

SGH LaSalle Concentrated Global Property Fund

30 September 2019

Investment Manager	SG Hiscock & Company Limited & LaSalle Investment Management Securities, LLC	APIR	ETL0394AU
Commencement	30 August 2019	Minimum initial investment	\$20,000
mFund Product Code	SHFo6	Management costs ¹	0.70% p.a.
Buy Spread	+0.25%	Sell Spread	-0.25%
Pool size	\$1.82 million	Performance fee ²	20%

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.

	1 mth %
Distribution Return	0.00
Growth Return	2.57
Total Net Return	2.57
8% pa	0.67

Past performance is not a reliable indicator of future performance.

Top 5 Holdings

Company	Percentage	Country
Land Securities Group Plc.	8.6%	United Kingdom
Mitsubishi Estate Co. Ltd	8.1%	Japan
Swire Properties Ltd	7.3%	Hong Kong
Gecina Sa	7.2%	France
Great Portland Estates Plc	7.2%	United Kingdom

Total number of stocks 19

Unit Prices

Application	\$ 1.1692
Net asset value	\$ 1.1663
Withdrawal	\$ 1.1634

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Real Estate Sector (as defined by EPRA/NAREIT)	Current Portfolio Weights
Diversified	54.89%
Health Care	0.00%
Ind & Office	0.00%
Industrial	0.00%
Infrastructure	4.95%
Lodging/Resort	0.00%
Office	12.70%
Residential	16.03%
Retail	8.19%
Self-Storage	3.24%
Total	100.00%

Real Estate Geographic Asset Allocation	
Countries / Regions	Current Portfolio Weights
Australia	0.00%
Hong Kong	14.66%
Japan	21.38%
Singapore	0.00%
Asia Pacific	36.04%
Continental Europe	12.15%
U.K.	15.75%
Europe	27.90%
Canada	0.00%
U.S.	36.06%
North America	36.06%
Total	100.00%

Strategy

The SGH LaSalle Concentrated Global Property Fund was designed as a highly focused portfolio, providing exposure to real estate securities through select opportunities with compelling valuation and highest conviction. The strategy aims to achieve attractive absolute returns by pursuing select value-add investment opportunities focused on companies offering: deep value, property sector or market dislocation and/or identifiable catalysts.

Portfolio Theme

While we acknowledge political risks remain elevated in the U.K. with a multitude of potential outcomes for the Brexit situation, we believe the U.K. and particularly London, will remain a competitive market, from both an economic and real estate perspective. We expect the dynamics which make London a global center for business to continue post Brexit, as they have since the initial referendum. Looking through political risk, U.K. real estate securities and particularly the two U.K. REITs which are held in the portfolio - Land Securities and Great Portland Estates-, own high-quality real estate assets, with strong management teams and low financial leverage. These companies are currently priced at material discounts to their underlying real estate as well as other real estate securities around the world and global asset classes. We continue to find compelling valuation in the region, and in the securities held in the portfolio.

Land Securities, the Fund's largest holding as of September 30, has the largest property portfolio in the U.K. listed sector with £13.75 billion of assets in total. The portfolio is composed of 48% class A London office in West End, Midtown and City markets, 9% hotel and leisure, 10% central London retail, 21% Class A shopping centers, 5% retail parks, and 6% retail outlets. The company enjoys solid financial metrics with 37.1% loan to value, low cost of debt with 12+ years of average maturity. Despite the Brexit overhang in the region, the London office market has remained resilient and continues to produce healthy operating results. The U.K. retail sector is currently challenging but Land Securities defensive balance sheet and relatively high-quality portfolio leaves the company well positioned to handle near term operational stress.

1. Includes estimated GST payable, after taking into account Reduced Input Tax Credits ("RITC").
2. A performance fee of 20% (net GST and an estimate of RITC) of any investment return above the fund's performance hurdle may also be payable as expense of the fund. The performance hurdle is 8% p.a. calculated on a daily basis.

For more information visit www.sghiscock.com.au

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