

**SHINING A LIGHT ON THE.....
Schroder Global Cities Real Estate Fund**

AT A GLANCE

| Investment Objective | |
|---|--|
| The Fund aims to provide income and capital growth in excess of inflation (as measured by the UK Consumer Price Index) plus 3% (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of real estate companies worldwide. This cannot be guaranteed and your capital is at risk. | |

| | |
|----------------------------|---|
| Inception Date | 9 th December 2005 |
| Fund Factsheet Link | https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=FOGBR06FLW |

| Management | |
|---------------------|------------------------------|
| Manager Name | Start Date |
| Hugo Machin | 15 th August 2014 |
| Tom Walker | 15 th August 2014 |

| Investment Style Details | |
|---------------------------------|--------------------|
| Equity Style | |
| Market Capitalisation | % of Equity |
| Giant | 3.05% |
| Large | 18.03% |
| Medium | 59.91% |
| Small | 18.63% |
| Micro | 0.39% |

| Top 10 Holdings | | |
|--------------------------------------|---------------|--------------------|
| Total number of holdings | 65 | |
| Assets in Top 10 Holdings | 27.48% | |
| Name | Sector | % of Assets |
| Alexandria Real Estate Equities Inc | Real Estate | 3.33% |
| Rexford Industrial Realty Inc | Real Estate | 3.25% |
| Terreno Realty Corp | Real Estate | 2.89% |
| Inmobiliaria Colonial SOCIMI SA | Real Estate | 2.80% |
| UDR Inc | Real Estate | 2.76% |
| Invitation Homes Inc | Real Estate | 2.58% |
| Hudson Pacific Properties Inc | Real Estate | 2.51% |
| Washington REIT | Real Estate | 2.48% |
| Apartment Investment & Management Co | Real Estate | 2.46% |
| Equity Lifestyle Properties Inc | Real Estate | 2.43% |

| Volatility Measurements | |
|-----------------------------------|--------|
| 3-Yr Std Dev (volatility) | 14.73% |
| 3-Yr Mean Return (average) | 1.23% |

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FUND PERFORMANCE

Performance from 1st January 2015 to 31st March 2020:

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------|--------|--------|--------|--------|---------|
| Schroder Global Cities Real Estate Fund | 4.29% | 19.03% | 3.38% | -4.16% | 25.18% | -15.59% |
| iShares Global REIT ETF | 6.47% | 25.61% | -1.82% | 0.63% | 19.59% | -24.87% |

Performance over 12 months, 3 years, 5 years, and since fund manager inception:

| | 1 year | 3 years | 5 years | Since fund manager inception |
|--|---------|---------|---------|------------------------------|
| Schroder Global Cities Real Estate Fund | -7.84% | 3.73% | 18.11% | 42.03% |
| iShares Global REIT ETF | -20.23% | -11.39% | 9.02% | 32.18% |

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

***This update has been written at the time of the Coronavirus Pandemic in 2020, which has impacted the global financial markets in a way that has never been seen before.**

The benchmark provides broad exposure to REITS across the world with no ability to identify emerging trends. The ETF currently has a 15% exposure to retail, and 15% exposure to offices; two areas which have been hit by the recent developments. It has also exposure to Residential REITS which may also have been hit depending on the type of the exposure. So, it may have up to 50% in stocks specifically impacted by the Coronavirus and highlights the risks associated with funds which track and index.

The managers of this fund started by explaining that the 2008 financial crash was easy compared to this, but not all real estate is in lockdown. Elements of the market have been hit harder especially those with a dense use of people like senior housing, student housing, malls etc and these will take longer to recover. But other areas are clearly flourishing, like data centres which are benefiting from the shift to home working, and self-storage centres.

In terms of the portfolio about 8% was in density user types and they have reduced exposure to areas like hospitality, retail, casinos, student housing and senior housing. About 2% of the portfolio has had balance sheet stress testing where companies will need extra finance.

COVID-19 is a key catalyst for change. People who are being forced to shop online who have not done it before will find out how easy it is, and this is likely to increase that demand. Working from home is likely to stay with a lower level of demand for office space, and perhaps more flexible working spaces. The fund is overweight data centres, self-storage and residential. Another area they like is Life Science

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centres in Boston, and geographically there is a tilt towards Asia which they see as a haven in this crisis.

In terms of the fund they focus on resilient businesses with lower levels of debt and those that can survive a drop in income. These are going to be those with strong foundations and also positioned towards emerging trends. Where the index is more positioned to sensitive areas of the REIT market, this is more geared towards the emerging trends of the future.

In summary, this is more of an overview of the market but also provides some indication of how the team are positioning the fund. We have seen it outperform the index especially in the last couple of years, as those themes grow. Once we see some light we would like to meet the team and understand more about their process and focus.

The source of information in this note has been provided by Schroder and is correct as at March 2020. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.