

# SWIP Multi-Manager Global Real Estate Fund

All data as at 31/12/2011 unless otherwise stated

Q4 2011 Factsheet (A Class Shares)

For professional advisors only

**Fund Objective:** The Multi-Manager Global Real Estate Fund is designed to provide investors with exposure to a globally diversified portfolio of real estate securities. It seeks to outperform its benchmark with above-average consistency and with a lower tracking error relative to other managers.

## Managers in the Fund

Manager	Mandate	Weight
Cohen & Steers	Global Ex Europe	31.0%
Invesco	Global Ex Europe	30.5%
AEW	NAV focused	24.2%
SWIP	UK/ Europe	14.3%

## Fund Performance

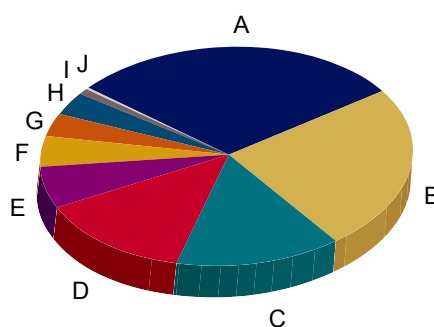
	Since Inception <sup>1</sup>	Calendar Years				
		YTD 2011	2010	2009	2008	2007
Fund Return %	12.54	-7.45	20.0	23.4	-22.6	-9.9
FTSE ERPA/NAREIT						
Global Real Estate %	11.54	-5.43	23.8	22.6	-27.9	-8.8
Median %	-19.72	-4.42	11.1	17.0	-26.5	-13.4

Source: Lipper (Lipper reports SWIP funds at T-1), Net of Fee returns

<sup>1</sup> Inception for performance calculation is deemed as 30/06/06

## Sector Allocation

A. Diversified	29.5%
B. Retail	24.6%
C. Office	14.0%
D. Residential	13.6%
E. Health Care	6.1%
F. Industrial	4.6%
G. Lodging/Resorts	3.3%
H. Self Storage	3.2%
I. Office Mixed	0.9%
J. Unassigned	0.1%



## Market Overview

Real estate securities in both the US (+15.1%) and Canada (+10.0%) performed strongly and outperformed the broader index. REIT share prices responded positively to favourable economic news releases throughout the December, particularly with respect to improvements in employment, manufacturing and consumer confidence. The debt capital markets also remained open, with secured debt and bank term loans available for US REITs, mitigating funding risk over the near to medium term. As share price volatility has declined, dispersion in company performance within the sector has experienced a commensurate reduction, with all US property sectors posting single-digit positive returns for December. Although US REITs currently appear fully valued relative to property stocks in other regions, the sector continues to offer reasonable yield spreads, and appears poised to benefit from low debt costs, strong capital positions, dividend growth and low levels of construction activity outside of the apartment sector. Generally, the most highly levered stocks in the sector appear to offer more compelling valuations, having been under pressure since July.

## Top Ten Holdings

Company	Country	%
Simon Property Group	United States	5.7
Sun Hung Kai Properties	Hong Kong	3.7
Equity Residential	United States	2.7
HCP	United States	2.6
Westfield Group Australia	Australia	2.6
Unibail-Rodamco	France	2.3
Mitsui Fudosan	Japan	2.2
Public Storage	United States	2.1
Mitsubishi Estate	Japan	2.1
AvalonBay Communities	United States	2.0

Source: State Street

## Managers in the Fund

The Managers selected for the Fund, **Invesco**, **Cohen & Steers**, **SWIP** and **AEW** all have different processes for finding returns.

### **Invesco Institutional – 30 % of Fund\***

Invesco performs qualitative and fundamental analysis to identify companies with the greatest return potential within controlled levels of risk. Invesco analyses properties and market cycles and tends to favour securities with consistent cash flow growth, positive earnings revisions and higher dividend yield coverage. Invesco has a comprehensive security valuation process. Portfolio managers are responsible for selecting stocks in their regions and are able to incorporate local market factors.

### **Cohen & Steers Capital Management – 30 % of Fund\***

Cohen & Steers has extensive experience in researching and investing in property securities around the world. The key investment professionals are working in a collaborative fashion to create a bottom-up investment process that utilises a fully dedicated team of securities analysts. In addition, they have previously worked in joint venture arrangements with some of the most experienced real estate portfolio managers in the industry and as a result have acquired in-depth knowledge of global securities valuation methodologies.

### **AEW Capital Management – 25% of Fund\***

AEW's securities team combines its securities evaluation process with market intelligence from the firm's private real estate platform to gain an information advantage.

### **Scottish Widows Investment Partnership – 15% of Fund\***

SWIP has a highly experienced real estate team of 28 professionals with an average of 14 years' industry experience. SWIP uses fundamental in-house research that identifies undervalued equities in the market. SWIP also uses macro economic research of real estate markets and sectors, combined with bottom-up views of individual real estate companies. SWIP has a large direct property portfolio with access to information on market movements. This is linked into the securities analysis mainly through the research team's output and co-operation on research topics.

## Fund Characteristics

The Fund invests globally in real estate securities, giving investors access to an asset class which has low correlation with equities and bonds, allowing investors to reduce portfolio risk.

## Fund Highlights

The SWIP Global Real Estate Fund ended the fourth quarter ahead of the benchmark as all underlying managers outperformed. At the Fund level, most of the returns were the result of particularly efficient stock selection in the US where nearly all sectors contributed positively. Stock picks were also strong in Hong Kong and in Singapore. Sector bets further lifted performance thanks to the underweight to Japan which suffered a slow period. At a sector level, selection in the diversified sector added to gains due to the underweight positions to key lagging Asian companies (City Development in Singapore, Sumitomo Realty & Development in Japan and Wharf holdings in Hong Kong).

The Fund's underlying managers delivered broadly similar positive performance:

- ▶ **Invesco** slightly ahead. Alpha was mostly driven by stock selection in the US lodging/resorts and office sectors. In Asia, security selection in the Hong Kong developers sector and the underweight, combined with positive selection within, Japan also contributed positively.
- ▶ **Cohen & Steers'** Asia Pacific portfolio was responsible for strong outperformance over the quarter. Selection in Australia and among the Hong Kong developer companies combined with the underweights to Singapore developer companies and Japan helped performance most. Selection in the US contributed more modestly to excess returns over this time period.
- ▶ **SWIP** delivered strong returns as well, almost entirely driven by stock picks in the German portfolio where active positions as well as some strategic zero-weights proved most beneficial. From a country positioning perspective, the underweights to Austria, Italy and Switzerland also benefited the portfolio.
- ▶ **AEW** was modestly less positive than its counterparts however it did outperform its benchmark thanks to favourable stock selection across all regions. Specifically, results were strongest in the US, in nearly all property sectors, with more modest gains coming from the Japanese and Singapore REIT sectors. These gains were partially offset by the underweight to the best-performing North American region.

### \* Target Weights

# The Income Yield reflects distributions declared over the past twelve months as a percentage of the mid-market price, as at the date shown. It does not include the preliminary charge and investors may be subject to tax on their distributions. If the Fund's expenses were charged to capital, distributions would be increased and the Fund's capital performance constrained by an equivalent extent.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

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## General Information

### **Bloomberg ticker**

MMGREAA LN

### **Fund benchmark**

FTSE ERPA/NAREIT Global Real Estate Index (Net)

### **Fund Complex**

Multi Manager ICVC

### **Fund size**

£499 million

### **No of holdings**

186

### **Income yield<sup>#</sup>**

2.8%

### **Launch date**

1 June 2006

(Performance is measured from 30/06/06. In order to enable accurate peer relative and total return benchmark relative performance comparisons, performance is calculated from the first full month following inception.)

### **Website address**

[www.swip.com](http://www.swip.com)