SGH Australian Small Companies Fund

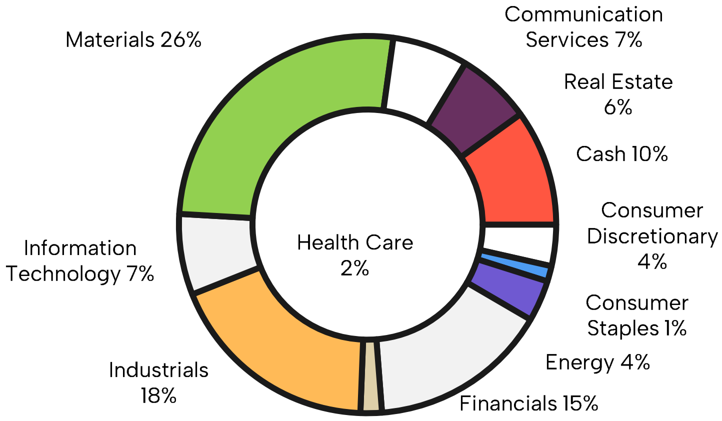
July 2026

Performance[1]	**Total Net Return (after MER)**	**S&P/ASX Small Ords Accum. Index**	**Total Net Return vs Benchmark**
1 month (%)	-4.31	-3.17	-1.14
3 months (%)	-3.40	-3.18	-0.22
6 months (%)	-16.03	-13.20	-2.83
1 year (%)	-9.24	+1.81	-11.05
3 years (% p.a.)	+5.62	+7.46	-1.84
5 years (% p.a.)	+1.32	+2.18	-0.86
7 years (% p.a.)	+4.31	+4.36	-0.05
10 years (% p.a.)	+5.16	+5.81	-0.65
Inception (% p.a.)	+9.62	+6.18	+3.44

Past performance is not a reliable indicator of future performance.

Top 5 Holdings (alpha order)
Emerald Resources
Infratil
Qualitas
SRG Global
Superloop Limited

Top 5 holdings represent 22.51% of the total fund



Key Facts

Investment manager	SGHiscock Investment Management.
Launch date	23 Mar 2001
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Management fees[2]	1.26%
Performance fee	Nil
Fund size	$120.9M
Number of Holdings	53
Distributions	Semi-annual
Buy/sell spread	+0.30/ -0.30%
Minimum initial investment	$20,000
Base currency	AUD
APIR	CSA0131AU
Domicile	Australia
	Unit Price
Application	$2.8543
Net Asset Value	$2.8458
Withdrawal	$2.8373
	Distribution CPU
30-Jun-25	38.967
31-Dec-25	0.9130
30-Jun-26	18.833

[1] Total Net Return is the Fund return after the deduction of ongoing fees and expenses and assumes the reinvestment of all distributions.
[2]Includes estimated GST payable, after taking into account Reduced Input Tax Credits ("RITC").

Investment Team

Rory Hunter, Co- Portfolio Manager
Phillip Li, Co- Portfolio Manager

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Portfolio Summary

The SGH Australian Small Companies Fund was down −4.31% for the month, underperforming the benchmark which was down -3.17%. Australian small caps weakened in July, with overall performance relatively consistent beneath the surface, Small Industrials declining -3.0% and Small Resources falling -3.7%. This represented a reversal of June, when performance had been supported by contractors and other beneficiaries of Australia's infrastructure and data centre investment cycle. While the domestic macro backdrop was more supportive, including a lower-than-expected Australian inflation print, this was outweighed by softer sentiment toward the broader AI infrastructure thematic over in the US. This weighed on several of the Fund's June winners, particularly holdings exposed to data centre infrastructure, electrification and the broader capex supply chain.

The top contributors and detractors to portfolio performance were:

Top Contributors	Top Detractors
Genesis Minerals	SRG Global
Ramelius Resources	Liontown Limited
Generation Development Group	Southern Cross Electrical Engineering
Praemium	Baby Bunting
Ridley Corporation	Lindian Resources

Key stock contributors

- **Generation Development Group (ASX: GDG, +14.8%)** – Contributed strongly after a better-than-expected June quarter update. Group FUM increased to $46.4bn, up 36% on the prior corresponding period, supported by record Generation Life flows and improving momentum across Evidentia. The update helped re-establish confidence in GDG's growth profile, with the company remaining well positioned to benefit from structural growth in retirement income, investment bonds and managed accounts.

Key stock detractors

- **Contractors / Data Centre Infrastructure Exposures** – Several of the Fund's strong June contributors gave back performance during July, with **Southern Cross Electrical Engineering (ASX: SXE, -10.9%)** and **SRG Global (ASX: SRG, -15.5%)** the key drags on aggregate portfolio performance. Both companies had performed strongly in June, supported by growing confidence in the domestic infrastructure and data centre investment cycle. During July, sentiment toward the broader AI infrastructure thematic softened, led by the US market, as investors reassessed the scale, funding requirements and free cash flow impact of AI-related capital expenditure. While this weighed on near-term share price performance, our long-term view on the structural demand drivers for data centre infrastructure, electrification and related services remains unchanged.

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Monthly Insights

The month was shaped by three intersecting forces — a global semiconductor and AI momentum unwind, an oil price surge, and continued domestic rate anxiety — each of which disproportionately impacts the smaller end of the market.

The most significant sector story in July was the reversal in Information Technology, which fell -12% within the Small Ordinaries. The sell-off was offshore-driven, as the Nasdaq fell -3.2% on the back of concerns around Chinese AI model disruption, memory cycle uncertainty, and widening CDS spreads on AI financing structures — all compounding after an 89% rally in the sector through Q2. Locally, this translated into sharp falls across high-multiple, AI-adjacent names, with several benchmark constituents losing 30–50% during the month. Importantly, the sell-off was largely sentiment and positioning driven rather than a fundamental reassessment of earnings — a distinction we are monitoring closely as we head into reporting season.

Energy was the notable bright spot, rising +7% as Brent crude surged +23.6% to US$90/bbl on renewed Middle East tensions. This was a meaningful tailwind for refining-exposed names in particular. On the domestic macro front, the RBA held in July but the tone remains hawkish — trimmed mean CPI came in at 3.6% year-on-year, and the removal of the petrol excise discount post-July, combined with the 4.75% minimum wage increase, keeps near-term inflation risks skewed to the upside, with market consensus factoring in a further 25bp hike likely in November, which if delivered would add another headwind to rate-sensitive small cap names.

Portfolio wise we are cognisant that bearish sentiment on consumer discretionary has become consensus, and so given the valuation opportunity on offer, we selectively initiated a handful of quality discretionary names in recent months in a bid to partially reduce our large underweight position. Focus has been on businesses that continue to enjoy long term expansion opportunities, with a view that these growth vectors should help to insulate overall performance as we head into a soft trading environment. Stocks added include the likes of Breville (ASX: BRG) that continue to grow strongly in Asia, Nick Scali (ASX: NCK) that is gradually replicating its playbook over in the UK, as well as Skin Kandy (ASX: SK1), a relatively new ASX listing that remains under-penetrated domestically and comes with global growth potential.

During the month we also exited several positions. We sold our holding in PEXA Group (ASX: PXA) following the IPART draft pricing determination, which implied a materially more adverse regulatory outcome than our base case. We also exited Centuria Capital Group (ASX: CNI), ahead of what was a delayed albeit sharp sell-off driven by negative press around its Bathla group lending exposure. When we first saw the initial reporting, we quickly concluded the reputational and credit risk is likely difficult for market to quantify with confidence, we turned out to be right.

Looking ahead, August reporting season is the dominant near-term catalyst, and the focus will be firmly on whether management teams can demonstrate margin resilience in the face of ongoing labour and logistics cost pressures.

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