

Ironbark Global (ex-Australia) Property Securities Fund

BENCHMARK

FTSE EPRA NAREIT Developed Rental ex-Australia Index (hedged to \$A, total return, net of withholding tax)

OBJECTIVE

Seeks to outperform its benchmark, after fees, over rolling three-year periods.

APIR

MGL0010AU

ARSN

110 908 793

INCEPTION DATE

20 October 2004

FUND SIZE

\$71.1m

MANAGEMENT FEE

1.0000% p.a.

EXIT PRICE

\$0.9466

BUY / SELL SPREAD

+0.30% / -0.30%

Net performance (%)

	1 month	3 months	1 year	3 years p.a.	5 years p.a.	7 years p.a.	10 years p.a.	Since inception p.a.
Fund	-3.18	0.72	-23.97	4.72	1.35	1.66	4.22	5.62
Benchmark ¹	-3.98	0.01	-23.06	4.85	0.24	0.91	3.70	5.73
Active	0.80	0.71	-0.91	-0.13	1.11	0.75	0.52	-0.11

Top overweight stocks²

Stock	Country
AvalonBay Communities	United States
Mid-America Apartment Communities	United States
Agree Realty Corporation	United States
Equinix	United States
Welltower	United States

Top underweight stocks²

Stock	Country
Realty Income Corporation	United States
Digital Realty Trust	United States
Equity Residential	United States
Invitation Homes	United States
Sun Communities	United States

Top 5 monthly contributors and detractors²

Contributing stock	Country
Equinix	United States
Boston Properties	United States
Life Storage	United States
Medical Properties Trust	United States
Digital Realty Trust	United States

Detracting stock	Country
Vonovia SE	Germany
MORI TRUST REIT	Japan
Alexandria Real Estate Equities	United States
Mid-America Apartment Communities	United States
Realty Income Corporation	United States

Top 5 quarterly contributors and detractors²

Contributing stock	Country
Boston Properties	United States
Equinix	United States
EastGroup Properties	United States
Medical Properties Trust	United States
Life Storage	United States

Detracting stock	Country
Welltower	United States
Vonovia SE	Germany
Mid-America Apartment Communities	United States
Agree Realty Corporation	United States
Sabra Health Care REIT	United States

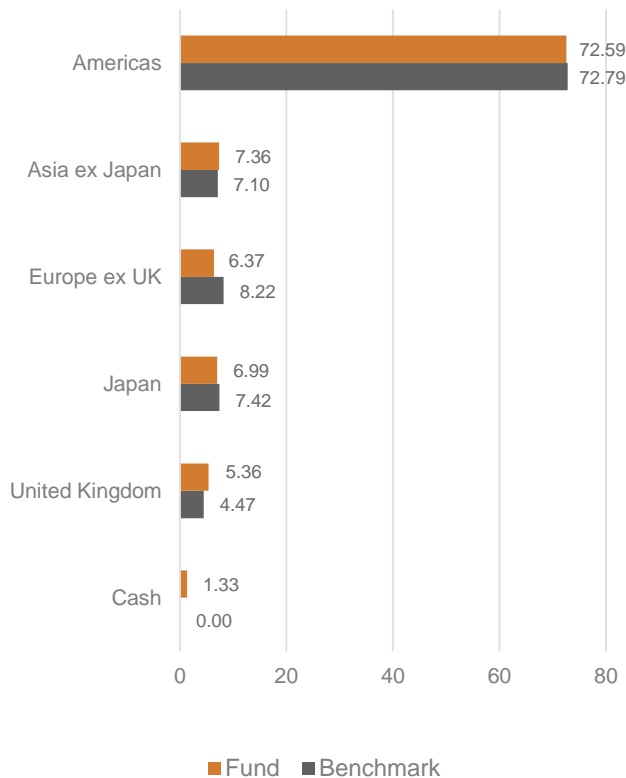
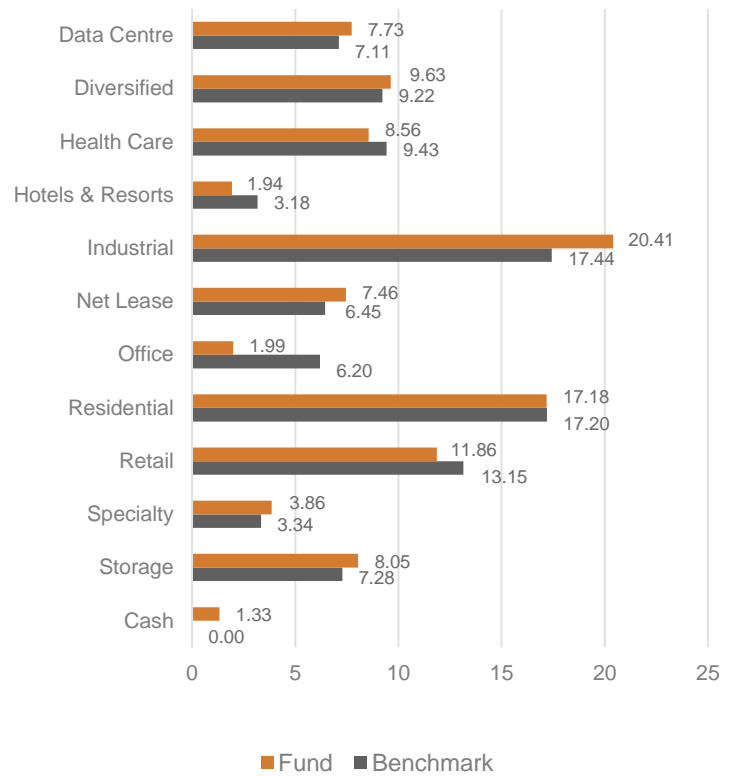
Past performance is not indicative of future results. Net performance figures are calculated using exit prices, net of fees and reflect the annual reinvestment of distribution. Returns are rounded to two decimal places. Slight variations to actual calculations may occur.

¹The FTSE EPRA NAREIT Developed Rental ex-Australia Index (TR, Net of WHT Hedged to AUD) was adopted as the Fund's benchmark on 1 February 2022. Benchmark calculations from 20 October 2004 to 31 January 2015 are based on the UBS Global ex Australia Real Estate Investors Index (TR, Net of WHT Hedged to AUD) and benchmark calculations from 1 February 2015 to 31 January 2022 are based on the FTSE EPRA/NAREIT Developed ex Australia Index (TR, Net of WHT Hedged to AUD).

²Regional and country allocation is based on country of listing.

CONTACT DETAILS

T.1800 034 402 | E. Client.Services@ironbarkam.com | W. www.ironbarkam.com

Regional asset allocation (%)¹

Sector asset allocation (%)¹


¹Regional and country allocation is based on country of listing.

Market review

Global property stocks advanced with the FTSE EPRA/NAREIT Developed ex-Australia Rental Index returning 4.4% (in local currency terms), underperforming the broader equity market as measured by MSCI World which returned 7.5%. Risk assets rose off mid-October lows as inflation expectations moderated and US dollar strength finally relented. Fourth-quarter gains were further supported by congressional gridlock following US midterm elections (a historically favorable outcome for equity markets) and improved investor sentiment surrounding the relaxation of China's controversial "zero-COVID" policy. However, markets traded sideways into year-end after the Federal Reserve delivered its 7th jumbo hike of the year, taking its expectation for the terminal Fed Funds rate above 5% (its highest level in 15 years).

Property stocks followed the broader market higher in Q4 2022, albeit to a lesser extent. After sharp falls year-to-date, property stocks in Continental Europe caught a bid led by the Nordics. Asia ex-Japan also performed well, spurred by China softening its stance on "zero-COVID". Property stocks in the UK also advanced as the newly installed administration seemingly injected some confidence into local markets. In the Americas there was a wide dispersion of returns at the sub-sector level with malls and retail the standouts while office, residential and self-storage underperformed.

Performance review

The Ironbark Global (ex-Australia) Property Securities Fund (the 'Fund') returned 0.72% (net) for the quarter, outperforming the FTSE EPRA/NAREIT Developed Rental ex-Australia Index (hedged to \$A, net) return of 0.01% by 0.71%.

Overall, stock selection contributed to relative performance while allocation had a neutral impact. From an allocation perspective, the underweight to underperforming Japan was the leading contributor. However, this was more than offset by the underweight to outperforming Continental Europe and bucket allocation in the Americas which detracted. At the stock level, selection was particularly strong in the Americas, Asia ex-Japan and the UK. Selection was also positive in Continental Europe while Japan had a minor negative impact.

Americas performance review

The Americas portion of the portfolio returned 5.2%, outperforming the local benchmark return of 4.8% (in local currency terms). Positive stock selection helped to more than offset negative bucket allocation. From an allocation perspective, the underweight to underperforming office was the leading contributor. Office faces a tough economy and demand drivers flashing warning signals (i.e., business confidence). The sector also remains under pressure from the impact of COVID-19; leasing volumes are muted and, thus far, employers remain flexible and accommodative towards work-from-home trends in a tight labour market. Conversely, the underweight to outperforming malls was the leading negative contributor. Malls were up strongly given resilient consumer demand trends. The exposure to US towers also detracted. Higher rates and FX were a headwind early in the quarter, while forward guidance from one of the major tower companies came in below expectations, weighing on the group overall. At the stock level, selection was particularly strong within data centers, residential and healthcare. This was partially balanced by negative selection within office and industrial.

Europe performance review

The UK portion of the portfolio returned 7.5%, outperforming the local benchmark return of 4.1% (in local currency terms), whilst the Continental Europe portion of the portfolio returned 6.0%, performing in-line with the local benchmark of 6.0% (in local currency terms).

In the UK, selection within the smaller, niche orientated property stocks was very strong. The standout was the overweight to outperforming Grainger. 'Build-to-rent' focused Grainger delivered a strong result, delivering on its private rental pipeline and benefitting from strong rent growth which is correlated to wage inflation. Looking ahead, Grainger expects rising mortgage costs to drive rental demand. Meanwhile in Continental Europe, positive selection within retail was balanced by negative selection amongst the Nordic property stocks.

Asia performance review

The Asia ex-Japan portion of the portfolio returned 5.1%, outperforming the local benchmark return of 4.9%. Selection was particularly strong amongst the Singapore REITs, namely the overweight to outperforming CapitalLand Integrated Commercial Trust, given the removal of an overhang when they discontinued the purchase of the Mercatus retail portfolio available on the market. Meanwhile, in Japan, selection was mixed. The underweight to outperforming Mori Trust Hotel REIT was a leading contributor with the share price likely spurred by reopening momentum. Elsewhere, the overweight to Office-exposed REIT Mori Sogo REIT was another bright spot while the overweight to underperforming Industrial & Infrastructure Fund Investment Corporation detracted.

Market outlook

The macro-economic backdrop is likely to remain choppy, exacerbated by the war in Ukraine and central banks tightening policies, especially considering slowing economic growth. The market narrative has shifted from worrying about stubbornly high inflation in 2022 to assessing recession risk in 2023, and whether the US Federal Reserve can engineer a soft landing for the economy. Inflation has begun to recede from its highs, and peak interest rate expectations are likely to become more predictable, however, recession risks are also rising and may fuel additional volatility in the new year.

Looking ahead, positive fundamentals across select real estate sectors are being balanced by rising rates and prospects for slowing global growth. Given the uncertain macro backdrop, the investment manager believes a more balanced allocation is appropriate in the immediate term. In terms of the investment manager's strategy, they also favour sectors with strong balance sheets and low exposure to floating rate debt. Overall, the largest positive active positions are net lease, industrial, specialty and manufactured housing, whilst the largest negative active positions are office, self-storage, and core apartments/single family rentals.

Issued by Ironbark Asset Management (Fund Services) Limited ABN 63 116 232 154 AFSL 298626 ('Ironbark'). Ironbark is the responsible entity for the Fund(s) referred to in this document. The relevant target market determination (TMD) and offer document for the Fund(s) is available from www.ironbarkam.com/our-funds/ or by calling Ironbark on 1800 034 402. This document contains general information only and is not intended to represent specific investment or professional advice. The information does not take into account an individual's personal financial circumstances, objectives or needs. Before making an investment decision, you should consider obtaining professional investment advice that takes into account your personal circumstances and should read the current TMD and offer document before making an investment decision to acquire or to continue to hold units in the Fund. Ironbark and its representatives believe that the information in this document is correct at the time of compilation, but no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors or omissions (including responsibility to any person due to negligence) is accepted by Ironbark. To the extent permitted by law, Ironbark, its employees, consultants, advisers, officers and representatives are not liable for any loss or damage arising as a result of reliance placed on the contents of this document. While any forecasts, estimates and opinions in this material are made on a reasonable basis, actual future results and operations may differ materially from the forecasts, estimates and opinions set out in this material. No guarantee as to the repayment of capital or the performance of any product or rate of return referred to in this material is made by Ironbark. Past performance is not a reliable indicator of future performance. All currency references are shown in Australian dollars unless stated otherwise. All indices are copyrighted by and proprietary to the issuer of the index. Any investment is subject to investment risk, including delays on the payment of withdrawal proceeds and the loss of income or the principal invested. This document is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. No part of this material may be reproduced or distributed in any manner without the prior written permission of Ironbark. © Copyright 2023 Ironbark Asset Management Pty Ltd (Ironbark) (ABN 53 136 679 420).

CONTACT DETAILS

T.1800 034 402 | E. Client.Services@ironbarkam.com | W. www.ironbarkam.com