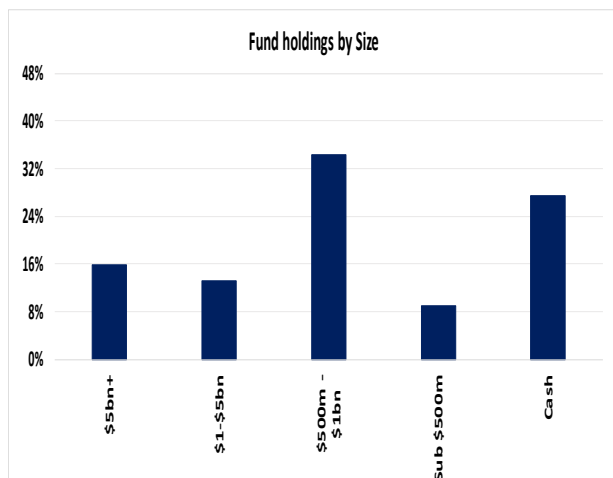
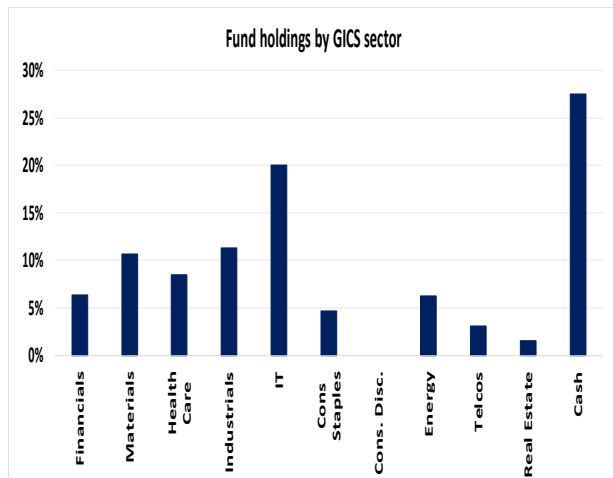


Surrey Australian Equities Fund

PORTFOLIO UPDATE

March saw equity markets and most asset classes decline sharply as fears surrounding the impact of the Coronavirus (COVID-19) swept the globe. For the month the S&P ASX 200 index fell by 21% while the S&P ASX Small Ordinaries Accumulation index fell 22% and the Emerging Companies (micro cap) index fell 31%.

The period was a busy one as we spoke with multiple management teams and continued to review and stress test each of our holdings. We continued to bolster our defensive positioning both through stock selection, reduced exposure to micro caps and increasing our cash levels to 27.5%. We expect numerous equity capital raisings over the coming months and aim to be well positioned to capitalise on these.



FUND PERFORMANCE

The month delivered volatile share price moves both to the upside and downside. As we have mentioned previously, share price volatility is a feature of our markets that is here to stay. For example, during March the XSOAI had a daily decline in excess of 3% seven times and daily increases in excess of 3% on five occasions. However, we do not believe volatility equals long term risk, instead we believe it creates opportunity

Our defensive portfolio positioning enabled us to outperform the index on a relative basis, albeit we delivered negative absolute returns. While this environment is challenging for everyone, we did see during the GFC numerous capital raisings being done at prices that created once in a decade opportunity for investors. We believe the same dynamic will occur again in the short term.

With the added advantage of the Surrey Fund structure allowing for a significant cash balance we are well positioned to take advantage of some of these capital raisings which are being executed at material discounts to prevailing share prices. Where suitable we expect to see a number of opportunities for our Fund to acquire companies at discounted prices.

Time Period	Fund Absolute Return [^]	Benchmark Return [*]	Fund Relative Performance
1 Month	-18.7%	-22.4%	+3.7%
Rolling 12 months	-16.6%	-21.0%	+4.4%
Since Inception	-18.9%	-21.6%	+2.7%

[^] After deduction of all fees

^{*} S&P/ASX Small Ordinaries Accumulation Index (XSOAI)

Inception date June 1, 2018

FUND TOP HOLDINGS (in alphabetical order)

Cooper Energy (COE)

Fisher & Paykel Healthcare (FPH)

IMF Group (IMF) *now known as Omni Bridgeway (OMN)*

Saracen Minerals (SAR)

Xero Limited (XRO)

FUND OUTLOOK

March was a tough month for everyone on a personal, financial and societal level. First and foremost, our thoughts are with all those who are being directly and indirectly impacted by COVID-19.

Most asset classes performed negatively over the month. We witnessed equities, many commodities, precious metals, the Australian dollar and bond yields fall globally as people deleveraged and moved assets to the safety of cash. Demonstrating the financial severity of the situation, US short term bond yields went into negative territory in March!

ASX Small Ordinaries Accumulation (XSOAI), ASX Top 100 (XTO) & Dow Jones Indexes



US 10 Year Government Bond Yield



While these returns are very poor, the global economic stimulus packages launched by various governments as well as the monetary stimulus provided by central banks globally, was unprecedented in the size and the speed with which they were launched. The negative financial implications of the virus versus the positive potential implications of the stimulus initiatives is highlighted by the fact the XSOAI fell 33% from its peak high in March to its low and then recovered 16% by the end of the month.

We do not agree with all the government and central banking initiatives put in place but it is clear authorities have learnt from the Global Financial Crisis by moving swiftly and on an enormous scale. While we will be paying the subsequent debt off for decades, the moves were designed to support those impacted by this crisis while also attempting to bolster confidence. These huge stimulus packages which nations have put in place explain the large spikes and falls in bond yields during the month.

Despite the volatility, markets will manage through this challenging period. All our companies have robust balance sheets and continue to generate revenue and cashflow – unlike many companies which have seen their revenues virtually disappear overnight. We will continue to focus on those companies trading at steep discounts to what we believe to be fair value, and which are positioned to benefit from the rebound which will inevitably come.

We are heavily invested in the fund alongside the unit holders and while this is a challenging period for all we believe the market will recover very strongly as we have seen in past crisis. As always, we appreciate your support in entrusting us with your capital particularly during this volatile environment and we welcome any ongoing queries you may have.

SURREY ASSET MANAGEMENT

Surrey Asset Management is an investment management company established in 2017 to manage the Surrey Australian Equities Fund. It is wholly owned and managed by Nicholas Maclean & Michael Woolhouse who have in excess of thirty years of combined financial markets experience. Both Fund Managers have significant personal investments in the fund.

The Fund offers investors exposure to ASX listed companies with the objective of earning returns in excess of the S&P/ASX Small Ordinaries Accumulation Index over rolling 5-year periods. This is done by following a defined investment process within the construct of our core values of fact-based investing, transparency, authenticity, accountability and humility.

Surrey Australian Equities Fund	
Managers	Nicholas Maclean (B.Com, B.Arts, Grad. Dip. Applied Finance & Investment) Michael Woolhouse (B.Com, Accounting & Finance)
Investment Benchmark	S&P/ASX Small Ordinaries Accumulation Index. (XSOAI)
Fund Objective	To provide investors exposure to ASX listed companies with the objective of earning returns in excess of the S&P/ASX Small Ordinaries Accumulation Index over rolling 5-year periods, with a strict focus on capital preservation.
Typical Portfolio / Active stock limit	20-40 active stock holdings. No one individual stock can represent more than 15% of the portfolio
Debt / Derivatives / Shorting	Nil
Fund administrator	Mainstream Fund Services
Fund Trustee	Specialised Investment & Lending Corporation Pty Ltd
Unit Pricing / Applications / Redemptions/ Performance Reports	Monthly
Surrey Asset Management contact information	Email: info@surreyassetmanagement.com Ph: +61 3 9691 5490
Mainstream Fund Services contact information	Email: registry@mainstreamgroup.com Ph: 1300 133 451

APPLICATIONS

Further information on the Surrey Australian Equities Fund and how to invest can be found by downloading an Information Memorandum and applying online via our website, and/or contacting the investor services team on the details below:

Surrey Online Applications: www.surreyassetmanagement.com/how-to-invest/

Surrey Asset Management Website: www.surreyassetmanagement.com

Surrey Asset Management Phone: +61 3 9691 5490

Mainstream Fund Services Phone: 1300 133 451

Disclaimer

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