SG HISCOCK & COMPANY

SGH LaSalle Concentrated Global Property Fund

30 September 2021

Investment Manager	SG Hiscock & Company Limited & LaSalle Investment Management Securities, LLC	**APIR**	ETL0394AU
Commencement	30 August 2019	**mFund Product Code**	SHF06
Management costs[1]	0.70% p.a.	**Minimum initial investment**	$20,000
Performance fee[2]	20%	**Buy Spread**	+0.25%
Pool size	$22.76 million	**Sell Spread**	-0.25%

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 Australian and international property entities. It provides investors exposure to attributes of property ownership along with liquidity offered by tradable securities. The Fund focuses on select investment opportunities with compelling valuations due to deep value, property sector or market dislocation, underappreciated growth prospects, or identifiable catalysts.

Investment parameters

SGH and LaSalle will use the following guidelines when selecting assets for the fund:

- Target 10 – 20 stocks that are listed or due to be listed on an approved stock exchange
- The maximum allocation to an individual stock is 20% of the fund's net assets
- Invest up to 100% of the fund in global listed securities
- The international currency exposure will be hedged back into Australian dollars
- The maximum cash allocation can be up to 100%

Investment strategy

The investment management of the Fund is in two parts:

1. The overall investment manager is SGH who is responsible for the currency management.
2. The management of global investments is sub-delegated to LaSalle Investment Management Securities, LLC (LaSalle).

The Fund will pursue high conviction global investment opportunities that typically provide solid fundamentals over the medium-to long-term and compelling valuations. The strategy will be benchmark unaware and focus on companies with:

- Deep value
- Underappreciated growth prospects
- Property sector or market dislocation; and/or
- Identifiable catalysts.

Performance[3] 30 September 2021	1 mth %	3 mth %	6 mth %	1 Year %	2 Years % p.a.	Inception % p.a.
Distribution Return	0.00	0.00	8.70	12.13	6.97	6.76
Growth Return	-2.17	3.33	3.79	28.83	1.25	2.44
Total Net Return	-2.17	3.33	12.49	40.96	8.22	9.20
Performance Hurdle 8% pa	0.67	2.00	4.00	8.00	8.00	8.00
FTSE EPRA/NAREIT Developed Index - Hedged to AUD (Net of Withholding Tax)	-5.32	-0.20	8.81	29.14	0.65	1.86

Past performance is not a reliable indicator of future performance.

Top 5 Holdings

Apartment Income Reit Corp	7.75%	United States
China Resources Land Ltd	6.95%	Hong Kong
MGM Growth Properties LLC	6.66%	United States
Outfront Media Inc	6.47%	United States
Mitsui Fudosan Co Ltd	6.37%	Japan
Total number of stocks	19	

Unit Prices 30 September 2021

Application	$ 1.1987
Net asset value	$ 1.1957
Withdrawal	$ 1.1927

SGH LaSalle Concentrated Global Property Fund 30 September 2021

Real Estate Asset Allocation	
Real Estate Sector (as defined by EPRA/NAREIT)	**Current Portfolio Weights**
Diversified	26.29%
Health Care	0.00%
Ind & Office	0.00%
Industrial	11.26%
Infrastructure	0.00%
Lodging/Resort	0.00%
Office	3.05%
Residential	25.83%
Retail	12.85%
Self-Storage	3.29%
Specialty	17.43%
Total	**100.00%**

Real Estate Geographic Asset Allocation	
Countries / Regions	**Current Portfolio Weights**
Australia	5.18%
Hong Kong	6.95%
Japan	18.54%
Singapore	0.00%
Asia Pacific	**30.67%**
Continental Europe	10.08%
U.K.	9.25%
Europe	**19.33%**
Canada	10.03%
U.S.	39.96%
North America	**50.00%**
Total	100.00%

Distribution Period	31-Dec-19	30-Jun-20	31-Dec-20	30-Jun-21
Distribution rate (cents per unit)	0.5000	3.7029	1.0000	9.6956

Market Review

Global real estate securities (GRES) declined in September ending a streak of advances; 2021 returns remain robust

- GRES bounced between gains and losses in September before turning lower at month's end
    - Concerns related to Chinese residential developer Evergrande and any potential contagion weighed on risk assets initially, but those concerns faded
    - Steady declines in case counts and ongoing vaccine efficacy has shifted focus back to the re-opening and an increase in economic activity
    - Along with a shift back to the re-opening investors have been grappling with the impact of inflation, higher risk-free rates, the end of emergency monetary policy measures and uncertainty related to fiscal policies, primarily in the U.S.
- Most property types finished lower with performance trends favoring re-opening sectors
    - Re-opening sectors such as lodging, retail, office, apartments and diversified outperformed with sustained declines in case counts and continued vaccine deployment
    - Multiple secular growth sectors and COVID outperformers underperformed with some of the largest declines coming from industrial, storage, single family homes and data centers
- Merger and acquisition (M&A) activity continued this month

Despite September's declines, GRES have produced robust year-to-date returns and outperformed global equities in that period

Portfolio Changes

- There were several security and sector level changes to the portfolio this month, with one security added to the portfolio and one removed
    - Apartment Income REIT (AIRC) was added to the portfolio this month increasing the portfolio's apartment exposure
        - AIRC owns and manages a diverse portfolio of apartment properties across the United States, with a portfolio oriented towards the coasts however with a greater concentration in Philadelphia and Miami and less in NYC and SF Bay Area compared to peers.
        - Funded by the elimination of Equity Lifestyle Properties, a U.S. manufactured homes REIT

- On the margin, exposure to MGM Growth Properties – a triple net lease gaming REIT, First Capital Realty – a Canadian shopping center company, and Merlin Properties – a diversified, Spanish REIT, were increased and exposure to German residential company Vonovia and Canadian Single Family Homes company Tricon Residential were reduced

LaSalle's Outlook

Vaccine deployment continues to improve in much of the developed world and case counts are showing sustained declines off peak levels in many regions. This dynamic and vaccine efficacy levels should pave the way for the economic re-opening and activity to remain on track with growth levels above longer-term trend. A resumption of the re-opening has shifted focus to the strength of the economy, the potential for overheating and associated adjustments to monetary and fiscal policy.

- Financial conditions have remained supportive and largely better than pre-Covid levels despite the recent shift higher in nominal yields around the globe. Global central banks have acknowledged the improving economic environment and reaffirmed their commitment to accommodative policy stances, clearly outlining any potential changes to policy.
- Real estate fundamental outlooks continue to improve as economic activity resumes, evidenced by the ongoing strength of earnings and operating results. For select traditional property types, structural headwinds will remain, impacting medium- and longer-term growth expectations.
- M&A activity has continued, and the current environment remains supportive of further activity.

From a valuation perspective, global REITs offer undemanding valuation relative to alternatives.

- With September's pullback in share prices and rising NAV estimates, given the resumption of transaction activity at better than expected pricing, REITs are trading largely in line with our NAV estimates.
- REITs remain fairly to attractively priced relative to equities and corporate bonds. We expect REITs to enjoy attractive relative returns to these asset classes as highly valued sectors of the equity market contend with a move higher in interest rates and the increased likelihood of higher U.S. corporate tax rates, while bonds contend with higher and more sustained levels of inflation.

Despite strong returns in 2021, undemanding valuations, strengthening fundamentals and supportive financial conditions continue to position REITs to deliver attractive investment returns as the economic recovery continues.