

SG Hiscock Property Fund

31 July 2023

| Performance¹ | Total Net Return | Income Return | Growth Return | ASX 200 A-REIT Accum. |
|--------------------------------|------------------|---------------|---------------|-----------------------|
| 1 month (%) | 4.18 | 0.00 | 4.18 | 3.83 |
| 3 month (%) | 0.90 | 1.84 | -0.94 | 1.96 |
| 6 month (%) | -0.35 | 2.58 | -2.93 | -0.19 |
| 1 year (%) | 2.94 | 4.18 | -1.23 | 0.28 |
| 3 years (% p.a.) | 11.20 | 3.64 | 7.57 | 9.25 |
| 5 years (% p.a.) | 0.89 | 3.51 | -2.62 | 4.06 |
| Inception (% p.a.) | 6.71 | 7.63 | -0.91 | 7.06 |

¹Income 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.

Past performance is not a reliable indicator of future performance. Source: Fidante Partners Limited.

Investment objective

To outperform its benchmark, the S&P/ASX 200 A-REIT Accumulation Index, over rolling three-year periods, while providing investors with a quarterly income stream and some capital growth over the medium term (at least three years).

Investments held

The Fund invests in a diversified portfolio of listed property and property-related securities. The fund can invest up to 20% in global property securities.

Asset Allocation

| | |
|--------|--------|
| AREITs | 97.58% |
| Cash | 2.42% |

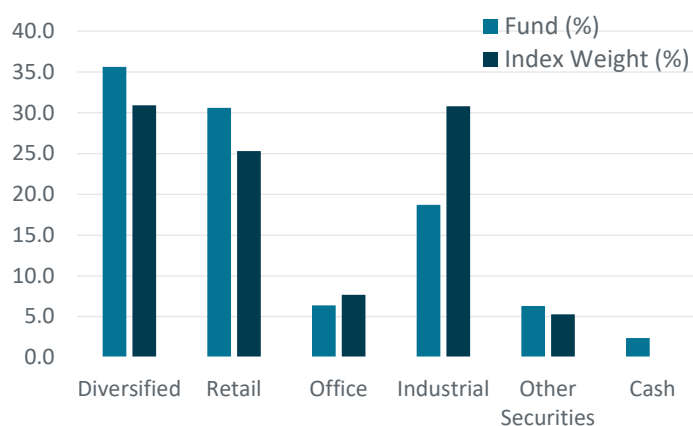
Key Facts

| | |
|------------------------------|---------------------------------|
| Investment manager | SG Hiscock & Company Ltd. |
| Inception date | 31 Dec 1993 |
| Benchmark | S&P/ASX 200 A-REIT Accum. Index |
| Management fees ² | 0.78% |
| Fund size | \$17.3M |
| Number of holdings | 21 |
| Distributions | Quarterly |
| Buy/sell spread | +0.25/ -0.25% |
| Minimum initial investment | \$10,000 |
| Base currency | AUD |
| APIR | CRS0007AU |
| SIV | Compliant |
| mFund code | n/a |
| Domicile | Australia |
| | Unit price |
| Application | \$0.8223 |
| Withdrawal | \$0.8181 |
| | Distribution cpu |
| 30-Sept-22 | 0.66 |
| 31-Dec-22 | 0.46 |
| 31-Mar-23 | 0.61 |
| 30-Jun-23 | 1.45 |

² Includes estimated GST payable, after taking into account Reduced Input Tax Credits ("RITC").

Asset Allocation

| End of month | Fund (%) | Index Weight (%) |
|------------------|------------|------------------|
| Diversified | 35.6 | 30.9 |
| Retail | 30.6 | 25.3 |
| Office | 6.4 | 7.7 |
| Industrial | 18.7 | 30.8 |
| Other Securities | 6.3 | 5.3 |
| Cash | 2.4 | |
| Total | 100 | 100 |



Source: SG Hiscock & Company Limited

| Top 5 Holdings | Top 5 Contributors | Top 5 Detractors |
|-------------------|-----------------------|-------------------------------|
| Goodman Group | Goodman Group | Peet Ltd |
| Scentre Group | National Storage REIT | Aspen Group |
| Stockland Stapled | Unibail Group Stapled | DEXUS Property Group |
| Vicinity Centres | Vicinity Centres | Abacus Property Group Stapled |
| Mirvac Group | Scentre Group | Dexus Convenience Retail REIT |

Top 5 holdings represent 63.61% of the total Fund.

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** rose 4.18%, as the AREIT sector benefitted from increasing expectations that the **interest rate rising cycle** is coming close to the end. This was combined with the June quarter **CPI** coming in below expectations.

The AREITs outperformed both the **Global REITs** (up 3.2%) and the general market (via the **S&P/ASX 200 Accumulation Index**) which was up 2.9%. The **information technology** sector continues to benefit

from the **AI** thematic, only being surpassed by the **energy** and **financial** sectors in terms of performance, with the latter benefitting via its interest rate sensitivity.

Both the **ten-year bond yield** and **ten-year real bond yields** were relatively unchanged, north of 4% and 1.5% respectively. This has resulted in the **implied inflation expectations** for the next 10-years remaining relatively stable at ~2.5% pa. This figure is also in line with the **RBA's** doctrine. Newsworthy events in July were as follows:

Top Contributors to the Portfolio Return:

| Quarter | Return % | Comment |
|----------------------------------|----------|--|
| Goodman Group | 2.3 | No ASX announcements in July. The underweight holding contributed to the relative performance. |
| National Storage | -1.3 | No news flow for the month. The self-storage AREIT now has a peer in the Abacus Storage King REIT, in which to be benchmarked against. The underweight holding contributed to the relative performance. |
| Unibail-Rodamco-Westfield | 7.5 | In their 1H23 results, URW continued to deliver improved metrics across in all the jurisdictions they operate in, ex the more cyclical conventions and exhibitions division. The REIT is forecast to deliver 2023 earnings at the top-end of its €9.3 to €9.5 per security range. The off-benchmark holding contributed to the relative performance. |

Negative Contributors to the Portfolio Return:

| Quarter | Return % | Comment |
|-----------------------------|----------|--|
| Peet Limited | 1.8 | No news flow for the month. The listed residential developer was inactive, regarding their on-market share buy-back during July. The off-benchmark holding detracted from the relative performance. |
| Aspen Group | 0.0 | No news flow for the month in the listed affordable housing AREIT. The off-benchmark holding detracted from the relative performance. |
| Dexus Property Group | 5.2 | No news flow for the month. Australia's largest office landlord, Dexus benefitted via the strong performance of the office REITs globally, especially in the USA. The underweight holding detracted from the relative performance. |

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Disclaimer: This material has been prepared by SG Hiscock & Company Limited (ABN 51 097 263 628, AFSL 240679) SG Hiscock, the investment manager of the SG Hiscock Property Fund. Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 (Fidante) is a member of the Challenger Limited group of companies (Challenger Group) and 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 to your circumstances. The Fund's Target Market Determination and Product Disclosure Statement (PDS) available at www.fidante.com should be considered before making a decision about whether to buy or hold units in the Fund. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. 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. Fidante is not an authorised deposit-taking institution (ADI) for the purpose of the Banking Act 1959 (Cth), and its obligations do not represent deposits or liabilities of an ADI in the Challenger Group (Challenger ADI) and no Challenger ADI provides a guarantee or otherwise provides assurance in respect of the obligations of Fidante. Investments in the Fund are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group.

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