

# SGH LaSalle Global Listed Property Securities Fund

31 January 2024

Performance <sup>1</sup>	Total Net Return	Income Return	Growth Return	Index <sup>2</sup>
1 month (%)	-3.39	0.00	-3.39	-3.43
3 months (%)	14.87	0.00	14.87	13.97
6 months (%)	1.27	0.00	1.27	0.00
1 year (%)	-0.31	0.00	-0.31	-3.53
3 years (% p.a.)	3.61	0.45	3.16	0.72
5 years (% p.a.)	1.65	0.55	1.10	-0.69
7 years (% p.a.)	3.20	0.85	2.35	1.49
10 years (% p.a.)	5.15	1.49	3.66	4.37
Inception (% p.a.)	6.30	4.04	2.26	6.42

Past performance is not a reliable indicator of future performance.

<sup>1</sup> 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.

<sup>2</sup> FTSE EPRA/NAREIT Developed Index - Hedged to AUD (Net of Withholding Tax)

## Investment objective

To provide exposure to global property companies and 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).

## Investments held

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.

**Premium/ (Discount) to NAV**  
**Global Listed Property Securities Trust** -19%  
 Benchmark -10%

**Forecast/Forward Dividend Yield**  
**Global Listed Property Securities Trust** +4.7%  
 Benchmark +4.5%

## Key Facts

Investment manager	SG Hiscock & Company Ltd
Fund manager	LaSalle Investment Management Securities, LLC
Inception date	31 October 2003
Benchmark	FTSE EPRA/NAREIT Developed Index - Hedged to AUD (Net of Withholding Tax)
Management fee <sup>3</sup>	0.80%
Performance fee <sup>4</sup>	20%
Fund size	\$13.6M
Dividends payable	Biannual
Buy/sell spread	+0.25/ -0.25%
Minimum initial investment	\$20,000
Base currency	AUD
APIR	ETL0005AU
Fund code	SHF05
Domicile	Australia
	<b>Unit price</b>
Application	\$1.5089
Net Asset Value	\$1.5051
Withdrawal	\$1.5013
	<b>Distribution cpu</b>
30-Jun-22	0.5000
31-Dec-22	0.5000
30-Jun-23	nil
31-Dec-23	nil

<sup>3</sup> Includes estimated GST payable, after taking into account Reduced Input Tax Credits ("RITC").

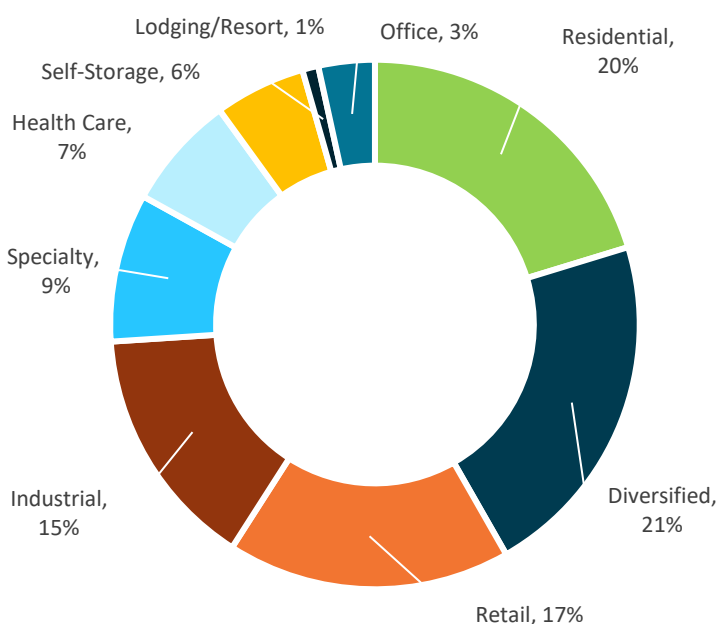
<sup>4</sup> Effective 1 March 2021 a performance fee of 20% (net GST and an estimate of RITC) of any investment return above the fund's performance hurdle may also be payable as expense of the fund. The performance hurdle is above FTSE EPRA/NAREIT Developed Index - Hedged to AUD (Net of Withholding Tax) calculated on a daily basis.

## Asset Allocation

Portfolio Holdings	Number of stocks
Australia	3
Hong Kong	2
Japan	11
<b>Asia Equity Total</b>	<b>16</b>
France	2
Germany	1
Belgium	1
UK	2
<b>Europe Equity Total</b>	<b>6</b>
Canada	3
US	25
<b>North America Equity Total</b>	<b>28</b>
<b>Total Global Portfolio</b>	<b>50</b>

Real Estate Geographic Asset Allocation			
Countries / Regions	Benchmark Weights (%)	Current Portfolio Weights (%)	Current Spreads (%)
Australia	3.68	1.76	-1.92
New Zealand	0.32	0.00	-0.32
Hong Kong	3.34	3.82	0.48
Japan	10.00	11.26	1.26
Singapore	3.47	0.00	-3.47
Korea, Republic of	0.09	0.00	-0.09
<b>Asia Pacific</b>	<b>20.90</b>	<b>16.84</b>	<b>-4.06</b>
Continental Europe	9.31	7.38	-1.93
U.K.	4.35	4.24	-0.11
<b>Europe</b>	<b>13.66</b>	<b>11.62</b>	<b>-2.04</b>
Canada	2.57	5.46	2.89
U.S.	62.87	66.08	3.21
<b>North America</b>	<b>65.44</b>	<b>71.54</b>	<b>6.10</b>
<b>Total</b>	<b>100</b>	<b>100</b>	

Real Estate Sector (as defined by EPRA/NAREIT)	Current Portfolio Weights (%)
Diversified	21.46
Health Care	6.98
Ind & Office	0.00
Industrial	14.90
Lodging/Resort	0.98
Office	3.44
Residential	20.28
Retail	17.33
Self-Storage	5.56
Specialty	9.07
<b>Total</b>	<b>100.00</b>



Top 5 Holdings	Region	%
First Industrial Realty Trust Inc	United States	5.66
Rexford Industrial Realty Inc	United States	4.86
Public Storage	United States	4.29
Vonovia SE	Germany	4.07
Gaming And Leisure Prop Inc	United States	3.97

**Top 5 Holdings**

Company	Portfolio Weight	Country	Description
<b>First Industrial Realty Trust Inc</b>	5.66%	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.
<b>Rexford Industrial Realty Inc</b>	4.86%	United States	Rexford Industrial Realty, Inc. is a real estate investment trust that specializes in acquiring, owning, and operating industrial properties in Southern California markets.
<b>Public Storage</b>	4.29%	United States	Public Storage acquires, develops, owns, and manages self-storage facilities which leases self-storage spaces for personal and business use. Public Storage serves customers worldwide.
<b>Vonovia SE</b>	4.07%	Germany	Vonovia SE provides real estate services. The Company manages, leases, and sells apartments. Vonovia offers residential real estate to customers throughout Germany.
<b>Gaming And Leisure Prop Inc</b>	3.97%	United States	Gaming and Leisure Properties, Inc. owns and leases casinos and other entertainment facilities.

**Market Review**

Global real estate securities (GRES) 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 favorable asset and capital market events within the office space, subdued leasing volumes and ongoing financing concerns have come back to the forefront.

## Portfolio Performance and Positioning

The portfolio performed largely in line with its benchmark index this month as it declined along with the broader real estate security market. Positive regional allocation results were offset by modestly negative stock selection results during the period. The factors which had the largest impact to relative performance are noted below:

- Regional allocation results were positively impacted by overweight positions to Japan and Canada.
- Stock selection results were negatively impacted by underperformance in the U.S., but partially offset by positive contributions from outperformance in Continental Europe and Canada.
- Currency and hedging impact was largely flat during the period.

Country allocations were adjusted in January:

- Overweight positions to Canada and the U.S. were reduced modestly this month, but remained at notable overweight positions.
- Exposure to Continental Europe was increased, reducing the underweight position to the market; despite the reduced underweight, the Fund does remain underweight to the Cont. Europe.
- An overweight position to Japan was maintained this month, as were a modest overweight to Hong Kong, underweight positions to Australia and Singapore and a market weight to the U.K.

## 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.
  - o 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.
  - o 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.

## Distribution team



**Anthony Cochran**  
Head of Distribution

[acochran@sghiscock.com.au](mailto:acochran@sghiscock.com.au)  
0410 332 870



**Rebecca Collins**  
Head of Research &  
Consultants

[rcollins@sghiscock.com.au](mailto:rcollins@sghiscock.com.au)  
0423 561 879



**Matthew Potter**  
Investment Specialist

[mpotter@sghiscock.com.au](mailto:mpotter@sghiscock.com.au)  
0404 884 399



**Nick Simpson**  
Research & Platform Manager

[nsimpson@sghiscock.com.au](mailto:nsimpson@sghiscock.com.au)  
0448 336 317

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The Fund's Target Market Determination is available on the [SGH website here](#). A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

## SG Hiscock & Company

ABN 51 097 263 628  
AFSL 240679

Level 23, 360 Collins Street  
Melbourne 3000

Level 4, 95 Pitt Street  
Australia Square Plaza  
Sydney 2000

1300 555 511  
[www.sghiscock.com.au](http://www.sghiscock.com.au)

