

31 July 2018

Fact Sheet

Investment objective	The Fund seeks to provide total return through long-term capital appreciation and current income by investing primarily in equity and equity-related securities issued by international property companies. It provides investors exposure to attributes of property ownership along with liquidity offered by tradable securities. The Fund focuses on core property companies, which are considered by the Investment Manager to have a lower risk profile than the broader universe of property securities. Please note the investment objective is not intended to be a forecast. It is only an indication of what the investment strategy aims to achieve.		
Investments held	Listed property securities which are considered by the Investment Manager to have a lower risk profile than the broader property securities universe, and which are listed on major world stock exchanges including US, Canada, Western Europe and Asia.		
Investment Manager	SG Hiscock & Company Limited & LaSalle Investment Management Securities, LLC		
APIR	ETL0394AU	mFund Product Code	SHF06
Commencement	29 January 2014	Management costs¹	0.98% p.a.
Minimum initial investment	\$20,000	Buy spread	+0.25%
Fund size	\$1.81 million	Sell spread	-0.25%

Unit Prices	Application	Net Asset Value	Withdrawal
31 July 2018	\$ 1.0355	\$ 1.0329	\$ 1.0303

Performance as at 31 July 2018 ²	1 mth %	3 mths %	6 mths %	1 yr %	2 yr % pa	3 yr % pa	Inception % pa
Distribution Return	0.00	11.35	11.29	12.62	8.51	9.92	9.45
Growth Return	0.98	-3.70	-4.27	-6.19	-9.00	-4.73	0.66
Total Net Return	0.98	7.65	7.02	6.43	-0.49	5.19	10.11
Index Return ³	1.00	6.61	5.28	5.53	0.83	6.09	10.28

Income Distributions	31-Dec-16	30-Jun-17	31-Dec-17	30-Jun-18
CPU	1.5446	4.3749	1.6704	12.0583

Top 5 holdings as at 31 July 2018			
Company	Holding (%)	Country	Description
Simon Property Group	7.27%	United States	US REIT which primarily invests in regional malls and community shopping centres.
Equity Residential	5.64%	United States	US REIT whose business activities include the acquisition, development, and management of multifamily properties in the US.
AvalonBay Communities Inc.	5.33%	United States	US REIT that develops, redevelops, acquires, owns, and operates multifamily communities in the United States.
Public Storage	4.93%	United States	US REIT whose business activities include the acquisition, development, ownership and operation of self-storage facilities. Public Storage also owns an equity interest in an owner and operator of self-storage facilities in Europe.
Welltower Inc.	4.79%	United States	US REIT which primarily invests in senior housing and health care real estate properties.

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.
 3. Index = FTSE EPRA/NAREIT Developed Rental Index \$A hedged (ex Australia).

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Asset allocation as at 31 July 2018				
Regions	Countries	Allocations (%)	Current portfolio (%)	Benchmark (%)
Asia Pacific	Hong Kong	5.55	13.06	13.89
	Japan	7.34		
	Singapore	0.17		
Europe	Continental	13.91	20.61	20.50
	UK	6.69		
North America	Canada	1.18	66.33	65.61
	US	65.15		
TOTAL		100.00	100.00	100.00

Commentary

The country allocations of the portfolio remained unchanged in July. The portfolio remains overweight to the United States, Hong Kong and the United Kingdom and underweight to Canada, Singapore, Japan and Continental Europe.

The portfolio modestly outperformed its benchmark for the month of July. Stock selection results were slightly negative while country allocation (excluding cash and currency forwards) results were flat. Stock selection results were negatively impacted by underperformance in the United States and Continental Europe, which were slightly offset by outperformance in Hong Kong. A large portion of this underperformance stems from the portfolio's lower-risk bias, specifically an underweight position to the U.S. data center sector and the Continent's Nordic region, which are screened out of the portfolio's investment universe and outperformed this month. The data center sector is screened out of the investable universe based on higher-obsolescence risk, while Nordic companies tend to have higher leverage levels than their European peers. In the U.S., this negative impact mitigated the benefit of an overweight position to the outperforming apartment and higher-quality regional mall sectors. Currency forwards had no material impact on relative performance.

The global economy is healthy and economic growth expectations remain near current cycle peak levels. Leading economic indicators, while off highs, remain at levels supportive of continued economic expansion in most regions. While uncertainty related to future global trade relations and political tensions linger, growth prospects have yet to be meaningfully impacted.

This healthy economic backdrop has been accompanied by higher interest rates and inflation expectations in 2018 as central banks have begun to shift away from looser monetary policy stances. While financial conditions have tightened, they have not reached a level that has significantly impacted the pricing of direct real estate. Additionally, any impact from this shift is likely to be mitigated to some degree by the benefits generated for the real estate sector in a strengthened macro-environment.

Given the health of real estate fundamentals in the current economic and capital market environment, LaSalle continues to expect solid levels of earnings and dividend growth for global real estate securities. Property companies are trading at modest discounts to NAV and continue to offer attractive pricing compared to their historical trading pattern with private real estate.

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