

SG Hiscock Property Fund

30 April 2021

| | | | |
|-------------------------------------|--|-----------------------------|-----------------|
| Investment Objective | The Fund aims to outperform the S&P/ASX 200 A-REIT Accumulation Index over rolling three to five year periods while providing a quarterly income stream. | | |
| Investments held | The Fund will provide exposure primarily to listed property trusts with the aim to provide income and capital growth potential over the long-term. | | |
| Investment Manager | SG Hiscock & Company | | |
| APIR | CRS0007AU | SIV Compliant | Yes |
| Commencement | 31 December 1993 | Buy spread | +0.25% |
| Management costs¹ | 0.78% p.a. | Sell spread | -0.25% |
| Minimum initial investment | \$10,000 | Investment pool size | \$26.67 million |

| Unit Prices | Application | Withdrawal |
|----------------------|--------------------|-------------------|
| 30 April 2021 | \$0.8241 | \$0.8199 |

| Performance² | 1 mth % | Qtr % | 6 mths % | 1 yr % | 3 yrs % p.a. | 5 yrs % p.a. | Inception % p.a. |
|------------------------------------|----------------|--------------|-----------------|---------------|-------------------------|-------------------------|-----------------------------|
| 30 April 2021 | | | | | | | |
| Distribution Return | 0.00 | 0.08 | 1.49 | 2.02 | 3.42 | 3.54 | 7.93 |
| Growth Return | 1.86 | 5.12 | 17.84 | 28.13 | -3.55 | -1.73 | -0.98 |
| Total Net Return | 1.86 | 5.19 | 19.32 | 30.15 | -0.13 | 1.81 | 6.95 |
| S&P/ASX 200 A-REIT Accum. Index | 2.92 | 6.77 | 16.49 | 30.90 | 7.07 | 5.58 | 7.45 |

Past performance is not a reliable indicator of future performance.

| Top 5 holdings |
|-----------------------|
| Goodman Group |
| Scentre Group |
| Stockland Stapled |
| Vicinity Centres |
| GPT Group |

Top 5 holdings represent 64.66% of the total Fund.

| Distribution Period | Cents per Unit |
|----------------------------|-----------------------|
| 30-Jun-20 | 0.21 |
| 30-Sep-20 | 0.00 |
| 31-Dec-20 | 0.95 |
| 31-Mar-21 | 0.06 |

| Asset Allocation | |
|-------------------------|--------|
| Australian REITS | 99.47% |
| Cash | 0.53% |



Source: Fidante Partners Limited 30 April 2021.

The Professional Planner | Zenith Fund Awards are determined using proprietary methodologies. Fund Awards were issued October 5, 2018 and are solely statements of opinion and do not represent recommendations to purchase, hold or sell any securities or make any other investment decisions. Fund Awards are current for 12 months from the date awarded and are subject to change at any time. Fund Awards for previous years are referenced for historical purposes only.

1. Includes estimated GST payable, after taking into account Reduced Input Tax Credits ("RITC").

2. Performance: Distribution Return is the return due to distributions paid by the Fund, Growth Return is the return due to changes in initial capital value of the Fund, Total Net Return is the Fund return after the deduction of ongoing fees and expenses and assumes the reinvestment of all distributions.



Commentary

We continue to target Australian Real Estate Investment Trusts (AREITs) that provide solid fundamentals over the medium-to-long-term that

are trading attractively relative to other AREITs. Overall we endeavour to invest in entities that offer a combination of:

- A Net Present Value ("NPV") Discount;
- An Internal Rate of Return ("IRR") Premium;
- Ideally a (Real, not manufactured) Free Cashflow Yield Premium; and
- A Lower Price to Net Asset Value ("NAV").

The S&P/ASX 200 AREIT Accumulation Index delivered 2.9% in April, while the Ten-Year Bond Yield remaining relatively unchanged in the mid-1.7% level. Real Interest Rates materially dropped to negative 50 bps. Despite the lower CPI print during the month, the Implied Inflation Expectations rose again, to 2.26%. Placing this into perspective, heading into 2021, the Ten-Year Bond Yield was sub-1%, Real Interest Rates were negative 80 bps, with Implied Inflation in the mid-1.7% range.

The AREIT sector continued to underperform the Global REITs, which returned 5.7% in April. Global REITs enhanced exposure to Alternative Real Estate sectors has been delivering the outperformance in recent times, as Investors shun the more established real estate sectors due to lingering concerns on the Income Line (Office and Retail) along with the toppy pricing in Industrial. Domestically, the general market (via the S&P/ASX 300 Accumulation Index) returned 3.7% for the month.

Top Contributors to the Portfolio Return:

| Month | Return % | Comment |
|-----------------------|----------|---|
| Peet Limited | 7.0 | Aside from movements in Substantial Shareholder Notices, Peet also announced the upcoming Interest Payment on their PPCHB Notes of \$1.1552 per Note. The Off-Benchmark position contributed to the portfolio's performance. |
| Stockland | 6.4 | Provided a quarterly update, illustrating the strong momentum continuing in their Residential business. Post the end of HomeBuilder, Enquiry levels remain elevated. Retail displayed solid Comparable Sales Growth of 3.2%, with Rent Collection up to 94%. The Overweight position contributed to portfolio performance. |
| Abacus Property Group | 7.8 | Acquired a further four Self Storage assets for \$44.2 million, where the average Occupancy is 91.5%. The Group also purchased the remaining 60% interest of The Oasis Centre, Broadbeach, from KKR, for \$103.5 million, reflecting a 7.3% Yield. The portfolio's Overweight position contributed to relative performance. |

**Negative Contributors to the Portfolio Return:**

| Month | Return % | Comment |
|--------------------|----------|--|
| Vicinity Centres | -4.2 | No news-flow, although media reports suggest that its joint-venture partners of Myer Melbourne – GIC and Nuveen – are looking to dispose of their respective one-third interests in the asset. Vicinity has first rights over these stakes, given they hold the remaining third. The Overweight position detracted from portfolio performance. |
| Scentre Group | -3.5 | At their AGM, the Adoption of the Remuneration Report was not carried. The Overweight position detracted from portfolio performance. |
| Charter Hall Group | 8.7 | Upgraded their Earnings Guidance for FY21 from 55 cps to 57 cps. The portfolio's Underweight position detracted from relative performance. |

For more information visit www.sghiscock.com.au

This material has been prepared by SG Hiscock & Company Limited ABN 51 097 263 628, AFSL 240 679 (SG Hiscock), the investment manager of SG Hiscock Property Fund. Fidante Partners Services Limited ABN 44 119 605 373 AFSL 320505 (Fidante), is the responsible entity of the Fund. Other than information which is identified as sourced from Fidante in relation to the Fund, Fidante is not responsible for the information in this material, including any statements of opinion. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. The PDS for the Fund, issued by Fidante, should be considered before deciding whether to acquire or hold units in the Fund. The PDS can be obtained by calling 13 51 53 or visiting www.fidante.com. Neither Fidante nor any of its respective related bodies corporate guarantees the performance of the Fund, any particular rate of return or return of capital. Past performance is not a reliable indicator of future performance. SG Hiscock and Fidante have entered into arrangements in connection with the distribution and administration of financial products to which this material relates. In connection with those arrangements, SG Hiscock and Fidante may receive remuneration or other benefits in respect of financial services provided by the parties.