SGH Australian Small Companies Fund

ARSN 095 866 872

Annual financial report
For the year ended 30 June 2025

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Directors' report

The directors of Melbourne Securities Corporation Limited (ACN 160 326 545, AFSL 428 289), the Responsible Entity (the "Responsible Entity" or "MSCL") of the SGH Australian Small Companies Fund, present their report together with the financial statements of the Fund for the year ended 30 June 2025 and the auditor's report thereon.

Responsible Entity

The registered office and principal place of business of the Responsible Entity and the Fund is Level 2, 395 Collins Street Melbourne, Victoria 3000.

The directors of Melbourne Securities Corporation Limited during or since the end of the financial year were as follows:

Michael Fleming
Matthew Fletcher
Steven O'Connell
Ruth McClelland
Shelley Brown

Principal activities

The Fund is a registered managed investment scheme domiciled in Australia.

The Fund maintains its investment strategy by investing primarily in securities listed on the Australian Securities Exchange and New Zealand Securities Exchange, in accordance with the provisions of the Fund's Constitution.

The overall investment objective of the Fund is to outperform the benchmark, the S&P/ASX Small Ordinaries Accumulation Index, after fees, over rolling three year periods.

The Fund did not have any employees during the year.

Service	Provider
Investment Manager	SG Hiscock & Company Limited.
Unit registry service provider	Apex Fund Services Pty Ltd (an Apex Group Company)
Custodian	Apex Fund Services Pty Ltd (an Apex Group Company)
Statutory Auditor	KPMG Australia

Review and results of operations

Results

The performance of the Fund, as represented by the results of its operations, was as follows:

	Year ended	
	30 June 2025 $'000	30 June 2024 $'000
Operating profit/(loss)	**36,005**	14,861
Distributions		
Distributions paid (31 December)	**678**	1,890
Distributions (cents per unit)	**1.44**	2.97
Distributions paid/payable (30 June)	**17,216**	9,848
Distributions (cents per unit)	**38.97**	19.03

Directors' report (continued)

Interests of the Responsible Entity

The following fees were paid and payable to the Responsible Entity from the Fund during the financial year.

	Year ended	
	30 June 2025 $'000	30 June 2024 $'000
Management fees paid and payable by the Fund	**2,004**	2,605

Valuation of assets

	As at	
	30 June 2025 $'000	30 June 2024 $'000
Value of total Fund assets as at 30 June	**167,497**	166,930

The basis for valuation of the Fund's assets is disclosed in Note 2, Note 3 and Note 4 to the financial statements.

Significant changes in the state of affairs

In the opinion of the Responsible Entity, there were no significant changes in the state of affairs of the Fund that occurred during the financial year.

Matters subsequent to the end of the financial year

As the investments are measured at their 30 June 2025 fair values in the financial report, any change in values subsequent to the end of the reporting year is not reflected in the Statement of Profit or Loss and Other Comprehensive Income or the Statement of Financial Position.

Since the end of the reporting year, the Fund's net asset value has increased by more than 10% due to changes in the value of the underlying investments. There has been no change to the implementation of the investment strategy as set out in the Fund's product disclosure statement.

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may have a significant effect on:

(i) the operations of the Fund in future financial years; or
(ii) the results of those operations in future financial years; or
(iii) the state of affairs of the Fund in future financial years.

Likely developments and expected results of operations

The Fund will continue to pursue its policy of increasing returns through active investment selection.

The results of the Fund's operations may be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Directors' report (continued)

Indemnity and insurance premiums of officers and auditors

Indemnity
Since the end of the previous financial year, the Fund has not been indemnified or made a relevant agreement for indemnifying against a liability, any person who is or has been an officer of the Responsible Entity or an auditor of the Fund.

Insurance Premiums
During the financial year, the Responsible Entity paid a premium under a contract insuring each director of the Fund against liability incurred in their respective capacities. Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause as stated in the insurance contract. The Responsible Entity has not provided any insurance to a related body corporate or to an auditor of the Fund.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with the ASIC Corporations Instrument, unless otherwise indicated.

Auditor's independence declaration

The lead auditor's independence declaration is set out on page 5 and forms part of the director's report for the year ended 30 June 2025.

This report is made in accordance with a resolution of the directors.

Shelley Brown
Director
Melbourne Securities Corporation Limited.

24 September 2025

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Melbourne Securities Corporation Limited, the Responsible Entity of the SGH Australian Small Companies Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of SGH Australian Small Companies Fund for the financial year ended 30 June 2025 there have been:

i. No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. No contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Nic Buchanan
Partner

Sydney
24 September 2025

Statement of comprehensive income

	Notes	Year ended 30 June 2025 $'000	30 June 2024 $'000
Investment income			
Interest income from financial assets at amortised cost		**-**	15
Distribution and dividend income		**4,179**	6,596
Net gains/(losses) on financial instruments at fair value through profit or loss	5	**34,345**	11,516
Net foreign exchange gains/(losses)		**(1)**	(20)
Total net investment income/(loss)		**38,523**	18,107
Expenses			
Management fees	14	**2,004**	2,605
Transaction costs		**366**	401
Withholding tax expense		**136**	240
Other operating expenses		**12**	-
Total operating expenses		**2,518**	3,246
Profit/(loss) from operating activities		**36,005**	14,861
Finance costs			
Distributions to unitholders	8	**(17,894)**	(11,738)
Change in net assets attributable to unitholders	7	**(18,111)**	(3,123)
Profit/(loss)		**-**	-
Other comprehensive income		**-**	-
Total comprehensive income		**-**	-

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

	Notes	As at 30 June 2025 $'000	30 June 2024 $'000
Assets			
Cash and cash equivalents	9	**7,327**	7,404
Receivables	12	**562**	493
Applications receivable		**33**	-
Financial assets at fair value through profit or loss	6	**159,575**	159,033
Total assets		**167,497**	166,930
Liabilities			
Payables	13	**346**	359
Redemptions payable		**484**	-
Distributions payable	8	**17,216**	9,848
Total liabilities (excluding net assets attributable to unitholders)		**18,046**	10,207
Net assets attributable to unitholders - liability	7	**149,451**	156,723

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2025

The Fund's net assets attributable to unitholders are classified as a liability under AASB 132 *Financial Instruments: Presentation.* As such, the Fund has no equity and no changes in equity have been presented for the current or comparative year.

Statement of cash flows

	Notes	Year ended 30 June 2025 $'000	30 June 2024 $'000
Cash flows from operating activities			
Proceeds from sale of financial instruments		**113,368**	172,770
Payments for purchase of financial instruments		**(79,565)**	(69,629)
Interest income received from financial assets at amortised cost		**-**	15
Distributions and dividends received		**3,905**	6,319
Management fees paid		**(2,021)**	(3,084)
Other operating expenses paid		**(305)**	(524)
Net foreign exchange gain/(loss)		**(7)**	(31)
Net cash inflow/(outflow) from operating activities	10(a)	**35,375**	105,836
Cash flows from financing activities			
Proceeds from applications by unitholders		**19,682**	18,374
Payments for redemptions by unitholders		**(45,076)**	(114,437)
Distributions paid		**(10,064)**	(4,477)
Net cash inflow/(outflow) from financing activities		**(35,458)**	(100,540)
Net increase/(decrease) in cash and cash equivalents		**(83)**	5,296
Cash and cash equivalents at the beginning of the year		**7,404**	2,112
Effects of foreign currency exchange rate changes on cash and cash equivalents		**6**	(4)
Cash and cash equivalents at the end of the year	9	**7,327**	7,404
Non-cash operating and financing activities	10(b)	**462**	165

The above statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

1 General information

This annual financial report covers SGH Australian Small Companies Fund (the “Fund”) as an individual entity.

The registered office and principal place of business of the Responsible Entity and the Scheme is Level 2, 395 Collins Street, Melbourne VIC 3000.

The Fund is a registered managed investment scheme under the *Corporations Act 2001.* In accordance with the Fund’s Constitution, it commenced on 23 March 2001 and will terminate on the day immediately preceding the 80th anniversary of its commencement date, unless terminated earlier in accordance with the provisions of the Fund’s Constitution (as amended).

The Fund maintains its investment strategy by investing primarily in securities listed on the Australian Securities Exchange and New Zealand Securities Exchange, in accordance with the provisions of the Fund’s Constitution.

The overall investment objective of the Fund is to outperform the benchmark, the S&P/ASX Small Ordinaries Accumulation Index, after fees, over rolling three year periods.

The financial statements were authorised for issue by the directors on 24 September 2025. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. SGH Australian Small Companies Fund is a for-profit Fund for the purpose of preparing the financial report.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders.

The Fund manages financial assets based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of net assets attributable to unitholders, the units are redeemable on demand at the unitholder’s option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

(i) Compliance with International Financial Reporting Standards (IFRS)

The financial report of the Fund complies with IFRS and interpretations issued by the International Accounting Standards Board (IASB).

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(ii) New and amended accounting standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2024 that have a material impact on the Fund.

(iii) New Standards, amendments and interpretations effective after 1 July 2025 and have not been early adopted

A number of new accounting standards, amendments and interpretations have been published that are not mandatory for the 30 June 2025 reporting period and have not been early adopted in preparing these financial statements. Most of these are not expected to have a material impact on the financial statement of the fund. However, management is still in the process of assessing the impact of the new standard AASB 18 which was issued in June 2024 and replaces AASB 101 *Presentation of Financial Statements.*

None of these are expected to have a material effect on the financial statements of the Fund.

(b) Financial instruments

(i) Classification

- Financial assets

The Fund classifies its investments based on its business model for managing those financial assets and their contractual cash flow characteristics. The Fund's portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy, together with other related financial information.

Equity securities are measured at fair value through profit or loss.

For equity securities, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For cash and cash equivalents, due from brokers and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (distributions payable, due to brokers, management fees payable and other payables).

(ii) Recognition and derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Funds have transferred substantially all of the risk and rewards of ownership.

(iii) Measurement

At initial recognition, the Fund measures financial assets and financial liabilities at fair value. Transaction costs on financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net gains/(losses) on financial instruments at fair value through profit or loss in the period in which they arise.

2 Summary of material accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement (continued)

For further details on how the fair value of financial instruments is determined refer to Note 4 to the financial statements.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under AASBs, e.g. for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit or loss.

There are no financial assets or liabilities offset or with the right to offset in the statement of financial position.

(c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units are classified as financial liabilities as the Fund is required to distribute its distributable income. The units can be put back to the Fund at any time for cash based on the redemption price. The carrying value of redeemable units is measured as the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to put the units back to the Fund.

Under AASB 132 Financial Instruments: Presentation, puttable financial instruments are classified as equity where certain strict criteria are met. The units issued by the Fund did not meet the criteria as they have contractual obligations to distribute and they do not have identical features and therefore have been classified as a liability.

(d) Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(e) Investment income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents.

Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b) to the financial statements.

(f) Distribution and dividend income

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Trust distributions are recognised in the statement of comprehensive income as distribution income when declared.

Dividend and distribution income from financial assets at fair value through profit or loss is recognized in the statement of comprehensive income within dividend income and distribution income when the Fund's right to receive payments is established.

2 Summary of material accounting policies (continued)

(g) Expenses

All expenses, including management fees are recognised in the statement of comprehensive income on an accruals basis.

(h) Foreign exchange gains and losses

Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value. Included in the statement of comprehensive income line item, net changes in financial instruments at fair value through profit or loss are net foreign exchange gains and losses on monetary financial assets and financial liabilities.

(i) Income tax

Under current legislation, the Fund is not subject to income tax provided the taxable income of the Fund is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Fund).

Financial instruments at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

(j) Distributions

In accordance with the Fund's Constitution, the Fund fully distributes its distributable (taxable) income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders. Distributions paid are included in cash flows from financing activities in the statement of cash flows.

(k) Change in net assets attributable to unitholders

Income not distributed is included in the statement of comprehensive income as change in net assets attributable to unitholders.

(l) Foreign currency translation

(i) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Material foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The Fund does not isolate that portion of gains or losses on securities and derivative financial instruments that are measured at fair value through profit or loss, and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

(m) Balances due from/to brokers

These amounts represent margin accounts and receivables for securities sold and payables for securities purchased that have been contracted but not yet delivered by the end of the reporting period. Trades are recorded on trade date, and normally settled within three business days. A provision for impairment is established when it is expected that the Fund will not be able to collect all amounts in full. The due from brokers balances is held for collection and consequently measured at amortised cost which is described at Note 2(n) receivables.

2 Summary of material accounting policies (continued)

(n) Receivables

Receivables may include amounts for equity income and other receivables. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in Note 2(e) above. Trust distributions and dividends are accrued when the right to receive payment is established. Amounts are generally received within 30 days of being recorded as receivables.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund measures the loss allowance on receivables at an amount equal to the lifetime expected credit losses.

(o) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately on the statement of financial position when unitholders are presently entitled to the distributable income as declared under the Fund's Constitution.

Payables also include amounts payable as a result of the Fund entering into foreign currency spot contracts. Foreign currency spot contracts are primarily used by the Fund for the purposes of trading settlements where the Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on the spot date.

(p) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

(q) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as investment management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) hence investment management fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Payables are stated with the amount of GST included. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(r) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund's financial instruments, quoted market prices are readily available.

Other financial instruments, including amounts receivable/payable for securities sold and purchased, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments. Further details on how the fair values of financial instruments are measured are disclosed in Note 4.

Expected credit loss did not have a material impact on the Fund. Please see Note 3 for more information on credit risk.

(s) Rounding of amounts

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with the ASIC Corporations Instrument, unless otherwise indicated.

3 Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk, liquidity risk and operational risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement (PDS) and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Compliance with the Fund's PDS requirements is monitored, and results are reported periodically to senior management and the Fund's Compliance Committee.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

Market disruptions associated with current geopolitical events have had a global impact, and uncertainty exists as to their implications. Such disruptions can adversely affect assets and performance of the Fund. The Responsible Entity is continuing to monitor these developments and evaluate its impact on the Fund.

(a) Market risk

Market risk is the risk that losses may result from adverse movements in interest rates, foreign currency exchange rates, equity prices, commodity prices and other market metrics. The Fund's level of market risk is predominantly defined by potential changes in the values of listed Australian and New Zealand shares and listed Australian managed investment schemes in response to movements in the Australian and New Zealand share markets. A typical transaction may be exposed to a number of different market risks.

(i) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will change because of movements in market prices. The Fund's investments are primarily in Australian and New Zealand equity securities and listed unit trusts with the result that the Fund is exposed to direct price risk from market movements in Australian and New Zealand equities and listed unit trusts that may result in changes in the Fund's investments.

The Investment Manager aims to mitigate price risk through diversification and a careful selection of securities and other financial instruments within specified limits. Between 90% and 100% of the net assets attributable to unitholders are invested in listed Australian and New Zealand shares and listed Australian managed investment schemes.

The table in Note 3(b) summarises the impact of an increase/decrease of the S&P/ASX Small Ordinaries Accumulation Index on the Fund's net assets attributable to unitholders at 30 June 2025. The analysis is based on the assumptions that the index increased/decreased by 15% (2024: 15%) with all other variables held constant and that the fair value of the Fund's portfolio of listed equity securities and listed unit trusts moved in correlation with the index. The impact mainly arises from the possible change in the fair value of listed equities.

(ii) Currency risk

Currency risk is the change to the value of the Australian dollar, relative to other currencies. Primarily the Fund's investments are listed Australian shares and listed Australian managed investment schemes denominated in Australian dollars. As of 30 June 2025, there were also equity securities and international receivables predominantly denominated in New Zealand Dollars of $4,182,225 (2024: $7,311,346). As a result, the Fund is directly exposed to movements in foreign exchange rates as well as indirectly exposed to movements in the individual national currencies of the underlying investments.

The table in Note 3(b) summarises the impact of an increase/decrease of movements in the foreign exchange rates direct exposure by 10% on the Fund's net assets attributable to unitholders and profit/(loss) from operating activities at 30 June 2025 (30 June 2024: 10%).

3 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund invests mainly in listed Australian and New Zealand shares denominated in Australian dollars and New Zealand Dollars which are non-interest bearing and as such the Fund is not exposed to significant levels of interest rate risk.

The Fund holds cash for liquidity and transactional purposes and this cash is held at floating interest rates. As a result, the Fund is subject to a limited exposure to interest rate risks due to fluctuations in the levels of market interest rates.

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to price risk and foreign exchange risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in price and foreign exchange rates, historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Price risk		Currency risk	
	Impact on operating profit/Net assets attributable to unitholders			
	+15%	-15%	+10% NZD	-10% NZD
	$'000	$'000	A$'000	A$'000
30 June 2025	**23,936**	**(23,936)**	**(380)**	**465**
30 June 2024	23,855	(23,855)	(665)	812

(c) Credit risk

Credit risk is the possibility of loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations. In the event of default, an investor generally incurs a loss equal to the amount owed by the debtor, less any recoveries resulting from foreclosure, liquidation of the collateral or restructuring of the obligation.

Credit risk primarily arises from cash and cash equivalents, deposits with banks and other financial institutions. None of these assets are impaired nor past due but not impaired.

The exposure to credit risk for cash and cash equivalents is low as all the counterparties engaged with are investment grade B or higher. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

All counterparties are included on the Approved Counterparty list and are determined to be investment grade or higher.

(d) Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable units. Therefore, it primarily holds investments that can be traded in active market and can be readily disposed. It invests only a limited proportion of its assets in investments not actively traded on the Australian Securities Exchange ("ASX") and New Zealand Securities Exchange.

As a result, the Fund is normally able to quickly liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

3 Financial risk management (continued)

(d) Liquidity risk (continued)

The relevant policies are to hold up to 10% of the net assets attributable to unitholders in cash. Compliance with the relevant policies is monitored and reported to senior management and the Compliance Committee on a regular basis.

(i) Maturities of non-derivative financial liabilities

The table below analyses the Fund's financial liabilities into relevant maturity buckets based on the remaining period to the earliest possible contractual maturity date at the end of the reporting period. The amounts in the table are contractual undiscounted cash flows.

As at 30 June 2025	**Less than 1 month $'000**	**1-6 months $'000**	**6-12 months $'000**	**Over 12 months $'000**	**No stated maturity $'000**
Payables	**346**	**-**	**-**	**-**	**-**
Redemptions payable	**484**	**-**	**-**	**-**	**-**
Distributions payable	**17,216**	**-**	**-**	**-**	**-**
Net assets attributable to unitholders- liability	**149,451**	**-**	**-**	**-**	**-**
Total liabilities	**167,497**	**-**	**-**	**-**	**-**

As at 30 June 2024	Less than 1 month $'000	1-6 months $'000	6-12 months $'000	Over 12 months $'000	No stated maturity $'000
Payables	359	-	-	-	-
Distributions payable	9,848	-	-	-	-
Net assets attributable to unitholders- liability	156,723	-	-	-	-
Total liabilities	166,930	-	-	-	-

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Responsible Entity's processes, personal, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Fund's operations.

The objective of the Responsible Entity of the Fund is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

4 Fair value measurement

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through profit or loss (FVTPL) (see Note 6)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

4 Fair value measurement (continued)

AASB 13 *Fair value measurement* requires disclosure of fair value measurements by level of the following fair value hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets and liabilities is the last traded price. Where the last traded price does not fall within the bid-ask spread, an assessment is performed by management to determine the appropriate valuation price to use that is most representative of fair value.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Recognised fair value measurement

The following table presents the Fund's financial assets and liabilities measured and recognised at fair value as at 30 June 2025 and 30 June 2024.

As at 30 June 2025	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets at fair value through profit or loss				
Australian listed equity securities	**139,476**	**-**	**-**	**139,476**
New Zealand listed equity securities	**3,826**	**-**	**-**	**3,826**
Listed real estate investment trusts	**16,273**	**-**	**-**	**16,273**
Total	**159,575**	**-**	**-**	**159,575**

As at 30 June 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at fair value through profit or loss				
Australian listed equity securities	137,527	-	-	137,527
New Zealand listed equity securities	6,697	-	-	6,697
Listed real estate investment trusts	14,809	-	-	14,809
Total	159,033	-	-	159,033

(i) Transfers between levels

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between the levels for the year ended 30 June 2025 and year ended 30 June 2024. There were also no changes made to any of the valuation techniques applied as of 30 June 2025.

4 Fair value measurement (continued)

(ii) Fair value measurements using significant unobservable inputs (level 3)

The Fund did not hold any financial instruments with fair value measurements using significant unobservable inputs during the year ended 30 June 2025 or year ended 30 June 2024.

(iii) Valuation processes

Portfolio reviews are undertaken regularly by management to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as being level 3 securities. Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model, management performs back testing and considers actual market transactions. Changes in allocation to or from level 3 are analysed at the end of each reporting period. There were no investments classified as level 3 within the Fund for the year ended 30 June 2025.

(iv) Financial instruments not measured at fair value

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values due to their short term nature.

5 Net gains/(losses) on financial instruments at fair value through profit or loss

Net gains/(losses) recognised in relation to financial instruments at fair value through profit or loss:

	Year ended	
	30 June 2025 $'000	30 June 2024 $'000
Financial assets		
Net gain/(loss) on financial assets at fair value through profit or loss	**34,345**	11,516
Total net gains/(losses) on financial instruments at fair value through profit or loss	**34,345**	11,516

6 Financial assets at fair value through profit or loss

	As at	
	30 June 2025 $'000	30 June 2024 $'000
Financial assets at fair value through profit or loss		
Australian listed equity securities	**139,476**	137,527
New Zealand listed equity securities	**3,826**	6,697
Listed real estate investment trusts	**16,273**	14,809
Total financial assets at fair value through profit or loss	**159,575**	159,033

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in Note 3.

7 Net assets attributable to unitholders- liability

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. Each unit has the same rights attaching to it as all other units of the Fund.

The Fund classifies the net assets attributable to unitholders as financial liability as the puttable financial instruments do not satisfy all the criteria set out under AASB 132 (refer to Note 2(c)).

Movements in number of units and net assets attributable to unitholders during the year were as follows:

	Year ended			
	30 June 2025 No. '000	30 June 2024 No. '000	**30 June 2025 $'000**	30 June 2024 $'000
Opening balance	**51,758**	82,356	**156,723**	249,498
Applications	**5,924**	5,809	**19,715**	18,374
Redemptions	**(13,652)**	(36,460)	**(45,560)**	(114,437)
Units issued upon reinvestment of distributions	**151**	53	**462**	165
Change in net assets attributable to unitholders	**-**	-	**18,111**	3,123
Closing balance	**44,181**	51,758	**149,451**	156,723

Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a financial liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Fund Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

8 Distributions to unitholders

The distributions paid/payable for the year were as follows:

	Year ended			
	30 June 2025 $'000	**30 June 2025 CPU**	30 June 2024 $'000	30 June 2024 CPU
Distributions				
Distributions paid (31 December)	**678**	**1.44**	1,890	2.97
Distributions payable (30 June)	**17,216**	**38.97**	9,848	19.03
Total distributions	**17,894**		11,738	

9 Cash and cash equivalents

	As at	
	30 June 2025 $'000	30 June 2024 $'000
Cash and cash equivalents	**7,327**	7,404
	7,327	7,404

10 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	30 June 2025 $'000	30 June 2024 $'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) from operating activities	**36,005**	14,861
Proceeds from sale of financial instruments at fair value through profit or loss	**113,368**	172,770
Purchase of financial instruments at fair value through profit or loss	**(79,565)**	(69,629)
Net (gains)/losses on financial instruments at fair value through profit or loss	**(34,345)**	(11,516)
Net change in receivables	**(69)**	(160)
Net change in payables	**(13)**	(479)
Effects of foreign currency exchange rate changes on cash and cash equivalents	**(6)**	(11)
Net cash inflow/(outflow) from operating activities	**35,375**	105,836
(b) Non-cash financing activities		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	**462**	165

11 Remuneration of the auditor

During the year the following fees were paid or payable for services provided by the auditor of the Fund:

	Year ended	
	30 June 2025 $	30 June 2024 $
Audit and non audit services		
Audit services		
Audit of financial report	**18,489**	16,689
Total remuneration - KPMG	**18,489**	16,689
Non-Audit services		
Audit of compliance plan-	**3,150**	3,000
Total remuneration -Moore Australia	**3,150**	3,000

Auditors' remuneration for the Scheme is paid by the Responsible Entity, and has not been re-charged to the Scheme.

12 Receivables

	As at	
	30 June 2025 $'000	30 June 2024 $'000
Distributions and dividends receivable	**502**	364
Other receivables	**60**	129
	562	493

13 Payables

	As at	
	30 June 2025 $'000	30 June 2024 $'000
Management fees payable	**342**	359
Other fees payable	**4**	-
	346	359

14 Related party transactions

Responsible Entity

The registered office and principal place of business of the Responsible Entity and the Scheme is Level 2, 395 Collins Street, Melbourne VIC 3000.

The directors of Melbourne Securities Corporation Limited during or since the end of the financial year were as follows:

Michael Fleming
Matthew Fletcher
Steven O'Connell
Ruth McClelland
Shelley Brown

Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

Key management personnel unitholdings

At 30 June 2025 no key management personnel held units in the Fund (2024: Nil).

Key management personnel compensation

The Fund does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Fund and this is considered the Key Management Personnel (the “KMP”). The directors of the Responsible Entity are KMP of that company and have been disclosed above.

The Responsible Entity is entitled to a management fee which is calculated as a proportion of net assets attributable to unitholders.

No compensation is paid to directors or directly by the Fund to any KMP of the Responsible Entity.

Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

Other transactions within the Fund

From time to time directors of the Responsible Entity, or their related entities, may invest in or withdraw from the Fund. These investments or withdrawals are on the same terms and conditions as those entered into by other Fund investors.

Apart from those details disclosed in this note, no directors have entered into a material contract with the Fund since the end of the previous financial year and there were no material contracts involving directors’ interests existing at year end.

14 Related party transactions (continued)

Responsible Entity's/Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution and the current Product Disclosure Statement for the Fund, the Responsible Entity is entitled to receive management fees monthly of up to 1.26% per annum (2024: 1.26%) of net assets attributable to unitholders.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Fund and the Responsible Entity were as follows:

	30 June 2025 $	30 June 2024 $
Management fees for the year incurred by the Fund	**2,003,897**	2,604,940
Management fees for the year payable by the Fund	**342,339**	359,034

Related party unitholdings

Parties related to the Fund (including the Responsible Entity, its related parties and other schemes managed by the Responsible Entity), did not hold any units in the Fund for the year ended 2025 (2024: Nil).

Investments

The Fund did not hold any investments in the Responsible Entity or its related parties during the year (2024: Nil).

Units in Fund held by other related parties

At 30 June 2025 no directors of the Responsible Entity held units in the Fund (2024: Nil).

15 Events occurring after the reporting period

Since the end of the reporting year, the Fund's net asset value has increased by more than 10% due to changes in the value of the underlying investments. There has been no change to the implementation of the investment strategy as set out in the Fund's product disclosure statement

No other significant events have occurred since the end of the year which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 30 June 2025 or on the results and cash flows of the Fund for the year ended on that date.

16 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2025 and 30 June 2024.

DIRECTORS' DECLARATION

In the opinion of the directors of MSC Australia Limited, the Responsible Entity of SGH Australian Small Companies Fund:

(a) The financial statements and notes set out on pages 6 to 24, are in accordance with the *Corporations Act 2001,* including:

(i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(ii) giving a true and fair view of the Fund's financial position as at 30 June 2025 and of its performance for the financial year ended on that date;

(b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and

(c) Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors of Melbourne Securities Corporation Limited through a delegated authority given by Melbourne Securities Corporation Limited's Board.

Shelley Brown
Director
Melbourne Securities Corporation Limited.

24 September 2025

Independent Auditor's Report

To the unitholders of SGH Australian Small Companies Fund

Opinion

We have audited the ***Financial Report*** of SGH Australian Small Companies Fund (the Scheme).

In our opinion, the accompanying ***Financial Report*** of SGH Australian Small Companies Fund (the Scheme) gives a true and fair view, including of the Scheme's financial position as at 30 June 2025 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises the:

- Statement of financial position as at 30 June 2025
- Statement of comprehensive income for the year then ended, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes, including material accounting policies
- Directors' Declaration made by the Directors of Melbourne Securities Corporation Limited (the Responsible Entity).

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Scheme and Melbourne Securities Corporation Limited (the Responsible Entity) in accordance with the *Corporations Act 2001* and the relevant ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code). We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in SGH Australian Small Companies Fund 's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Melbourne Securities Corporation Limited (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Directors for the Financial Report

The Directors of Melbourne Securities Corporation Limited (the Responsible Entity) are responsible for:

- Preparing the Financial Report in accordance with the *Corporations Act 2001,* including giving a true and fair view of the financial position and performance of the Scheme, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- Implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Scheme, and that is free from material misstatement, whether due to fraud or error
- Assessing the Scheme's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Scheme or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf This description forms part of our Auditor's Report.

KPMG

KPMG

Nic Buchanan
Partner
Sydney
24 September 2025

Directory

Responsible Entity

Melbourne Securities Corporation Limited

ABN 57 160 326 545

Registered Office and Principal Place of Business

Melbourne Securities Corporation Limited

Level 2

395 Collins Street

MELBOURNE VIC 3000

Administrator, registry and custodian

Apex Fund Services Pty Ltd

Level 10

12 Shelley Street

SYDNEY NSW 2001

Auditor

KPMG

Tower Three

International Towers Sydney

300 Barangaroo Avenue

SYDNEY NSW 2000

https://www.msc.group.com

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