

SGH LaSalle Global Listed Property Securities Fund



31 October 2018

SG HISCOCK & COMPANY

Fact Sheet

Investment objective	Aim is to outperform the FTSE EPRA/NAREIT Developed Index - Hedged to AUD (Net of Withholding Tax) by 2% pa on average over a 3 to 5 year period (before fees and expenses).		
Investments held	Property securities listed on major world stock exchanges including USA, Canada, Western Europe, Asia and Australia which derive the bulk of their income from rental income.		
Investment Manager	SG Hiscock & Company Limited & LaSalle Investment Management Securities, LLC		
APIR	ETL0005AU	mFund Product Code	SHF05
Commencement	31 October 2003	Management costs¹	1.103% p.a.
Minimum initial investment	\$20,000	Buy spread	+0.25%
Fund size	\$47.13 million	Sell spread	-0.25%

Unit Prices	Application	Net Asset Value	Withdrawal
31 October 2018	\$ 1.3381	\$ 1.3348	\$ 1.3315

Performance as at 31 October 2018 ²	1 mth %	3 mths %	6 mths %	1 yr %	2 yrs % p.a.	3 yrs % p.a.	5 yrs % p.a.
Distribution Return	0.00	0.00	0.37	1.13	1.76	1.94	2.46
Growth Return	-3.32	-4.16	1.37	2.13	2.72	0.74	4.52
Total Net Return	-3.32	-4.16	1.74	3.26	4.48	2.68	6.98
Index Return ³	-3.18	-3.78	1.30	2.10	4.48	4.02	7.92

Top 5 holdings as at 31 October 2018			Income Distributions	
Company	Holding %	Country	Distribution Period	Cents per Unit
Simon Property Group	6.42%	United States	30-Jun-16	2.0028
AvalonBay Communities Inc.	4.39%	United States	31-Dec-16	1.0006
Equity Residential	4.14%	United States	30-Jun-17	2.0000
Mitsubishi Estate Co. Ltd.	3.78%	Japan	31-Dec-17	1.0000
Public Storage	3.78%	United States	30-Jun-18	0.5000

Asset allocation as at 31 October 2018				
Regions	Countries	Allocations %	Current portfolio %	Benchmark %
Asia Pacific	Australia	4.69	27.45	25.41
	Hong Kong	9.42		
	Japan	13.18		
	Singapore	0.17		
Europe	Continental	10.72	16.28	17.82
	UK	5.55		
North America	Canada	1.32	56.27	56.78
	US	54.94		
TOTAL		100.00	100.00	100.00

- Includes estimated GST payable, after taking into account Reduced Input Tax Credits ("RITC").
- 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.
- Index = FTSE EPRA/NAREIT Developed Index - Hedged to AUD (Net of Withholding Tax) (effective March 2015, previously UBS Global Investors Index - Hedged to AUD (Net of Withholding Tax)).

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Commentary

The country allocations of the portfolio were adjusted in October. The portfolio's underweight position to Australia was increased to a market weight and its overweight position to Japan was modestly increased. These position changes were funded by a modest reduction in the portfolio's overweight positions to the U.S. and Hong Kong and an increase in the underweight position to Canada. The portfolio remained overweight to the U.K. and underweight to Continental Europe and Singapore.

For the month of October, the portfolio performed roughly in line with its benchmark as both stock selection and regional allocation (allocation and currency, exclusive of cash and currency forwards) results were flat during the month. Stock selection results were positively impacted by outperformance in the U.S., stemming primarily from overweight positions to the higher-quality regional mall and self storage sectors, which reported healthy earnings results. These results were offset by underperformance in Australia, Japan and Hong Kong. Regional allocation results benefitted from an underweight position to Singapore and overweight positions to the U.S. and Japan but were offset by an overweight position to Hong Kong. Currency hedging had a modestly negative impact on relative performance this month.

Global economic growth expectations are largely unchanged in the past few months and leading economic indicators continue to suggest continued economic expansion.

Interest rates, from both a nominal and real perspective, have trended higher this year. Tighter financial conditions and higher borrowing costs can create headwinds for risk assets. In a broadly positive economic environment, any impact from tighter financial conditions is likely to be mitigated to some degree by the benefits such an economic environment provides. Regarding the real estate sector, a more positive economic backdrop drives the potential of increased demand for space and consumption, providing potential upside to company cash flows. Stimulative fiscal policies also stand as a potential offset to tighter financial conditions.

Given the health of real estate fundamentals, LaSalle continues to expect solid levels of earnings and dividend growth from real estate securities. Global real estate securities continue to offer attractive pricing compared to their historical trading pattern with private real estate.

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