

# SGH LaSalle Global Listed Property Securities Fund

29 February 2024

Performance <sup>1</sup>	Total Net Return	Income Return	Growth Return	Index <sup>2</sup>
1 month (%)	-0.31	0.00	-0.31	-0.19
3 months (%)	4.16	0.00	4.16	4.34
6 months (%)	3.86	0.00	3.86	2.59
1 year (%)	2.66	0.00	2.66	-0.11
3 years (% p.a.)	2.15	0.44	1.71	-0.58
5 years (% p.a.)	1.52	0.55	0.97	-0.80
7 years (% p.a.)	2.64	0.84	1.80	1.00
10 years (% p.a.)	4.65	1.48	3.17	3.87
Inception (% p.a.)	6.26	4.02	2.24	6.38

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

LaSalle Global Listed Property Securities Fund	-18%
Benchmark	-6%

### Forecast/Forward Dividend Yield

LaSalle Global Listed Property Securities Fund	+4.8
Benchmark	+4.4%

## 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	\$13.5M
Number of holdings	52
Dividends payable	Biannual
Buy/sell spread	+0.25/ -0.25%
Minimum initial investment	\$20,000
Base currency	AUD
APIR	ETL0005AU
mFund code	SHF05
Domicile	Australia
	<b>Unit price</b>
Application	\$1.5042
Net Asset Value	\$1.5004
Withdrawal	\$1.4966
	<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.

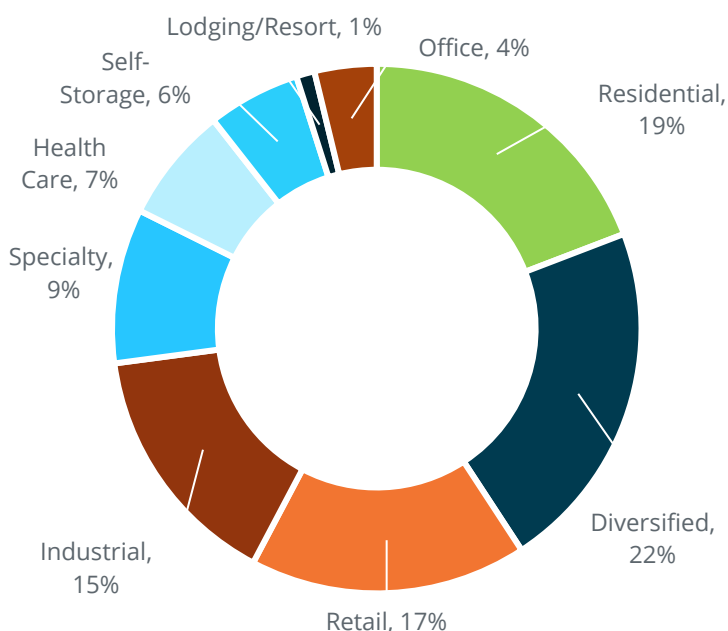
## Asset Allocation

Top 5 Holdings	Region	%
First Industrial Realty Trust Inc	United States	5.67
Digital Realty Trust Inc	United States	4.69
Rexford Industrial Realty Inc	United States	4.42
Public Storage	United States	4.34
Gaming And Leisure Prop Inc	United States	3.99

Portfolio Holdings	Number of stocks
Australia	3
Hong Kong	2
Japan	11
<b>Asia Equity</b>	
<b>Total</b>	<b>16</b>
France	2
Germany	1
Belgium	1
UK	3
<b>Europe Equity</b>	
<b>Total</b>	<b>7</b>
Canada	3
US	26
<b>North America</b>	
<b>Equity Total</b>	<b>29</b>
<b>Total Global Portfolio</b>	<b>52</b>

Real Estate Sector (as defined by EPRA/NAREIT)	Current Portfolio Weights (%)
Diversified	21.60
Health Care	7.07
Ind & Office	0.00
Industrial	15.17
Lodging/Resort	1.12
Office	3.79
Residential	19.18
Retail	16.95
Self-Storage	5.67
Specialty	9.45
<b>Total</b>	<b>100.00</b>

Real Estate Geographic Asset Allocation			
Countries / Regions	Benchmark Weights (%)	Current Portfolio Weights (%)	Current Spreads (%)
Australia	3.57	1.77	-1.80
New Zealand	0.31	0.00	-0.31
Hong Kong	3.52	3.26	-0.26
Japan	9.67	10.78	1.11
Singapore	3.29	0.00	-3.29
Korea, Republic of	0.10	0.00	-0.10
<b>Asia Pacific</b>	<b>20.46</b>	<b>15.81</b>	<b>-4.65</b>
Continental Europe	8.63	6.64	-1.99
U.K.	4.05	5.09	1.04
<b>Europe</b>	<b>12.68</b>	<b>11.73</b>	<b>-0.95</b>
Canada	2.51	4.88	2.37
U.S.	64.35	67.58	3.23
<b>North America</b>	<b>66.86</b>	<b>72.46</b>	<b>5.60</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	



**Top 5 Holdings**

Company	Portfolio Weight	Country	Description
<b>First Industrial Realty Trust Inc</b>	5.67%	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>Digital Realty Trust Inc</b>	4.69%	United States	Digital Realty Trust, Inc. owns, acquires, repositions, and manages technology-related real estate. The Company's properties contain applications and operations critical to the day-to-day operations of technology industry tenants and corporate enterprise data center tenants.
<b>Rexford Industrial Realty Inc</b>	4.42%	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>	4.34%	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>Gaming And Leisure Prop Inc</b>	3.99%	United States	Gaming and Leisure Properties, Inc. owns and leases casinos and other entertainment facilities.

**Market Review**

Global real estate securities (GRES) were flat in February after opening the year lower.

- FTSE Epra Nareit Developed Index was flat in February; MSCI World Equity Index was up 4.6% (in local)
  - Risk assets moved higher this month as investors continued to digest resilient economic data and positive yet cautious earnings reports against stickier inflation and a slower pace of monetary policy rate cuts; market implied and central bank policy rate cut expectations are now largely aligned.
  - Broader equities continued to be supported by strong tech sector performance, particularly from companies with AI-based tailwinds; REITs, along with less growth-oriented equities, have faced a headwind from modestly rising interest rates.
- Property sector and regional performance was mixed this month. Earnings and operating results largely met expectations but outlooks were modestly below forecast, likely incorporating a level of conservatism; differing economic and monetary policy outlooks likely contributed to deviations by region.
  - Data centre companies continued to be among the strongest performers this month, as the sector continues to benefit from AI-driven tailwinds and headlines boosting the broader equity market.

- Regional mall and lodging sectors outperformed with resilient economic and consumer data likely supporting sentiment along with solid earnings updates and positive outlooks for the coming year.
- Niche residential markets performed well with strong pricing power for the single family housing landlords, while the industrial and healthcare sectors also outperformed.
- Developers outperformed with stimulative efforts benefitting some of the Hong Kong developers and activist interest boosting performance of the Japanese developers.
- Apartments and self storage lagged with continued deceleration in operating trends; coastal apartment trends appear better off than the Sun Belt.
- Office and diversified companies have been pressured by regional specific macro outlooks as well as subdued leasing volumes and ongoing valuation and financing concerns.

GRES are off to a slow start in 2024, trailing the broader equity market; GRES are off 3.4%, while equities are up 6.5% (in local)

## Portfolio Performance and Positioning

The portfolio performed largely in line with its benchmark index this month. Positive regional allocation results were offset by 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 an overweight position to the U.S. and underweight positions to Continental Europe and Singapore.
- Stock selection results were negatively impacted by underperformance in the U.S., Continental Europe and Canada, which was partially offset by outperformance in Japan and the U.K.
- Currency and hedging impact was modestly negative during the period.

Country allocations were adjusted in February:

- Exposure to the U.K. was increased, shifting from a market weight position to an overweight; overweight position to the U.S. was increased modestly, remaining a notable overweight.
- Overweight position to Canada was reduced but remained at an overweight; exposure to Hong Kong was reduced, shifting from a modest overweight to a moderate underweight.
- Fund maintained its overweight position to Japan and underweight positions to Singapore, Australia and Continental Europe.

## LaSalle's Outlook

The outlook for real estate securities and broader risk assets has brightened as expectations for a 'soft-landing' economic scenario have increased. While the next expected action from global central banks remains policy rate cuts, stickier than expected inflation has likely delayed the timing and pace of those eventual cuts which has added a level of uncertainty to the generally more positive outlook.

- After easing through year-end, financial conditions have tightened in recent weeks as inflation has proved more challenging to return to target and more drastic market based monetary policy expectations have been normalized to align with central bank indications. Despite some uncertainty in the ultimate level of interest rates and inflation, we do expect financial conditions to be less of a headwind to the real estate asset class.
- Real estate fundamental outlooks remain sound, despite further normalization from recent peak years. Management commentary and outlooks are positive but cautious, likely with a degree of conservatism. We expect a modest softening in fundamentals from recent strength, but for REITs overall to deliver durable growth given significant embedded rent growth and a more subdued supply outlook. The outlook for external activity has also improved, which should be supportive to the sector.
- From a valuation perspective, GRES offer positive but 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 contributing to a resumption in transaction activity.
  - GRES remain attractive relative to equities; valuations have improved relative to bonds, but GRES are fair to modestly expensive compared to the asset class.

Our forward outlook for real estate security returns remains constructive as financial conditions become less of a headwind, growth remains solid and strong financial positions for many companies position the sector to perform well 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



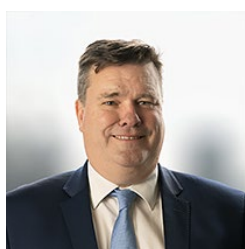
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The Fund's Target Market Determination is available on the [SGH website here](#). A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate 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.

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