



SGH Australia Plus Fund

31 December 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	ETLo383AU
Commencement	8 October 2013	mFund Product Code	SHFo1
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	\$9.08 million

Unit Prices	Purchase	Net Asset Value	Withdrawal
31 December 2021	\$ 1.6958	\$ 1.6916	\$ 1.6874

Performance ³	1 mth %	3 mths %	6 mths %	1 yr %	2 yrs % p.a.	3 yrs % p.a.	Inception % p.a.
31 December 2021							
Distribution Return	1.89	1.91	1.94	7.98	6.21	5.12	7.41
Growth Return	-0.46	0.33	1.82	3.32	3.50	7.74	6.36
Total Net Return	1.44	2.24	3.76	11.30	9.71	12.85	13.77
S&P/ASX 300 Accumulation Index	2.65	2.21	4.03	17.54	9.35	13.96	9.02
Total Net Return vs. the Index	-1.21	0.03	-0.28	-6.24	0.36	-1.11	4.75

Past performance is not a reliable indicator of future performance.

Top 5 Holdings

CSL Limited
National Australia Bank Limited
BHP Billiton Limited
Chorus Ltd
Woodside Petroleum

Top 5 holdings represent 22.05% 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.

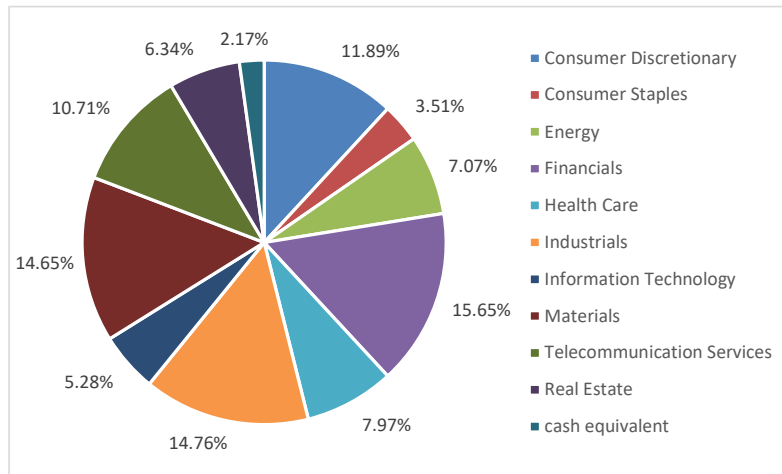
1. Includes estimated GST payable, after taking into account reduced input tax credits (RITC).

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



Quarter in review

- The quarter was defined by the emergence of the Omicron wave of the virus and hawkish pivot by the Fed now it no longer sees inflation as 'transitory'.
- There is no set playbook for returns when the Fed raises rates but looking back at periods when this has been the case the common thread is valuations typically fall and returns are driven by earnings and dividends.
- The quandary is navigating the prospects of reopening and better earnings as supply shocks ease and peaking in inflation, against more hawkish central bank policy if supply chain issues and inflation persist.
- We continue to favour selective reopening trades and higher cyclical exposure which not only stand to benefit as demand recovers from the pandemic but also as rates tighten. We also think it's important to maintain a diversified portfolio and retain a healthy position to quality growth companies with a margin of safety.
- In positioning for the prospects of reopening, tapering and more persistent inflationary pressures we added Computershare and increased our commodities and energy exposures. We also initiated a position in EBOS.
- The Fund returned 2.24% in the December quarter outperforming the S&P/ASX300 Accum. Index by 0.03%. The top portfolio contributors were National Australia Bank, Macquarie Bank and Cooper Energy whilst Marley Spoon, Alibaba and Carbon Revolution were the largest detractors. Cash at the end of quarter was 2.2%.

For more information visit www.sghiscock.com.au

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