

31 December 2023

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	CSA0115AU		
Commencement	31/10/1999	Buy spread	+0.25%
Management costs¹	1.00% p.a.	Sell spread	-0.25%
Minimum initial investment	\$5,000	Investment pool size	\$17.2 million

Unit Prices	Application	Withdrawal
31 December 2023	\$0.7992	\$0.7952

Performance as at 31 December 2023 ²	1 mth %	Qtr %	6 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	Incept' % p.a.
Distribution Return	0.64	0.67	1.42	4.40	3.28	3.11	6.81
Growth Return	10.17	16.22	11.80	12.11	3.10	0.76	-0.84
Total Net Return	10.81	16.90	13.21	16.51	6.38	3.87	5.97
S&P/ASX 200 A-REIT Accum. Index	11.51	16.56	13.14	17.59	5.68	6.09	6.92

Top 5 holdings as 31 December 2023
Goodman Group
Scentre Group
Stockland Stapled
Vicinity Centres
Mirvac Group

Top 5 holdings represent 66.01% of the total Fund.

Asset Allocation as 31 December 2023	
Australian REITS	97.82%
Cash	2.18%

Distribution Period	Cents per Unit
31-Mar-23	0.56
30-Jun-23	1.46
30-Sep-23	0.47
31-Dec-23	0.46

Source: Fidante Partners Limited, 31 December 2023.

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 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.

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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.