



SWIP Property

Property



Scottish Widows Investment Partnership

Scottish Widows Investment Partnership (SWIP) is one of Europe's largest asset management companies and part of Lloyds Banking Group. Total UK Retail and Institutional Funds under Management as at September 2011 is in excess of £17.335 billion.

Manager – Gerry Ferguson

Manager Since 15/11/2004

Gerry is an investment director in the property team with responsibility for the Scottish Widows Investment Partnership Property Trust, Airport Industrial Property Unit Trust and the Covent Garden Market Limited Partnership. He is involved in setting and implementing fund strategy and is also a member of the property investment committee. Prior to joining SWIP in September 2000, Gerry spent four years as a director with RREEF (UK) Limited, the largest independent property fund manager in the UK. Previously, Gerry worked for Scottish Amicable for ten years as fund manager responsible for its Life Property Fund, and before then, for three years with Scottish Widows focussing on the UK market. Between 1974 and 1983 Gerry worked for various organisations dealing with the Scottish property market. Gerry holds a BSc in applied science from the University of Glasgow.

Fund Objective

To provide investors with a total return consistent with a balanced commercial property portfolio.

Investment Process

The Research and Strategy Team is integral to the investment management process for property. The team are all members of the Property Strategy Committee and lead the SWIP sector and Portfolio review processes. They are also required to focus on risk measurement and analysis, looking at risks to the market as a whole, as well as portfolio level risks and property level risks. A proprietary market pricing and risk model has been developed by the team to assist in managing risk in transactions and to identify mis-pricing opportunities. This process, together with the top-down analysis, produces the house view of the property market, which includes sector forecasts and model portfolio targets.

Research is fundamental to the investment style and philosophy. As a result they have as part of the Property Team four senior researchers who focus on economics, strategy, performance measurement and analysis, information and data analysis, risk measurement and analysis, transaction support and “blue sky” research projects. Property is very much a long-term investment and as such they believe the principal driver of portfolio structure should be the top down views of the team.

Each fund purchase takes into account the specific requirements of the fund (for example any income requirements, risk profile etc) and the top down sector allocation derived from the SWIP ‘model portfolio’ – the house view of the prospects for each sector. At a practical level, any major deviation being suggested from the current portfolio spread would have transaction cost implications and these costs would be included before any business plan is implemented.

Assuming the physical attributes of the property are appealing, acquisitions are assessed financially through discounted cash flow appraisal methods, generally over a three-year period. Prospective returns are then compared to performance forecasts for the market and the portfolio. All proposed purchases, sales and capital expenditure matters are presented to the SWIP Investment Committee, comprising the six Investment Directors for decision.

Our Opinion

Whilst the funds performance against sector is does not pass our filters the specialist sector has such diverse funds within it that it is best to look at the absolute return and the relevance of the fund to the current market. Property has clearly become one of the four major asset classes and requires a range of funds available to satisfy this aspect of portfolio planning.

The retail SWIP fund has an established track record and the management team themselves have been responsible for property funds within the organization for some time and have considerable experience of running such funds.

The choice in this area is limited but this team with its history and backing should be considered for the property section of a portfolio. Recent flexibility introduced to the fund has allowed more derivative assets to be used to replicate property assets when direct opportunities are not available. The investment range is wider than most and will include property shares and derivatives as well as including European and American commercial property.

Important Notice

This factsheet is aimed at Investment Professionals only and should not be relied upon by Private Investors. Our comments and opinion are intended as general information only and do not constitute advice or recommendation. Information is sourced direct from fund managers and from a number of websites. This information is therefore as current as is available at the time of production.

Information compiled November 2011



Rayner Spencer Mills
Research & Financial Consulting

Quick Stats

Citi code	YW63			Price date	01/11/2011
ISIN code	GB00B036Z329			Mid price	89.59 (-0.20p)
SEDOL code	B036Z32			Bid price	
Sector	IMA Property	FE Risk Score	11	Offer price	
Benchmark		Yield	2.90%	Pricing freq	Daily
Domicile	United Kingdom	Type	Distributing	Launch date	15/11/2004
Legal structure	Unit Trust	Factsheet freq.	12 per year	ISA	Available, Eligible
Fund size	£2,296.4M as at 01/11/2011	Fund currency	GBX (Pence)	Manager name	Gerry Ferguson

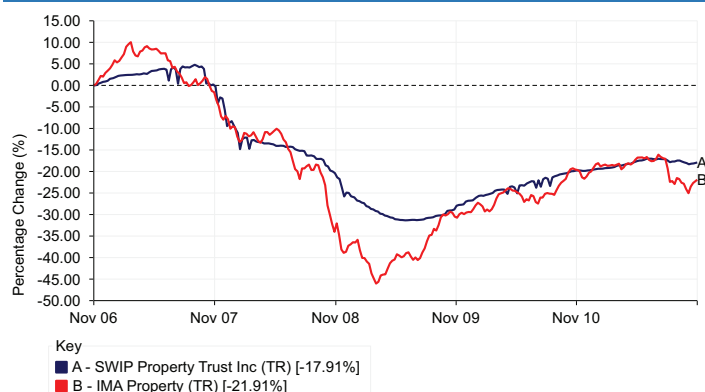
Fund Objective

The Trust aims to provide investors with a total return consistent with a balanced commercial property portfolio.

Purchase & Other Information

Min. investment	1000
Min. top-up	1000
Standard initial charge	5.00%
AMC	1.35%
Total expense ratio	1.46% as at 31/07/2011
Compliant	
Dividend dates	Jan 01, Apr 01, Jul 01, Oct 01
For sale in	United Kingdom

Performance



01/11/2006 - 01/11/2011 Powered by data from FE 2011

Cumulative Performance (to latest price)in (GBX)

Period	Fund	Sector	Rank in Sector
6 mth	-0.34%	-5.87%	11 / 44
1 yr	2.32%	-2.19%	13 / 42
3 yrs	4.11%	17.81%	30 / 39
5 yrs	-17.91%	-21.91%	13 / 27

Discrete Performance (to last quarter end)in (GBX)

Period	Fund	Sector	Rank in Sector
0 to 12 m	3.10%	-3.09%	11 / 42
24m to 36m	-12.79%	-8.84%	27 / 39
48m to 60m	5.05%	4.39%	13 / 27

Top 5 Holdings as at 30/09/2011

Rank	Change	Name	%
1	▶	HERMISTON GAIT RETAIL PARK, EDINBURGH	4.70
2	▶	SEDLEY PLACE, LONDON	4.60
3	▶	75 KING WILLIAM STREET, LONDON	4.30
4	▶	BECKTON TRIANGLE, LONDON (RW)	3.50
5	▶	ASTICUS, 21 PALMER STREET, LONDON (OFFICE)	3.10

Top 5 Regions as at 30/09/2011

Rank	Change	Name	%
1	▶	UK	87.30
2	▶	MONEY MARKET	12.70

Top 5 Sectors as at 30/09/2011

Rank	Change	Name	%
1	▶	RETAIL - PROPERTY	44.40
2	▶	OFFICES - PROPERTY	26.80
3	▶	INDUSTRIAL - PROPERTY	20.80
4	▶	OTHERS	8.00

Top 5 Asset Classes as at 30/09/2011

Rank	Change	Name	%
1	▶	PROPERTY	72.30
2	▶	MONEY MARKET	12.70
3	▶	FIXED INTEREST	7.60
4	▶	EQUITIES	6.50
5	▶	ALTERNATIVE INVESTMENT STRATEGIES	.90