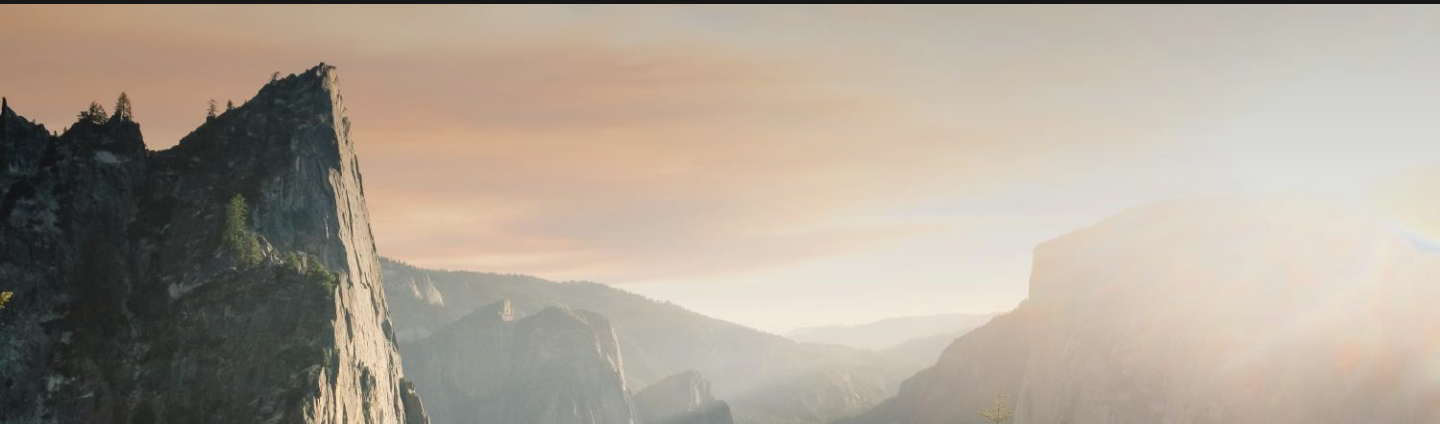


Hancock & Gore (H&G) High Conviction Fund July 2021 Update

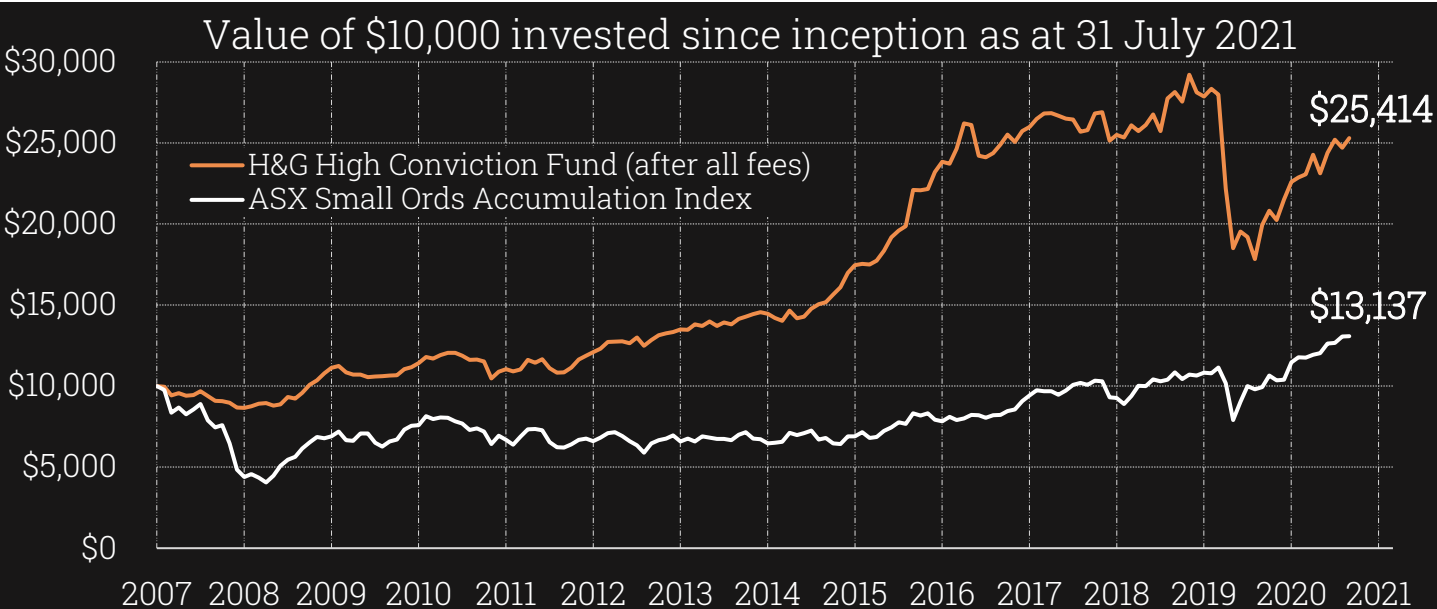


We invest in and actively engage with companies that have superior fundamental prospects, yet due to negative external events have attracted a flight of investors, leading to a discount in share price relative to inherent value. We have significantly outperformed the Australian share market over the Fund's 14 year history.

Performance to 31 July 2021 (after all fees)	1 month	Last quarter	Calendar year-to-date	Last 12 months	Since inception* (1 Nov 2007)
H&G High Conviction Fund	2.9%	4.3%	11.2%	27.5%	7.9% p.a.
ASX Small Ordinaries Accumulation	0.7%	4.1%	11.5%	32.3%	2.2% p.a.

**Includes the original vehicle, The Supervised Fund, launched in November 2007 by Supervised Investments Australia Limited (SIAL). SIAL was sold in March 2021 to HGL Limited (trading as Hancock & Gore Limited), and The Supervised Fund subsequently rebranded H&G High Conviction Fund.*

The strategy of investing in micro capitalisation listed equities has remained consistent.



Key contributors to performance during July 2021

Positive iSelect (ISU)
Kangaroo Island Plantation
Timbers (KPT)

Negative Hillgrove Resources Limited
(HGO)
Po Valley Energy (PVE)

Key Portfolio Metrics % of NAV

Cash 20%

Listed equities 79%

(of which market cap < \$100m) 70%

Capital invested in resources stocks 19%

Number of holdings 17

Top 8 Stock Positions % of NAV

Kangaroo Island Plantation
Timbers (KPT) 16%

Po Valley Energy (PVE) 12%

Bisalloy Steel Group (BIS) 10%

iSelect (ISU) 5%

Hillgrove Resources (HGO) 5%

Centrepont Alliance (CAF) 5%

Clearview Wealth (CVW) 4%

PayGroup (PYG) 4%



MONTHLY COMMENTARY

iSelect shares appreciated by 27% during July to \$0.52. The company did not release any material news. We continue to believe the shares are cheap. The company's net tangible asset backing per share is \$0.43. This mostly comprises a trail commission from Tier 1 health insurers, which is conservatively discounted on the balance sheet and historically has converted into cash at greater than 100c in the dollar. Thus, the business as a going concern is being valued at just \$0.09 per share, despite generating about \$0.04 per share in annual free cash flow.

Kangaroo Island Plantation Timbers shares rose by 5% during July following the announcement of board changes, including a representative from major shareholder, STAM. We view this as a positive, enabling the company to begin realising its inherent value.

Post-month end, the company announced its longstanding seaport development application had been rejected by the government. This is immaterial following the destruction of the 2019/20 bushfires, which rendered the seaport uneconomic. The company also stated it has adopted a new strategy of remediating its 18,696 Ha of high rainfall plantations and converting them into farmland. Based on an independent valuation, the land is worth \$0.91 per share net of reversion costs. In addition to cash of \$0.58 per share and other assets of \$0.16 per share, there is at least \$1.65 per share of value, compared to the last traded share price of \$1.16. We continue to engage with the board and are confident the new strategy will drive material positive performance for the Fund with limited downside.

Hillgrove Resources shares declined by 20%, despite no material news being released during July. This occurred in the context of the copper price weakening over recent months. At the current share price the stock is considerably undervalued compared to the company's copper resources.

Po Valley Energy shares fell by 3% with no material news announced. The company is well-capitalised and awaits government approval for its two Italian natural gas fields.

FUND INFORMATION

Fund name	H&G High Conviction Fund
Investment Manager	H&G Investment Management Limited
APIR code	SIA0002AU
Fund inception	November 2007 (relaunched April 2021)
Fund size	A\$12m
Fund pricing	Monthly
Fund type	Open-end unit trust
Base currency	Australian dollars
Investor eligibility	Wholesale and sophisticated investors
Trustee	Equity Trustees
Custodian	JP Morgan
Auditor	Ernst & Young
Management fee	1% plus GST p.a. + fund costs capped at 1.05%
Performance fee	20% of benchmark outperformance, with a high watermark, paid annually
Benchmark	5% p.a.
Buy/sell spread	0.4%



TEAM



Sandy Beard

Chair
H&G Investment Management



Joseph Constable

Portfolio Manager & Director
H&G Investment Management



Iain Thompson

Compliance Manager
H&G Investment Management