Straits Global Property Strategy

April 2021

Manager and Investment Strategy

Straits Global Property Strategy (SGP) invests primarily in a diversified portfolio of global real estate securities. SGP is managed by Straits Investment Management Pte. Ltd. (SIM) - a global fund management firm based in Singapore. SIM, a wholly owned subsidiary of Straits Trading Company (Straits Trading), is uniquely able to leverage the resources of its parent. SIM is a Registered Fund Management Company (RFMC) and is regulated by the Monetary Authority of Singapore (MAS).

Total Return[1]	3 months	6 months	12 months	Since Inception
SGP	8.8%	13.2%	22.8%	**16.2%**

SGP Monthly Total Return[1]

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	-0.5%	1.9%	4.0%	2.7%									**8.3%**
2020	1.0%	-2.7%	-7.6%	4.7%	2.5%	0.5%	3.0%	2.2%	1.9%	-1.8%	3.2%	1.3%	**7.8%**
2019	-	-	-	-	-	-	-	-	-	0.1%	-0.5%	0.0%	**-0.5%**

[1] Total return is calculated net of fees, expenses and WHT.

SGP Statistics		SGP Investment Terms	
Launch Date	October 1, 2019	ISIN	XS2053558552
Initial issue price	S$10,000.0000	Geographic / Sector Focus	Global Property
Current price	S$11,617.2601	Strategy	Absolute-return
Currency	SGD	Management Fee	1.25% p.a.
Calculation agent	UBS	Performance Fee	5.00% p.a.
Total number of positions	43	Hurdle Rate	None
Volatility	9.5%	High Water Mark	Yes
Maximum Monthly Drawdown	-7.6%	Subscriptions	Daily
Maximum Monthly Gain	4.7%	Redemptions	Daily

Contact Details

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April market recap:

1) The bond market, for its part, seems to have come to terms with the economy's vigorous expansion. The benchmark US 10-year yield has been in a narrow range of 1.53% to 1.78% over the past month or so, after its steep climb from just under 1% at the turn of the year.
2) Even though yields have almost doubled, the Singapore REIT (SREIT) index is unscathed, up 4.5% YTD. SREITs posted a broadly in-line set of Q1 results, with operating metrics of industrial faring better then office, followed by retail. Key focus was on acquisitions for industrial, banks downsizing for office and forward guidance for retail. Singapore's Q1 property investment volumes rose 48% YoY (+26% QoQ) to S$3.8b amidst improving sentiment and economic recovery. Key transactions included Allianz Real Estate's acquisition of a 50% stake in OUE Bayfront (S$634m), the sale of all units at Swire's residential Eden projects (S$293m) and Lendlease's purchase of two buildings in Paya Lebar (S$150m).
3) According to Morgan Stanley, lenders have been providing real estate borrowers with forbearance on loans and extending payment deadlines. So, only 1% of last year's commercial real-estate transactions were for properties in distress, well below the 20% figure seen during the global financial crisis of 2008. For REITs, the forward indicators are starting to look better.
4) As of April 30th, the global real estate sector was still trading a 3.2% discount to NAV and offers a dividend yield of 3.3%. Straits Global Property closed the month up 2.7% and is up 8.3% YTD (net of fees).

Outlook:

1) After the injection of trillions of dollars of fiscal and monetary stimulus plus the accelerating vaccination rates, it should be no surprise that things are booming. We are not completely out of the woods yet. But parts of pre-pandemic life are returning, from movie openings to sporting events. Even hotel rooms are filling up (after the pandemic ravaged bookings), airlines have started booking middle seats, concerts/conventions are back in play and indoor dining is ramping up.
2) There are myriad signs of a brightening outlook. Weekly US jobless claims fell to a pandemic low for the third consecutive week. We think, the global economy is going to enjoy a few more months of positive data release on vaccinations, pent-up consumer demand and strong corporate earnings.
3) The underlying backdrop is ripe for REITs to grind higher. The US economy is on its way to recover pandemic losses this quarter. Even the Fed acknowledged the economy is at an inflection point – and Jerome Powell made it clear that the days of easy money aren't ending anytime soon.