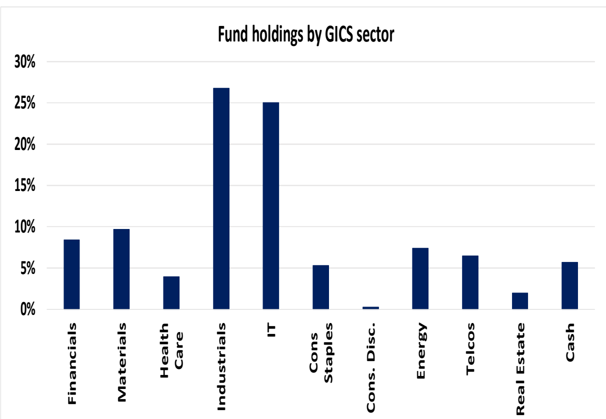
Surrey Australian Equities Fund

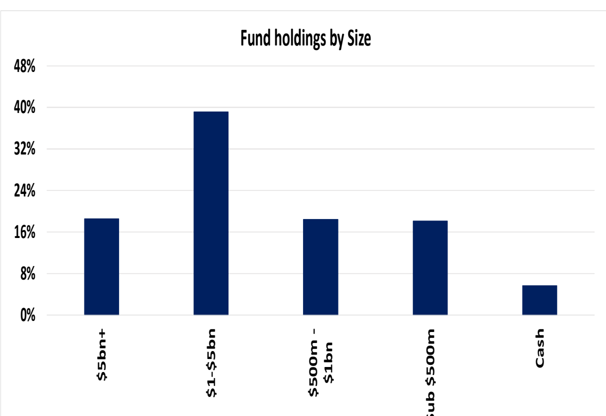
PORTFOLIO UPDATE

It was another interesting month for local and global markets with the focus remaining firmly on the health, social and financial impacts of COVID-19. During April the S&P ASX 200 index increased by 9% while the S&P ASX Small Ordinaries Accumulation index increased 14%. **The Surrey Australian Equities Fund outperformed both indexes increasing by 17% over the period.**

As we mentioned in our last monthly update, we have seen wide spread capital raisings across all areas of the market. We had ample cash to participate in some of the more attractive deals where we saw the placement prices being done at significant discounts to what we assessed to be fair value.

The performance for the month highlights how quickly and sharply markets move. However, it is not the time to be complacent as reflected in our conversations with in excess of 70 companies during April as we carefully monitor each stock in our portfolio while also looking for new ideas.





FUND PERFORMANCE

The Fund performed well during the month as many of our companies recovered from the oversold levels seen during March. While the full impact of COVID-19 on the economy is yet to be seen the stock market typically moves in advance of economic data. This can be seen to some degree, with the recovery in particular economic indicators coming out of China as it reopens its economy and society (discussed over the page).

Although we closely monitor such macroeconomic details, a key advantage we have is our access to directly communicate with a wide range of management teams across the country. This helps give a direct insight from "the coal face" into how particular businesses, industries and the economy overall are performing without incurring a lot of the noise and dramatic headlines that are circulating.

Our investment process has not changed and our unique fund structure enables us to only invest where we have high conviction in areas such as balance sheet strength, cashflow quality, management alignment with investors and discounts to value. We are not chasing high turnover speculative returns rather balanced, risk adjusted performance.

Time Period	Fund Absolute Return^	Benchmark Return*	Fund Relative Performance
1 Month	+16.9%	+14.3%	+2.6%
Rolling 12 months	-9.4%	-13.3%	+4.0%
Since Inception	-5.3%	-10.4%	+5.1%

^ After deduction of all fees
** S&P/ASX Small Ordinaries Accumulation Index (XSOAI)*
Inception date June 1, 2018

FUND TOP HOLDINGS *(in alphabetical order)*

Appen (APX)
Omni Bridgeway (OBL)
Opticom (OPC)
Saracen Minerals (SAR)
Xero Limited (XRO)

FUND OUTLOOK

The capital raisings we were expecting certainly did not disappoint with a wave of equity placements taking place as companies reacted to a rapid deterioration in revenue. What seemed like well capitalised balance sheets have required fresh liquidity to survive through this period of sales decline. This created a number of opportunities to invest in companies at attractive prices who will survive this crisis.

Pleasingly these capital raisings were successfully and often very quickly, completed highlighting the large amount of liquidity looking for a home during this record low interest rate environment. The widespread recapitalisation of companies is a key pillar in restoring market confidence and aiding economic recovery. This is being further reinforced by the unprecedented government support being undertaken globally.

During the month we were in active contact with in excess of 70 companies as we updated our existing holdings, searched for new ideas and analysed how various industries were tracking. The access we have to management teams is a key point of differentiation for our investors.

An asset class we have a small exposure to which went through a negative month was oil. Much of this was driven by supply/demand but we also witnessed the dangers posed by ETFs, short term traders and algorithmic trading. While the crude and West Texas intermediate (WTI) oil prices fell to lows not seen in years, May oil futures contracts plunged to nearly negative USD40 per barrel as traders/ETFs could not afford to actually take physical possession of the oil! In effect buyers were being paid to take possession of oil! It truly is an extraordinary time!

As we mention regularly, given our unique fund structure we see the extreme volatility and irrationality that is separate from underlying fundamentals as opportunities not threats.

30 year Brent Crude & WTI Oil Price Chart

As we look forward, we note some interesting data points which are beginning to come out of China as they reopen up their economy following their lockdown period:

- Domestic Chinese airline load factors have returned to 70%+ (now only down 17% yoy)
- Traffic congestion is essentially back to normal conditions (down 5% on yoy)
- Steel demand is above previous years
- Property sales have normalised – down 3% yoy

We will continue to follow our investment process. investing based on facts and where we see value for investors over the long term. In these times of information overload and the confusion and panic this can cause it is important to focus on what we can measure as opposed to short term momentum or fear. The Fund holdings remain in very high quality companies with strong balance sheets and solid outlooks that we believe will continue to outperform over time and in particular, will rally as we exit out of this challenging period.

As always, we appreciate your support in entrusting us with your capital 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