

## SGH LaSalle Concentrated Global Property Fund

31 January 2021

<b>Investment Manager</b>	SG Hiscock & Company Limited & LaSalle Investment Management Securities, LLC	<b>APIR</b>	ETL0394AU
<b>Commencement</b>	30 August 2019	<b>mFund Product Code</b>	SHFo6
<b>Management costs<sup>1</sup></b>	0.70% p.a.	<b>Minimum initial investment</b>	\$20,000
<b>Performance fee<sup>2</sup></b>	20%	<b>Buy Spread</b>	+0.25%
<b>Pool size</b>	\$17.36 million	<b>Sell Spread</b>	-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.

<b>Performance<sup>3</sup></b>	<b>1 mth %</b>	<b>3 mth %</b>	<b>6 mth %</b>	<b>1 Year %</b>	<b>Inception % p.a.</b>
<b>31 January 2021</b>					
Distribution Return	0.00	1.13	1.10	4.17	3.57
Growth Return	0.03	18.23	14.99	-16.19	-5.78
Total Net Return	0.03	19.36	16.09	-12.02	-2.21
Performance Hurdle 8% pa	0.67	2.00	4.00	8.00	8.00
FTSE EPRA/NAREIT Developed Index - Hedged to AUD (Net of Withholding Tax)	-0.53	13.89	9.38	-15.31	-8.20

Past performance is not a reliable indicator of future performance.

## Top 5 Holdings

Invitation Homes Inc	9.04%	United States
First Capital REIT	7.59%	Canada
Apartment Income Reit Corp	7.17%	United States
Mitsui Fudosan Co Ltd	7.08%	Japan
Sba Communications Corp	6.98%	United States

Total number of stocks

## Unit Prices 31 January 2021

Application	\$ 1.0475
Net asset value	\$ 1.0449
Withdrawal	\$ 1.0423



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Real Estate Asset Allocation	
Real Estate Sector (as defined by EPRA/NAREIT)	Current Portfolio Weights
Diversified	26.74%
Health Care	0.00%
Ind & Office	0.00%
Industrial	5.33%
Infrastructure	0.00%
Lodging/Resort	0.00%
Office	2.93%
Residential	38.87%
Retail	14.44%
Self-Storage	4.71%
Specialty	6.98%
<b>Total</b>	<b>100.00%</b>

Real Estate Geographic Asset Allocation	
Countries / Regions	Current Portfolio Weights
Australia	0.00%
Hong Kong	11.52%
Japan	13.39%
Singapore	0.00%
<b>Asia Pacific</b>	<b>24.91%</b>
Continental Europe	9.64%
U.K.	4.71%
<b>Europe</b>	<b>14.35%</b>
Canada	14.24%
U.S.	46.50%
<b>North America</b>	<b>60.74%</b>
<b>Total</b>	<b>100.00%</b>

### Market Review

Global real estate securities (GRES) and other risk assets paused in the first month of 2021

- Risk assets paused as investors weighed vaccine deployment and the prospect of a broader re-opening against COVID virus variants, increased containment restrictions and a modest pause in the improvement of economic data
- Property sector performance was mixed with a modest risk-on tilt
  - More virus exposed sectors like malls and shopping centers outperformed, accompanied by the more secular growth sectors like data centers and industrial
  - Select residential subsectors, triple net, healthcare and lodging sectors declined, and were largest underperformers

### Portfolio Changes

- There were no additions to the portfolio this month, but there was a holding eliminated
  - U.S. office company Douglas Emmett was eliminated this month after being reduced at the end of 2020 and used to increase exposure across several existing positions
  - Positions in China Resources Land and Mitsui Fudosan, which were added to the portfolio in December, were increased modestly this month
  - Exposure to the U.S. manufactured homes, triple net lease and industrial sectors were also increased this month, as was exposure to the Canadian retail sector
  - U.S. shopping center exposure was reduced modestly

### LaSalle's Outlook

With greater clarity around the efficacy and timeframe of vaccine deployment, the strong recovery that is underway is poised to continue and possibly intensify as 2021 progresses.

- With the commencement of vaccine deployment, high Covid case counts and new virus variants should remain a near-term setback, merely delaying rather than derailing a synchronized global growth cycle.
- Highly supportive financial conditions and further fiscal and monetary stimulus efforts offer additional tailwinds for economic growth and are an important support to real estate and GRES values.
- Although the impact of the pandemic will continue to disrupt real estate operations to varying degrees over the near-term, for most sectors the changes will be cyclical not structural. In a few traditional asset classes, such as discretionary retail, lodging and office, headwinds may be more structural and enduring.

From a valuation perspective, GRES continue to offer attractive value



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- Despite the late 2020 rally, GRES trade at moderate discounts to our reduced NAVs – an approximation of where private market pricing may settle once transaction activity resumes more normalized levels – with certain sectors and regions offering meaningful discounts.
- GRES are attractive relative to their historical trading range with broader equities as share prices have underperformed equity share prices significantly, despite comparable reductions to earnings expectations.
- GRES are attractively priced relative to historical relationship with government and corporate bonds.

GRES have not fully participated in the equity market recovery. Attractive valuations, coupled with highly supportive financial conditions, positions the sector to deliver attractive investment returns as the economy continues to strengthen.

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.
3. 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.

**For more information visit [www.sghiscock.com.au](http://www.sghiscock.com.au)**

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