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Canada Life
Investments

LF CANLIFE UK PROPERTY ACS



OVERVIEW

The LF Canlife UK Property Authorised Contractual Scheme (ACS) is designed to provide institutional investors with attractive long-term income returns and capital growth primarily through direct investment in UK commercial property assets. The Fund is diversified across property sectors, geographic regions and lease maturities. To ensure an optimum risk/return balance, the managers will invest the core of the Fund in high quality, income-generating assets and add tactical opportunities in more speculative or opportunistic investments and developments.

WHY CANADA LIFE INVESTMENTS?

Canada Life Investments is an independent asset manager responsible for £36bn¹ fixed income, property and equity assets from our headquarters in the City of London. Heritage is important to us and our journey in the UK began as far back as 1903, when our life insurance business was first established.

Since then, our dedicated team of fund managers and analysts have been seeking to generate consistent returns across numerous institutional mandates, balance sheet assets, life and pensions products and collectives. Financial strength is provided by our Canadian parent company, Great-West Life Co, who has over £790bn² consolidated assets under administration.

Canada Life Investments has managed commercial property in the UK, Ireland and Western Europe for over 50 years and currently manage £2.5bn¹ property assets. Our award winning, 23-strong team takes a hands-on approach to property management and administration, which is all managed internally, and put client and tenant service at the forefront of the business.

¹As at 31 March 2018

²As at 31 December 2017

WHY INVEST IN THE UK PROPERTY ACS?

Introduced by the UK government in 2013, an ACS is a tax transparent fund scheme that is authorised and regulated by the FCA. Unlike a unit trust or open ended investment company, an ACS is not subject to UK corporation tax, income tax or capital gains tax – rather UK tax is calculated at the investor level, depending on the circumstances of the investor.

The UK is the most transparent and one of the most liquid real estate markets in the world. Due to the size and depth of the UK property market, it is possible to achieve diversification benefits by sector and geography within the UK market itself, resulting in lower volatility when compared to other real estate markets.

The integrated structure between the asset and property management functions enables the Property Team to develop and implement asset specific strategies. As a result of the in-house property and tenant management function and high-quality analysis across all sectors, locations and property types, the team are able to actively manage properties with the aim to strengthen rental income streams, enhance capital values and deliver sustainable returns. This extensive investment experience and research-backed market knowledge means the Property Team are able to be nimble in their approach when responding to changing property needs.

³These are guideline weights only. The fund managers are able to deviate from these at their discretion.

⁴Under normal market conditions, the relevant notice period will be waived (in whole or in part) provided that there is sufficient liquidity in the Fund and all redemption requests are completed in the order in which they are received.

FUND PROFILE

Suitability: Institutional investors

Legal structure: Authorised contractual scheme (ACS)

Regulatory structure: Non-UCITS (NURS)

Launch date: 27 October 2017

Benchmark: MSCI IPD Quarterly

Asset class: Industrial (5-45%), Retail (20-50%), Office (10-50%), Residential (0-20%), Other (0-15%)³

Geography: Greater London and South East (20-60%), Midlands, North, Eastern, South West (5-20% each), Yorkshire and Humber, Scotland, Wales, Northern Ireland (0-10% each)³

Income payments: Quarterly

Dealing frequency: Daily (12 noon)

Notice period: 185 days (6 months)⁴

Platform availability: None

INVESTMENT PHILOSOPHY AND PROCESS

The investment approach for the Fund includes top-down research to determine the strategic level for the portfolio construction and diversification, alongside bottom-up analysis that feeds into the assessment of local markets and rigorous stock selection of individual properties.

Ensuring the Fund is positioned correctly for underlying economic and property trends, and subsequently picking the right sectors, plays a significant role in the investment process. Macroeconomic factors are a key driver for sector selection within the Fund, as attitudes and trends regularly shift in the commercial property world. We look at macro forecasts both at the start of each calendar year, to set the Fund's strategy for the next 12 months, and subsequent long-term trends.

We believe that assets with strong fundamentals such as location, tenant quality and lease structure will outperform and provide sustainable returns over the long term. Along with ensuring our sector selection is positioned correctly for the underlying macro outlook, we also establish our stock selection by identifying attractive bottom up opportunities in the market. This is driven by a combination of our internal research function, which provides a detailed analysis of the markets and individual assets, and our significant network of agents and brokers who know our fundamental requirements for sector and stock selection and introduce opportunities they believe will be a good fit.

Our experienced team have a comprehensive view of each asset. By actively managing all aspects of the property and tenant management in-house, we aim to enhance our risk-adjusted returns and add significant value for the fund over the long term.

Property is a tenant led business and our active engagement within the lettings market, and with our tenant base, allows us to understand any potential demand/supply imbalances that we are able to take advantage of. We have significant experience in refurbishing and refreshing properties, changing planning consents, re-gearing leases and securing high quality tenants.

Environmental sustainability is a significant consideration in our investment process. Not only do we promote the use of sustainable materials, waste management and recycling in the maintenance and management of the strategy but an energy performance certification is also in place across the portfolio. We target BREEAM (a sustainability assessment method for master planning projects, infrastructure and buildings) of 'very good' or better on all new developments and in major refurbishments.

FUND MANAGERS

Michael White
Property Investment Director



Ben Wood
Fund Manager



- 34 years' experience in investment management
 - Joined Canada Life Investments in 1986
 - Responsible for the overall investment strategy for the Fund
 - Leads investment acquisition programme in finding suitable products to match requirements of the Fund
 - Professional member of the Royal Institution of Chartered Surveyors.
- 20 years' experience in investment management
 - Joined Canada Life Investments in 2005
 - Responsible for developing and executing the asset management strategy for the Fund
 - Professional member of the Royal Institution of Chartered Surveyors.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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For more information, please contact your Canada Life Investments representative or visit canadalifeinvestments.com

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The LF Canlife UK Property ACS is an Authorised Contractual Scheme (ACS) and is suitable for institutional and professional investors. For more information see the ACS prospectus available at www.canadalifeinvestments.com. Property held by the ACS may not be readily saleable. This means that investors in it may not always be able to realise their investments when they choose. In such cases the encashment of units in the ACS may be postponed by up to 6 months. The value of property is generally a matter of a valuer's opinion rather than fact. Costs of buying and selling real property are generally much higher than for other types of assets. Property investments may be subject to significantly wider price spreads than bonds and equities which could affect the valuation of the fund by up to 8.00%.

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