

Ironbark Global (ex-Australia) Property Securities Fund

BENCHMARK

FTSE EPRA/NAREIT Developed 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

\$96.4m

MANAGEMENT FEE

1.0000% p.a.

EXIT PRICE

\$0.9009

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. ²
Fund	-2.26	1.98	-17.83	0.30	2.91	5.71	7.60	6.16
Benchmark ¹	-2.62	0.60	-21.27	-2.11	1.76	4.93	7.49	6.28
Active	0.36	1.38	3.44	2.41	1.15	0.78	0.11	-0.12

Top overweight stocks³

Stock	Country
Life Storage	United States
Extra Space Storage	United States
EastGroup Properties	United States
Essential Properties Realty Trust	United States
Gaming and Leisure Properties	United States

Top underweight stocks³

Stock	Country
Public Storage	United States
Equity Residential	United States
Healthpeak Properties	United States
Duke Realty Corporation	United States
CK Asset Holdings	Hong Kong

Top 5 monthly contributors and detractors³

Contributing stock	Country
Essential Properties Realty Trust	United States
Fabege	Sweden
Fastighets	Sweden
Equity Residential	United States
SBA Communications Corporation	United States

Detracting stock	Country
Public Storage	United States
Unibail-Rodamco-Westfield	Netherlands
VICI Properties	United States
Ventas	United States
Equity LifeStyle Properties	United States

Top 5 quarterly contributors and detractors³

Contributing stock	Country
Essential Properties Realty Trust,	United States
Equity Residential	United States
Mapletree Industrial Trust	Singapore
CK Asset Holdings	Hong Kong
Extra Space Storage	United States

Detracting stock	Country
Unibail-Rodamco-Westfield	Netherlands
Public Storage	United States
Ventas	United States
Kimco Realty Corporation	United States
Regency Centers Corporation	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.

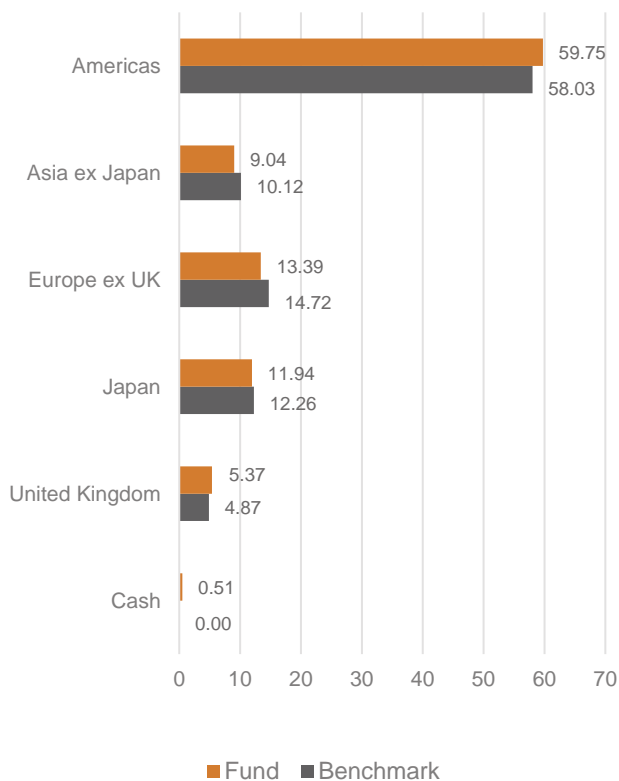
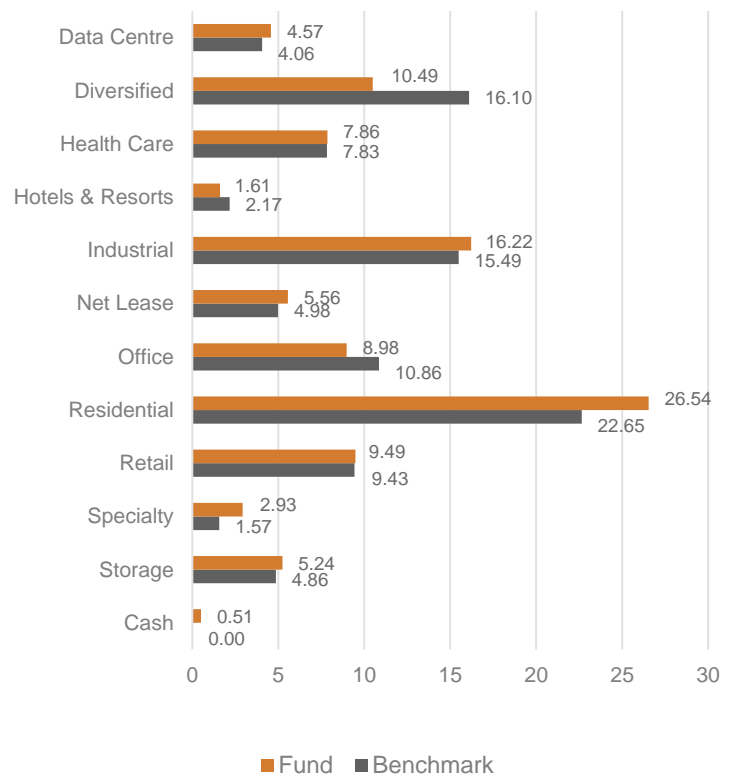
¹ The Fund changed its benchmark from the UBS Global ex Australia Real Estate Investors Index (TR, Net of WHT Hedged to AUD) to the FTSE EPRA/NAREIT Developed ex Australia Index (TR, Net of WHT, and Hedged to AUD) on 1 February 2015.

² This figure represents the annualised performance of the Fund from inception.

³ Regional and country allocation is based on country of listing.

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Regional asset allocation (%)¹

Sector asset allocation (%)¹

Market review

Global property stocks closed higher with the FTSE EPRA/NAREIT Developed (Ex-Australia) Index returning 0.8% (in local currency terms), however the asset class underperformed the broader equity market as measured by the MSCI World which returned 6.7%.

Global stocks posted healthy gains for quarter, a slowdown from the prior three months leap, but still a strong result. For much of the quarter, stocks moved steadily higher supported by improving economic data, medical advancements for COVID 19 and expectations for prolonged accommodative monetary policy. However, momentum stalled in September, as global stocks snapped a five month winning streak. Late in the quarter, the rotation away from high-flying tech stocks gained steam with investors assessing if valuations were stretched too far after a five month rally. Elsewhere, markets continued to balance economic improvement, underscored by central bank support with continued uncertainty ahead of the November US election and rising COVID 19 cases in Europe.

Global property stocks followed the broader equity market higher, albeit to a lesser extent. At the regional level, Japan (up 3.3%) was the top performer driven by strength in the REITs. Continental Europe (up 3.0%) outperformed on the back of strength in the Nordics and German residential which helped to offset weakness in retail. Americas (up 0.5%) eked out a minor gain with self-storage and Industrial leading the way. Asia ex Japan (down 2.4%) was dragged down by the higher beta developers. The UK (down 2.7%) came under pressure late in the quarter amid a resurgence in COVID 19 cases.

Performance review

The Ironbark Global (ex-Australia) Property Securities Fund (the 'Fund') returned 1.98% (net) for the quarter, outperforming the FTSE EPRA/NAREIT Developed ex-Australia Index return of 0.60% by 1.38%.

Overall, allocation and stock selection both contributed to relative performance during the quarter. From an allocation perspective, the contributors were positive bucket allocation in Asia ex Japan and the UK, along with the underweight to underperforming Asia ex Japan. This was partially offset by the overweight to underperforming UK. At the stock level, selection was particularly strong in Asia ex Japan, Japan and the Americas, while Continental Europe also contributed.

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

Americas performance review (continued)

The Americas portion of the Fund returned 2.0%, outperforming the local benchmark return of 0.5% (in local currency terms).

In the US, bucket allocation had a slight negative impact, led by the underweight to outperforming hotels and exposure to retail, while the underweight to office contributed. At the stock level, selection was particularly strong within the apartments, office and net lease sub-sectors. Amongst apartments, the underweight to underperforming equity residential was the leading contributor. Equity residential, which owns a portfolio largely centered around central business districts, came under pressure as renter priorities shift as a result of remote working trends due to COVID 19.

Europe performance review

The UK portion of the Fund returned -2.5%, outperforming the local benchmark return of -2.7% (in local currency terms), whilst the Continental Europe portion of the Fund returned 3.9%, outperforming the local benchmark of 3.0% (in local currency terms).

In the UK, positive selection amongst the large caps were offset by negative selection within the smaller-niche property stocks. Amongst the large caps, the leading contributor was the underweight to shopping Centre landlord Hammerson PLC which fell sharply after announcing funding plans, including a highly dilutive rights issue and asset disposals. The overweight to logistics REIT, Segro PLC was another standout as fundamentals remain strong. Meanwhile, amongst the smaller-niche property stocks the exposure to student accommodation provider Unite Group PLC detracted as it came under pressure amid the resurgence in COVID 19 cases late in the quarter.

In Continental Europe, the overweight to German residential was a standout as earnings highlighted that volumes and price growth remain robust. Selection was also strong, namely within diversified, Nordics, office and residential.

Asia performance review

The Asia ex Japan portion of the Fund returned 3.7%, outperforming the local benchmark return of -2.3% (in local currency terms), whilst the Japan portion of the Fund returned 5.2%, outperforming the local benchmark return of 3.3% (in local currency terms).

In Asia ex Japan, bucket allocation and stock selection contributed. At the bucket level, the underweight to Hong Kong landlords, and exposure to Hong Kong REITs contributed. Meanwhile, selection was particularly strong amongst the Hong Kong developers and Hong Kong landlords. Amongst the Hong Kong developers, the overweight to outperforming New World Development was a standout with forward looking earnings guidance upbeat.

In Japan, stock selection was strong amongst both the developers and REITs. Amongst the developers, the overweight to outperforming Daiburu Corporation was a standout contributor as it reported a solid result which showed minimal impact from COVID 19. Meanwhile, within the REITs the overweight to Mori Trust Hotel REIT was the top contributor. Hotels caught a bid amid reports the government was considering making trips ending and starting in Tokyo eligible for the 'Go To Travel' campaign that provides subsidies for domestic based travel, along with solid accommodation demand during the Silver Week holiday.

Market outlook

Across the real estate landscape, the investment manager is focused on current valuations and the likelihood of cash flows to recover to pre-COVID 19 levels as a framework to assess potential opportunities. The Fund's stabilised cash flows projections suggest retail and hotels are likely to see the most severe damage, while certain sectors, such as cellular towers and data centres, will come out as winners longer-term. Near-term, certain sectors and regions may see weakness, such as hotels and developers, but longer-term opportunities could arise. As such, the investment manager remains selective, with a bias towards companies with limited balance sheet risk and innovative management teams as COVID 19 has presented very unique risks across the property market, such as extremely uncertain occupancy rates in prime office location, or demand coming to a standstill for high-end retail and restaurants. Overall, the investment manager retains a balanced approach with exposure to shorter-term value opportunities coupled with resilient growth.

From a long-term perspective, the investment manager believes performance for public (listed) real estate to ultimately be driven by the pricing and fundamentals of their underlying assets. Lastly, while broader sector level themes may influence regional property market performance, the investment manager believes stock selection will be the key driver going forward in this market. A focus on global property stocks with high-quality assets and sustainable business models should provide the most favourable risk and return profile.

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