the time of first purchase and cash.		
<b>Investment Manager</b>	SG Hiscock & Company		
<b>APIR</b>	ETL0118AU	<b>mFund Product Code</b>	SHF04
<b>Commencement</b>	9 October 2001	<b>Buy spread</b>	+0.35%
<b>Management costs<sup>1</sup></b>	1.03% p.a.	<b>Sell spread</b>	-0.35%
<b>Performance Fee<sup>2</sup></b>	20.50%	<b>Investment pool size</b>	\$64.83 million
<b>Minimum Initial Investment</b>	\$20,000	<b>SIV Compliant</b>	Yes (1 July 2015)

Unit Prices	Application	Net Asset Value	Withdrawal
31 May 2018	\$ 4.2873	\$ 4.2723	\$ 4.2573

Performance as at 31 May 2018 <sup>3</sup>	1 mth %	3 mths %	6 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	Since Inception % p.a.
Distribution Return	0.00	0.00	0.00	0.00	0.12	0.23	4.41
Growth Return	1.36	-4.20	5.96	30.79	24.79	23.05	9.11
Total Net Return	1.36	-4.20	5.96	30.79	24.91	23.28	13.52
Index Return <sup>4</sup>	1.44	-2.04	5.91	28.16	10.80	9.24	7.30
Total Net Return vs. the Index	-0.08	-2.16	0.05	2.63	14.11	14.04	6.22

Distribution Period	30-Jun-16	31-Dec-16	30-Jun-17
Distribution rate (cents per unit)	NIL	NIL	NIL

### Asset allocation as at 31 May 2018



### Top 10 holdings as at 31 May 2018

Compumedics Ltd
Zenitas Healthcare Limited
Triton Minerals Limited
AJ Lucas Group Limited
Global Geoscience Ltd
Cooper Energy Limited
Pantoro
Redflex Holdings Limited
Zip Co Ltd
Data Exchange Network

Top 10 holdings represent 32.25% of the total Fund.

1. Includes estimated GST payable, after taking into account Reduced Input Tax Credits ("RITC").  
 2. Effective 1 October 2015, a performance fee of 20.50% (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 Emerging Companies Accumulation Index on a daily basis) may also be payable.  
 3. 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.  
 4. Index = S&P/ASX Emerging Companies Accumulation Index effective 1 October 2015, previously S&P/ASX Small Ordinaries Accumulation Index.

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### Commentary

- The Fund increased by 1.36%, slightly under-performing its benchmark which rose 1.44%.
- Our better performing stocks include Compumedics (up 87.0%) - see below, BOD Australia (up 51.7%), recent IPO Paygroup Limited (up 48.0%), Zenith Energy (up 33.3%), Volpara Health Technologies (up 22.4%), Matrix Composites & Engineering (up 19.1%) and The Data Exchange Network Limited (up 16.3%).
- The major stock declines for the month were Smart Parking Limited (down 52.1%), Oliver'S Real Food (down 50.0%), Explaurum Limited (down 23.1%), Linius Technologies (down 21.9%) and Medlab Clinical (down 25.0%).

Our Fund increased by 1.36% in May, slightly under-performing its benchmark the S&P/ASX Emerging Companies Index which rose 1.44%. For the rolling twelve months, the Fund is up 30.79% before fees, compared to the S&P/ASX Emerging Companies Index which has gained 28.16%. It was a slightly disappointing month, as we had two stocks that downgraded FY18 earnings - Smart Parking Limited and Oliver'S Real Food. This acted as a drag on the portfolio returns. Both of these downgrades came after our recent contact with management, and after that had confirmed profit guidance for the year. We now have a lack of confidence in management and their reporting systems for both companies - and have sold these positions. Overall, we continue to remain positive on the long-term outlook for the Australian share market and our Fund. As we have highlighted for some time, with low- interest rates liquidity conditions for emerging companies are very favourable, and with a continuation of domestic economic growth, we still see plenty of opportunities. Although, we would caution that there are pockets of over-valuation in the share market. Money continues to rotate away from the banks, partly due to the Royal Commission, toward the mid-cap industrial sector which is trading at record highs - with some very high priced growth stocks. We would also highlight that June is usually the worst performing month for emerging companies due to end of financial year tax selling - and as a result, we are expecting some short-term weakness in the market.

### For more information visit [www.sghiscock.com.au](http://www.sghiscock.com.au)

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