



SG HISCOCK & COMPANY

SGH Emerging Companies Fund

31 January 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	ETLo118AU	mFund Product Code	SHFo4
Commencement	9 October 2001	Buy spread	+0.35%
Management costs¹	1.03% p.a.	Sell spread	-0.35%
Performance Fee²	20.50%	Investment pool size	\$213.21 million
Minimum Initial Investment	\$20,000	SIV Compliant	Yes pre & post 1 July 2015

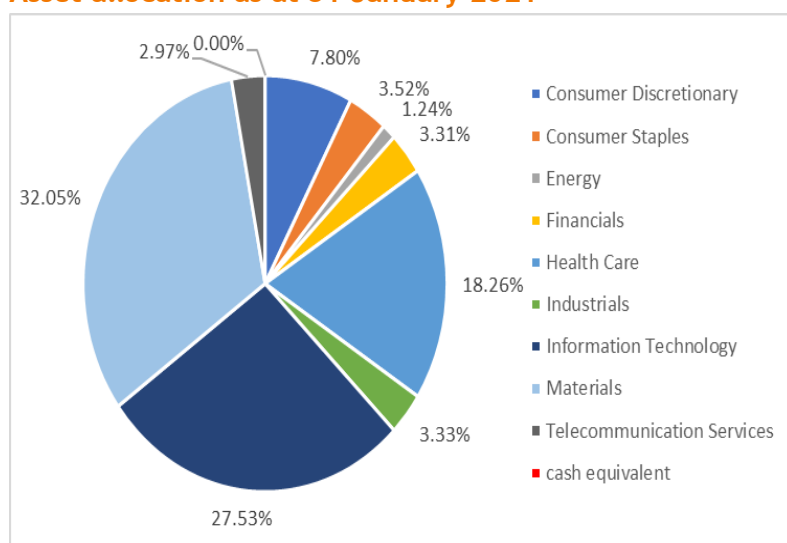
Unit Prices	Application	Net Asset Value	Withdrawal
31 January 2021	\$ 6.5700	\$ 6.5471	\$ 6.5242

Performance ³	1 mth %	3 mths %	6 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	Inception % p.a.
31 January 2021							
Distribution Return	0.00	0.00	0.00	3.79	1.16	0.73	4.01
Growth Return	4.83	14.22	25.43	21.96	12.28	18.08	10.21
Total Net Return	4.83	14.22	25.43	25.75	13.44	18.81	14.22
Index Return ⁴	3.92	20.43	38.45	27.56	10.70	15.96	8.07
Total Net Return vs. the Index	0.91	-6.21	-13.02	-1.81	2.74	2.85	6.15

Past performance is not a reliable indicator of future performance.

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

Asset allocation as at 31 January 2021



Top 10 holdings as at 31 January 2021

Praemium Limited
 Mach7 Technologies
 Market Herald Ltd
 Aussie Broadband Ltd
 Aeris Resources Ltd
 Resonance Health Limited
 Althea Group Holdings Ltd
 Redflex Holdings Limited
 Raiz Invest Ltd
 Big River Gold Ltd

Top 10 holdings represent 32.83% 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.



SG HISCOCK & COMPANY

SGH Emerging Companies Fund

31 January 2021

Summary

- Our better performing stocks for the month include Redflex Holdings (+118.7%), The Market Herald (+88.9%), Raiz Invest Limited (+42.3%), Loneer Ltd (+28.5%), Cettire Limited (+27.6%), Aussie Broadband (+24.1%), Praemium Limited (+20.4%), PayGroup Limited (+17.6%) and Mach7 Technologies (+14.8%).
- Stocks that declined for the month include gold mining companies Middle Island Resources (-31.2%), Chesser Resources (-20.8%), Red 5 Limited (-17.3%) and Aeris Resources (-17.0%).

Our Fund increased by 4.83% in January, outperforming its benchmark the S&P/ASX Emerging Companies Index, which gained 3.92%. For the rolling twelve months, the Fund has increased by 25.75% net fees, compared to the S&P/ASX Emerging Companies Index, which has gained 27.56%.

We were fortunate to have another strong month. The Fund benefited from a takeover of speed camera company Redflex Holdings. As well as from a significant re-rating in The Market Herald and financial service company Raiz Investments. Against this, our gold mining investments suffered. However, the industry tailwinds remain very positive for gold, with money printing, rising inflationary expectations, and high gold mining operating margins.

Although the stock market continues to power ahead, driven in Australia by the RBA signalling short-term interest rates will remain anchored close to zero for the next three years and increased retail investor participation, we continue to stay short-term cautious. We believe a stock market correction is well overdue. Particularly with increased speculative activity, record highs in margin debt, and some crazy share valuations. We are also a bit less sanguine than most on global economic growth prospects. New COVID variants and questions about vaccine efficacy we think means that there is no easy path to herd immunity. There are also likely regulatory and tax changes in the United States that will impact business and investor sentiment.

Beyond a short-term market correction, we still expect 2021 to be a positive year for the Fund. As we have written before, historic low and negative interest rates, massive central bank money printing, and large government deficits are bullish for share markets. And, with low-interest rates and few investment alternatives, money must flow somewhere. We expect these easy financial conditions to persist for at least the next twelve months. Further, there is still a large pipeline of share placements, pre-IPO deals, and IPO's to hit the market, and with that, we look to have portfolio gains.

For more information visit www.sghiscock.com.au

Equity Trustees Limited (ABN 46 004 031 298, AFSL 240975), a subsidiary of EQT Holdings Limited (ABN 22 607 797 615) a publicly listed company on the Australian Securities Exchange (ASX:EQT), is the Responsible Entity of the Fund. SG Hiscock & Company (ABN 51 097 263 628 AFSL 240679) is the Investment Manager of the Fund and has prepared this document for general information purposes only. It does not contain investment recommendations nor provide investment advice. Neither Equity Trustees Limited nor its related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested in the Fund. Past performance is not necessarily indicative of future performance. Professional investment advice can help you determine your tolerance to risk as well as your need to attain a particular return on your investment. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. You should not act in reliance on the information contained in this document. We strongly encourage you to obtain detailed professional advice and to read the relevant product disclosure statement (PDS) in full before making an investment decision. Equity Trustees Limited does not express any view about the accuracy or completeness of information that is not prepared by Equity Trustees Limited and no liability is accepted for any errors it may contain. Investors can acquire units by completing the application form accompanying a current PDS or, where available by making an application through the mFund settlement service (mFund) by placing a buy order for units with your licensed broker. A current PDS can be obtained by contacting SG Hiscock & Company Limited on 1300 555 511.