



SG HISCOCK & COMPANY

SG Hiscock Property Opportunities Fund

30 June 2023

Investment Objective	To outperform its benchmark, the S&P/ASX 300 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.		
Investment Manager	SG Hiscock & Company Limited		
APIR	HBC0008AU		
Commencement	30 September 1994	Buy spread	+0.25%
Management costs¹	0.85% p.a.	Sell spread	-0.25%
Minimum initial investment	\$10,000	Investment pool size	\$25.63 million

Unit Prices	Application	Withdrawal
30 June 2023	\$0.7175	\$0.7139

Performance²	1 mth %	Qtr %	6 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	Inception % p.a.
30 June 2023							
Distribution Return	1.48	1.51	2.37	4.60	4.04	3.88	7.84
Growth Return	-1.34	0.71	0.35	4.71	5.12	-3.65	-1.13
Total Net Return	0.14	2.21	2.72	9.31	9.16	0.23	6.71
S&P/ASX 300 A-REIT Accum. Index	-0.09	3.15	3.49	7.49	8.52	3.88	7.40

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 61.6% of the total Fund.

Distribution Period	Cents per Unit
30-Sep-22	0.59
31-Dec-22	0.76
31-Mar-23	0.60
30-Jun-23	1.07

Asset Allocation	
Australian REITS	97.80%
International	0.00%
Cash	2.20%



Source: Fidante Partners Limited, 30 June 2023

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 was relatively flat, down 0.1%, with a predominant number of AREITs trading on an ex-distribution basis in late-June.

The AREITs underperformed both the Global REITs (up 2.8%) and the general market (via the S&P/ASX 300 Accumulation Index) which was up 1.7%. The information technology sector continues to benefit from the AI thematic permeating the globe, whilst the materials sector was the best performing sector in the ASX in June.

Both the ten-year bond yield and ten-year real bond yields jumped ~40 bps, to 4.02% and 1.58% respectively. This has resulted in the implied inflation expectations for the next 10 years remaining relatively stable at ~2.4% pa, around where we forecast longer-term inflation to be. Thus, the inverse correlation between the AREIT sector's performance and real bond yield movements was broken once more in June, as the market (overall) looks through the interest rate rises.

Top Contributors to the Portfolio Return:

Month	Return %	Comment
Unibail-Rodamco-Westfield	10.0	Completed the any-and-all, par-for-par Exchange Offer on the €1.25 billion Hybrid Perp-NC 2023 notes, which have a re-set date of 25 October 2023. This is into a new Euro denominated Deeply Subordinated Perpetual Fixed Rate Resettable Perp-NC 5.25 hybrid notes, which have a coupon of 7.25%, along with a cash amount. The overweight holding contributed to the relative performance.
Peet Limited	4.2	No news flow for the month, except L1 Capital increased their substantial shareholding to 8.33%. The off-benchmark holding contributed the relative performance.
Charter Hall Long WALE REIT	-5.3	Portfolio revaluations for 30 June 2023 saw a 5.8% decrease in book values. The average capitalisation rate expanded 36 bps to 4.77%. The net tangible assets (NTA) reduced 9.3% to \$5.65 per security. The underweight holding contributed to the relative performance.



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Negative Contributors to the Portfolio Return:

Month	Return %	Comment
Goodman Group	3.0	Press reports during the month suggest the Group is preparing to launch a Data Centre REIT in Singapore, as well as converting a couple of Sydney industrial assets into build-to-rent. The underweight holding detracted from the relative performance.
HMC Capital	15.0	Raised wholesale capital for the first time, via its Last Mile Logistics Fund 1. HomeCo is still seeking to raise capital for its Unlisted Healthcare and Life Sciences Fund, stating they are on-track for this to be finalised by September 2023. The underweight holding detracted from the relative performance.
Stockland	-2.0	Traded on an ex-distribution basis for the half of 14.4 cps, delivering a 26.2 cps distribution in FY23. Was a strong performer in prior months. The overweight holding detracted from the relative performance.

For more information visit www.sghiscock.com.au

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