SG HISCOCK & COMPANY

SGH Emerging Companies Fund

30 September 2021

Investment objective	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.		
Investments held	The Fund will primarily invest in companies that have a market capitalization of less than $500m (at the time of first purchase) and cash.		
Investment Manager	SG Hiscock & Company Limited		
APIR	ETL0118AU	**mFund Product Code**	SHF04
Commencement	9 October 2001	**Buy spread**	+0.35%
Management costs[1]	1.03% p.a.	**Sell spread**	-0.35%
Performance Fee[2]	20.50%	**Investment pool size**	$266.79 million
Minimum Initial Investment	$20,000	**SIV Compliant**	Yes pre & post 1 July 2015

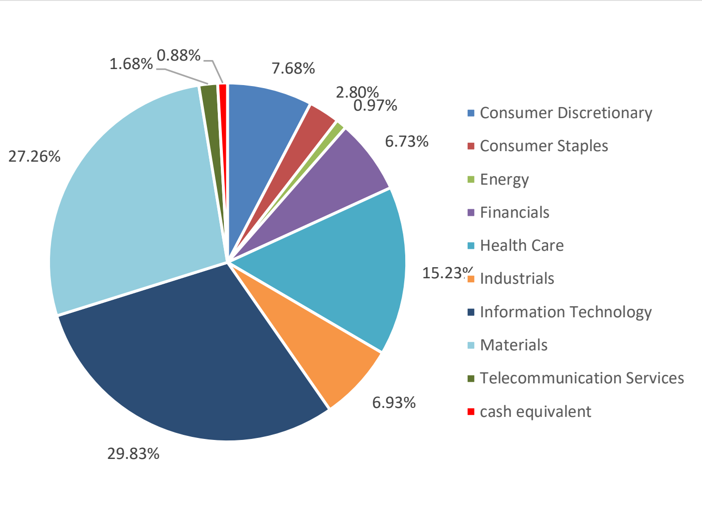
Unit Prices	Application	Net Asset Value	Withdrawal
30 September 2021	$ 6.9241	$ 6.8999	$ 6.8758

Performance[3] 30 September 2021	1 mth %	3 mths %	6 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	Inception % p.a.
Distribution Return	0.00	0.00	11.07	13.55	5.39	3.09	4.47
Growth Return	-0.52	1.92	1.18	23.87	17.60	13.36	10.14
Total Net Return	-0.52	1.92	12.25	37.42	22.99	16.45	14.61
Index Return[4]	7.72	18.76	28.62	55.90	22.71	14.31	9.12
Total Net Return vs. the Index	-8.24	-16.84	-16.37	-18.48	0.28	2.14	5.49

Past performance is not a reliable indicator of future performance.

Distribution Period	31-Dec-19	30-Jun-20	30-Jun-21
Distribution rate (cents per unit)	NIL	14.3742	74.1094

Asset allocation as at 30 September 2021



Top 10 holdings as at 30 September 2021

Aussie Broadband Ltd
Market Herald Ltd
Praemium Limited
Animoca Brands Corp
Raiz Invest Ltd
Aeris Resources Ltd
Capricorn Metals Ltd
Big River Industries Ltd
Marketplacer Holdings Limited
Atomo Diagnostics

Top 10 holdings represent 36.53% 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.

Performance Commentary

- *Our better performing stocks for the month include Atomo Diagnostics (+54.5%), MadPaws Holdings (+35.3%), DGL Group (+22.9%), Aussie Broadband (+22.3%), Emerald Resources (+20.0%) and Mach7 Technologies (+12.9%).*
- *Stocks that declined for the month include Lumos Diagnostics (-28.0%), Resonance Health (-21.7%), DUG Technology (-15.4%), Big River Gold (-14.5%) Capricorn Metals (-13.7%) and Raiz Invest (-11.6%).*

The Fund decreased by 0.52% in September, under-performing its benchmark the S&P/ASX Emerging Companies Accumulation Index, which gained 7.72%. For the rolling twelve months, the Fund has increased by 37.42% after fees, compared to the S&P/ASX Emerging Companies Accumulation Index, which has gained 55.90%.

Our portfolio recorded a small decrease for September, outperforming the broader share market indices, which also declined, but struggled to match the strong gains of the S&P/ASX Emerging Companies Accumulation Index, which has a very large resources exposure - greater than 40%, and was dominated until an index rebalance late in September by some large companies, including several lithium stocks that have surged in recent months on the back of expected increased demand for electric vehicle battery metals.

As we wrote last month, we think in the short-term, the character of the stock market has changed after the large gains over the last 18 months, and we are now in a correction phase. While the prospect of rising inflation and interest rates, and reduced liquidity, is the biggest threat to advancing share markets, an increasing wall of worries has emerged over the last month. These include tapering of bond market purchases by the US Federal Reserve, US debt ceiling negotiations, the collapse of China property developer Evergrande and the fear of contagion into other property companies and sectors of the Chinese economy, and an energy crisis driven by fuel shortages and supply chain disruptions. Together, these signal a return to 1970's type economic stagflation - low growth and high inflation.

For Australia, as the economy is opening up after lockdowns cease, we expect to see a strong bounce back in growth. However, there is continued business uncertainty with the end of government support packages. And, the Reserve Bank of Australia has now signalled a stricter test for home loan serviceability to avoid an overheating housing market, which may dampen credit growth. Long-term, however, our view remains favourable for equity markets with low interest rates and large fiscal deficits, and we expect renewed investor buying and a higher stock market next year.