SG Hiscock Wholesale Property Fund

31 July 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**	$69.88 million

Unit Prices	**Application**	**Withdrawal**
31 July 2017	$0.8799	$0.8755

Performance as at 31 July 2017[2]	**1 mth %**	**Qtr %**	**6 mths %**	**1 yr %**	**3 yrs % p.a.**	**5 yrs % p.a.**	**Incept' % p.a.**
Distribution Return	0.00	0.97	1.51	2.41	3.71	4.46	8.63
Growth Return	-0.38	-7.75	-1.47	-11.82	5.25	8.14	-0.86
Total Net Return	-0.38	-6.79	0.03	-9.41	8.96	12.60	7.77
S&P/ASX 200 A-REIT Accum. Index	-0.07	-5.92	1.16	-11.14	10.15	12.88	7.42

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

Top 5 holdings represent 76.91% of the total Fund.

Distribution Period	**Cents per Unit**
30-Sep-16	0.49
31-Dec-16	0.92
31-Mar-17	0.44
30-Jun-17	0.92

Asset Allocation as at 31 July 2017	
Australian REITS	98.14
Cash	1.86

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** fell marginally by 0.1% in July, slightly underperforming the broader market (S&P/ASX 300 Accumulation Index) which rose by the barest of margins (0.01%). Global Real Estate Investment Trust (REITs) were the best performer, finishing July up 0.9%.

Domestic Economic Data

The Australian Dollar rose materially once more. Having surged past US$0.80 late in the month, it finished July marginally above the US$0.80 level. This was largely attributable to both the Reserve Bank of Australia (RBA) earlier in July intimating an Interest Rate Raising cycle going forward, coupled with The Federal Reserve (Fed) in the US (once again) muting their expectations of Interest Rates “normalising” moving forward. The key Commodity Price rises also enable the elevation in the currency. The 10 Year Bond Yield rose ~8 bps to 2.68%.

The latest quarterly Consumer Price Index (CPI) figure came in below expectations, delivering an annual rate just under the RBA’s 2%-3% target. The Unemployment Rate remained at 5.6% but Employment came in above expectations, as Hours Worked has risen 3.3%. Retail Sales grew stronger than forecast, up 0.7% on the latest monthly figures. The RBA however remains cognisant of the low Real Wages Growth and high Household Debt levels as a potential handbrake to these growth figures. Business Conditions improved once more to levels not seen in nearly ten-years. Building Approvals continued their downward trajectory (off all-time highs) down 5.6% on the latest data.

Overseas Economic Data

In the **US**, the market interpreted The Fed’s commentary as dovish for future Interest Rate hikes. This resulted in a weaker US Dollar, with the 10-Year Bond Yield remaining relatively unchanged in July, around the ~2.3% mark. The CPI print was also weaker than anticipated. Retail Sales fell 0.2%, as too the Average Hourly Earnings Rate. Gross Domestic Product (GDP) grew in-line with forecasts, registering a 2.6% annual lift. Manufacturing remains robust, with the Employment Data (via Non-Farm Payrolls) subsequently outperforming expectations, despite the marginal pick-up in the Unemployment Rate.

In **Europe** we saw a continuation of the robust economic conditions in 2017 for the continent. Bond Yields subsequently rose. Notably Industrial Production was higher than forecast. A Business Conditions Index in Germany hit a record-high, aiding the positive momentum. Inflation also continues to slowly improve.

In **Japan**, the Bonds fell from intra-month highs, as the Bank of Japan (once again) continued to push-out its 2% Inflation forecasts. Manufacturing Activity data (via the Tankan) came in materially higher than forecast.

Overall, the economic data coming out of **China** was positive in July. Manufacturing and Construction data point to stronger/expanding activity. Industrial Production (again) grew better than expected. Retail Sales also surprised to the upside, showing double-digit growth.