

SG Hiscock Property Fund

31 December 2023

Performance¹	Total Net Return	Income Return	Growth Return	ASX 200 A-REIT Accum.
1 month (%)	10.81	0.94	9.87	11.51
3 month (%)	16.94	0.99	15.95	16.56
6 month (%)	13.35	1.80	11.55	13.14
1 year (%)	16.64	4.82	11.82	17.59
3 years (% p.a.)	6.68	3.64	3.04	5.68
5 years (% p.a.)	4.12	3.41	0.71	6.09
Inception (% p.a.)	6.92	7.59	-0.67	7.27

¹Income 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.

Past performance is not a reliable indicator of future performance. Source: Fidante Partners Limited.

Investment objective

To outperform its benchmark, the S&P/ASX 200 A-REIT Accumulation Index, over rolling three-year periods, while providing investors with a quarterly income stream and some capital growth over the medium term (at least three years).

Investments held

The Fund invests in a diversified portfolio of listed property and property-related securities. The fund can invest up to 20% in global property securities.

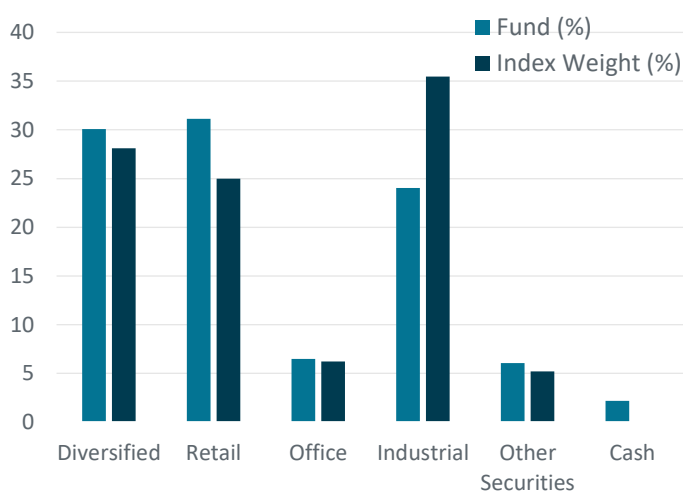
Key Facts

Investment manager	SG Hiscock & Company Ltd.
Inception date	31 Dec 1993
Benchmark	S&P/ASX 200 A-REIT Accum. Index
Management fees ²	0.78%
Fund size	\$17.2M
Number of holdings	22
Distributions	Quarterly
Buy/sell spread	+0.25/ -0.25%
Minimum initial investment	\$10,000
Base currency	AUD
APIR	CRS0007AU
SIV	Compliant
mFund code	n/a
Domicile	Australia
	Unit price
Application	\$0.8804
Withdrawal	\$0.8760
	Distribution cpu
31-Dec-22	0.46
31-Mar-23	0.61
30-Jun-23	1.45
30-Sep-23	0.57
31-Dec-23	0.75

² Includes estimated GST payable, after taking into account Reduced Input Tax Credits ("RITC").

Asset Allocation

End of month	Fund (%)	Index Weight (%)
Diversified	30.09	28.11
Retail	31.13	25.00
Office	6.50	6.21
Industrial	24.04	35.48
Other Securities	6.05	5.19
Cash	2.18	0.00
Total	100	100



Source: SG Hiscock & Company Limited

Top 5 Holdings
Goodman Group
Scentre Group
Stockland Stapled
Vicinity Centres
Mirvac Group

Top 5 Contributors
Mirvac Group
Centuria Capital Group
Waypoint REIT Ltd
BWP Trust
Cromwell Property Group

Top 5 Detractors
Peet Ltd
Home Consortium Ltd
Aspen Group
Vicinity Centres
Stockland Stapled

Top 5 holdings represent 66.01% of the total Fund.

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”).
- Following the stellar performance in November AREITs continued a strong rally into year end with the **S&P/ASX 200 AREIT Accumulation Index** returning 11.5%. This was assisted by Federal Reserve Commentary indicating that they envisage three 25 bps rate cuts over the course of 2024. This followed the most recent CPI figures in the US being below expectations. There has been increasing expectations of rate cuts into 2024.
 - As a consequence, bonds have rallied with the Australian 10-year nominal bond declining from 4.41% to 3.96%. While 10-year real bond yields declined from 1.94% to 1.36% with implied inflation of 2.56%. This provides a positive backdrop for REIT sector performance. REITs have been an asset class that has been most adversely impacted from rising real bond yields as well as short term rates and consequently is transpiring to be a beneficiary of this shift.

Top Contributors to the Portfolio Return:

Month	Return %	Comment
Mirvac Group	3.6%	No material news flow during the month. The portfolio's underweight position contributed to performance.
Centuria Capital Group	23.2%	Fund Managers have had a strong month and quarter on expectations that rates have peaked and there is consideration for upcoming rate cuts through 2024. The portfolio's overweight position contributed to performance.
Waypoint REIT	5.1%	The ACCC has approved the purchase of OTR by Viva Energy. The portfolio's underweight position contributed to performance.

Negative Contributors to the Portfolio Return:

Month	Return %	Comment
Peet Limited	3.7%	No material news flow. Peet continues to execute a buy back. The off-benchmark position detracted from performance.
HMC Capital Limited	27.8%	HMC had a strong month on the news of a listing of Chemist Warehouse through Sigma, where HMC hold a stake via the Capital Partners Fund. The portfolio's underweight position detracted from performance.
Aspen Group	1.9%	Aspen announced the purchase of 81 apartments for \$8.1m in Burwood, Victoria. The off-benchmark position detracted from performance.

Distribution team



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Disclaimer: This material has been prepared by SG Hiscock & Company Limited (ABN 51 097 263 628, AFSL 240679) SG Hiscock, the investment manager of the SG Hiscock Property Fund. Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 (Fidante) is a member of the Challenger Limited group of companies (Challenger Group) and is the responsible entity of the Fund. Other than information which is identified as sourced from Fidante in relation to the Fund, Fidante is not responsible for the information in this material, including any statements of opinion. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable to your circumstances. The Fund's Target Market Determination and Product Disclosure Statement (PDS) available at www.fidante.com should be considered before making a decision about whether to buy or hold units in the Fund. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Past performance is not a reliable indicator of future performance. SG Hiscock and Fidante have entered into arrangements in connection with the distribution and administration of financial products to which this material relates. In connection with those arrangements, SG Hiscock and Fidante may receive remuneration or other benefits in respect of financial services provided by the parties. Fidante is not an authorised deposit-taking institution (ADI) for the purpose of the Banking Act 1959 (Cth), and its obligations do not represent deposits or liabilities of an ADI in the Challenger Group (Challenger ADI) and no Challenger ADI provides a guarantee or otherwise provides assurance in respect of the obligations of Fidante. Investments in the Fund are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group.

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