

31 October 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 costs¹	0.78% p.a.	Sell spread	-0.25%
Minimum initial investment	\$10,000	Investment pool size	\$56.62 million

Unit Prices	Application	Withdrawal
31 October 2018	\$0.8820	\$0.8776

Performance as at 31 October 2018 ²	1 mth %	Qtr %	6 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	Incept' % p.a.
Distribution Return	0.00	0.55	2.00	4.58	3.87	4.35	8.42
Growth Return	-4.27	-6.06	-3.95	-3.25	1.38	4.96	-0.81
Total Net Return	-4.27	-5.51	-1.95	1.33	5.25	9.31	7.61
S&P/ASX 200 A-REIT Accum. Index	-3.11	-2.25	3.96	7.27	7.07	11.12	7.51

Top 5 holdings as at 31 October 2018
Scentre Group
Stockland Stapled
Vicinity Centres
Unibail Group Stapled
Goodman Group

Top 5 holdings represent 76.00% of the total Fund.

Asset Allocation as at 31 October 2018	
Australian REITS	99.49
Cash	0.51

Distribution Period	Cents per Unit
30-Sep-17	1.60
31-Dec-17	0.80
31-Mar-18	1.38
30-Sep-18	0.54



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 and 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”).

Whilst the equity markets both here and abroad experienced a major bout of volatility in October, the AREITs were sought for their “safe-haven” status, this time in-terms of their Value versus the general move by market participants to reduce their exposure to the “Growth” theme. The 10-Year Bond Yields firmed slightly during the month, reflecting the growing expectation of the Reserve Bank of Australia not lifting Official Interest Rates for quite some time to come, with any pressures towards a lift in Inflation still not visible over the near-to-medium term. New Dwelling Price Inflation (a big driver of the Inflation Rate in recent years) is now exhibiting virtually no growth on the latest quarterly figures. The drop in the Unemployment Rate to 5% is still not considered to lead to a material lift in Real Wage Growth over the near term.

Top Contributors to the Portfolio Return:

Month	Return %	Comment
Vicinity Centres	1.1	Sold 11 Neighbourhood and Sub-Regional assets (ten to SCA Property Group) for \$631 million. This reflects an average 5.1% discount to the 30 June 2018 Book Values. The Overweight position contributed to the relative performance.
Scentre Group	0.3	There was no news-flow for the month. The Overweight position contributed to the relative performance.
Mirvac Group	-10.0	In their Quarterly Update, Mirvac highlighted the strength of its Office Portfolio, achieving an 11.3% lift in Leasing Spreads, with Incentives sub-18%. In Residential, Sales have moderated, as the Group skews the business towards Master-Planned Communities at this stage of the cycle. The Underweight position contributed to the relative performance.

Negative Contributors to the Portfolio Return:

Month	Return %	Comment
Stockland	-13.0	Provided a Quarterly Update to the market. As expected, Residential sales rates have moderated, whilst the Group remains on-track for over 6,000 Settlements for the 2019 financial year. Retail Sales growth has seen Specialty Sales reach \$9,313 per sqm. The Overweight position detracted from the relative performance.
Goodman Group	0.2	No news-flow from the Group during the month. At their upcoming Annual General Meeting (AGM), it is interesting to note that two proxy research providers have suggested to vote against the remuneration items of the AGM. The Underweight position detracted from the relative performance.
Unibail-Rodamco-Westfield	-9.6	The Group confirmed an Adjusted Earnings Per Share for 2018 of €12.75 to €12.90 per share. The Group is also more than half-way through its €3 billion Asset Disposal Programme. The Overweight position detracted from the relative performance.