SGH LaSalle Concentrated Global Property Fund

31 January 2024

Investment strategy

The SGH LaSalle Concentrated Global Property Fund is high conviction, benchmark unaware strategy aimed at achieving attractive absolute returns by investing in real estate companies offering deep value, property sector or market dislocation and/or identifiable catalysts.

Performance[1]	Total Net Return	Income Return	Growth Return	Performance hurdle 8%	Index[2]
1 month (%)	-3.88	0.00	-3.88	0.67	-3.43
3 months (%)	13.09	0.00	13.09	2.00	13.97
6 months (%)	-0.03	0.00	-0.03	4.00	0.00
1 year (%)	-0.94	0.00	-0.94	8.00	-3.53
3 years (% pa)	8.22	8.62	-0.40	8.00	0.72
Inception (% pa)	4.75	6.91	-2.16	8.00	-2.2

Past performance is not a reliable indicator of future performance.

[1] *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.*

[2] ***FTSE EPRA/NAREIT Developed Index** - Hedged to AUD (Net of Withholding Tax)*

Top 5 Holdings	Region	%
First Industrial Realty Trust Inc	United States	7.98
First Capital REIT	Canada	7.81
American Tower Corp	United States	6.63
Gaming And Leisure Prop Inc	United States	6.37
China Resources Land Ltd	Hong Kong	6.29

Premium / (Discount) to NAV

CGPF	-23%

Forecast/Forward Dividend Yield

CGPF	+3.9%

Key Facts

Investment manager	SG Hiscock & Company Ltd.
Inception date	30 August 2019
Benchmark	Not applicable
Management fees[3]	0.70%
Performance fee[4]	Performance hurdle of 8% p.a. (after fees)
Fund size	$31.0M
Number of holdings	18
Distributions	Biannually
Buy/sell spread	+0.25/ -0.25%
Minimum initial investment	$20,000
Base currency	AUD
APIR	ETL0394AU
mFund code	SHF06
Domicile	Australia
	Unit price
Application	$1.0350
Net Asset Value	$1.0324
Withdrawal	$1.0298
	Distribution (cpu)
30-Jun-22	17.2123
31-Dec-22	0.5000
30-Jun-23	nil
31-Dec-23	nil

[3] *Includes estimated GST payable, after taking into account Reduced Input Tax Credits ("RITC").*

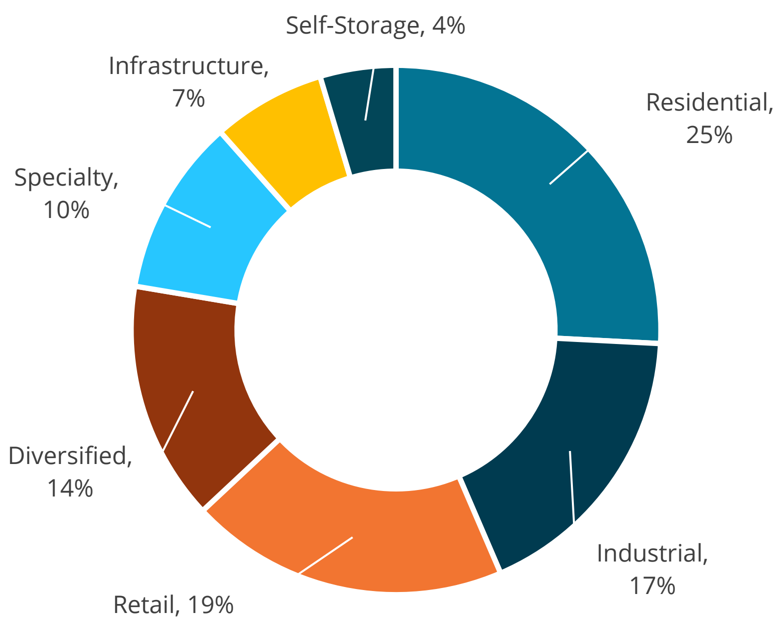
[4] *A performance fee of 20% (net GST and an estimate of RITC) of any investment return above the fund's performance hurdle may also be payable as expense of the fund. The performance hurdle is 8% p.a. calculated on a daily basis.*

Asset Allocation

Countries / Regions	Current Portfolio Weights
Australia	0.00%
New Zealand	0.00%
Hong Kong	6.29%
Japan	12.94%
Singapore	0.00%
Asia Pacific	**19.23%**
Continental Europe	6.15%
U.K.	0.00%
Europe	**6.15%**
Canada	7.81%
U.S.	66.81%
North America	**74.62%**
Total	100.00%

Portfolio Holdings	Number of stocks
Australia	0
Hong Kong	1
Japan	3
Asia Equity Total	**4**
Germany	1
Spain	0
UK	0
Europe Equity Total	**1**
Canada	1
US	12
North America Equity Total	**13**
Total Global Portfolio	**18**

Real Estate Sector (as defined by EPRA/NAREIT)	Current Portfolio Weights
Diversified	14.03%
Health Care	4.06%
Ind & Office	0.00%
Industrial	17.00%
Infrastructure	6.63%
Lodging/Resort	0.00%
Office	0.00%
Residential	24.77%
Retail	18.70%
Self-Storage	4.44%
Specialty	10.37%
Total	**100.00%**



Market Review

Global real estate securities performance cooled in January, starting the year lower after a strong fourth quarter rally.

- FTSE EPRA Nareit Developed Index was off 3.3%; MSCI World Equity Index was up 1.8% (in local)
  - Resilient economic data and less dovish central bank commentary cooled investor expectations for the timing and cadence of eventual monetary policy rate cuts, culminating with the Federal Reserve indicating March policy rate cuts were unlikely.
  - REITs and risk assets had rallied into year-end as expectations for monetary policy rate cuts were pulled forward and prospects of a 'soft-landing' scenario increased.
- Most sectors and markets finished lower in January; sector performance trends were largely balanced between the traditional, economically sensitive and longer duration sectors with some of the fourth quarter's strongest performers leading declines.
  - Data centre companies were the strongest performer this month, and the only sector to advance, as the sector continues to benefit from AI-driven tailwinds and headlines.
  - Regional mall and lodging sectors outperformed with resilient economic and consumer data likely supporting sentiment around those sectors, while the single-family housing sector also outperformed as it is expected to be a continued beneficiary of supportive demand drivers.
  - Cell tower, self storage and office companies led declines, reversing a portion of their strong fourth quarter advances.
    - Cell tower and self storage companies may have been impacted by renewed concerns about decelerating fundamental dynamics and operating trends.
- Despite some favourable asset and capital market events within the office space, subdued leasing volumes and ongoing financing concerns have come back to the forefront.

Portfolio Changes

There were several adjustments made to the portfolio this month including one addition and one deletion:

- Within the self storage sector, Extra Space Storage (EXR) was removed from the portfolio, following a period of outperformance, in favor of more attractive relative valuation offered from self storage peer, Public Storage (PSA).
- Additionally, exposure to the apartment and specialty sector was increased on the margin.

LaSalle's Outlook

The outlook for GRES and broader risk assets has brightened as economic data and growth remains resilient, financial conditions have eased as inflation trends continue to cool in much of the globe and the next action from most central banks is like policy rate cuts. This combination contributes to increased expectations for a 'soft-landing' economic scenario.

- After tightening for several months, financial conditions have continued to loosen as eventually easier monetary policy has become consensus. However, the market continues to expect more drastic policy adjustments than what has been indicated by central bankers, creating some volatility in capital markets. We do expect financial conditions to be less of a headwind to the real estate asset class moving forward than they had been in recent years.

- Real estate fundamental outlooks remain sound, despite further normalization from recent peak years. Management commentary and outlooks are positive but cautious. We expect a modest softening in fundamentals from recent strength, but for REITs overall to deliver durable growth given significant embedded rent growth, a dwindling supply outlook and a resilient economic backdrop. The outlook for external activity has also improved.

- From a valuation perspective, GRES offer mixed valuation signals in a broader market context.

    - With the modest pullback to start the year, GRES are modestly below private market real estate values, with certain sectors and regions offering more sizable discounts. While private values remain challenging to pinpoint, there could be potential upside with an improved funding environment potentially contributing to a resumption in transaction activity.

    - GRES remain attractive relative to equities, and while valuations have improved relative to bonds, GRES are fair to modestly expensive compared to the asset class.

Our forward outlook for real estate security returns remains constructive as tighter financial conditions become less of a headwind, growth should remain solid and strong financial positions for many real estate companies position the sector to perform well, weather any further deceleration and take advantage of opportunities as they arise. Further easing in financial conditions could serve as an additional tailwind to the sector and would be supportive to real estate values.

Portfolio Commentary

Positive Contributors to the Portfolio Return:

Company	Portfolio Weight	Country	Comment
First Industrial Realty Inc	7.98%	United States	First Industrial Realty Trust, Inc. is a self-administered and fully integrated real estate investment trust which owns, manages, acquires, and develops bulk warehouses and light industrial properties.
First Capital REIT	7.81%	Canada	First Capital is a leading owner, operator and developer of grocery anchored and mixed-use real estate located in Canada's most densely populated cities.
American Tower Corp	6.63%	United States	American Tower Corporation is a real estate investment trust that owns, operates, and develops wireless communications and broadcast towers in the United States. The Company leases antennae sites on multi-tenant towers for a diverse range of wireless communications industries, including personal communications services, paging, and cellular.
Gaming And Leisure Prop Inc	6.37%	United States	Gaming and Leisure Properties, Inc. owns and leases casinos and other entertainment facilities.
China Resources Land Ltd	6.29%	Hong Kong	China Resources Land Limited, through its subsidiaries, develops and invests in properties. The Company also provides corporate financing and electrical engineering services.

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