

# Australian Property Securities Fund

Fund Focus - October 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	\$319.38m
Number of Holdings	30
Turnover Ratio %	10.47
Latest Distribution Date	30 September 2022
Latest Distribution Amount	0.0060
Benchmark	S&P/ASX 300 AREIT Accumulation Index

## Fund Facts

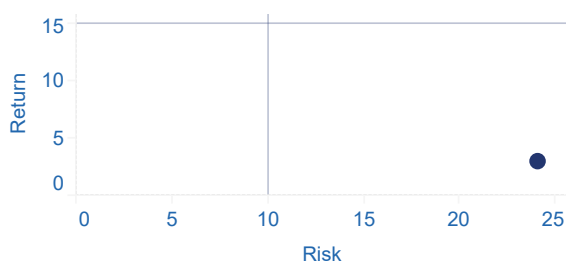
APIR Code	ZUR0064AU
Inception Date	28 February 2000
Total Est. Management Cost %	0.81
Est. Transactional Op. Cost %	0
Buy/Sell Spread %	0.30
Distribution Frequency	Quarterly
Underlying Fund Manager	Renaissance Property Securities Pty Ltd

## Fund Performance After Fees

	1 Month	3 Months	1 Year	3 Years	5 Years	Since Inception
Distribution	0.00	0.51	2.01	2.45	2.85	6.05
Growth	8.86	-8.31	-15.56	-5.76	0.20	0.76
Total	8.86	-7.80	-13.55	-3.32	3.05	6.81
Benchmark	9.87	-8.48	-13.86	-2.02	4.57	6.52

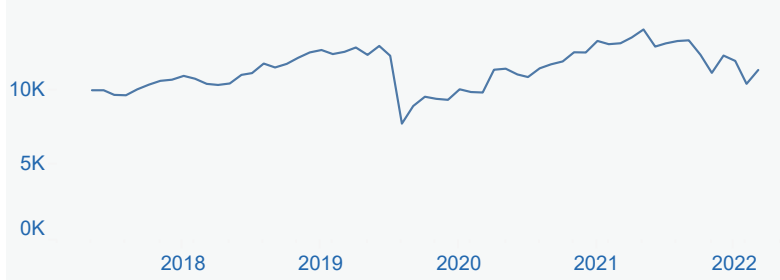
## Risk Reward

1 Nov 2017 to 31 Oct 2022



## Investment Growth (\$10,000)

1 Nov 2017 to 31 Oct 2022



## Top 10 Holdings (%)

	Weight	Benchmark
Goodman Group	20.40	23.65
Scentre Group	15.92	12.32
Stockland	8.83	7.03
Vicinity Centers	7.59	6.16
Mirvac Group	6.32	6.68
Gpt Group	5.99	6.76
Dexus	5.44	6.83
Unibail-rodamco-west	4.32	0.50
Charter Hall Group	3.75	5.01
Carindale Prop Trst	2.44	0.00

## Portfolio Equity Sectors (%)



Diversified REITs	27.58
Health Care REITs	0.48
Hotels Resorts & Cruise Lin..	0.29
Industrial REITs	21.38
Office REITs	9.16
Real Estate Development	0.52
Residential REITs	1.72
Retail REITs	34.16
Specialized REITs	0.94

## Risk Statistics

1 Nov 2017 to 31 Oct 2022

Std Dev	24.03
Alpha	-1.37
Beta	0.99
Sharpe Ratio (arith)	0.13
Up Capture Ratio	92.46
Down Capture Ratio	96.08

## Top 5 Active Positions

	Portfolio Weight (%)	Benchmark	Active Position (%)
Unibail-rodamco-west	4.32	0.50	3.82
Scentre Group	15.92	12.32	3.60
Carindale Prop Trst	2.44	0.00	2.44
Gdi Property Group	2.43	0.33	2.10
Stockland	8.83	7.03	1.80

## Market Commentary

The AREIT market surged in October, partly in response to more dovish remarks from the Reserve Bank of Australia (RBA), and central banks globally, about the slowing of the pace of interest rate rises. The Australian economy was generally softer except for retail sales. The RBA raised to cash rate by 0.25% to 2.6% in early October, surprising the market that was expecting +0.50%. Employment growth slowed and unemployment was steady. Consumer confidence resumed its downward trend in October, but retail sales rose over the month and surged by 18.6% year-over-year. House prices continued to fall in October with declines in Sydney (-1.3%), Melbourne (-0.8%) and Brisbane (-2.0%).

## Fund Commentary

The Fund produced an impressive return of 8.86% in October but could not keep pace with the stellar index return. Calendar year-to-date, the Fund is ahead of the weak index return.

The main positive contributors included overweight positions in the mall names, Scentre and Vicinity, as these names are benefitting from continued strong retail sales growth and improving leasing spreads. The overweight to Unibail also benefitted as the stock outperformed after being very oversold. The underweight to Dexu contributed positively after the Property Council of Australia released data showing office occupation had stalled at 50% in Sydney and Melbourne. Global real estate services company, Jones Lang Lasalle, also reported vacancy had increased in Sydney due to negative net absorption. The underweight to Goodman contributed positively as US industrial company, Prologis, reported that it is cautious on the outlook due to rising interest rates and a softening economy.

The main negative contributors included the overweight to cash and overweight positions in a number of small company names that got left behind in the rally. These included GDI, Carindale, Aspen, Finbar and Elanor. GDI may have also been impacted by general office selling, while Aspen and Finbar may also have been caught up in residential developer underperformance. Similarly, Elanor appears to have been impacted by fund manager underperformance.

Underweights to National Storage, Arena, Waypoint and Centuria Industrial also detracted from performance. National Storage detracted as the market continues to buy the structural story of increased storage usage. The underweights to the Long WALEs hurt as these names benefited from falling bond yields and their more defensive characteristics. The underweight to Centuria Industrial detracted as it outperformed after releasing strong quarterly results.

The investment team reduced a number of the underweights in October that had significantly underperformed in the prior month. These names included Centuria Industrial, Goodman, Dexu and GPT. Although they are starting to represent better value, the Fund remains underweight in these companies. Exposure was also increased to Unibail and Carindale as both stocks still offer some of the best value in the sector.

Exposure to Garda, Homeco Daily Needs and Vicinity was reduced as all of these names have outperformed. The underweight to Homeco Capital was increased despite recent underperformance as it is still expensive relative to the sector.

\* 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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