

SG Hiscock Property Fund
31 August 2022

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	\$19.51million

Unit Prices	Application	Withdrawal
31 August 2022	\$0.8137	\$0.8097

Performance²	1 mth %	Qtr %	6 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	Inception % p.a.
31 August 2022							
Distribution Return	0.00	1.40	1.71	3.06	3.14	3.69	7.72
Growth Return	-2.25	-3.66	-8.85	-10.74	-6.05	-1.62	-0.98
Total Net Return	-2.25	-2.26	-7.14	-7.68	-2.90	2.07	6.74
S&P/ASX 200 A-REIT Accum. Index	-3.55	-3.19	-10.02	-11.10	-1.46	5.76	7.15

Past performance is not a reliable indicator of future performance.

Top 5 holdings
Goodman Group
Scentre Group
Stockland Stapled
Vicinity Centres
Mirvac Group

Top 5 holdings represent 61.9% of the total Fund.

Distribution Period	Cents per Unit
30-Sep-21	0.40
31-Dec-21	1.01
31-Mar-22	0.38
30-Jun-22	1.09

Asset Allocation	
Australian REITS	97.80%
Cash	2.20%



Source: Fidante Partners Limited 31 August 2022.

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 300 AREIT Accumulation Index fell 3.6% in August. The Retail AREIT sub-sector was the outperformer for the month, as the sales growth and re-leasing spreads surprised the market.

The ten-year bond yield rose 54 bps, to 3.6% recovering nearly all of last month's drop. The RBA's 50 bps uplift in official interest rates is expected to be replicated for the next meeting, marking 225 bps in increases since May.

Real interest rates rose 35 bps, finishing at 1.21%. Implied inflation expectations thus rose ~20 bps to 2.38%. Despite the lift this intuitively remains on the low side, as both the domestic and global outlook suggests a continued and entrenched higher inflationary setting going forward.

Global REITs fared worst, dropping 5.7%, negatively impacted by the rising rates globally, especially from the rhetoric continuing to emanate from The Fed. The general market (via the S&P/ASX 300 Accumulation Index) rose 1.2%. Reversing last month's performance, Energy and Materials outperformed, whilst IT joined the Staples and AREITs, as the laggards.

Top Contributors to the Portfolio Return:

Month	Return %	Comment
Peet Limited	8.1	Heads into FY23 from its strongest position yet, having delivered record earnings in FY22. Peet has residential contracts on hand of 2,640, equating to \$958 million, with four new projects set to contribute to earnings, as 73% of its landbank is already under development. The off-benchmark holding contributed to relative performance.
Scentre Group	4.0	Their 1H22 results highlighted a continuation of improved operating metrics in the portfolio, most notably the material improvement in the leasing spreads and strong comparable sales outcomes. As a result, the Group has enough confidence to provide guidance for 2022 of at least 19 cps in Funds From Operations (FFO). The overweight holding contributed to relative performance.
Dexus Property Group	-7.9	Guiding to a lower distribution figure in FY23 than FY22, even though trading profits are forecast to double. The ongoing Collimate mandate losses have also been a feature. The underweight position contributed to performance.

**Negative Contributors to the Portfolio Return:**

Month	Return %	Comment
Stockland	-5.8	Having delivered 8% FFO growth in FY22 to 35.7 cps, the FY23 forecast of 36.4 cps to 37.4 cps in FFO in FY23 is expected to be 5% to 10% negatively impacted by tax. The crucial master planned communities business is targeting similar FY22 results in FY23, of ~18% profit margin and ~6,000 settlements, having entered FY23 with a record 5,908 contracts on hand. The overweight holding detracted from relative performance.
GDI Property Group	-7.4	Paying out a distribution exceeding the FFO generated, supplemented from asset sales, GDI has stated that in order to continue to deliver the 7.75 cps distribution in FY23, either and asset sale or leasing deals are required. The WA centric portfolio has been hindered by the extended border closures. The off-benchmark holding detracted from relative performance.
Australian Unity Office	-11.0	Given the failure of Aliro Group to proceed with the takeover offer, the AREIT is now seeking to refurbish/repurpose a number of assets via disposing three of its eight assets to generate the capital to deliver this outcome. The off-benchmark holding detracted from relative performance.

For more information visit www.sghiscock.com.au

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