



SG HISCOCK & COMPANY

SGH Australia Plus Fund

30 June 2021

Investment Objective	To outperform the S&P/ASX300 Accumulation Index by 5% on a rolling 3 year basis		
Investments held	Generally within the largest 300 companies listed on the ASX, plus companies listed in Asia with a focus on Asian domestic consumption.		
Investment Manager	SG Hiscock & Company Limited	APIR	ETL0383AU
Commencement	8 October 2013	mFund Product Code	SHF01
Management costs¹	0.70% p.a.	Buy Spread	+0.25%
Performance Fee²	20% capped at 1.25% in any calendar year, subject to a highwater mark	Sell Spread	-0.25%
Minimum initial investment	\$20,000	Fund Size	\$9.18 million

Unit Prices	Purchase	Net Asset Value	Withdrawal
30 June 2021	\$ 1.7280	\$ 1.7237	\$ 1.7194

Performance³	1 mth %	3 mths %	6 mths %	1 yr %	2 yrs % p.a.	3 yrs % p.a.	Inception % p.a.
30 June 2021							
Distribution Return	5.47	5.73	5.80	7.26	6.09	4.75	7.64
Growth Return	-4.37	0.26	1.47	12.70	5.21	1.75	6.54
Total Net Return	1.10	5.99	7.27	19.96	11.29	6.51	14.18
S&P/ASX 300 Accumulation Index	2.25	8.48	12.98	28.49	8.95	9.77	9.07
Total Net Return vs. the Index	-1.16	-2.49	-5.71	-8.53	2.34	-3.26	5.11

Past performance is not a reliable indicator of future performance.

Top 5 Holdings

National Australia Bank Limited
Rio Tinto Limited
Uniti Group Ltd
CSL Limited
Australia & New Zealand Banking Group Limited

Top 5 holdings represent 20.52% of total fund

Why Australia Plus

1. We want access to the best quality companies in Asia, at the right price. It is the choice, but not the obligation to invest in emerging companies with strong local franchises
2. The strong rise in both the sheer number of Asians entering the middle class and the growth in disposable income, suggests that this is a multi year trend that is very hard to access by restricting the investible universe to Australian listed stocks.
3. Investors appropriately diversify their portfolio by enhancing returns with a focus on the domestic demand thematic within Asia.
4. It offers Australian investors a wider opportunity set without the requirement to have money invested in Asia through a pooled vehicle.
5. By focussing purely on the domestic demand thematic in Asia, our investible universe grows by 40-50 stocks outside the ASX300. This is a very narrow subset of Asian stocks that meet our basic quality filters and would consider owning at the right price.

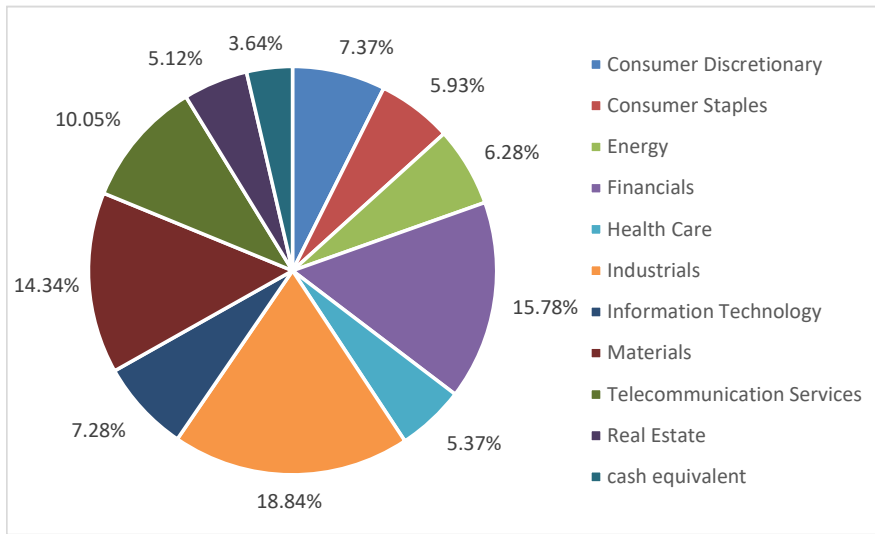
1. Includes estimated GST payable, after taking into account reduced input tax credits (RITC).

2. A performance fee of 20% (net GST and an estimate of RITC) of any investment return above the fund's benchmark may also be payable as an expense of the fund, capped at 1.25% in any year, subject to a highwater mark

3. Performance: Total Net Return is the Fund return after the deduction of ongoing fees and expenses assuming the reinvestment of all distributions.



Asset allocation



Quarterly Observations

- The rally in equities continued last quarter, with growth stocks playing some catch up with cyclicals. The S&P/ASX300 Accumulation Index returned 8.48% and is now up 28.5% for the last 12 months, 57.8% off its March 20 COVID lows and has posted a positive return 14 out of the last 15 months.
- Equities can continue to rally on the re-opening dynamic as the vaccine roll-out proceeds, but there are a number of issues to navigate into the second half of the year – peaking in growth, persistence of inflation and how we live with the virus.
- The key question remains whether the inflation scare in the last quarter will prove transitory or is more structural in nature and how central banks respond.
- Any hint of earlier than expected tapering by central banks, and therefore earlier than expected interest rate hikes remains the main risk for a market correction.
- From a bigger picture perspective, the dramatic convergence in fiscal and monetary policy and high levels of government debt raises the question whether central banks can remain orthodox and increase rates. An alternative is a policy of yield control by fixing long term bond yields. This seems increasingly a possibility.
- The top portfolio contributors in the quarter were Uniti Group, Aristocrat Leisure and Cleanaway whilst Carbon Revolution, Lendlease and Seven Group Holdings were the largest detractors. During the quarter, added Marley Spoon.



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For more information visit www.sghiscock.com.au

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