

**SG Hiscock Property Fund**
**31 August 2021**

<b>Investment Objective</b>	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.		
<b>Investments held</b>	The Fund will provide exposure primarily to listed property trusts with the aim to provide income and capital growth potential over the long-term.		
<b>Investment Manager</b>	SG Hiscock & Company		
<b>APIR</b>	CRS0007AU	<b>SIV Compliant</b>	Yes
<b>Commencement</b>	31 December 1993	<b>Buy spread</b>	+0.25%
<b>Management costs<sup>1</sup></b>	0.78% p.a.	<b>Sell spread</b>	-0.25%
<b>Minimum initial investment</b>	\$10,000	<b>Investment pool size</b>	\$28.17 million

<b>Unit Prices</b>	<b>Application</b>	<b>Withdrawal</b>
<b>31 August 2021</b>	\$0.9117	\$0.9071

<b>Performance<sup>2</sup></b>	<b>1 mth %</b>	<b>Qtr %</b>	<b>6 mths %</b>	<b>1 yr %</b>	<b>3 yrs % p.a.</b>	<b>5 yrs % p.a.</b>	<b>Inception % p.a.</b>
<b>31 August 2021</b>							
Distribution Return	0.00	1.32	1.52	3.16	3.41	3.56	7.91
Growth Return	6.44	9.22	17.99	27.03	-1.29	-1.54	-0.61
Total Net Return	6.44	10.55	19.51	30.19	2.12	2.02	7.30
S&P/ASX 200 A-REIT Accum. Index	6.26	12.47	25.43	30.75	8.72	6.62	7.88

Past performance is not a reliable indicator of future performance.

<b>Top 5 holdings</b>
Goodman Group
Scentre Group
Stockland Stapled
Vicinity Centres
GPT Group

Top 5 holdings represent 62.58% of the total Fund.

<b>Distribution Period</b>	<b>Cents per Unit</b>
30-Sep-20	0.00
31-Dec-20	0.95
31-Mar-21	0.06
30-Jun-21	1.06

<b>Asset Allocation</b>	
Australian REITS	98.06%
Cash	1.94%



**Source: Fidante Partners Limited 31 August 2021.**

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.



## 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 200 AREIT Accumulation Index jumped 6.3% in August. The Alternatives/Niche names and the Retail AREITs led the way, with the latter’s outperformance based more around reassuring the market that activity and Sales return towards pre-Pandemic levels (outside of lockdowns) that Rent Relief will be much more limited to 2020 during lockdowns and from a macro perspective, Vaccination Rates are accelerating.

The Ten-Year Bond Yield was marginally lower, remaining under 1.2%. Real Interest Rates were also marginally lower at negative levels, resulting in Implied Inflation Expectations finishing a little over 2.0%.

The AREIT sector materially outperformed both the Global REITs, which returned 1.5% in August and the general market domestically (via the S&P/ASX 300 Accumulation Index) which lifted 2.6%. Despite one of the best earnings seasons ever, the ASX was impacted by the negative performance of the Materials and Energy sectors.

## Top Contributors to the Portfolio Return:

Month	Return %	Comment
Goodman Group	2.2	Driven by the Development division and compression in Cap Rates, Goodman delivered Operating Earnings of 65.6 cps for FY21, 14.1% up on pcp. The Share Based Payments taken below-the-line inflated this figure. The Group is guiding to 72.2 cps in FY22 while reflecting growth of 10% it was below expectations and current run rate. The Dividend remains flat at 30 cps. The Underweight position contributed to the relative performance.
Vicinity Centres	11.3	Announced a refinement of their Strategy in their Results, in order to be a “Forward-Thinking Real Estate Business”. This comprises Funds Management, Mixed-Use Developments and Adjacent Products and Services. The Overweight position contributed to the relative performance.
Scentre Group	12.6	Notwithstanding the prolonged and ongoing Lockdowns in large swathes of Australia, Scentre is still forecasting a Distribution of 14 cps for 2021. Notably, they stated in the absence of extended Lockdowns, this figure would have been surpassed. Positively their result indicated that 1H21 Total Retail Sales across all categories (excluding Cinema and Travel) of \$11.1 billion exceed the levels of \$11 billion in 1H19. The Overweight position contributed to the relative performance.

**Negative Contributors to the Portfolio Return:**

Month	Return %	Comment
Peet Limited	1.3	Benefitting from the strong tailwinds associated from HomeBuilder, State Incentives and the slashing of Interest Rates, Peet's Operating Profit jumped 89% on pcp. The Value of Contracts on Hand rose 28% on pcp and a further 16% since Financial Year end, providing strong momentum into FY22. The Off-Benchmark position detracted from relative performance.
Charter Hall Group	9.6	A rise in contribution from its Development division delivered to above market expectations. Distributions rose 6% on pcp. Distributions are forecast to lift another 6%, with the market anticipating a rise in performance fees. The Underweight position detracted from the relative performance.
Mirvac Group	9.1	Whilst Earnings were down 9% on pcp, Mirvac's Distributions rose 9% on pcp, for FY21 Continuing to benefit from the momentum associated with Residential, the Group is forecasting to lift Earnings by 7.1% in FY22, with Distributions to rise 3%. The Underweight position detracted from the relative performance.

For more information visit [www.sghiscock.com.au](http://www.sghiscock.com.au)

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