

# 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

\$109.2m

## MANAGEMENT FEE

1.0000% p.a.

## EXIT PRICE

\$1.1701

## 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. <sup>2</sup>
<b>Fund</b>	<b>2.33</b>	<b>10.11</b>	<b>32.77</b>	<b>7.57</b>	<b>6.09</b>	<b>7.60</b>	<b>8.63</b>	<b>7.56</b>
Benchmark <sup>1</sup>	1.72	9.15	30.37	5.00	4.78	6.62	8.39	7.65
Active	0.61	0.96	2.40	2.57	1.31	0.98	0.24	-0.09

## Top overweight stocks<sup>3</sup>

Stock	Country
Life Storage	United States
Extra Space Storage	United States
EastGroup Properties	United States
AvalonBay Communities	United States
American Homes 4 Rent Class A	United States

## Top underweight stocks<sup>3</sup>

Stock	Country
Public Storage	United States
Digital Realty Trust	United States
Realty Income Corporation	United States
Invitation Homes	United States
Essex Property Trust	United States

## Top 5 monthly contributors and detractors<sup>3</sup>

Contributing stock	Country
Extra Space Storage	United States
Life Storage	United States
Welltower	United States
Realty Income Corporation	United States
Equinix	United States

Detracting stock	Country
Public Storage	United States
Retail Properties of America Class A	United States
Apple Hospitality REIT	United States
QTS Realty Trust Class A	United States
Howard Hughes Corporation	United States

## Top 5 quarterly contributors and detractors<sup>3</sup>

Contributing stock	Country
Life Storage	United States
Extra Space Storage	United States
Essential Properties Realty Trust	United States
CK Asset Holdings	Hong Kong
Deutsche Wohnen	Germany

Detracting stock	Country
Public Storage	United States
Park Hotels & Resorts	United States
British Land Company	United Kingdom
Medical Properties Trust	United States
Camden Property Trust	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.

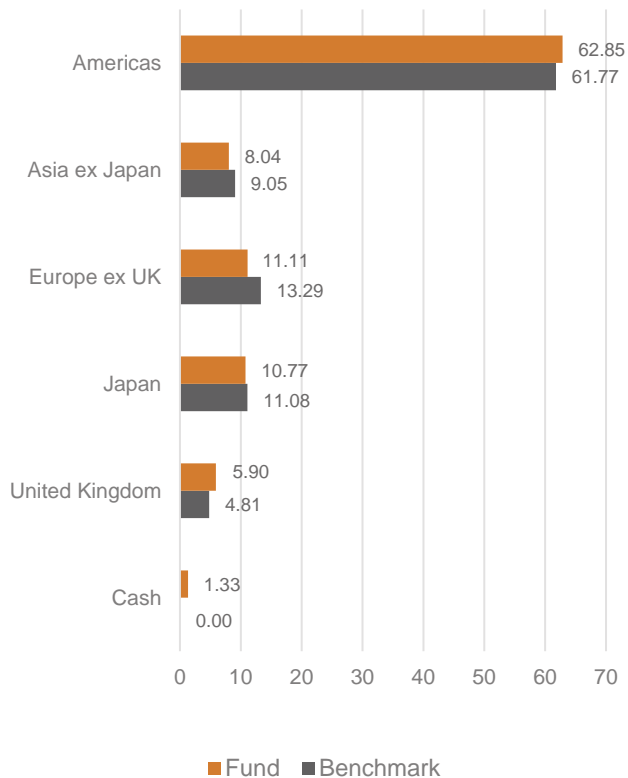
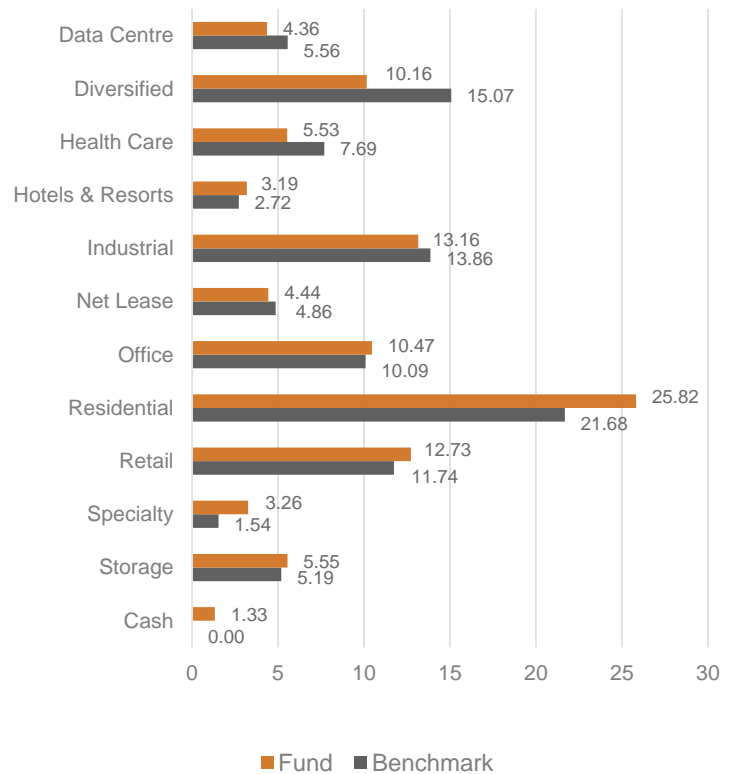
<sup>1</sup> The Fund changed its benchmark from the UBS Global ex Australia Real Estate Investors Index (TR, Net of WHT Hedged to AUD) to the FTSE EPRA/NAREIT Developed ex Australia Index (TR, Net of WHT, and Hedged to AUD) on 1 February 2015.

<sup>2</sup> This figure represents the annualised performance of the Fund from inception.

<sup>3</sup> Regional 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 (%)<sup>1</sup>**

**Sector asset allocation (%)<sup>1</sup>**

**Market review**

Global property stocks closed higher with the FTSE EPRA/NAREIT Developed Ex-Australia Index returning 9.2%, outperforming the broader equity market as measured by the MSCI World which returned 7.6%. In the second quarter, global stocks weathered inflation and tightening concerns to close near a record, supported by the ongoing economic recovery from the pandemic and injections of stimulus.

Positive momentum from the first quarter spilled over into the second as stocks continued their upward trajectory on the back of vaccine optimism, solid corporate earnings, and supportive central bank policy. Risk assets performed strongly as many macro indicators helped facilitate a relatively calm backdrop with benign interest rates, lower volatility (as measured by the CBOE Volatility Index), and declining credit spreads. As the quarter wore on the topic of inflation began to loom large as investors debated whether inflation will be short-lived due to base effects and pent-up demand or if instead inflation proves to be sticky and disruptive to the broader economic recovery. A higher than expected US inflation print in April (released in May), prompted a swift response from investors that were concerned it could force an earlier-than-expected reduction in central bank support. However dovish reassurances from the Federal Reserve helped stocks quickly resume their upward march. At June's Federal Open Market Committee meeting, the Federal Reserve upgraded both its growth and inflation outlooks due to the encouraging rebound in economic activity, but the market's attention was squarely focused on the median dot plot of expected future short-term rate increases as several members brought forward their prediction for a rate hike. Elsewhere, the European Central Bank raised its inflation forecast and renewed a pledge to maintain faster emergency bond-buying to sustain the Euro-area. The G7 backed a US global tax reform proposal for a global minimum tax rate of about 15%, taxing at least part of the profits in the countries where multinational companies make their sales. President Joe Biden secured bipartisan support for \$579 billion (in USD terms) infrastructure plan. Meanwhile, in commodities, crude oil prices rose as global demand gains steam.

Global property stocks rose and outperformed the broader market. The strength was relatively broad based, at both the regional and sub-sector level. The Americas (up 11.0%) led the way with self-storage and malls particularly strong. Continental Europe (up 10.5%) was also up strongly, supported by the broader uplift in stocks and signs of progress on the vaccine rollout. The UK (up 7.3%) was buoyed by positive economic data and the upcoming easing of COVID 19 restrictions. Returns in Asia Pacific were more modest. Japan (up 4.2%) closed higher as gains from the REITs were balanced by weakness amongst the developers. Similarly, in Asia Ex Japan (up 2.7%) it was the REITs that outperformed for the most part, while the higher beta landlords and developers were mixed.

## Performance review

The Ironbark Global (ex Australia) Property Securities Fund (the 'Fund') returned 10.11% (net) for the quarter, outperforming the FTSE EPRA/NAREIT Developed ex-Australia Index Net Hedged to \$A return of 9.15% by 0.96%.

Overall, allocation and stock selection contributed to relative performance. From an allocation perspective, the leading contributors were positive bucket allocation in the Americas and Continental Europe, while the underweight to underperforming Asia Ex Japan and Japan also had a minor positive impact. This was partially balanced by the underweight to outperforming Continental Europe which detracted. At the stock level, selection was positive across the board, in particular within the Americas, Asia Ex Japan and Continental Europe.

## Americas performance review

The Americas portion of the portfolio returned 12.4%, outperforming the local benchmark return of 11.0% (in local currency terms).

Bucket allocation was positive driven by the overweight to apartments and malls, along with the underweight to underperforming data centers and office. Apartments were well bid given improving fundamentals, strong private market demand and as potential inflation hedge, while malls were supported by reopening activity. At the stock level, selection was particularly strong within office, industrial, healthcare and net lease. A standout was the overweight to outperforming Manhattan Office landlord, SL Green which advanced on belief the worst of the pandemic is over, with New York leasing activity expected to pick up as firms beckon employees back to the office.

## Europe performance review

The UK portion of the portfolio returned 7.4%, outperforming the local benchmark return of 7.3% (in local currency terms), whilst the Continental Europe portion of the portfolio returned 12.3%, outperforming the local benchmark of 10.5% (in local currency terms).

In the UK, selection within large caps and the smaller, niche-orientated property stocks contributed. Amongst the niche-orientated property stocks, the overweight to outperforming self-storage REIT, Big Yellow Group PLC was a standout, along with the exposure to PRS REIT PLC which has risen on the back of accelerating pace of unit completions and improvements to income visibility. Meanwhile, on the continent bucket allocation contributed, namely the underweight to underperforming Switzerland. Selection was also strong led by residential via the overweight to outperforming Deutsche Wohnen SE which agreed to merge with peer Vonovia SE in a €18 billion deal.

## Asia performance review

The Asia Ex Japan portion of the portfolio returned 5.0%, outperforming the local benchmark return of 2.7% (in local currency terms), whilst the Japan portion of the portfolio returned 4.6%, outperforming the local benchmark return of 4.2% (in local currency terms).

In Asia Ex Japan, the positive contribution was driven by strong stock selection within Hong Kong SAR Developers, and to a lesser extent Singapore REITs. Amongst the developers, the overweight to outperforming CK Asset was a leading contributor. CK Asset was supported by an undemanding valuation and as a reopening play. Meanwhile, in Japan, the leading contributor was selection amongst the developers, including the overweight positions to outperforming Mitsui Fudosan and Tokyu Fudosan. Mitsui Fudosan was supported by a well-received earnings update which included a share buyback announcement. Meanwhile, Tokyu Fudosan laid out its long term vision through Financial Year 2030 which included shareholder return enhancement initiatives such as an increased payout ratio target.

## Market outlook

Looking ahead, there will be clear winners and losers as the global economy regains its footing. 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. As we enter the second half, positive base effects for both growth and inflation are expected to fade.

While the investment manager remains positive on improving fundamentals for sectors such as retail, core apartments and hotels that are going to continue to benefit from the re-opening of the economy, they have become more balanced in their exposures between re-opening versus secular growth sectors. The investment manager also anticipates broader volatility to offer tactical opportunities for stable names at attractive valuations.

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, they believe stock selection will be the key driver going forward in this market. A focus on global REITs with high-quality assets and sustainable business models should provide the most favourable risk/return profile.

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 offer document is available from [www.ironbarkam.com/our-funds/](http://www.ironbarkam.com/our-funds/) or by calling Ironbark on 1800 034 402. You should consider the 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. 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 financial circumstances. Past performance is not indicative 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.

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