

**SHINING A LIGHT ON THE.....
FP Foresight Sustainable Real Estate Securities Fund**

AT A GLANCE

Investment Objective
The Fund aims to provide an income yield of 4% net of fees with a secondary objective to achieve capital growth over a rolling 5 year period. The Fund will invest in global real estate via publicly traded securities (listed) on stock exchanges in developed markets (meaning North America, Western Europe and Asia Pacific), primarily Real Estate Investment Trusts (REITs), Investment Trusts and Closed-Ended Funds.

Inception Date	28 th January 2015
Fund Factsheet Link	https://markets.ft.com/data/funds/tearsheet/summary?s=GB00BMFYBC97:GBP

Management – launch 15 th June 2020	
Manager Name	Start Date
-	-

Tracking Error	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
-	-	-	-	-	-	-

Volatility Measurements	
3-Yr Std Dev (volatility)	-
3-Yr Mean Return (average)	-

Investment Style Details	
Giant	-
Large	-
Medium	-
Small	-
Micro	-

Top 5 Holdings – 29 Holdings, 51.89% in top 10 holdings		
Tritax Big Box REIT Plc	-	9.80%
Civitas Social Housing Ord	-	9.69%
Physicians Realty Trust	-	7.46%
Medical Properties Trust Inc	-	5.59%
Supermarket Income REIT Ord	-	5.02%

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Top 4 Regions	
United States	43.23%
United Kingdom	17.78%
Japan	6.20%
Australasia	2.88%

UPDATE....

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

This is a new strategy from Foresight although they originally set up a sustainable EIS strategy in 2004, and a Global Infrastructure Fund in 2017. Within the Global Infrastructure Fund there were REITS. This fund will look to hold between 30 to 35 holdings, and currently has 23 holdings. The aim is to deliver a yield of 4% plus growth. Property has suffered in the recent downturn, but they believe that sustainable factors drive performance and investing in the right parts of the market can drive growth.

The investable universe is around 806 REITS. However applying the high level ESG filters this comes down to around 40 companies, of which 23 they are currently invested in and 15 they are watching. We talked about the narrow investable band for the fund, and they explained that they are already seeing change within the sector. Companies can see the opportunities and are adjusting and changing strategies. There are also companies which are currently too small to invest in. All of these will increase the opportunity set.

The fund starts with the UN Global Compact 10 principles and they want companies that are complying with these principles. The second stage is the UN Sustainable Development Goals and focusing on Good Health and Well-Being, Industry, Innovation and Infrastructure, Sustainable Cities and Communities and Climate Action.

So, this is not just about the energy and efficiency of buildings but about health and well being (Civitas being a good example), looking at state of the art logistics and climate action, as well as ensuring communities are not being left behind.

They do not tend to rely too heavily on ratings from MSCI and Morningstar as they provide strange outcomes. As an example, a US Infrastructure Company, which is one of the best in the US, has a lower rating than BP. It is therefore the research and process that sits behind the fund that delivers the eventual outcome.

The core allocations for the strategy are logistics at 29% and healthcare and social housing at 28.5%. The fund primarily invests in the US, UK, Japan, and Australia. Within logistics they are looking for buildings which use renewable energy and robotics. These are likely to be perfect homes for firms like Amazon, DHL, and Royal Mail. Within healthcare and social housing this falls to companies like Civitas and Premier Health Properties.

Within data centres extreme care is needed. It is about understanding how the power is sourced because these are energy intensive, and it is clear that many of the tech companies are looking to renewable energy because not only is it good for the environment but also reduces costs. Self-storage is another area where they are actively looking to reduce costs.

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They have some student accommodation, but this is concentrated in specific cities and with a company that has the very best environmental reporting. There is some forestry in the US where they plant more trees than they cut down and the wood is used within residential property.

This is perhaps one of the only funds specifically dedicated to this and in a world where property is under pressure, being active and focusing on the best is likely to drive stronger returns. They believe they can provide lower volatility and protect on the downside, although this has not been tested. As assets grow, they believe they can also have greater engagement with companies and gain more influence.

In summary, building a portfolio of responsible investments requires diversification across asset classes and this fund does bring that access to property. As a REIT it means it doesn't carry the same concerns with bricks and mortar property funds and investing in a clearly growing market means that it shouldn't suffer the same negative impact as other parts of the property market. However, this is a new fund so there is not the track record to be able to test the performance.

The source of information in this note has been provided by Foresight and is correct as at October 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.