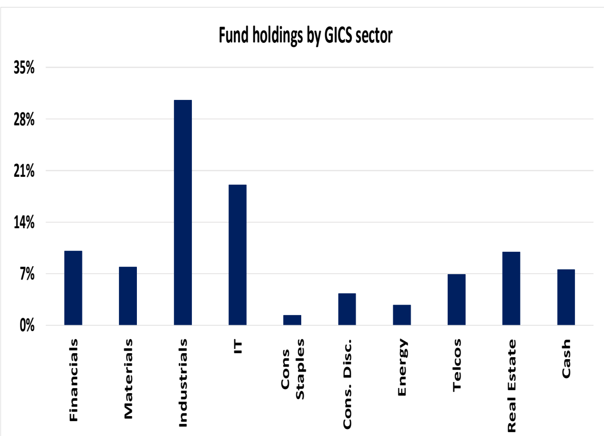
Surrey Australian Equities Fund

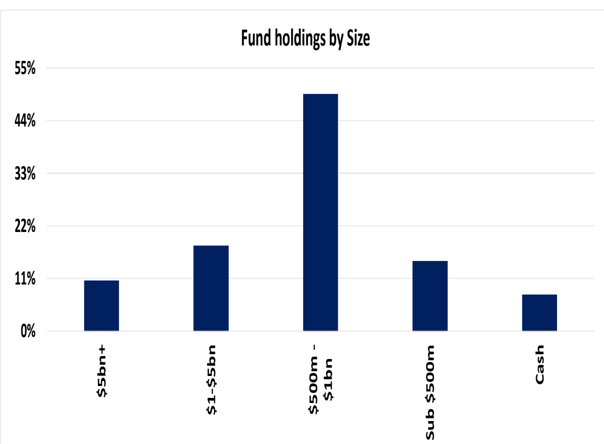
PORTFOLIO UPDATE

The Surrey Australian Equities Fund (SAEF) posted a return of +4.32% in December after all fees relative to the Small Ordinaries Accumulation Index (XSOAI) return of +1.41%. Interestingly, for Calendar Year 2021 performance within the XSOAI's +16.9%, saw the Small Industrials Sector return +13.7% while the Small Resources sector delivered a superior +29.1%.

December had a sluggish start but then as has often happened, the "Santa Rally" kicked in with the market finishing in positive territory. The fund had positive contributors across the board with standouts including DGL Group (DGL), Mineral Resources (MIN), JLG Group (JLG) and Kelsian Group (KLS).

The Fund closed out the month with 7% of the portfolio in cash and a total of 33 individual holdings.





FUND PERFORMANCE

Pleasingly, the fund's diversification proved again to be positive both for returns and lower volatility, with most shares in the portfolio performing well during the month. We also benefited from certain new holdings which were included on the back of either Initial Public Offerings (IPOs) or capital raisings. Our size enables us to be nimble in such situations.

While January is typically a quieter month in terms of company news flow, February brings with it reporting season. We believe we are well positioned for this period and we look forward to updating you on our portfolio's progress as we work through the large number of company meetings and updates that we will be undertaking.

Entering 2022 we remain confident in the Fund's prospects. It has been a volatile and at times, dramatic year but we remain committed to the longevity of our investment process and our ongoing attempts to deliver positive risk adjusted returns to unit holders over the long term.

Time Period (to December 31st 2021)	Fund Net Return^	Benchmark Return*	Fund Relative Performance
1 mth	4.32%	1.41%	2.89%
3 mth	0.42%	2.03%	-1.60%
1 yr	14.78%	16.89%	-2.11%
2 yr pa	19.07%	12.98%	6.09%
3 yr pa	19.19%	15.71%	3.49%
Since incep pa	12.06%	9.11%	2.95%
Since incep	50.37%	36.65%	13.72%

^ 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)
DGL Group (DGL)
Lifestyle Communities (LIC)
Kelsian Group (KLS)
Uniti Group (UWL)

FUND OUTLOOK

As noted on the previous page, including dividends the Small Resources sector delivered 29.1% in Calendar 2021 while the Small Industrials delivered 16.7%. Despite our lower weighting to smaller more speculative companies, we are confident in the portfolio's structure and prospects as 2022 progresses.

Our process remains focussed on delivering positive risk adjusted returns to unit holders by focussing on our core investment approach we label QQV - Qualitative, Quantitative and Value latencies.

Some of our larger holdings performed very well during the year and with that growth our Top 5 holdings have remained relatively consistent – we believe in holding winners for long-term value creation as opposed to taking short term trading profits.

While our top five positions are clearly important, they are a part of a diversified group of 33 holdings (as at December 31st 2021).

Themes to look for in 2022

There are always a number of themes that play out over any given year. Some of these are forecast well in advance and some are not. Below are some themes we are focussed on in Calendar year 2022:

- Readers of our monthly updates will be well aware of our concentration on US bond yields. While the market for bonds has very recently fallen (yields have increased) this increase has been moderate by historical standards. We are viewing any material future potential increases in the context of the challenges caused on the economy by ongoing COVID issues on general activity and productivity levels.
- Although the market and society are trying to adjust to the ongoing spread of Omicrom and its various variants, we will remain vigilant on their impact on both the economy (for example supply chain challenges) and our individual stock exposures. For example, we remain underweight consumer discretionary spend and travel/tourism.
- Liquidity risk is always something to be aware of particularly, in small cap equity investing. In this regard our weighted average market cap for our portfolio is in excess of A$1bn and our cash holdings are in excess of 7%.
- Consolidation of industry superannuation funds. While this may only cause short term share price dislocation, we believe it is important to remain aware that such dislocation will be a material feature from time to time and can create opportunities.
- Continued focus on Environmental Social and Governance (ESG). This is a very important part of our investment process and we believe, can be a key driver of shareholder value creation. Improvement in Director Governance was a positive feature of the disruption caused by COVID-19.
- Ongoing disruption on "traditional" businesses from technology development. We are only just seeing the start of how dramatically technology is and will continue to change the world (think electric vehicles, Crypto currencies, green energy, SaaS etc etc).
- Strong balance sheets leading to an acceleration in Merger and Acquisition (M&A) activity.

These are just some of the themes swirling into 2022 and invariably we will see further new, exciting themes and issues emerge over the year!

As always, we thank all Unitholders, staff, and service providers for your support in entrusting us with your capital and welcome any ongoing feedback or questions 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 Nov 2021: Redemption Price $1.4035 Entry Price $1.4119
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