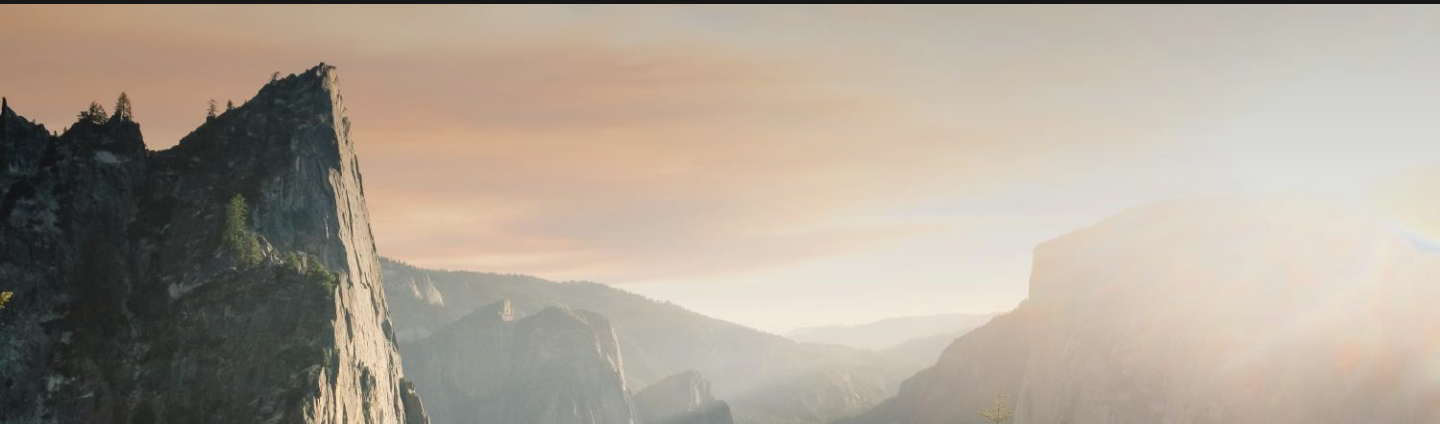


Hancock & Gore (H&G) High Conviction Fund August 2021 Update

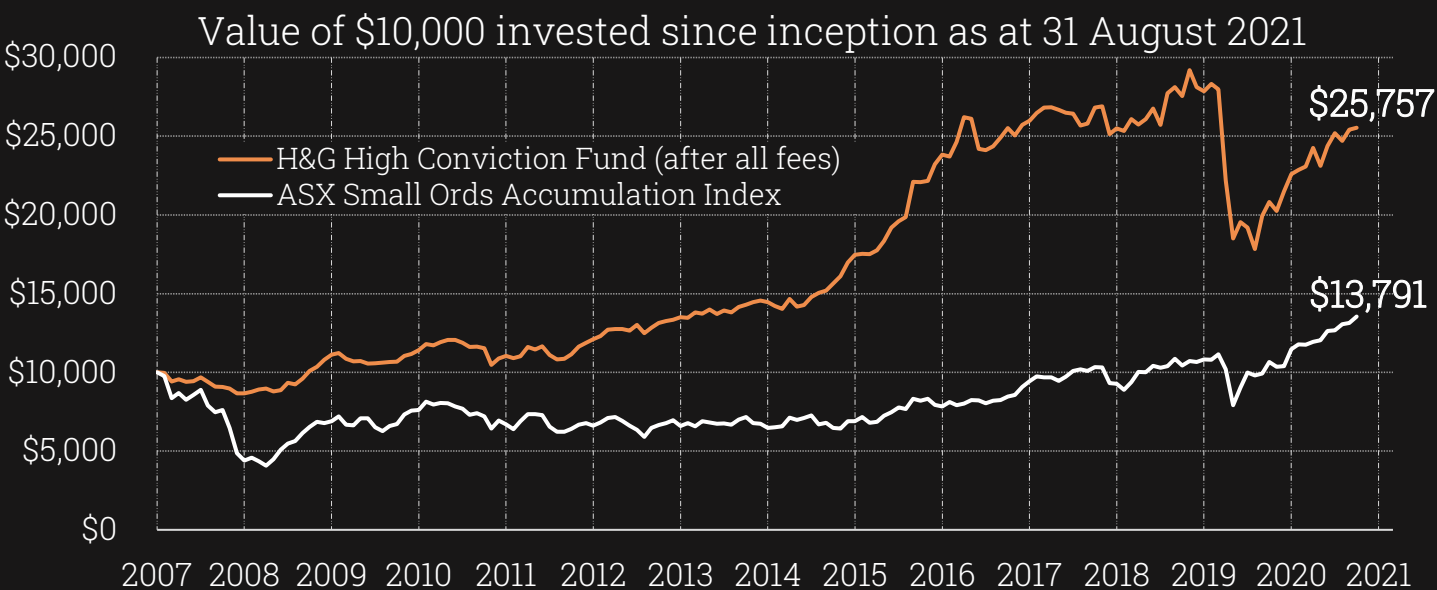


We invest in and actively engage with companies that have superior fundamental prospects, yet due to negative external events have attracted a flight of investors, leading to a discount in share price relative to inherent value. We have significantly outperformed the Australian share market over the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

Performance to 31 August 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	1.4%	2.3%	12.7%	23.8%	8.0% p.a.
ASX Small Ordinaries Accumulation	5.0%	9.0%	17.1%	29.5%	2.6% 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 as H&G High Conviction Fund.*

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



Key contributors to performance during August 2021

Positive Bisalloy Steel Group (BIS)
Comms Group (CCG)

Negative Po Valley Energy (PVE)
iSelect (ISU)

Key Portfolio Metrics % of NAV

Cash 19%

Listed equities 81%

(of which market cap < \$100m) 76%

Capital invested in resources stocks 16%

Number of holdings 18

Top 8 Stock Positions % of NAV

Kangaroo Island Plantation
Timbers (KPT) 17%

Bisalloy Steel Group (BIS) 12%

Po Valley Energy (PVE) 10%

Centrepont Alliance (CAF) 6%

Hillgrove Resources (HGO) 5%

Clearview Wealth (CVW) 4%

iSelect (ISU) 4%

Comms Group (CCG) 4%



MONTHLY COMMENTARY

Bisalloy Steel shares appreciated by 14% during August. The company released impressive full year results, with earnings per share up 30% and a positive trading outlook for the coming year. The board declared a record dividend, with the stock now yielding 6.2%, fully franked. We believe this is cheap for a company that has grown earnings by 41% p.a. for the last 5 years.

Comms Group shares rose by 21% during August as the company reiterated its earnings guidance and announced a new acquisition. The Fund first bought stock in Comms Group in March 2021, impressed by its experienced board and management who have large shareholdings in the company. We believe Comms Group is still undervalued, as it is trading on 5x EV/EBITDA (as guided for FY22).

Po Valley Energy shares declined by 17%, despite no material news being released during August. The Italian natural gas price has continued to appreciate and is at multi-year highs. The company expects production to begin in 2022.

iSelect shares fell by 18% following the release of its annual results, which evidently did not meet expectations, and described subdued trading in the wake of lockdowns in Sydney and Melbourne. We believe the sell-off was overdone, with the stock now trading below its tangible book value.

The Fund continues to look for new investments while maintaining a healthy cash buffer considering general market exuberance.

FUND RELAUNCH

During the month, Equity Trustees approved the official renaming of the Fund (to H&G High Conviction Fund) and the issuing of an updated [Information Memorandum](#).

The Fund is now open to new investors. In early September, we hosted a webinar to introduce in further detail the relaunched Fund. A recording can be viewed [here](#).

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\$13m
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