SG Hiscock Property Fund

31 July 2018

SG HISCOCK & COMPANY

Fact Sheet

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**	$62.30 million

Unit Prices	**Application**	**Withdrawal**
31 July 2018	$0.9388	$0.9342

Performance as at 31 July 2018[2]	**1 mth %**	**Qtr %**	**6 mths %**	**1 yr %**	**3 yrs % p.a.**	**5 yrs % p.a.**	**Incept' % p.a.**
Distribution Return	0.00	1.51	2.42	5.30	4.03	4.49	8.50
Growth Return	0.24	2.24	0.74	6.70	3.43	7.17	-0.56
Total Net Return	0.24	3.76	3.17	12.00	7.46	11.66	7.94
S&P/ASX 200 A-REIT Accum. Index	0.96	6.35	7.51	14.21	8.03	12.40	7.68

Top 5 holdings as at 31 July 2018
Scentre Group
Stockland Stapled
Vicinity Centres
Unibail Group Stapled
Mirvac Group

Top 5 holdings represent 75.30% of the total Fund.

Distribution Period	**Cents per Unit**
30-Sep-17	0.72
31-Dec-17	1.60
31-Mar-18	0.80
30-Jun-18	1.38

Asset Allocation as at 31 July 2018	
Australian REITS	97.00
Cash	3.00

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

The S&P/ASX 200 Property Accumulation Index rose 1.0%, slightly outperforming Global Real Estate Investment Trusts (REITs), which delivered 0.9%. The broader market (S&P/ASX 300 Accumulation Index) marginally outperformed the respective REIT sectors, delivering 1.3%.

Domestic Economic Data

Official Interest Rates were kept on hold at 1.5%, with no move (either way) imminent, judging by the Reserve Bank of Australia commentary. The 10-Year Bond Yield remained relatively unchanged, finishing the month at 2.65%, with the gap to US Interest Rates widening. The lift in Iron Ore Prices of 4.9% for the month was not fully reflected in the Australian Dollar, which finished relatively unchanged, up marginally to US$0.7424.

The latest quarterly Consumer Price Index (CPI) figure came in below expectations at 0.4%, yet delivered an annual lift of 2.1%. Food and Goods Inflation were weak, with the jump in Fuel comprising more than half of the Inflation figure. The Terms of Trade fell 1.3% in the quarter, as Import Prices rose more than forecast. The Unemployment Rate was steady at 5.4%, as the lift in Participation Rate crossed-out the job gains (of which, the vast majority were full-time). Retail Sales rose 0.4% once more, surprisingly led by the Department Stores and Clothing/Footwear categories. Consumer Confidence grew again. Business Conditions and Confidence both remain elevated and above the long-term average.

Owner-Occupier Housing Commitments increased, as Building Approvals surprised to the upside lifting 6.4%, led by both the Detached and Built-Form product. National Dwelling Prices were down once more, delivering a negative 0.8% year-on-year return, as Melbourne and Sydney prices are retracing. Credit growth was minimal, with the year-on-year number slowing to 4.5%.

Overseas Economic Data

In the **US**, the 10-Year Bond Yield rose 10 basis points, finishing just under the 3% threshold at 2.96%. This was largely a reflection of the Bank of Japan's more dovish stance on maintaining an ultra-low interest rate environment, leading to capital seeking a higher return elsewhere. Real Gross Domestic Product (GDP) produced an annualised 4.1% growth rate. The Unemployment Rate jumped up, as the Participation Rate rose, with Average Hourly Earnings up marginally. Core CPI reflects a 2.3% annual rate. The Purchasing Managers Index (PMI) remains steady and elevated, as Industrial Production posted a rise. Retail Sales rose materially once more. Despite this Consumer Sentiment retraced again. Housing Starts and Permits fell.

In **Japan**, the Leading Indicator rose but the PMI was lower. Core Inflation remains low, as the Bank of Japan initiated further policy measures to maintain ultra-low Interest Rates, over both the short and long durations.

In **Europe** the Unemployment Rate was stable at 8.3%. Real GDP growth for the quarter was 0.3%, with Industrial Production rising and more than offsetting the previous readings falls. The Core CPI fell to 1.2%. The PMI rose and remains entrenched within the expansionary zone. Retail Sales were steady, with Consumer Confidence remaining near all-time highs.

In **China**, the Real GDP Growth Rate came in at 6.7% p.a. CPI remains just under 2%. The authorities announced two fiscal measures, in order to stabilise the demand within the economy. Leading Indicators and the PMIs were weaker. The Trade Surplus came in higher than forecast by the market. House Prices in the Top 100 cities showed a rise.

The **Emerging Market** (EM) regions continued to struggle (notably India and Brazil) as the rise in US Interest Rates, the US Dollar and continuing global trade tensions lead to negative consequences across a number of EM economies. Poland appeared to buck this trend amongst the EM economies, producing strong growth numbers across the board.