

Surrey Australian Equities Fund

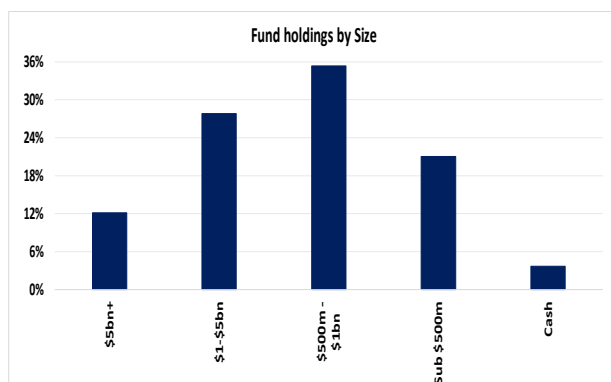
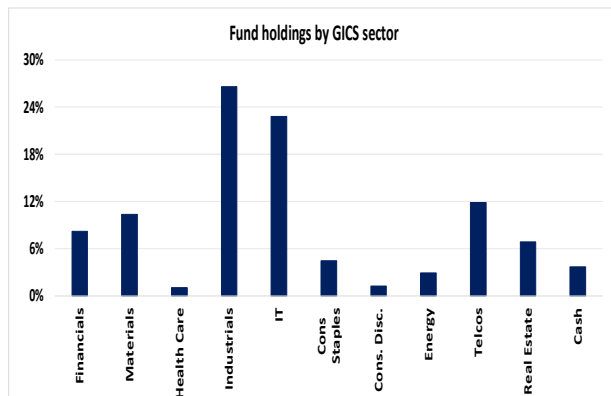
PORTFOLIO UPDATE

June 30th brought with it the end of another exciting Financial Year. The Surrey Australian Equity Fund returned 33.9% for FY21 (after all fees and expenses) relative to the Small Ordinaries Accumulation Index (XSOAI) return of 33.2% (its strongest performance in over 10 years) and the S&P/ASX 200 (XJOs) return of 24.0%.

What an interesting FY21 it has been! We are pleased to have provided unitholders with both positive absolute returns and returns relative to the XSOAI and the XJO. This while offering an investment vehicle for investors that we believe offers diversity from other asset classes such as bonds, cash, and broader equities.

Over the year we remained true to our investment process and system while striving for long term positive absolute and relative risk adjusted returns. This remains the focus as we enter FY22.

We ended FY21 with 35 individual equity holdings and a closing cash weighting of 3.5%.



FUND PERFORMANCE

FY21 saw a range of positive and negative catalysts for financial markets and global society. These included:

- COVID-19 social and economic challenges
- Government stimulus
- Continuation of low global interest rates
- A new US Preside

Despite the macro trends, we remain true to our bottom-up investment philosophy while being aware and switched on to macro and industry trends. Some of the better contributors to the portfolio's performance over the year included:

- Mineral Resources (MIN)
- Pointsbet (PBH)
- Uniti Group (UWL)

The end of the very healthy FY21 marks the start of FY22 as we enter another year. We remain excited about our prospects to continue delivering on our long-term investment strategy while attempting to deliver positive absolute and relative risk adjusted returns.

Time Period (to June 30th 2021)	Fund Net Return ^A	Benchmark Return [*]	Fund Relative Performance
1 Month	0.30%	3.08%	-2.78%
Rolling 1 year	33.92%	33.23%	0.69%
Since Inception	41.96%	29.43%	12.52%

^A After all fees and expenses

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

Inception date June 1, 2018

FUND TOP HOLDINGS (in alphabetical order)

Auckland International Airports (AIA)
 Mineral Resources (MIN)
 Omni Bridgeway (OBL)
 Sealink Travel Group (SLK)
 Uniti Group (UWL)

FUND OUTLOOK

Making forward economic predictions is always fraught with danger. As we often quote “economists have predicted 7 of the last 3 recessions”! We prefer to focus on what we can observe and believe we can measure with a degree of confidence. Therefore, to make a market call on where the market will be in 12 months is meaningless and investors should take any such calls with a large grain of salt.

However, we do foresee interest rates remaining low for some time which is, all things being equal, positive for equity prices. We also believe in measuring future cashflow and identifying share price catalysts.

While we had many positive contributors to the portfolio, looking at some of our better performers over the last 12 months, we achieved very positive attribution from names such as Mineral Resources (MIN), Pointsbet (PBH) and Uniti Group (UWL).

Mineral Resources (MIN)

Over the year MIN generated a Total Shareholder Return of 162% plus attached franking credits. The stock is a top 5 holding for the Fund and we have held a position in it for several years.

Numerous drivers of this performance included Iron Ore production and the iron ore price, as well as recovery in lithium pricing and continued momentum in MINs mining services business.

Considering the very positive performance in FY21 we remain upbeat on the company’s outlook and still see latent value particularly in the Lithium assets as well as potential upside within its growing Energy division.

Pointsbet (PBH)

PBH delivered a Total Shareholder Return of 159% over the year. The Fund has held a material position in this company since its listing two years ago. Management continues to deliver ahead of all its stated objectives and retain a healthy net cash balance sheet.

Catalysts over the year included a positive Australian earnings contribution (ahead of our expectations), robust growth in existing US States in which it operates, positive marketing initiatives and expansion into new US States.

We are looking for the company to continue this momentum on a larger scale into FY22 and beyond and remain positive on our shareholding.

Uniti Group (UWL)

UWL concluded a busy year with a Total Shareholder Return of 133%. A relatively new position to the Fund, it entered the portfolio in October 2020 when the share price was under extreme pressure as it pursued the takeover of an existing Fund shareholding, Opticom (OPC). The UWL share price performance during the year was then driven by the OPC acquisition and the subsequent acquisition of the Telstra Velocity asset.

With some attractive returns since the Fund acquired UWL, we took some profits in June primarily due to portfolio sizing. We still see further upside from UWL as management execute and integrate the recent acquisitions and we are cognisant of the market’s appetite for infrastructure type assets such as those owned by UWL.

Moving into FY22, we believe stocks remain attractive relative to bond yields and the cash rate as earnings potentially recover from the COVID-19 period. In terms of portfolio holdings, as can be seen on the prior page we have large positions in Auckland Airports (AIA), Mineral Resources (MIN), Omni Bridgeway (OBL) Sealink (SLK) and Uniti Group (UWL) while being positive on a further 30 diversified stocks in the portfolio. We look forward to updating you on their progress as the new year progresses.

As always, we thank all Unitholders, staff, and service providers for 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	APIR Code SPC2070AU
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 30 June 2021: Redemption Price \$1.4153 Entry Price \$1.4239
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

Surrey Asset Management Pty Ltd ACN 620 265 821 (**Investment Manager or Surrey AM**), a corporate authorised representative (number 1263417) of Specialised Investment and Lending Corporation Pty Ltd ACN 149 520 918 (AFS licence number 407100) (**Trustee and AFSL Holder**). The authority of the Investment Manager is limited to general advice and deal by arranging services to wholesale clients relating to the Surrey Australian Equities Fund (**Fund**) only. Specialised Investment and Lending Corporation Pty Ltd ACN 149 520 918 is the trustee of the Fund and the issuer of the information memorandums. This document contains general information only and is not intended to provide any person with financial advice or offer of any kind. Prospective investors should carefully consider the contents in the information memorandums in full and seek professional advice prior to making any decision regarding an investment in the Fund. No reliance may be placed on this document for any purpose nor used for the purpose of making a decision about a financial product or transaction. Information relating to the Fund contained in this document has been prepared without taking into account the objectives, circumstances, financial situation or needs of any person, and may differ to information contained in the information memoranda. This document may also contain forward looking statements regarding our intent, belief or current expectations with respect to market conditions. Past performance and/or forward-looking statements are not a reliable indicator of future performance. Except as required by law and only to the extent so required, neither the Investment Manager, Trustee, AFSL Holder nor its affiliates warrant or guarantee, whether expressly or implicitly, the accuracy, validity, timeliness, merchantability or completeness of any information or data (whether prepared by us or by any third party) within this document for any particular purpose or use or that the information or data will be free from error. Further, the Investment Manager, Trustee and its affiliates expressly disclaim any responsibility and shall not be liable for any loss, damage, claim, liability, proceeding, cost or expense arising directly or indirectly and whether in tort (including negligence), contract, equity or otherwise out of or in connection with or from the use of the information in this document.