

# Australian Property Securities Fund

Fund Focus - March 2023



## Investment Strategy

The Fund invests in a range of listed property securities, spread primarily across retail, commercial, industrial and residential property sectors.

## Portfolio Characteristics

Funds Under Management	\$308.36m
Number of Holdings	30
Turnover Ratio %	12.44
Latest Distribution Date	31 March 2023
Latest Distribution Amount	0.8228
Benchmark	S&P/ASX 300 AREIT Accumulation Index

## Fund Facts

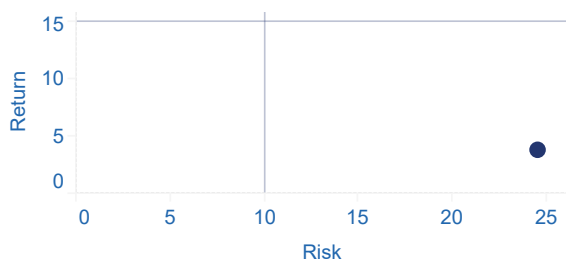
APIR Code	ZUR0064AU
Inception Date	28 February 2000
Total Est. Management Cost %	0.81
Est. Transactional Op. Cost %	0
Buy/Sell Spread %	0.30
Distribution Frequency	Quarterly
Underlying Fund Manager	Renaissance Property Securities Pty Ltd

## Fund Performance After Fees

	1 Month	3 Months	1 Year	3 Years	5 Years	Since Inception
Distribution	0.63	0.69	2.56	3.02	2.92	6.00
Growth	-7.36	0.20	-14.57	11.51	0.94	0.82
Total	-6.72	0.89	-12.01	14.52	3.86	6.81
Benchmark	-6.84	0.32	-14.02	14.20	5.19	6.48

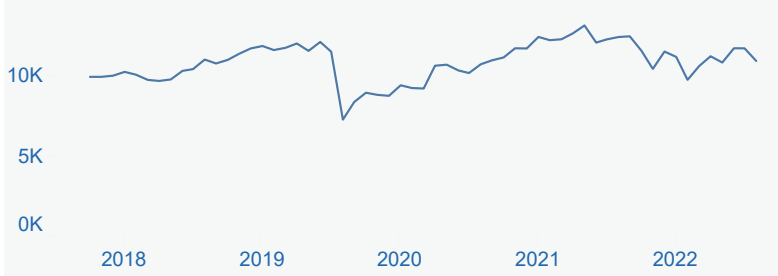
## Risk Reward

1 Apr 2018 to 31 Mar 2023



## Investment Growth (\$10,000)

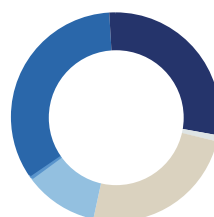
1 Apr 2018 to 31 Mar 2023



## Top 10 Holdings (%)

	Weight	Benchmark
Goodman Group	22.78	26.31
Scentre Group	15.13	11.68
Stockland	8.57	7.77
Vicinity Centers	7.18	6.16
Mirvac Group	6.15	6.72
Gpt Group	5.87	6.65
Dexus	5.54	6.61
Unibail-rodamco-west	4.02	0.54
Charter Hall Group	3.67	4.26
Carindale Prop Trst	2.69	0.00

## Portfolio Equity Sectors (%)



Diversified REITs	27.23
Health Care Reits	0.66
Hotels Resorts & Cruise Lin..	0.27
Industrial REITs	24.07
Multi-Family Residential Re..	1.79
Office Reits	9.52
Real Estate Development	0.52
Retail REITs	32.88
Self Storage Reits	0.91

## Risk Statistics

1 Apr 2018 to 31 Mar 2023

Std Dev	24.49
Alpha	-1.17
Beta	0.99
Sharpe Ratio (arith)	0.16
Up Capture Ratio	93.05
Down Capture Ratio	95.68

## Top 5 Active Positions

	Portfolio Weight (%)	Benchmark	Active Position (%)
Unibail-rodamco-west	4.02	0.54	3.48
Scentre Group	15.13	11.68	3.45
Carindale Prop Trst	2.69	0.00	2.69
Gdi Property Group	2.69	0.29	2.39
Aspen Group	1.21	0.00	1.21

## Market Commentary

The AREIT market rose by 0.3% in the March quarter. The AREIT market surged during January with the strong performance driven by decelerating global inflation and the expectation that interest rate rises may be nearing an end. AREIT performance turned negative though for the remainder of the quarter with investors strongly focused on the collapse of Silicon Valley Bank and the subsequent panic by equity markets that there may be another bank crisis. However, the US Federal Reserve acted quickly to guarantee all deposits and provide liquidity to all banks to prevent contagion and a run on the banking system. Markets have subsequently stabilised, though volatility remains heightened.

## Fund Commentary

The Fund edged ahead in the March quarter and outperformed the index return. For the 12 months to 31 March 2023, the Fund is comfortably ahead of the index return.

Overweight positions that contributed positively included Unibail and Carindale. Unibail benefited from a falling interest rate outlook, improving cost of living in Europe, and progress on US asset sales. Unibail also performed well after the company surprised on earnings and guidance for 2023. Carindale delivered a solid result during the quarter and has benefited from being inexpensive relative to other mall owners. The stock also benefited from being deep value and subsequently fell less than the index towards the end of the quarter.

Underweight positions that contributed positively included Region, Rural Funds and Cromwell Property. Region guided to lower earnings driven by increasing interest costs. Rural Funds contributed positively after announcing lower earnings that were driven by slower lease up on farms than the market expected. Cromwell Property contributed positively after earnings fell due to interest costs and announcing delays to strategy implementation due to market conditions. The stock also underperformed on the back of increasing concern around office assets due to high vacancy, uncertainty around the level of return to office and increasing evidence of falling values.

Overweight positions that detracted from performance included Scentre and Ingenia Communities. Scentre underperformed in the very strong market at the start of the quarter and was left behind by the surging fund managers that benefited from the switch into more growth orientated names on optimism around falling interest rates. Ingenia detracted as management downgraded earnings on the back of weaker sales and settlements.

The underweight position in Goodman detracted as it is viewed as a beneficiary of falling interest rates. The company also benefited from a strong update by US comparable, Prologis. Lastly, Goodman is benefiting from the strength of industrial and well above sector earnings growth. Goodman remains an underweight position given its relatively elevated valuation.

The investment team increased the Fund's exposure to the fund managers in March due to the significant underperformance towards the end of the quarter, though the Fund remains underweight in these names. This included increasing exposure to Charter Hall, HomeCo and Centuria.

The investment team also increased exposure to office stock Dexu following significant underperformance. Exposure was increased as well in deep-value names, GDI and Carindale. Both stocks trade at 40% discount to NTAs versus the market average which is closer to 20%.

The Fund also participated in the National Storage and HomeCo capital raises, taking advantage of attractive pricing.

\* Performance returns quoted are compound rates of return calculated on exit prices and assume reinvestment of distributions. Returns are calculated net of all ongoing fees and any taxes payable by the fund. Total return includes both growth and distribution returns. Growth return is the change in exit price over the relevant period. The benchmark return shown is a gross return. Please note that figures shown are rounded to one decimal place, therefore some rounding errors may occur.

^ The Estimated Total Management Cost of 0.81% includes an Estimated Performance Fee of 0% and Estimated Indirect Costs of 0.00%.

Past performance is not a reliable indicator of future performance.

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