SG HISCOCK & COMPANY

SGH LaSalle Global Listed Property Securities Fund — 30 September 2021

Investment objective	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).		
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.		
Investment Manager	SG Hiscock & Company Limited & LaSalle Investment Management Securities, LLC		
APIR	ETL0005AU	**mFund Product Code**	SHF05
Commencement	31 October 2003	**Management costs[1]**	0.80% p.a.
Minimum initial investment	$20,000	**Performance Fee[2]**	20%
Fund size	$18.32 million	**Buy spread**	+0.25%
		Sell spread	-0.25%

Unit Prices
30 September 2021

Application	Net Asset Value	Withdrawal
$ 1.6032	$ 1.5992	$ 1.5952

Performance[3]
30 September 2021

	1 mth %	3 mths %	6 mths %	1 yr %	2 yrs % p.a.	3 yrs % p.a.	5 yrs % p.a.
Distribution Return	0.00	0.00	0.34	0.87	0.72	0.75	1.16
Growth Return	-5.46	-0.49	7.63	28.21	2.50	5.02	3.97
Total Net Return	-5.46	-0.49	7.97	29.08	3.22	5.77	5.13
Index Return[4]	-5.32	-0.20	8.81	29.14	0.65	4.76	4.36

Past performance is not a reliable indicator of future performance.

Top 5 holdings 30 September 2021

Company	Holding %	Country
Vonovia SE	5.40%	Germany
Apartment Income Reit Corp	4.52%	United States
Equity Lifestyle Properties Inc	3.65%	United States
Invitation Homes Inc	3.54%	United States
Rexford Industrial Realty Inc	3.43%	United States

Income Distributions

Distribution Period	Cents per Unit
30-Jun-19	0.5000
31-Dec-19	0.5000
30-Jun-20	0.5000
31-Dec-20	0.5000
30-Jun-21	0.5000

Asset allocation 30 September 2021

Regions	Countries	Allocations %	Current portfolio %	Benchmark %
Asia Pacific	Australia Hong Kong Japan Singapore	2.68 5.92 10.15 3.18	21.93	22.38
Europe	Continental UK	12.41 9.71	22.12	16.44
North America	Canada US	4.85 51.10	55.95	61.18
TOTAL		100.00	100.00	100.00

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 above FTSE EPRA/NAREIT Developed Index - Hedged to AUD (Net of Withholding Tax) 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.
4. 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) declined in September ending a streak of advances; 2021 returns remain robust

- FTSE EPRA Nareit Developed Index declined 5.2% this month; MSCI World Equity Index was down 3.6% (in local terms)
  - GRES bounced between gains and losses in September before turning lower at month's end
    - Concerns related to Chinese residential developer Evergrande and any potential contagion weighed on risk assets initially, but those concerns faded
    - Steady declines in case counts and ongoing vaccine efficacy has shifted focus back to the re-opening and an increase in economic activity
    - Along with a shift back to the re-opening investors have been grappling with the impact of inflation, higher risk-free rates, the end of emergency monetary policy measures and uncertainty related to fiscal policies, primarily in the U.S.
  - Most property types finished lower with performance trends favoring re-opening sectors
    - Re-opening sectors such as lodging, retail, office, apartments and diversified outperformed with sustained declines in case counts and continued vaccine deployment
    - Multiple secular growth sectors and COVID outperformers underperformed with some of the largest declines coming from industrial, storage, single family homes and data centers
  - Merger and acquisition (M&A) activity continued this month

- Despite September's declines, GRES have produced robust year-to-date returns and outperformed global equities in that period
  - GRES have gained 17.6% in 2021, while global equities have gained 15.2%
  - Year-to-date returns supported by gains from both economically sensitive and secular trend sectors

Regional Performance and Market Events (comments based on local currency returns)

Real estate securities in Singapore, Australia, Japan and Canada outperformed the globe; REITs in U.S. declined and performed largely in line with the global index

- Singapore property companies were supported by strength from the developers and outperformance of the re-opening sectors like office, regional malls, and diversified
  - Likely benefitted from the region reaching an 80% vaccination level
  - Office rental rates continued to show growth in the third quarter with occupancy rates holding
- Australian property companies benefitted from gains and outperformance of the regional mall sector, which has outperformed since reporting better than expected operating trends; advances were offset by diversified and self storage sectors declines
- Real estate securities in Japan followed global sector performance trends with the developers, lodging, office, retail and diversified sectors outperforming while industrial underperformed
  - Comments from Bank of Japan Governor Kuroda likely supported this trend, with an encouraging outlook for the economy and the country's vaccine and virus progress
- Canadian property companies broke from global trends as the single-family homes sector advanced and the industrial sector outperformed; these were offset by retail, office and diversified underperformance
- U.S. REITs teetered between gains and losses as investors digested declining case counts, the re-opening, the path of monetary policy and uncertainty related to fiscal policies moving forward
  - U.S. sector performance followed global trends with gains from the lodging, mall and office sectors; sizable declines and underperformance from industrial, storage and data centers
  - M&A continued in the sector as U.S. office REIT Columbia Property Trust (CXP) announced it would be acquired by PIMCO; CXP had been under takeout speculation since March

Property companies in Hong Kong continued to underperform this month while real estate securities in the U.K. and Continental Europe were notable underperformers

- Hong Kong property companies posted notable declines as the region and its broader equity market have been impacted by increasing regulation largely aimed at tech and gaming related industries as well as concerns related to any fallout from an Evergrande default or collapse, which weighed heavily on the region's developers
- U.K. and Continental European property companies declined this month, giving back their earlier quarter outperformance as financial conditions tightened more relative to other regions around the globe
  - Both region's underperformed despite an improving virus backdrop

- Sector performance followed global trends in both regions

Portfolio Performance and Positioning

The portfolio modestly underperformed its benchmark in September as stock selection effect and regional allocation results were modestly negative. The factors which had the largest impact to relative performance are noted below:

- Stock selection results were modestly negative as positive selection results in Hong Kong and Canada were offset by underperformance in Continental Europe and the U.S.
  - Hong Kong results benefitted from positioning to a more defensive developer, while Canadian results benefited from an overweight to the single-family housing sectors
  - U.S. results were impacted by an underweight to several re-opening sectors while Cont. European results were impacted by an overweight to German residential which underperformed with a move higher in yields
- Regional allocation results were negatively impacted by an overweight position to the U.K. and Continental Europe, which was partially offset by an overweight to Canada

Country allocations adjusted in September

- Modestly increased overweight to Hong Kong, increased underweight to Australia and shifted modest overweight to Singapore to a market weight
- Maintained overweights to the U.K. and Canada and modest overweight positions to Continental Europe
- Maintained underweight positions to the U.S. and market weight position to Japan

LaSalle's Outlook

Vaccine deployment continues to improve in much of the developed world and case counts are showing sustained declines off peak levels in many regions. This dynamic and vaccine efficacy levels should pave the way for the economic re-opening and activity to remain on track with growth levels above longer-term trend. A resumption of the re-opening has shifted focus to the strength of the economy, the potential for overheating and associated adjustments to monetary and fiscal policy.

- Financial conditions have remained supportive and largely better than pre-Covid levels despite the recent shift higher in nominal yields around the globe. Global central banks have acknowledged the improving economic environment and reaffirmed their commitment to accommodative policy stances, clearly outlining any potential changes to policy.
- Real estate fundamental outlooks continue to improve as economic activity resumes, evidenced by the ongoing strength of earnings and operating results. For select traditional property types, structural headwinds will remain, impacting medium- and longer-term growth expectations.
- M&A activity has continued, and the current environment remains supportive of further activity.

From a valuation perspective, global REITs offer undemanding valuation relative to alternatives.

- With September's pullback in share prices and rising NAV estimates, given the resumption of transaction activity at better than expected pricing, REITs are trading largely in line with our NAV estimates.
- REITs remain fairly to attractively priced relative to equities and corporate bonds. We expect REITs to enjoy attractive relative returns to these asset classes as highly valued sectors of the equity market contend with a move higher in interest rates and the increased likelihood of higher U.S. corporate tax rates, while bonds contend with higher and more sustained levels of inflation.

Despite strong returns in 2021, undemanding valuations, strengthening fundamentals and supportive financial conditions continue to position REITs to deliver attractive investment returns as the economic recovery continues.

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For more information visit www.sghiscock.com.au