

Australian Property Securities Fund

Fund Focus - September 2022



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	\$292.86m
Number of Holdings	33
Turnover Ratio %	10.53
Latest Distribution Date	30 September 2022
Latest Distribution Amount	0.0060
Benchmark	S&P/ASX 300 AREIT Accumulation Index

Fund Facts

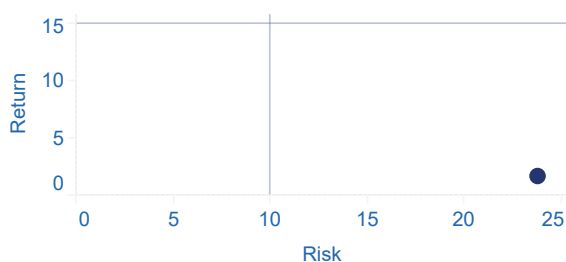
APIR Code	ZUR0064AU
Inception Date	28 February 2000
Total Est. Management Cost %	0.81
Est. Transactional Op. Cost %	0
Buy/Sell Spread %	0.30
Distribution Frequency	Quarterly
Underlying Fund Manager	Renaissance Property Securities Pty Ltd

Fund Performance After Fees

	1 Month	3 Months	1 Year	3 Years	5 Years	Since Inception
Distribution	0.48	0.51	1.85	2.39	2.81	6.05
Growth	-13.26	-7.06	-22.06	-8.02	-1.06	0.39
Total	-12.78	-6.55	-20.21	-5.64	1.75	6.43
Benchmark	-13.56	-6.89	-21.13	-4.61	3.07	6.10

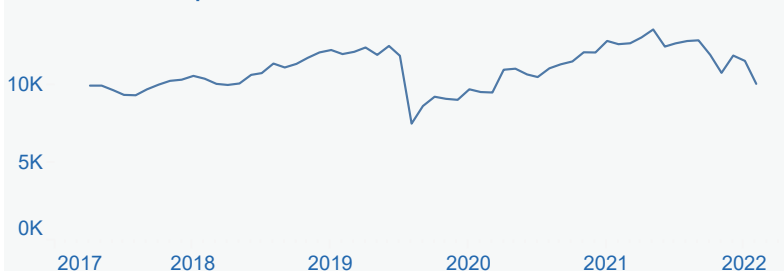
Risk Reward

1 Oct 2017 to 30 Sep 2022



Investment Growth (\$10,000)

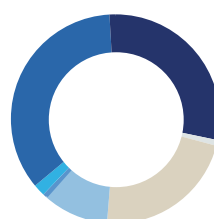
1 Oct 2017 to 30 Sep 2022



Top 10 Holdings (%)

	Weight	Benchmark
Goodman Group	20.62	24.12
Scentre Group	15.27	11.85
Stockland	8.73	7.02
Vicinity Centers	7.45	6.04
Mirvac Group	6.43	6.90
Dexus	5.89	7.47
Gpt Group	5.79	6.60
Unibail-rodamco-west	3.92	0.46
Charter Hall Group	3.61	4.88
Carindale Prop Trst	2.62	0.00

Portfolio Equity Sectors (%)



Diversified REITs	27.33
Health Care REITs	0.52
Hotels Resorts & Cruise Lin..	0.33
Industrial REITs	21.40
Office REITs	9.92
Real Estate Development	0.56
Residential REITs	1.78
Retail REITs	33.95
Specialized REITs	0.87

Risk Statistics

1 Oct 2017 to 30 Sep 2022

Std Dev	23.75
Alpha	-1.21
Beta	1.00
Sharpe Ratio (arith)	0.07
Up Capture Ratio	92.71
Down Capture Ratio	96.08

Top 5 Active Positions

	Portfolio Weight (%)	Benchmark	Active Position (%)
Unibail-rodamco-west	3.92	0.46	3.46
Scentre Group	15.27	11.85	3.42
Carindale Prop Trst	2.62	0.00	2.62
Gdi Property Group	2.56	0.36	2.19
Stockland	8.73	7.02	1.71

Market Commentary

The AREIT market fell 6.89% in the September quarter. The decline was driven by further sharp increases in Central Bank cash rates, statements from the US Federal Reserve regarding ongoing rate hikes and the subsequent surge in global bond yields.

The Australian economy saw mixed economic results. On the positive side, second quarter gross domestic product (GDP) rose more than expected driven by a booming consumer and retail sales again surprising to the upside. Consumer sentiment also rose along with business confidence and business conditions. On the negative side, house prices continued to fall in Sydney and Melbourne and home loans fell 8.5%.

Fund Commentary

The Fund fell with the market in the September quarter but did not fall as much as the AREIT index. Calendar year-to-date, the Fund is comfortably ahead of the negative index return.

The main positive contributors included overweight positions in Scentre Group and Aspen. Mall stock Scentre Group reported strong results and offered better guidance than the market was expecting, driven by stronger operating performance. The overweight to residential name, Aspen, also contributed positively after reporting a strong result on the back of its affordable housing exposure and as the stock benefitted from more dovish remarks by the Reserve Bank of Australia.

Underweight positions in Shopping Centres Australasia, Arena REIT, Goodman Group and Dexs also contributed positively. Defensive stocks Shopping Centres Australasia and Arena REIT had become overvalued and underperformed after guiding to falling asset values or on weaker guidance. Fund Manager Goodman Group is particularly sensitive to rising rates and falling asset values. Office stock Dexs underperformed on weaker guidance as the outlook for office has weakened and following the loss of a key mandate.

The main negative contributor included the overweight to Unibail which continues to underperform on the back of a weakening economic environment in key markets and concerns around its ability to de-lever. Unibail is trading at a discount to Net Tangible Assets of over 50% and remains an overweight position in the Fund. The overweight position in GDI also detracted earlier in the quarter as it is yet to achieve leasing traction in its Perth office buildings. The underweights in Charter Hall Group and Waypoint detracted as both companies reported solid results. Finally, the underweight to National Storage detracted as the market continues to believe that it can deliver strong growth in a slowing economy and weakening housing market.

The investment team decreased the underweights in Dexs, GPT and Abacus as these names have all underperformed and represent significantly improved value. The overweights in Aspen and Unibail were increased. Aspen was increased via a capital raise which was at a 5% discount. Unibail was increased following significant underperformance and offers extreme value at a low price-to-earnings multiple of 4.5x. Exposure to Cromwell was reduced due to it being highly levered in a rising interest rate environment. The company's deleveraging strategy is at risk due to rising bond yields and as its fund manager spin-off strategy has been suspended given current market conditions. National Storage was reduced as it has outperformed and is now one of the most expensive stocks in the sector, despite being at risk from the slowing housing market.

* 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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