SG HISCOCK & COMPANY

SG Hiscock Property Fund

31 December 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 costs[1]	0.78% p.a.	**Sell spread**	-0.25%
Minimum initial investment	$10,000	**Investment pool size**	$18.50 million

Unit Prices **31 December 2022**	Application	Withdrawal
	$0.7874	$0.7834

Performance[2] **31 December 2022**	1 mth %	Qtr %	6 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	Inception % p.a.
Distribution Return	0.56	0.66	1.60	2.87	2.91	3.41	7.68
Growth Return	-3.78	11.69	4.58	-16.42	-6.42	-3.93	-1.08
Total Net Return	-3.22	12.35	6.18	-13.55	-3.51	-0.52	6.60
S&P/ASX 200 A-REIT Accum. Index	-4.09	11.50	4.01	-20.46	-1.45	3.29	6.93

Past performance is not a reliable indicator of future performance.

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

Top 5 holdings represent 60.4% of the total Fund.

Distribution Period	Cents per Unit
31-Mar-22	0.38
30-Jun-22	1.09
30-Sep-22	0.66
31-Dec-22	0.46

Asset Allocation	
Australian REITS	97.78%
Cash	2.22%

Professional Planner | Zenith Investment Partners FUND AWARDS 2018 Finalist

Source: Fidante Partners Limited 31 December 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.

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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 finished 2022 down 4.1%. This was reflective of the poor 2022 experienced by the AREIT sector, being down 20.1%. The rise in interest rates was a global phenomenon driving higher real bond yields. This was the key driver of this performance in both the month and year. Consequently, the fund managers subsector, which traded on higher multiples was the worst hit.

The culprit of the poor performance in December was the move by the BOJ to expand the range of the yield curve control targets, implying higher interest rates. This caught the markets unawares. In response, yields rose globally, with the ten-year bond yield domestically being no exception, rising 52 bps, back over 4% (4.05%). Ten Year Real bond yields rose by less, up 42 bps, finishing at 1.59%. This culminated in the implied inflation expectations rising 10 bps to 2.46%, reflective of a trend we expect some further pressures to the upside to in the first part of 2023. The Australian Dollar rose marginally, finishing a little over US$0.68.

Global REITs marginally outperformed the AREITs, delivering negative 3.8%. The general market (via the S&P/ASX 300 Accumulation Index) outperformed the respective REIT indices but was still down 3.3%. All sectors were negative, with both the materials and utilities sectors being the outperformers once more.

Top Contributors to the Portfolio Return:

Month	Return %	Comment
Goodman Group	-8.4	Traded on an ex-distribution basis for the six-months ending 31 December 2022 in late-December, for 15 cents per security. The underweight holding contributed to the relative performance.
Aspen Group	17.1	Acquired the Black Dolphin Resort Motel in Merimbula, NSW, for $5.2 million. The asset sits adjacent to their existing Tween Waters Holiday Park. More notably, the Group acquired a 13.7% stake in Eureka Group Holdings Limited. The off-benchmark holding contributed to the relative performance.
Peet Limited	-0.9	There was no news flow for the month but Peet was consistently active in its on-market buy-back throughout December. The off-benchmark holding contributed to the relative performance.

Negative Contributors to the Portfolio Return:

Month	Return %	Comment
Dexus Property Group	0.4	Traded on an ex-distribution basis for the half in late-December. The AREIT also announced their draft independent external valuations for nearly the entirety of their portfolio. This has resulted in a 1.9% decrease over the six months, with their office assets down 2.3%, whilst industrial was down 0.5%. Cap Rates expanded by 16 bps overall, led by industrial rising 17 bps, versus the 14 bps uplift in office cap rates. The underweight holding detracted from the relative performance.
Charter Hall Long WALE REIT	1.1	Traded on an ex-distribution basis for the quarter in late-December. As well, nearly its entire portfolio was externally revalued, resulting in an uplift of 0.9%. Despite cap rates expanding 5 bps to 4.41%, the high portion of CPI-linked rent reviews in the portfolio is expected to lead to a rise in the NTA by 9 cps to $6.26 per security. The underweight holding detracted from the relative performance.
National Storage	-0.7	Traded on a 5.5 cps ex-distribution basis for the half. The underweight holding detracted from the relative performance.

For more information visit www.sghiscock.com.au