SGH Australian Small Companies Fund

31 January 2026

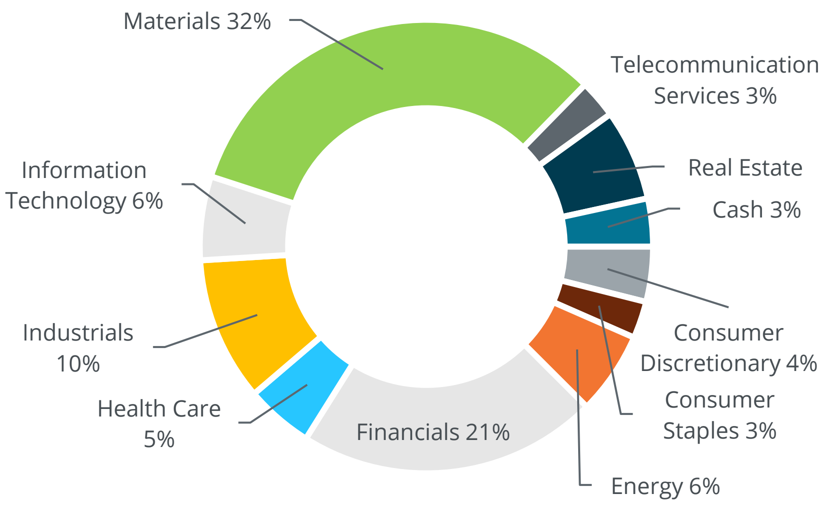
Performance[1]	Total Net Return (after MER)	S&P/ASX Small Ords Accum. Index	Total Net Return vs. Benchmark
1 month (%)	-0.44	2.74	-3.18
3 months (%)	-3.81	2.65	-6.46
6 months (%)	8.08	17.30	-9.22
1 year (%)	14.23	22.76	-8.53
3 years (% p.a.)	12.55	12.08	0.47
5 years (% p.a.)	6.45	7.49	-1.04
7 years (% p.a.)	9.05	8.73	0.32
10 years (% p.a.)	8.67	9.51	-0.84
Inception (% p.a.)	10.59	6.91	3.68

Past performance is not a reliable indicator of future performance.

Top 5 Holdings (in alphabetical order)
Emerald Resources NL
Genesis Mindeals Ltd
Ramelius Resources Limited
SRG Global Ltd
Vault Minerals Ltd

Top 5 holdings represent 22.8% of the total Fund.

Asset Allocation



[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").*

Key Facts

Investment manager	SG Hiscock & Company Ltd.
Launch date	23 Mar 2001
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Management fees[2]	1.26%
Performance fee	Nil
Fund size	$161.2M
Number of holdings	48
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	$3.6901
Net Asset Value	$3.6791
Withdrawal	$3.6681
	Distribution cpu
31-Dec-24	1.4381
30-Jun-25	38.967
31-Dec-25	0.9130

For more information visit the [Fund webpage] or the [News & Views section] of our website.

Fund Investment Team

Rory Hunter, Co-Portfolio Manager

Phillip Li, Co-Portfolio Manager

Portfolio Summary

The SGH Australian Small Companies Fund was down -0.44% on a net basis versus the benchmark which was up +2.74%, with the resources sector continuing its strong run through most of the month before experiencing a small correction. We continue to remain optimistic around our holdings as we head into reporting season, when the market is able to refocus towards stock specific fundamentals rather than purely macro factors.

Top Contributors	Top Detractors
NexGen Energy	Qoria
Ramelius Resources	Qualitas
Emerald Resources	Paladin Energy
Wkrk Ltd	Life360
Genesis Materials	Generation Development Group

Key stock contributors:

- Uranium play **NexGen Energy (ASX: NXG)** was a strong contributor for the month, supported by continued strength in the uranium price and renewed buying activity from the Sprott Physical Uranium Trust following its latest capital raise. Spot uranium prices pushed back above US$100/lb, reinforcing the view that physical markets remain tight and that incremental demand continues to have an outsized impact at the margin. We remain of the view that NXG represents the best way to gain exposure to uranium on the ASX, given the quality, scale and long-life nature of its asset base, which provides superior leverage to sustained higher uranium prices.

- Our gold holdings particularly **Ramelius Resources (ASX: RMS)** and **Emerald Resources (ASX: EMR)** performed strongly once again, underpinned by robust operational updates and ongoing strength in the gold price. Ramelius reported a solid December quarter, producing 45.6koz at an AISC of A$1,977/oz and generating A$149.7m of operating cash flow, while maintaining FY26 guidance and progressing key growth projects including Never Never and Mt Magnet. Emerald Resources continued to demonstrate exceptional cash generation at Okvau, producing 25.0koz at an AISC of US$1,032/oz and delivering A$87.0m in pre-tax operating cash flow, alongside ongoing resource growth at Memot and Dingo Range. In our view, both companies remain well positioned to compound free cash flow should current gold prices persists.

Key stock detractors:

- Student safety platform **Qoria (ASX: QOR)**’s December quarterly was modestly below expectations, despite ongoing solid top-line growth. FX headwinds together with slightly elevated spend contributed to renewed concerns around near-term cash burn and balance sheet optics, which drove an outsized share price reaction. We also believe that the sell-off reflects a broader market tendency to extrapolate AI-driven disruption risks across all SaaS businesses. In Qoria’s case, the practical barriers to displacement are less about technical difficulty and more about incentives: in that existing solutions are already relatively low-cost, while schools, parents and authorities face asymmetric downside risk in adopting unproven alternatives. As a result, the perceived threat from new entrants may be overstated, though we acknowledge it could take some time for market sentiment to recalibrate.

- Family safety app **Life360 (ASX: 360)** delivered a clear beat in its preliminary Q4 update, reporting record MAU and subscriber additions alongside upgrades to revenue and EBITDA expectations. Importantly, the announcement dispelled earlier concerns that top-of-funnel growth was slowing, reinforcing management's commentary at the Q3 result that recent initiatives have been focused on funnel optimisation — improving conversion from free to paid users across both US and international markets. While the stock initially responded very positively on the day of the announcement, those gains were just as quickly given back over subsequent sessions (and more) despite the solid fundamentals, highlighting the continued fragility of sentiment towards technology stocks more broadly.

Monthly Insights

We saw a long overdue pullback in precious metals to close out January. The key catalyst was the announcement that Kevin Warsh would be nominated as the next Federal Reserve Chair, perceived by markets as relatively more hawkish than anticipated. Traders interpreted this as meaning less aggressive rate cutting and a stronger U.S. dollar, which directly weakens non-yielding assets like gold and silver.

- Rising real yields and dollar strength reduce the appeal of precious metals, which don't pay interest.
- This narrative sparked profit taking and repositioning by large traders — a classic driver of rapid drawdowns.

Both gold and silver had risen sharply in the weeks prior, leaving markets highly overbought and crowded with leveraged long positions. Silver had surged over 100% year-to-date; gold was also up significantly, creating conditions for a technical correction. When prices started slipping, stop-losses and margin calls kicked in, creating forced selling that fed on itself.

The takeaway here being that the move wasn't a fundamental collapse in gold/silver demand, but a risk-off unwind of speculative positioning. Markets that move mostly through paper instruments (futures, ETFs) are prone to exaggerated swings on sentiment shifts. We are, however, keeping a very close eye on fundamentals that may indicate a deterioration in our long-term thesis.

A recently new initiation in the portfolio that is related to the resources sector is **Lycopodium (ASX: LYL)**, a capital-light engineering and project management group servicing the global mining industry across the full project lifecycle. LYL differentiates itself through disciplined risk selection (favouring EPCM over lump-sum EPC projects), deep technical expertise across gold, copper and other critical minerals, and a proven ability to convert early-stage study work into multi-year delivery contracts. We see upside emerging into reporting season as the market looks through near-term margin normalisation toward a strengthening work-in-hand position, increasing exposure to early-stage studies that historically seed future growth, and the early benefits of its recent Americas expansion, which positions the business well for a recovery in capital spending across copper, lithium and precious metals.

The recent sell-off in software stocks has been a significant drag on global equity markets, reflecting a repricing of long-duration growth assets as investors grapple with how AI compresses moats and terminal value rather than simply boosting near-term productivity.

Generative AI (particularly vibe coding) lowers barriers to entry, accelerates feature replication, and shifts value from proprietary software toward data, distribution, and workflow ownership, undermining the durability of many incumbent SaaS business models. At the same time, AI threatens pricing power as customers expect more functionality at lower marginal cost, while hyperscalers and platform players bundle AI capabilities into existing ecosystems. The market response isn't saying software is obsolete, but that terminal margins, competitive advantage, and reinvestment runways are more uncertain, warranting higher discount rates and lower terminal value assumptions, particularly for single product, workflow-light, or poorly differentiated vendors.

One position we have added to recently is **Qoria (ASX: QOR)** despite the recent share price weakness. Its merger with Aura creates a scaled, global digital safety platform spanning schools, families, employers and consumers, materially improving the quality and reach of the combined business. We believe the market is underappreciating how AI *benefits* this model: increased online activity, AI-driven scams, impersonation and harmful content expand the problem set Qoria addresses, while AI meaningfully enhances detection, monitoring and preventative outcomes across its platforms. With diversified distribution, high-recurring revenues and a large, trusted installed base, the merged group is positioned to monetise rising digital risk rather than be disrupted by it, supported by both structural growth and synergy realisation.

Distribution team contact

Jason Smit
Business Development Manager
jsmit@sghiscock.com.au
0434 305 655

Phil Anderson
Business Development Manager
panderson@sghiscock.com.au
0408 123 155

SG Hiscock & Company

ABN 51 097 263 628
AFSL 240679

Level 23, 360 Collins Street
Melbourne 3000

Level 4, 95 Pitt Street
Australia Square Plaza
Sydney 2000

1300 555 511
www.sghiscock.com.au