SG Hiscock Property Fund

31 October 2017

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		
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**	$68.11 million

Unit Prices	**Application**	**Withdrawal**
31 October 2017	$0.9117	$0.9071

Performance as at 31 October 2017[2]	**1 mth %**	**Qtr %**	**6 mths %**	**1 yr %**	**3 yrs % p.a.**	**5 yrs % p.a.**	**Incept' % p.a.**
Distribution Return	0.00	0.84	1.79	3.16	4.02	4.42	8.59
Growth Return	2.47	3.61	-4.43	3.26	5.57	7.88	-0.70
Total Net Return	2.47	4.45	-2.64	6.42	9.58	12.29	7.88
S&P/ASX 200 A-REIT Accum. Index	2.25	4.08	-2.09	7.91	10.61	12.35	7.52

Top 5 holdings as at 31 October 2017
Scentre Group
Westfield Corporation
Stockland Stapled
Vicinity Centres
Mirvac Group

Top 5 holdings represent 78.23% of the total Fund.

Distribution Period	**Cents per Unit**
31-Dec-16	0.65
31-Mar-17	0.44
30-Jun-17	0.92
30-Sep-17	0.72

Asset Allocation as at 31 October 2017	
Australian REITS	99.00
Cash	1.00

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 by 2.3% in October, underperforming the broader market (S&P/ASX 200 Accumulation Index) which delivered 4.0%. Global Real Estate Investment Trusts (REITs) were the worst performer, finishing up 0.2%.

Domestic Economic Data

The latest quarterly release of the Consumer Price Index (CPI) figures came in well-below market estimates, highlighting the slack within the economy and the effective importing of price deflation. The jump in Energy Costs for most Australians was not enough to bolster the 1.8% print, which remains below the 2% to 3% band the Reserve Bank of Australia (RBA) sets. The 10-Year Bond Yield fell 17 basis points to 2.67% as the markets believe the RBA is less inclined to raise Official Interest Rates, given this back-drop. The Australian Dollar fell once more, this time by two cents to US$0.7656, reflecting the lower CPI, Iron Prices and rise in the US Dollar.

Retail Sales fell more than expected, by 0.6%. New Car Sales printed a lower figure than previously. Given this back-drop, somewhat surprisingly Consumer Sentiment rose. The Unemployment Rate fell to 5.5%, with Hours Worked also lifting. Business Conditions moved back above average, lead by the Construction sector. Notably, Retail was negative.

Dwelling Approvals reversed the previous month's falls and rose but is down 15.5% year-on-year. Housing Finance Commitments rose across all the sub-categories, with the biggest growth registered by the First-Home Buyers.

Overseas Economic Data

In the **US**, the 10-Year Bond Yield rose 5 basis points to 2.38% in a month where the markets were giving further credence to the Government delivering its Tax Cuts as promised. The Unemployment Rate fell to 4.2%, whilst Wage Growth is nudging 3%. Gross Domestic Product (GDP) is at 3% as the Purchasing Managers Index (PMI's) remain at their highs.

Other data points were also quite strong but have been (positively) impacted from the devastation caused from both Hurricane Harvey and Irma. Retail Sales delivered the best monthly result in three-years, with the annual growth at 4.4%. Industrial Production saw a solid uplift, as too the Construction Industry via their Builder Confidence. All this positive data saw the US Dollar finish higher against most major currencies.

In **Europe** the European Central Bank announced details of the Tapering program, reducing the amount of Government and Corporate Bonds to be acquired from January 2018. The PMI's jumped, with Germany's over 60. Whilst Wage Growth remains slow and Inflation is at 1.4%, Real GDP came in better than expected, at 2.5%. The CPI figures across the Eurozone all fell though. The **UK** also witnessed strength, with Industrial Production jumping on the latest figure, having also risen for the two months prior.

In **Japan**, Prime Minister Abe's Government was returned as expected, as the Bank of Japan kept Official Interest Rates on-hold. The Leading Indicators point to further growth, despite a weaker Industrial Production print. Inflation however continues to undershoot, hovering in the Deflationary band. Wage growth also remains subdued. The 10-Year Bond Yield consolidated its position in positive territory, marginally above zero.

The PMI's in **China** were a little subdued compared to the global average but remain in the expansionary zone. The same goes for the Leading Indicator. The CPI remains under 2%. Retail Sales, GDP and Industrial Production all remained positive, with the growth rates either in-line or marginally exceeding forecasts.

Across the key **Emerging Market** economies, the data points were in general stronger once more, with the PMI's all in the expansionary zone and growing. The same too for Industrial Production (ex-Poland).

In summary, we are witnessing synchronised global growth right across both the Developed and Emerging Markets.