# SG Hiscock Professional Property Fund





## **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 costs <sup>1</sup>	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 <sup>2</sup>	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

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

Source: Fidante Partners Limited, 31 December 2023.

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

<sup>1.</sup> Includes estimated GST payable, after taking into account Reduced Input Tax Credits ("RITC").

<sup>2.</sup> 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.

31 December 2023



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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.

The SG Hiscock Professional Property Fund (ARSN 089 419 358) gains exposure to its investments by investing in the SG Hiscock Wholesale Property Fund (ARSN 088 905 382). This material has been prepared by SG Hiscock & Company Limited (ARN 51 097 263 628, 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 <a href="https://www.fidante.com">www.fidante.com</a> 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