

At 31 May 2026	1 mth %	3 mths %	6 mths %	1 yr %	3 yr % p.a.	5 yr % p.a.	7 yr % p.a.	Incep. % p.a. *
Chester High Conviction Fund (after fees)	1.0	-0.8	-0.6	8.0	11.6	10.3	12.9	12.2
S&P/ASX 300 Accumulation Index	1.2	-4.0	2.8	7.0	11.0	7.9	8.4	8.5
Outperformance (after all fees)	-0.2	+3.2	-3.4	+1.0	+0.6	+2.4	+4.5	+3.7

* 27 Apr 2017

“Life is part chance, part circumstance, part choice. You don’t get to choose everything that happens to you, but you always get to choose who you become in response”
Neale Daniher

Month in review

Over the past 12 months to the end of May, the Korean Index (Kospi) has risen 214% and the Taiwan Index (TWSE) has risen 108%. At the same time the ASX300 Index has risen just 7.0%, which illustrates where liquidity has been flowing, namely any sector associated with the AI enabling theme. It started with GPU’s and Hyperscalers (the Mag7) and the trade of the first 6 months of 2026 has been the semiconductor space (driving the Kospi and TWSE indices). The US SOX (semiconductor) index rose 84% from the end of March to early June, or a 9 week period. The only sectors in Australia to benefit (to a lesser degree) have been copper linked equities and electrical contractors as upstream beneficiaries of the AI capex rollout.

We (Australia) are incredibly fortunately to have a primary production industry (commodities and agriculture) that the world needs more of. We, like many others, are dismayed at the proposed tax changes announced in the recent budget. We fear changes to negative gearing and removing the CGT discount may have significant ramifications for the Australian housing market, which has been the bedrock of the Australian economy for generations. It turns a credit market that has been a positive for Australian banks into a significant headwind, combined with minimum wages rising 4.75% which suggests to us, the RBA tightening bias remains firmly in sight. Slowing credit growth and tighter RBA monetary policy suggests Australia remains a muddle through economy with only mining and AI capex spending the bright spots. We do have exposure to many companies that generate a significant portion of their revenue offshore.

The recent stock market retracement in the US and Asia we see as necessary after an incredibly strong run, while history points to interest rates being really the catalyst that ends up bursting a bubble. US payrolls suggests that ongoing US economic strength (led by the AI capex rollout and to a lesser extent the service orientated jobs for the FIFA World Cup) will see the Fed lean towards a tightening bias throughout 2026. This narrative does challenge the bull market to an extent, but confirms the fact the US economy is actually on solid footing. The interest rate curve is the predominant reason given for gold entering a bear market (down more than 20%). Gold has been a significant underperformer in the past 3 months, which probably sees a period of weakness or consolidation ahead of us until the world starts focusing on the US debt burden again. There is an inevitability around the US interest expense as it is unsolvable without yield curve control (in our view).

Portfolio review

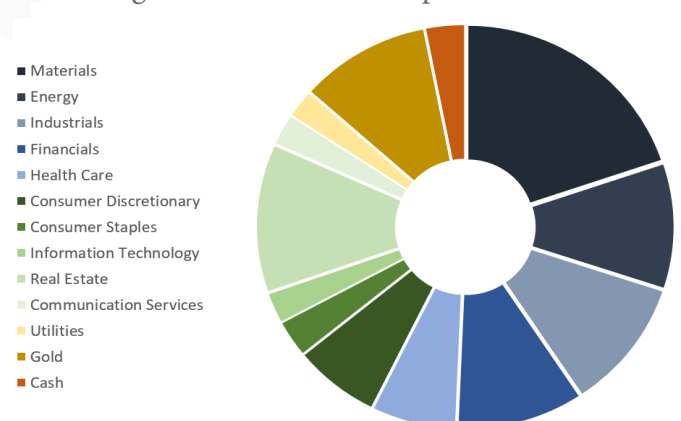
During the month the fund returned 1.0% relative to the 1.2% rise in the ASX300. Outperformers for the month were led by Nufarm (NUF). NUF delivered a result that illustrated a strong trajectory for the hybrid

seeds business and better discipline and inventory management in the emerging seeds portfolio. We remain of the view that this seeds portfolio is undervalued given the earnings trajectory over the next 3 years. Crop protection has also shown improved discipline around the product mix and working capital that highlights NUF is well on the way to achieving better returns with lower leverage, that is yet to be rewarded by the share price. Develop Global (DVP) again was a strong performer in May as a leveraged copper/zinc producer that is ramping up throughput at their first project at Woodlawn in NSW. At a steady state run rate and at current TC/RC’s (treatment and refining charges) the Woodlawn project will show material cash flow growth over the coming 12 months. It also has an asset at Pioneer Dome (lithium) that was effectively worth nothing when the spodumene price was USD600/t, however it could be a material cash flow contributor at USD2400/t, with progress towards development a near term catalyst, while FID (final investment decision) is expected imminently on Sulphur Springs, another base metals project in WA.

The underperformers for the month were led by Lendlease (LLC), which despite the significant discount to book value, is being shorted on expectations that the international asset sale (the CRU or capital release unit) is not progressing as hoped, with significant write downs now expected. We have been of the view that should LLC get through the CRU divestment process (which is challenging), the remaining business in Australia actually has a strong pathway ahead of it and is worth far more than the current share price. Our fundamental view (which has been wrong) has been underpinned by the AUD3.0bn of the LLC balance sheet sitting in the investment business which should provide balance sheet flexibility. The gold sector also underperformed in May.

Top 3 holdings	Portfolio breakdown	
Nufarm	Materials ex Gold	19.8%
Develop Global	Real Estate	12.0%
AUB Group	Industrials	10.7%
Top 3 portfolio attribution	Bottom 3 portfolio attribution	
Nufarm	Lendlease Group	
Develop Global	Ramelius Resources	
Neuren Pharmaceutical	Antipa Minerals	

Fund weights - diverse sector exposure



Accumulated Performance by Financial Year - Same Strategy

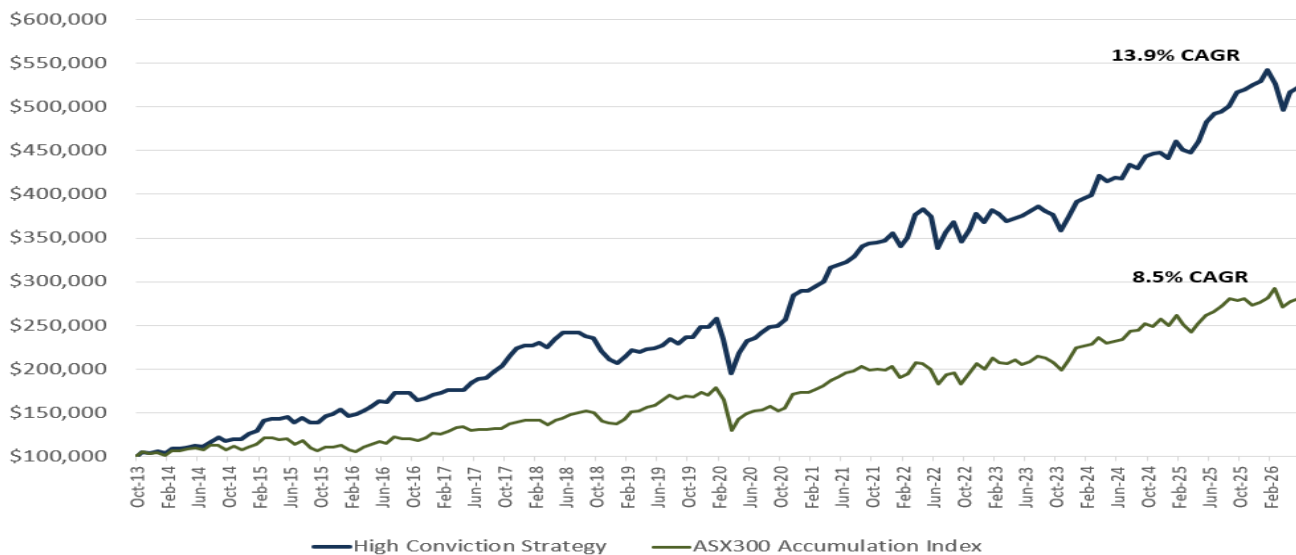
	FY14 (%)*	FY15 (%)	FY16 (%)	FY17 (%)*	FY18 (%)	FY19 (%)	FY20 (%)	FY21 (%)	FY22 (%)	FY23 (%)	FY24 (%)	FY25 (%)	FY26 (%)	Inc (%)
Same Strategy (after MER)	+11.2	+24.5	+17.4	+11.2	+28.3	-6.4	+3.9	+37.2	+4.8	+12.5	+9.7	+17.9	+6.0	+13.9
S&P/ASX 300 Accum Index	+7.8	+5.6	+0.9	+9.1	+13.2	+11.4	-7.7	+28.5	-6.8	+14.4	+11.9	+13.7	+5.4	+8.5
Value added (after MER)	+3.5	+18.9	+16.4	+2.1	+15.1	-17.8	+11.6	+8.7	+11.6	-1.9	-2.2	+4.2	+0.6	+5.4

Per Annum. The inception date of SGH Australia Plus was the 8th of October, 2013, where Rob Tucker was the sole Portfolio Manager, until his departure on February 28th, 2017.

* The inception date of the Chester High Conviction Fund was April 26th, 2017, hence FY17 reflects 8 months of SGH Australia Plus and 2 months of the CHCF.

We note this is a statement of fact of the performance achieved by the fund during the time which Rob Tucker was the sole Portfolio Manager making active decisions on the SGH Australia Plus portfolio. We note performance is the record of the firm not the individual however past performance has been constructed from publicly available unit price data. Past performance is not necessarily indicative of future performance and should not be relied upon in making investment decisions.

High Conviction Strategy - accumulated performance



Note this graph is representative only of the combination of the same Portfolio Manager running the same strategy, and would only represent actual returns for unit holders that invested money at inception of SGH Australia Plus, withdrew those funds at the end of February 2017 and then invested all those initial funds again at inception of the Chester High Conviction Fund in April 2017. Note, this depicts returns after fees.

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