

SG Hiscock Property Fund
31 May 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	\$26.60 million

Unit Prices	Application	Withdrawal
31 May 2021	\$0.8347	\$0.8305

Performance²	1 mth %	Qtr %	6 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	Inception % p.a.
31 May 2021							
Distribution Return	0.00	0.08	1.30	1.92	3.41	3.54	7.91
Growth Return	1.29	8.03	2.81	21.29	-3.80	-1.96	-0.93
Total Net Return	1.29	8.11	4.11	23.21	-0.39	1.57	6.98
S&P/ASX 200 A-REIT Accum. Index	1.69	11.53	4.61	24.44	6.59	5.39	7.49

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 64.18% 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	99.52%
Cash	0.48%



Source: Fidante Partners Limited 31 May 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 1.7% in May, carried by the Residential and Alternatives sub-sectors and chiefly, Childcare, given the Federal Government initiatives announced in the Budget. The Ten-Year Bond Yield continued to consolidate in the 1.7% range. Real Interest Rates have further entrenched themselves in negative territory, at negative 58 bps, their lowest level since the start of 2021. This further assisted the AREIT sector’s performance for the month, with the growth names/Fund Managers all outperforming. Implied Inflation Expectations rose marginally, to 2.3%.

The AREIT sector slightly outperformed the Global REITs, which returned 1.4% in May. (European REITs led the way globally, thanks to the Retail and Residential names but was dragged down by the USREITs underperformance). Domestically, the general market (via the S&P/ASX 300 Accumulation Index) outperformed, returning 2.3% for the month.

Top Contributors to the Portfolio Return:

Month	Return %	Comment
Unibail-Rodamco-Westfield	7.2	Placed two Bonds in the market. A €650 million Bond for 0.75%, over seven-years and five-months and a €600 million Bond for 1.375%, over 12-years. This highlights access to very competitive long-term Debt pricing, vindicating the securityholders who voted and subsequently thwarted the proposed heavily dilutive equity raising last year. The Overweight position contributed to relative performance.
Charter Hall Long WALE REIT	-2.0	Conducted a \$250 million Entitlement Offer to assist in purchasing a 50% interest in a portfolio of four Office assets, along with a Service Station. Post the deal, Gearing rises to ~40%, whilst the NTA reduces by \$0.05 per security. The Underweight position contributed to relative performance.
Australian Unity Office	10.6	In a quarterly update, the AREIT reaffirmed their FY21 Guidance of 18.3 to 18.7 cpu in funds from operations (FFO) and 15 cpu in Distributions. Further announcements on the progress of their Strategic Assessment are expected around the 30 June period. The Off-Benchmark position contributed to relative performance.

**Negative Contributors to the Portfolio Return:**

Month	Return %	Comment
Peet Limited	-2.8	Raised Senior Unsecured \$75 million in Notes, which was oversubscribed. As a result, the Weighted Average Cost of Debt falls from 7.3% to 6.1%, whilst the Weighted Average Debt Maturity lifts by 1.7-years to 3.2-years. The Off-Benchmark position detracted from relative performance.
Vicinity Centres	-1.6	In their quarterly update, Vicinity withheld guidance for FY21, given the risk of further snap Lockdowns. The AREIT articulated that when a health outcome is achieved, including the removal of mandated mask wearing, Visitation and Sales improve. The CBD assets continue to be impacted from a lack of Tourism and Office Workers. Retailers are signing New Leases, highlighting their increasing confidence. The Overweight position detracted from relative performance.
Goodman Group	2.7	Reaffirmed their FY21 Forecast Operating Profit of 12% growth on FY20. Assets Under Management stands at \$52.9 billion, with \$9.6 billion of Development Work in Progress. The 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.