SGH SG HISCOCK & COMPANY

SGH Enhanced Income Trust

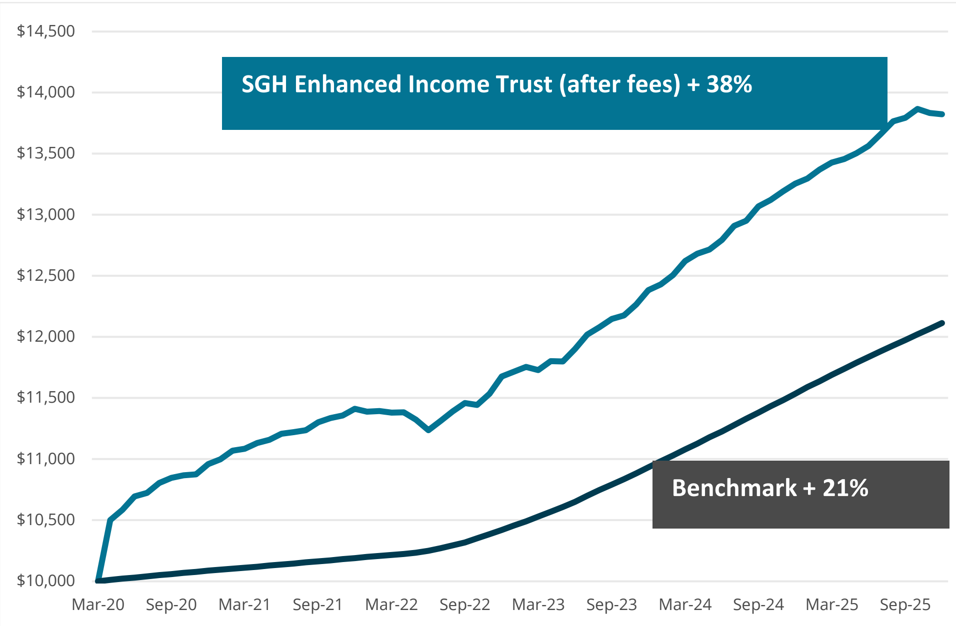
31 December 2025

Performance [1]	Total Net Return	Bloomberg AusBond Bank Bill Index +1%	Total Net Return vs. the Index
3 month (%)	0.22	1.16	-0.94
6 month (%)	1.92	2.34	-0.42
1 year (%)	4.30	5.01	-0.70
2 years (% p.a.)	5.65	5.26	0.40
3 years (% p.a.)	5.79	5.15	0.64
5 years (% p.a.)	4.75	3.73	1.02
Inception (% p.a.)	5.79	3.39	2.40

Past performance is not a reliable indicator of future performance.

SGH Enhanced Income Cumilative Total Return

(since inception, after fees)



Key Facts

Investment manager	SG Hiscock & Company Limited
Inception date	01 April 2020
Qualifying investors	Retail and Wholesale clients
Benchmark	Bloomberg AusBond Bank Bill Index (BAUBIL) +1%pa
Management fee[2]	0.21%pa
Performance fee[3]	20.50%
Distributions	Quarterly
Buy/sell spread	+0.10/-0.10%
Minimum initial investment	$20,000
Base currency	AUD
APIR	ETL6695AU
Domicile	Australia
	Unit price*
Application	$1.1255
Net Asset Value	$1.1244
Withdrawal	$1.1233
	Distribution cpu
31-Mar-25	1.61
30-Jun-25	2.10
30-Sep-25	1.08
31-Dec-25	2.03

* *Pre-distribution*

Investment Objective

Manage a diversified portfolio of mainly income producing securities to provide a quarterly income stream and seek to outperform the Bloomberg AusBond Bank Bill Index (BAUBIL) plus 1% after fees over a rolling 12-month period.

Investment Held

The Trust will primarily invest in listed and unlisted income securities.

Trust Outlook

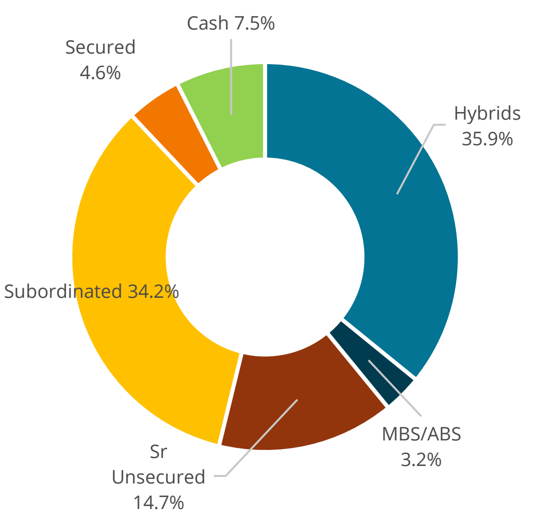
- The Trust continues to increase its exposure to fixed-rate investments following the recent rise in short- to medium-term interest rates. Market pricing now reflects expectations that the Reserve Bank of Australia may begin increasing interest rates over the next 12 months.
- Future performance is expected to be supported by steady and sustainable returns, driven primarily by income generation. In the absence of material credit disruptions, capital volatility within the portfolio is expected to remain limited.

Fund Returns (Net) (%)*

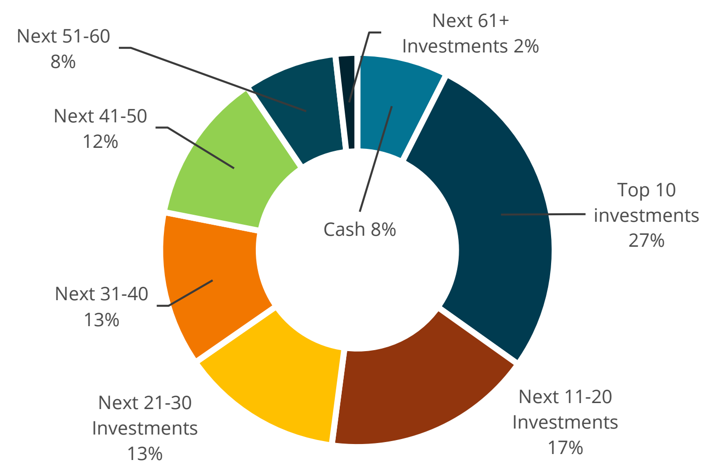
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2020	-	-	-	5.00	0.81	1.05	0.27	0.74	0.38	0.20	0.06	0.79	**9.30**
2021	0.36	0.63	0.15	0.42	0.24	0.43	0.12	0.16	0.57	0.30	0.20	0.46	**4.12**
2022	(0.21)	0.05	(0.12)	0.03	(0.53)	(0.76)	0.68	0.70	0.60	(0.15)	0.81	1.22	**2.32**
2023	0.35	0.33	(0.22)	0.62	(0.02)	0.87	0.99	0.50	0.55	0.24	0.73	0.97	**6.07**
2024	0.37	0.62	0.91	0.49	0.27	0.61	0.90	0.34	0.91	0.39	0.55	0.47	**7.02**
2025	0.33	0.54	0.45	0.21	0.34	0.45	0.71	0.78	0.20	0.53	(0.25)	(0.06)	**4.30**

* *Total Net Return is the Trust return after the deduction of ongoing fees and performance fees and assumes the reinvestment of all distributions*

Portfolio Asset Allocation



Portfolio Diverisifcation of Investments



Performance Commentary

Over the quarter, the Trust delivered a net return of 0.22%, underperforming the benchmark by 0.94%. Over the past 18 months we had been increasing our level of fixed rate assets in anticipation of lower interest rates, but during the quarter short- and medium-term interest rates spiked which saw a decline in the values of the fixed rate securities. Despite these moves, there was no change in the expected cash flow from these securities.

At the December meeting, the Federal Reserve cut the fed funds target range by 25 bps to 3.50%–3.75%, but maintained a data-dependent tone, reinforcing that further easing would require continued progress on inflation and evidence of a sustainable cooling in the labour market. This was largely expected by the market. As a result, U.S. bond markets were broadly range-bound over the December quarter, with front-end pricing anchored by ongoing disinflation but tempered by resilient activity and a “higher-for-longer” bias in term premia. The 5-year Treasury yield ended the quarter at 3.67% down 0.05%.

The European Central Bank left policy rates unchanged in December, following earlier easing steps in 2025. Similar to the US, the policymakers reiterated a data-dependent stance before committing to further cuts. Political and fiscal concern, particularly in France, reinforced a slight degree of caution. Euro-area bond yields moved higher, with the 5-year euro-area government bond yield increased by 0.14% to 2.45%, reflecting a combination of resilient economic data, ongoing fiscal uncertainty in parts of the region, and spillovers from higher global yields.

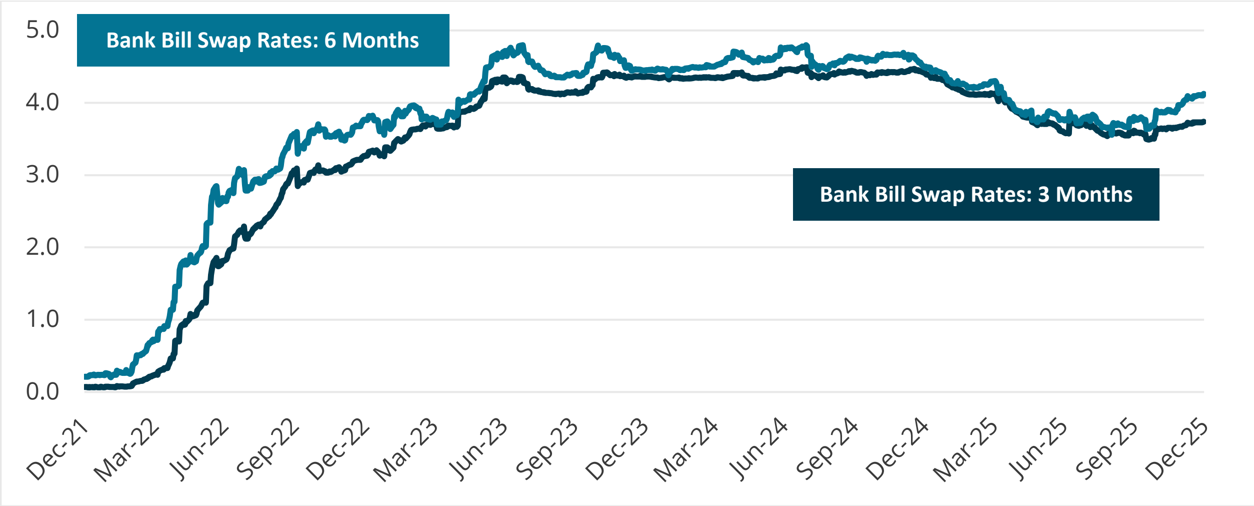
Australian inflation dynamics remained uneven, with progress toward the RBA’s target proving slower than anticipated. While goods-price inflation continued to ease, services inflation remained elevated, supported by wage growth, rent inflation, and persistent capacity pressures in parts of the economy. Labour market conditions stayed relatively tight, with employment growth holding up and the unemployment rate remaining low by historical standards, reinforcing the RBA’s cautious stance.

This combination of sticky services inflation and resilient employment reduced confidence in near-term policy easing and contributed to the upward repricing of short-dated interest rates and government bond yields over the quarter. The RBA maintained the cash rate at 3.60%, reiterating that policy would remain restrictive until inflation is sustainably within the 2–3% target band, and emphasising that further decisions will remain data dependent.

As a result, market expectations shifted materially over the quarter, moving from pricing further domestic policy easing to pricing higher interest rates. Short-term rates rose sharply, with the 180-day Bank Bill Swap Rate increasing by 0.38% to 4.12%, while the 5-year Commonwealth government bond yield rose by 0.54% to 4.29%, returning to levels last seen in November 2024.

While the upside surprise in domestic inflation was unexpected by both markets and ourselves, we continue to believe it is prudent to increase fixed-rate exposure, particularly at current yield levels. Looking ahead, the rise in floating-rate benchmarks is expected to enhance the attractiveness of income returns across the portfolio. Although short-term performance has been impacted by the rapid repricing in interest rates, we believe the Trust’s current positioning, supported by favourable yield-to-maturity metrics and a still-supportive credit spread environment, leaves it well placed to continue delivering net annualised returns above 5%, assuming no material deterioration in credit quality or market liquidity.

Short Term Interest Rates



Source: Iress

Investment Guidelines

To achieve its investment objective, the Trust will:

- Invest in a group of securities comprising:
  - Securities listed on the Australian Securities Exchange including:
    - Australian equities that meet a yield criteria
    - Corporate Bonds
    - Hybrid securities
    - Subordinated debt.
  - Unlisted securities issued in the Australian market that pay a fixed or floating rate of interest.

- Have no minimum weighting to cash. In the event there is considered material downside risk cash can increase to 100%.
- Hold an individual security limit of no more than 15%.
- Have a maximum weighting of 15% to Australian equities
- Specific consideration is not given to sector diversification; however, the portfolio is broadly diversified at all times.
- The Trust may use derivatives for risk management purposes, as substitutes for physical securities, but the Trust will not be geared.

Environmental Social & Governance (ESG)

Environmental

- No coal mining
- No direct uranium

Social

- No tobacco
- No direct gambling
- No predatory or pay day lending
- No weapons manufacturing
- No live animal exports
- No adult industries

Governance

- No poor occupational health and safety records.
- No undisclosed related party transactions.
- No excessive use of non-executive options.

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

03 9981 3300
www.sghiscock.com.au