

SGH Australian Small Companies Fund

30 June 2024

Performance¹	Total Net Return (after MER)	S&P/ASX Small Ords Accum. Index	Total Net Return vs. Benchmark
1 month (%)	0.43	-1.39	1.82
3 months (%)	-3.41	-4.46	1.05
1 year (%)	7.22	9.34	-2.12
2 years (% pa)	10.93	8.89	2.04
3 years (% pa)	-2.46	-1.55	-0.91
5 years (% pa)	4.01	3.70	0.31
10 years (% pa)	7.52	6.45	1.07
Inception (% pa)	9.88	6.01	3.87

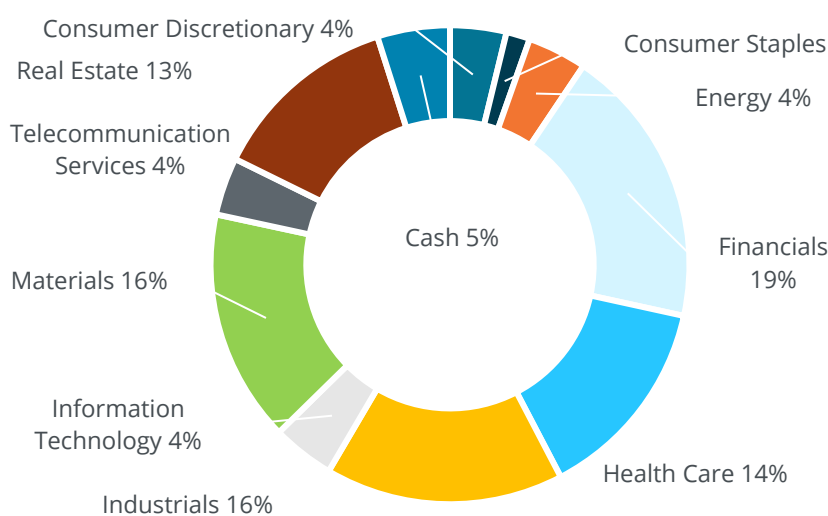
Past performance is not a reliable indicator of future performance.

Top 5 Holdings (in alphabetical order)

Beach Energy Limited
Gold Road Resources
HUB24
Infratil Limited
Pro Medicus Limited

Top 5 holdings represent 23% of the total Fund.

Asset Allocations



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	\$167M
Number of holdings	41
Dividends payable	Semi-annual
Buy/sell spread	+0.30/ -0.30%
Minimum initial investment	\$20,000
Base currency	AUD
APIR	CSA0131AU
mFund code	SFZ20
Domicile	Australia
Unit price	
Application	\$3.2278
Net Asset Value	\$3.2181
Withdrawal	\$3.2084
Distribution	cpu
30-Jun-23	3.3416
31-Dec-23	2.9748
30-June-24	TBA

Portfolio Managers

Shawn Lee, Portfolio Manager

Hamish Tadgell, Assistant Portfolio Manager & SGH Head of Australian Equities

Phillip Li, Assistant Portfolio Manager



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

Portfolio Summary

- The SGH Small Companies Fund delivered a return of 0.43% net of fees in month of June 2024, outperforming the Small Ordinaries Accumulation benchmark by 1.82% (net of fees).
- Key stock contributors: Pro Medicus (+19.3%) continued to benefit from recent contract wins which demonstrates the product's appeal is expanding into the smaller private radiology segment of the market. Infratil (+5.7%) also traded strongly after a well-supported equity raise to fund accelerating growth within their data centre business unit.
- Key stock detractors: Beach Energy (-11.0%) disappointed with yet another production downgrade which we believe is conservatively set, in what appears to be a final deck-clearing exercise by new management. Deterra Royalties (-13.8%) announced the proposed acquisition of AIM-listed Trident Royalties, which will weigh on dividend payout ratios but will diversify Deterra's commodity exposure and provide future growth opportunities.

Monthly Insights

Weak trading updates continued into June with Collins Foods, Motorcycle Holdings, Kathmandu, City Chic and Cettire (all unheld) calling out a softening consumer environment. Our portfolio continues to be significantly underweight discretionary exposures. We expect eroded household savings and persistent cost of living pressures will result in higher mortgage delinquencies and ongoing consumer belt-tightening.

M&A appears to be making a return in small caps with Bapcor (unheld), Myer (unheld) and Integral Diagnostics all announcing corporate activity. The proposed merger of Integral Diagnostics and Capitol Health offers strong financial and strategic fit, which will be further aided by an ongoing recovery in diagnostic imaging volumes and operator margins.

The outlook for equity raisings was buoyed by the tightly managed listing of Guzman Y Gomez. Within our portfolio, we took the opportunity to participate in the successful Infratil equity raise which provides their data centre business (Canberra Data Centres) with growth capital to more than double capacity over the next 24 months, as their hyperscale cloud clients augment operating footprints in response to increasing AI activity.

We participated in Botanix Pharmaceutical's capital raise upon the company receiving US FDA approval for its lead product sofipironium bromide that looks to treat a skin condition known as primary axillary hyperhidrosis. Notwithstanding we're in the early stages of commercialisation, the risk reward looks asymmetric to us given BOT's experienced management team, solid launch preparation as well as success precedent in Japan.

Top Contributors

Pro Medicus
HUB24
Infratil Limited
Integral Diagnostics
AUB group

Top Detractors

Beach Energy
Deterra Royalties
Monadelphous Group
Summerset Group
Megaport

Distribution team



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