

LF Canlife UK Property ACS

INVESTMENT POLICY AND OBJECTIVES

To deliver long-term income returns and capital growth.

The Fund will invest primarily in a diversified portfolio of UK commercial property, selected from across the retail, office, industrial and other sectors, including leisure and hotels.

The Fund may also invest in property or non-property related transferable securities (which may result in limited indirect exposure to property outside of the UK), units or shares in collective investment schemes, money market instruments, deposits and government and public securities. The Fund may have direct exposure to UK residential property.

Derivatives and forward foreign exchange contracts may be used for the purposes of efficient portfolio management.

INVESTOR CONSTITUENCY

Institutional

Fund details

Type of fund	Authorised Contractual Schemes
Residence	United Kingdom
Launch date	27-Oct-2017
Open/closed-ended	Open Ended
Earliest date of winding up	-
Year-end	-
NAV (GBPm)	358.8

Management/professional advisors

Manager	Canada Life Asset Management Ltd
Investment Advisor	Canada Life Asset Management Ltd
Property Fund Manager	Michael White, Ben Wood
Trustee	State Street Bank & Trust Company, London Branch
Auditors	Ernst & Young LLP

Investment rates of return, %

		MSCI/AREF UK Quarterly Property Fund Index *		
		Other Balanced Funds	All balanced funds	All funds
3 months	-1.0	0.3	0.3	0.0
Year-to-date	-1.1	1.8	1.6	0.7
12 months	-1.1	1.8	1.6	0.7
3 years+	-	6.5	6.0	5.3
5 years+	-	7.2	6.6	6.0
10 years+	-	8.1	7.7	7.7

Note: * Weighted average returns + Annualised

Source: MSCI/AREF UK Quarterly Property Fund Index(Sponsored by PropertyMatch)

Property investment restrictions

Maximum development exposure	50%
Maximum speculative development exposure	-
Maximum lot-size holding as a standing investment	-
Maximum lot-size holding permitted at purchase	-
Maximum exposure to limited partnerships	-
Maximum exposure to joint ventures	-
Maximum exposure to closed and open-ended property unit trusts	-

Portfolio distribution %

	LF Canlife UK Property ACS*	MSCI/AREF UK Quarterly Property Fund Index**		
		Other Balanced Funds	All balanced funds	All funds
Standard retail – South East	2.2	7.4	6.8	5.6
Standard retail – Rest of UK	2.5	3.0	3.2	3.6
Shopping centres	8.8	1.3	2.0	6.6
Retail warehouses	12.9	12.3	12.0	10.8
All UK retail	26.3	24.0	23.9	26.5

City offices	14.5	3.6	3.3	2.9
West End offices	11.7	7.6	8.0	6.7
Rest of South East offices	13.9	11.6	10.8	7.6
Rest of UK offices	10.1	6.3	5.9	5.0
All UK offices	50.2	29.1	28.0	22.2
South East industrial	7.9	19.6	19.9	15.9
Rest of UK industrial	2.5	10.5	10.2	8.3
All UK industrial	10.3	30.1	30.1	24.2
Other UK properties	0.0	11.7	10.7	21.4
Cash***	13.1	5.1	7.3	5.7
Overall	100.0	100.0	100.0	100.0

** MSCI/AREF UK Quarterly Property Fund Index (Sponsored by PropertyMatch)

^ Includes Investment in Indirects

Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	24	264.4	84.8
Joint and indirect holdings	1	47.2	15.2
Listed investments	0	0	0.0
Total	25	311.6	100.0

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
ARIEL HOUSE CHARLOTTE STREET	LONDON	Office	35.6	11.4
THE BRAND UNION BUILDING, BREWHOUSE YARD, ST JOHN STREET	LONDON	Office	30.5	9.8
REGENT ARCADE SHOPPING CENTRE	CHELTENHAM	Retail Shopping Centre	26.7	8.6
PHASE 3, LEEDS CITY OFFICE PARK	LEEDS	Office	18.7	6.0
STOCKLEY PARK	UXBRIDGE	Office	16.2	5.2
FORBURY SQUARE	READING	Office	16.2	5.2
UNITS 1 2 & 3 TURBARY RETAIL PARK	BOURNEMOUTH	Retail Park	14.0	4.5
BRAMAH HOUSE, 65-71 BERMONDSEY STREET	LONDON	Office	13.5	4.3
ROUNDSWELL RETAIL PARK	BARNSTAPLE	Retail Park	11.1	3.6
DELTIC PARK	MILTON KEYNES	Industrial	10.9	3.5
10 largest investments as % of portfolio			193.3	62.0

Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	4	6.2	2.0
2.5 - 5	5	20.6	6.6
5-10	3	24.1	7.7
10-25	9	120.7	38.7
25 - 50	3	92.8	29.8
50 - 100	-	-	-
Over 100	-	-	-
Total	24	264.4	84.8
Average lot size		11.0	

Property Yield*		Voids as % of ERV*	
Net initial yield	4.75%	Investments	7.61%
Nominal equivalent yield	6.27%	Developments	-7.61%
True equivalent yield	6.80%	Total	0.00%
Net reversionary yield	6.36%		

Rental income & ERV by type of property*

	Rental income %	Estimated rental value %
Standard retail	5.4	5.0
Retail warehousing	20.9	16.6
Shopping centres	14.7	12.7
Central London offices	19.4	23.0
Other offices	29.9	30.3

Industrial	9.7	12.5
Other	0.0	0.0
Overall	100.0	100.0

Over Renting and Reversionary Potential, % Rent Passing

Sector	Rent Passing, GBP Millions	Rent Free , % Rent Passing	Development vacancy, % Rent Passing	Investment vacancy, % Rent Passing	Over rented,% Rent Passing	Reversionary potential,% Rent Passing	Reversionary potential Net of Over renting,% Rent Passing	Market Value,% Rent Passing
Standard retail	0.7	0.0	0.0	10.1	-2.2	26.8	24.6	126.8
Retail warehousing	2.8	0.0	0.0	6.3	-3.4	9.4	6.0	109.4
Shopping centres	2.0	10.0	0.0	16.2	-11.1	18.8	7.6	118.8
Central London offices	2.6	5.6	0.0	20.5	0.0	63.9	63.9	163.9
Other offices	4.1	0.0	28.1	2.7	-5.7	39.7	34.0	139.7
Industrial	1.3	9.5	0.0	8.2	0.0	77.7	77.7	177.7
Other	-	-	-	-	-	-	-	-
Overall	13.6	3.5	8.4	9.8	-4.2	37.9	33.8	138.0

*Comprising the ERV of developments in progress or contracted which have not been pre-let

Listed Investments

	% of Issue held	Valuation (GBPm)	Est. % of total portfolio
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

The unexpired term of leases

Years	% of rent passing
20 years or greater	1.3
15 years or greater, but less than 20	0.0
10 years or greater, but less than 15	2.7
5 years or greater, but less than 10	54.3
Less than 5 years	41.6

Joint and Indirect property holdings

Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio
JPUT	Other	INDIRECT RE - OTHER UNLISTED FUND - INSTITUTIONAL INVESTORS	0.0	100.0	48.3	15.5
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Debt analysis

Fixed rate borrowings			Variable rate borrowings		
Amount drawn (GBPm)	Average rate (%)	Average unexpired term (years)	Amount drawn (GBPm)	Rate above LIBOR (incl expenses) (%)	Off balance sheet debt (GBPm)+
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0

Development exposure*

Capital value of developments

	Not yet started	In progress+	All developments	Cost to complete schemes in progress+
GBPm	0	0	0	0
% of all directly held properties*	0.00%	0.00%	0.00%	0.00%

* Includes joint ventures in which the Fund has an interest of 50% or more

Valuations/performance monitors/affiliations

Frequency of valuation	Last Business Day of Each Month
Valuers	Cushman and Wakefield and BNP Paribas Real Estate
Portfolio performance monitored by MSCI	Yes
Constituent of MSCI/AREF UK Quarterly Property Fund Index	Yes
Member of the Association of Real Estate Funds	Yes

Restrictions on holdings of cash/borrowings

Maximum total gearing permitted

for investment purposes

for liquidity purposes

Cash holdings (maximum)

Cash holdings (minimum)

The contribution of major tenants to rental income

Tenant	%
SHARP ELECTRONICS (EUROPE) LTD.	7.7
THE BRAND UNION LTD	7.5
IPF HOLDINGS LIMITED	6.8
MATALAN RETAIL LTD	5.9
MANCHESTER FOUNTAIN STREET CENTRE LIMITED	3.9
SAINT GOBAIN BUILDING DISTRIBUTION LTD	3.4
WATFORD CLARENDON ROAD CENTRE	3.4
WICKES BUILDING SUPPLIES LTD	3.3
BELLERIVE FINANCE PLC	2.7
CDS (SUPERSTORES INTERNATIONAL) LIMITED	2.6
Three largest tenants' contribution to rental income	22.0
Five largest tenants' contribution to rental income	31.8
Ten largest tenants' contribution to rental income	47.2

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	264.4	0.0	47.2	0.0	311.6
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	47.1	0.0	0.0	0.0	47.1
Other net assets/liabilities	0.0	0.0	0.0	0.0	0.0
Total net assets	311.5	0.0	47.2	0.0	358.8
Gearing (%)					
Net debt (cash)/properties	-17.8	-	0.0	-	-15.1
Net debt (cash)/equity	-15.1	-	0.0	-	-13.1

Quarterly data per unit

As at	30-Sep-18	30-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19
Bid (GBP)	0.994	1.005	1.048	1.050	1.051	1.04
Offer (GBP)	0.994	1.005	1.048	1.050	1.051	1.04
Mid (GBP)	0.994	1.005	1.048	1.050	1.051	1.04
Bid/offer spread	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net asset value (GBP)	0.994	1.005	1.048	1.050	1.051	1.04
Quarterly distribution (GBP)	0.000	0.000	0.000	0.000	0.000	0.00
Yield	-	-	-	-	-	-

Source: Canada Life

Unit pricing

The unit prices are priced daily.

Distributions

Quarterly

Minimum investment/disinvestment

Minimum initial holding £1,000,000

Minimum holding £1,000,000

Minimum deal size £1,000

Creation, transfer and realisation of units

Units can be traded daily for creations, transfers and redemptions, except in exceptional circumstances where Limited Redemption arrangements apply. In order to protect the liquidity of the Sub-fund, requests for redemptions of all Units are subject to a notice period. Redemption requests received by the Valuation Point on a particular Dealing Day will be redeemed at the price calculated at the Valuation Point on the first Dealing Day after 185 days from the date of receipt of the redemption request

Taxation

Capital Gains Tax:

Income Tax:

Stamp Duty Tax:

Charges

Annual Fee:

Performance Fee : 0.70% (annual management charge of I Acc share class)

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	0	0.0
1% or greater but less than 2%	0	0.0
2% or greater but less than 4%	0	0.0
4% or greater but less than 8%	1	5.0
Greater than 8.0%	2	95.0
Total	3	100.0
Major investors		
Largest holder	0	85.0
Three largest holders	0	100.0
Five largest holders	0	0.0
Ten largest holders	0	0.0
Internal/external investors		
Internal	1	85.0
External	2	15.0

Liquidity		
Period	Year to Dec 2018	Year to Dec 2019
Issues and redemptions		
Units in issue as at start of period	367,914,175	383,890,281
Units issued during period	-	23,397,508
Units redeemed during period	15,976,106	-50,961,332
Units in issue at end of period	383,890,281	356,326,457
Unit transfers		
Matched bargains	-	-
Matched bargains %*	-	-

* as % of units in issue at the end of the period

Disclaimer - Please note that the investment performance of the Fund relates to the I share class only, which is offered to new investors