



SG HISCOCK &amp; COMPANY

**SGH LaSalle Global Listed Property Securities Fund****31 January 2021**

<b>Investment objective</b>	Aim is to outperform the FTSE EPRA/NAREIT Developed Index - Hedged to AUD (Net of Withholding Tax) by 2% pa on average over a 3 to 5 year period (before fees and expenses).		
<b>Investments held</b>	Property securities listed on major world stock exchanges including USA, Canada, Western Europe, Asia and Australia which derive the bulk of their income from rental income.		
<b>Investment Manager</b>	SG Hiscock & Company Limited & LaSalle Investment Management Securities, LLC		
<b>APIR</b>	ETL0005AU	<b>mFund Product Code</b>	SHFo5
<b>Commencement</b>	31 October 2003	<b>Management costs<sup>1</sup></b>	1.103% p.a.
<b>Minimum initial investment</b>	\$20,000	<b>Buy spread</b>	+0.25%
<b>Fund size</b>	\$17.18 million	<b>Sell spread</b>	-0.25%

<b>Unit Prices</b>	<b>Application</b>	<b>Net Asset Value</b>	<b>Withdrawal</b>
<b>31 January 2021</b>	\$ 1.3743	\$ 1.3709	\$ 1.3675

<b>Performance<sup>2</sup></b>	<b>1 mth %</b>	<b>3 mths %</b>	<b>6 mths %</b>	<b>1 yr %</b>	<b>2 yrs % p.a.</b>	<b>3 yrs % p.a.</b>	<b>5 yrs % p.a.</b>
<b>31 January 2021</b>							
Distribution Return	0.00	0.42	0.40	0.67	0.70	0.73	1.40
Growth Return	-0.49	14.55	10.49	-13.01	-1.92	1.07	2.50
Total Net Return	-0.49	14.97	10.89	-12.34	-1.22	1.80	3.90
Index Return <sup>3</sup>	-0.53	13.89	9.38	-15.31	-2.78	0.39	3.51

Past performance is not a reliable indicator of future performance.

<b>Top 5 holdings 31 January 2021</b>		
<b>Company</b>	<b>Holding %</b>	<b>Country</b>
Vonovia SE	6.56%	Germany
Duke Realty Corp	4.52%	United States
Invitation Homes Inc	4.49%	United States
First Capital REIT	4.17%	Canada
Welltower Inc	4.10%	United States

<b>Income Distributions</b>	
<b>Distribution Period</b>	<b>Cents per Unit</b>
31-Dec-18	0.5000
30-Jun-19	0.5000
31-Dec-19	0.5000
30-Jun-20	0.5000
31-Dec-20	0.5000

<b>Asset allocation 31 January 2021</b>				
<b>Regions</b>	<b>Countries</b>	<b>Allocations %</b>	<b>Current portfolio %</b>	<b>Benchmark %</b>
Asia Pacific	Australia	2.16	23.14	24.66
	Hong Kong	6.84		
	Japan	11.18		
	Singapore	2.96		
Europe	Continental	13.85	15.75	19.14
	UK	1.90		
North America	Canada	10.25	61.11	56.20
	US	50.86		
TOTAL		100.00	100.00	100.00

- Includes estimated GST payable, after taking into account Reduced Input Tax Credits ("RITC").
- 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.
- Index = FTSE EPRA/NAREIT Developed Index - Hedged to AUD (Net of Withholding Tax) (effective March 2015, previously UBS Global Investors Index - Hedged to AUD (Net of Withholding Tax)).



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### Market Review

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

- Epra Nareit Developed Index was off 0.5% in January; MSCI World Equity Index was down 0.7% (in local currency terms)
- 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 Performance and Positioning

The portfolio outperformed its benchmark in January. The factors which had the largest impact to performance are noted below:

- An overweight position to and selection within Canada was the main driver of outperformance this month
  - Overweight position stems from overweights to the shopping center company First Capital Realty and single family home company Tricon Residential; each outperformed Canadian property and global indices this month
- Underperformance within Hong Kong, Japan and Continental Europe somewhat offset those positive impacts

Country allocations adjusted in January

- Overweight position to Canada increased and underweight to Continental Europe reduced to a more modest underweight
- Modest overweight position to Japan transitioned to a modest underweight and underweight position to the U.S increased
- Maintained underweight positions to the U.K., Australia and Singapore; overweight position to Hong Kong

### 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

- 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.

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