

SG Hiscock Property Opportunities Fund

30 September 2023

Performance¹	Net Return	Distribution	Growth Return	ASX 300 A-REIT Accum.
1 month (%)	-8.15%	0.66%	-8.81%	-8.66%
3 month (%)	-3.18%	0.70%	-3.88%	-3.04%
6 month (%)	-1.04%	2.17%	-3.20%	0.02%
1 year (%)	11.97%	4.50%	7.47%	11.94%
3 years (% p.a.)	6.15%	4.18%	1.97%	4.89%
5 years (% p.a.)	-0.27%	3.91%	-4.18%	2.83%
Inception (% p.a.)	6.53%	7.78%	-1.25%	7.22%

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 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.

Asset Allocation

AREITs	97.58%
GREITs	0.00%
Cash	2.42%

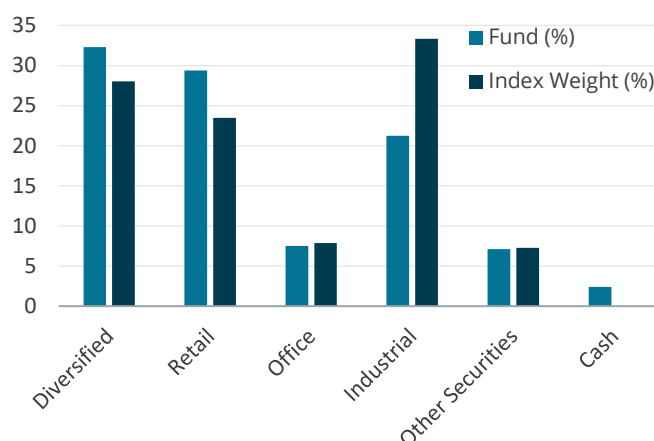
Key Facts

Investment manager	SG Hiscock & Company Ltd.
Inception date	30 Sept 1994
Benchmark	S&P/ASX 300 A-REIT Accum. Index
Management fees ²	0.85%
Fund size	\$24.1M
Number of holdings	21
Distributions	Quarterly
Buy/sell spread	+0.25/ -0.25%
Minimum initial investment	\$10,000
Base currency	AUD
APIR	HBC0008AU
mFund code	n/a
Domicile	Australia
	Unit price
Application	\$0.6896
Withdrawal	\$0.6862
	Distribution cpu
30-Sept-22	0.59
31-Dec-22	0.76
31-Mar-23	0.60
30-Jun-23	0.01
30-Sept-23	0.50

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

Asset Allocation

End of month	Fund (%)	Index Weight (%)
Diversified	32.31	28.02
Retail	29.38	23.48
Office	7.53	7.87
Industrial	21.23	33.33
Other Securities	7.13	7.29
Cash	2.42	
Total	100	100



Source: SG Hiscock & Company Limited

Top 5 Holdings	Top 5 Contributors	Top 5 Detractors
Goodman Group	Peet Ltd	GDI Property Group Ltd
Stockland Stapled	Ingenia Communities Group	Centuria Industrial REIT
Scentre Group	Stockland Stapled	DEXUS Property Group
Vicinity Centres	Cromwell Property Group	Scentre Group
Mirvac Group	Aspen Group	HomeCo Daily Needs REIT

Top 5 holdings represent 63.18% of the total

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 8.7%, as the **global jump in bond yields** in September severely impacted upon the performance of AREITs.
 - The AREITs underperformed both the **Global REITs** (down 5.6%) and the general market (via the **S&P/ASX 300 Accumulation Index**) which was down 2.9%. Only the **energy** subsector on the ASX delivered positive returns in September.

- Both the **ten-year bond yield** (4.49%) and **ten-year real bond yields** (1.92%) rose materially. The rise in the nominal yield was greater than the rise in real yields, resulting in the **implied inflation expectations** for the next 10-years lifting to ~2.6% pa.

Top Contributors to the Portfolio Return:

Month	Return %	Comment
Peet Limited	3.3	Remained active throughout September, with regards to their on-market daily share buy-back. The off-benchmark holding contributed to the relative performance.
Ingenia Communities	0.7	Announced their AGM will be held in November. The overweight holding contributed to the relative performance.
Stockland	-7.5	No news flow for the month. Stockland sold-off in September but still outperformed the AREIT sector. The overweight holding contributed to the relative performance.

Negative Contributors to the Portfolio Return:

Month	Return %	Comment
GDI Property Group	-16.4	Announced their AGM will be conducted in November. The AREIT remains overwhelmingly exposed to the Perth CBD office market . The overweight holding detracted from the relative performance.
Centuria Industrial	-1.0	Disposed two Melbourne assets for \$70 million, in line with their most recent book values . The funds generated are earmarked to pay down debt . Traded on an ex-distribution basis for 4 cps for the September 2023 quarter. The underweight holding detracted from the relative performance.
Dexus Property Group	-5.8	Announced that their AGM will be conducted in late-October. Press reports suggest that in conjunction with JV partner CPPIB, 385 Bourke St, Melbourne , will be placed on the market for sale . Currently it is valued at \$760 million, on a 5.3% capitalisation rate . 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 Opportunities 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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