



SG Hiscock Property Fund

31 July 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	\$26.72 million

Unit Prices	Application	Withdrawal
31 July 2021	\$0.8564	\$0.8522

Performance²	1 mth %	Qtr %	6 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	Inception % p.a.
31 July 2021							
Distribution Return	0.00	1.26	1.41	3.23	3.35	3.50	7.92
Growth Return	-0.66	3.94	9.26	29.63	-3.02	-3.01	-0.83
Total Net Return	-0.66	5.20	10.66	32.86	0.33	0.49	7.09
S&P/ASX 200 A-REIT Accum. Index	0.28	7.63	14.92	32.75	7.50	4.74	7.66

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 63.44% of the total Fund.

Asset Allocation	
Australian REITS	98.12%
Cash	1.88%

Distribution Period	Cents per Unit
30-Sep-20	0.00
31-Dec-20	0.95
31-Mar-21	0.06
30-Jun-21	1.06



Source: Fidante Partners Limited 31 July 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 was up marginally in July, increasing 0.3%. For the second-consecutive month, the Fund Manager AREITs led the way with Centuria Capital, HomeCo, Charter Hall Group and Goodman Group in amongst the top six performers for the month. The lower Real Rates in July supported the more growth-orientated entities, namely the aforementioned Fund Managers.

The Ten-Year Bond Yield compressed ~35 bps to sit under 1.2%. Real Interest Rates further entrenched themselves in negative territory, delivering a ~30 bps, resulting in Implied Inflation Expectations finishing relatively unchanged at ~2.1%. The repeated snap Lockdowns in Australia, coupled with Sydney’s ongoing, longer-term Lockdown hastened the further move down in Yields in a “risk-off” play. A September 2021 Quarter Contraction in the economy seems inevitable at this point in time as a result. This thematic also played-out in the FX market, with the Australian Dollar falling ~1.5 cents to finish just under US\$0.735.

The AREIT sector underperformed both the Global REITs, which returned a bumper 3.9% in July, and the general market domestically (via the S&P/ASX 300 Accumulation Index) which rose 1.1% for the month. Whilst the drop-in Real Rates should have seen the AREITs outperform the general market, investor sentiment saw capital withdrawn from the Rent Collectors, given the short-term ramifications from the ongoing Lockdowns.

Top Contributors to the Portfolio Return:

Month	Return %	Comment
Dexus Property Group	-3.7	APN Property Group Shareholders approved the Takeover by Dexus. The Underweight position contributed to the relative performance.
Centuria Capital Group	-3.3	Completed the acquisition of the remaining securities in PrimeWest Group. Was also included into the ASX 200 AREIT Index during the month. The Underweight position contributed to relative performance once it entered the Index, given its subsequent underperformance from that juncture for the remainder of July.
Aspen Group	8.2	Acquired the Wodonga Gardens Retirement Estate for \$6.01 million, which equates to \$35,000 per Approved Site. The Group’s Development Pipeline nearly doubles as a result of this transaction, to 370. The Off-Benchmark position contributed to the relative performance.

**Negative Contributors to the Portfolio Return:**

Month	Return %	Comment
Goodman Group	6.9	No news-flow for the month. The lower bond yields in July continues to provide a tailwind to the growth-style names, such as Goodman, where the Rent comprises less than 30% of its Earnings. The Underweight position detracted from relative performance.
Stockland	-5.6	Materially adding to their organic pipeline derived from their ~81,000 Lot Residential Communities Landbank, Stockland paid ~\$620 million for the Halcyon Manufactured Home Estates portfolio. As well, Tiernan O'Rourke, the CFO for the last eight years, will depart later in 2021. The Overweight position detracted from the relative performance.
Scentre Group	-5.1	Suffered from the negative sentiment associated with the prolonged and ongoing Sydney Lockdown, given that circa. half of its portfolio is in NSW, predominantly in Sydney. The Overweight position detracted from the 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.