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Volatility Measurements

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

Investment Style Details

Giant	0.00%
Large	10.28%
Medium	38.48%
Small	25.30%
Micro	3.14%

Top 5 Holdings – 24 equity holdings, 56% in top 10 holdings

Dream Industrial Real Estate Inv...	Real Estate	7.76%
Stag Industrial Inc	Real Estate	7.70%
Tritax EuroBox Euro Ord	-	7.32%
Physicians Realty Trust	Real Estate	7.06%
Primary Health Properties PLC	Real Estate	5.68%

Top 5 Regions

United States	54.63%
United Kingdom	18.83%
Canada	10.05%
Australasia	7.12%
Japan	6.38%

Fund Benchmark

UK CPI

Fund size (Mil)

GBP 138.44

Ongoing Charge

1.25%

Bull (pros)

- Liquid means of investing in the property market
- Only invests in companies that deliver a net social or environmental benefit, meet the ten principles of the UN Global Compact, and meet one of four pre-defined UN Sustainable Development Goals
- Globally diversified holdings across Europe, North America and developed Asia
- Focus on growth sectors such as logistics, medical properties, social housing, and data centers

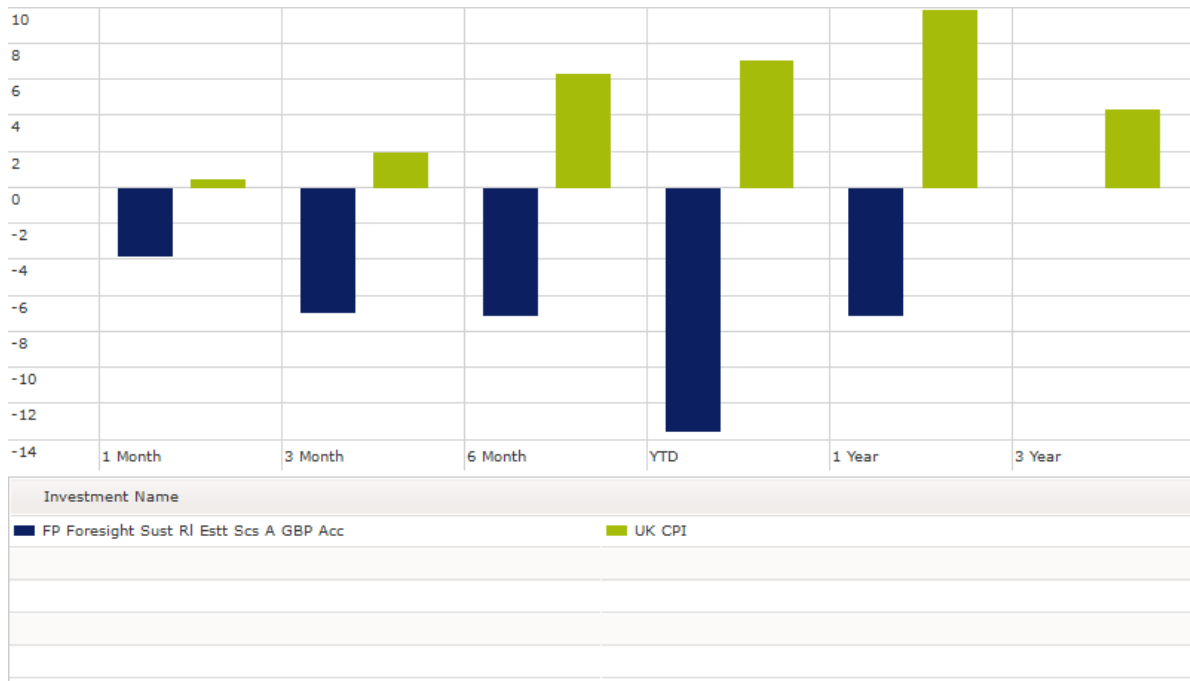
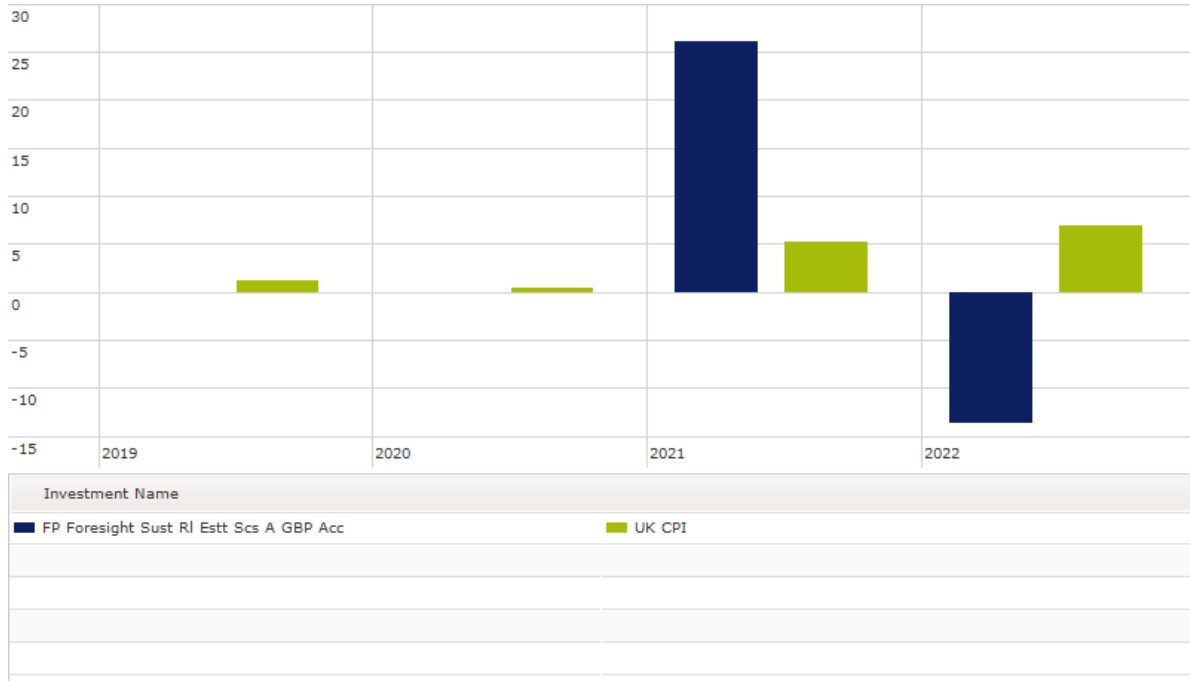
Bear (cons)

- Relatively high charges
- Not immune to market fluctuations
- Doesn't have a three year performance track record

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UPDATE....

We reviewed this strategy 12-months ago. The fund hasn't yet reached its three-year anniversary and therefore performance is difficult to judge. The benchmark is UK CPI which is relatively high. The charts below outline the performance since launch:



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The four key areas for the strategy are:

1. It provides a highly liquid route to the real estate market
2. It delivers a resilient yield targeting 4% p.a.
3. It contributes directly to a sustainable future
4. It is highly diversified by sector and geography

It only invests in companies that deliver a net social or environmental benefit, meet the ten principles of the UN Global Compact, and meet one of four pre-defined UN Sustainable Development Goals. This means it will have a very different look and feel to other similar funds. Some of the highest weightings are:

Logistics – 39.23%
Healthcare – 17.54%
Forestry – 8.12%
Offices – 5.56%
Data Centres – 5.43%

In terms of performance this year has been difficult as there has been negative sentiment towards Real Estate Investment Trusts (REITs) which has stemmed from rising interest rates. Rising bond yields have also attracted money away from the sector. Other areas that have “hurt” the strategy include logistics and Amazon cancelling some warehouse projects, although they have limited exposure to Amazon.

They have reduced their exposure to data centres as one company they held went private and they haven’t found an attractive alternative investment. They have increased exposure to Forestry as the valuations have come down significantly after fears over the US housing market. They have also increased exposure to self-storage as there is a misunderstanding of what these are used for. For example, students tend to store “stuff” over the summer holidays, businesses also use them and so there are different demand drivers.

We discussed the impact of some of the holdings on residential space. They explained that certainly in the UK residential development comes first before commercial, and therefore unless residential is being converted to commercial, where they invest doesn’t add to the housing crisis.

In terms of where they invest, they focus on good quality assets. These tend to be in the best locations and attract the best tenants. They may invest in lower quality where they see opportunities. An example would be STAG Industrial which has come down in value. They look to buy low quality properties, renovate them, and then demand higher rents through the development.

They have trimmed their weighting to Supermarket Income REIT on valuation grounds and therefore this has dropped down from their top holding. They have also reduced their weight to Medical Properties, mainly on market sentiment.

In summary, for investors looking to invest in property this is a very different fund. The sustainability angle is important and really what makes this different. It does need a longer-term track record in terms of performance, however Foresight are specialists in both sustainability and property.

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Two areas that we discussed were fund size and new assets. Investors should be aware of these but we see these as low levels of concern. The current fund size is around £140 million. They believe that it can operate to a fund size of £3 billion and often with strategies, as they get bigger the performance gets weaker. The second point is that the investors are relatively evenly split and no-one investor has more than 10% invested in the fund. When it gets a three-track record it may attract investment from larger discretionary fund managers. If they decide to trade and move money in and out on a regular basis, this might have a negative impact on both liquidity and performance.

From the discussions we don't feel fund size is an issue now, and in terms of inflows Foresight are careful to promote this as a long-term investment and the investors they speak to seem to understand this. This should in theory mean that it isn't used for trading.

The source of information in this note has been provided by Foresight and is correct as of September 2022. 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 decide based on these notes we cannot take responsibility for this, and you should carry out your own research before deciding. We would also recommend that you receive advice before following up on any decision.