

Investment Strategy

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

Fund Facts

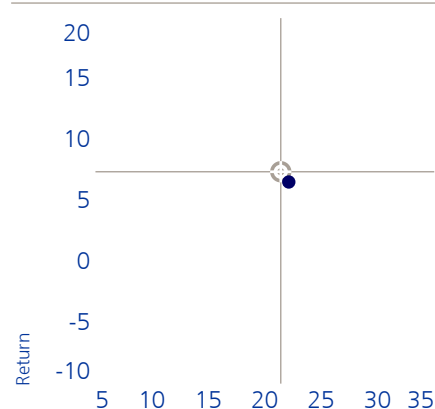
APIR Code	ZUR0064AU
Inception Date	28/02/2000
Total Est. Management Cost % [^]	0.81
Buy/Sell Spread%	0.3
Est. Transactional Op. Cost %	Nil
Distribution Frequency	Quarterly
Underlying Fund Manager	Renaissance Property Securities Pty Ltd

Portfolio Characteristics

Funds Under Management	\$274.83m
Number Of Holdings	35
Turnover Ratio%	9.33
Latest distribution date	31 Dec 2020
Latest distribution amount	0.0058
Benchmark	S&P/ASX 300 AREIT Accumulation Index

Risk Reward

Time Period: 31/12/2015 to 31/12/2020

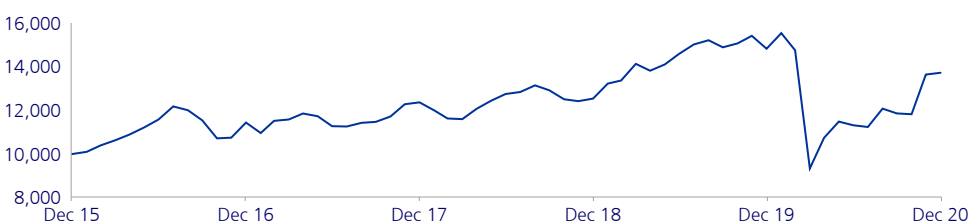


Fund Performance After Fees*

As at 31/12/2020	1 Month %	3 Months %	1 Year % p.a	3 Years % p.a	5 Years % p.a	Since Inception % p.a
Growth	0.14	15.20	-9.75	0.56	2.82	1.06
Distribution	0.46	0.53	2.31	2.97	3.73	6.44
Total	0.60	15.73	-7.44	3.53	6.55	7.50
Benchmark	0.60	13.24	-3.96	5.85	7.39	7.12

Investment Growth

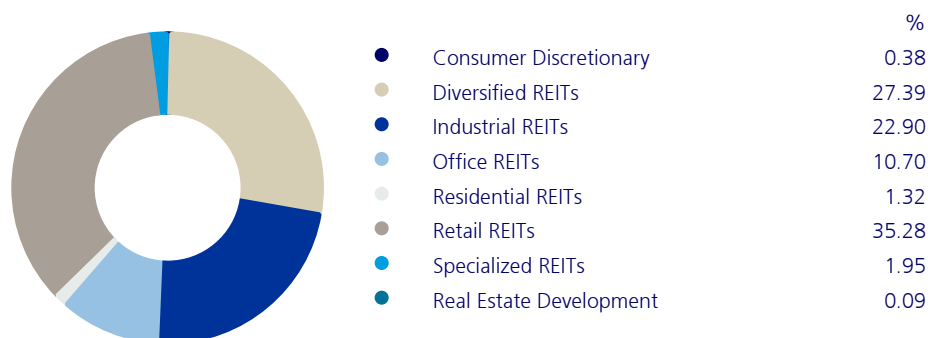
31/12/2015 to 31/12/2020



Top 5 Active Positions

	Portfolio Weight%	Overweight%
SCENTRE GROUP	14.97	3.68
VICINITY CENTERS	7.09	2.23
CARINDALE PROP	1.98	1.98
TRST		
UNIBAIL-RODAMCO	2.75	1.91
SE		
GDI PROPERTY GROUP	1.52	1.04

Portfolio Equity Sectors



Risk Statistics

Time Period: 31/12/2015 to 31/12/2020

Std Dev	22.12
Alpha	-0.83
Beta	1.03
Sharpe Ratio (arith)	0.35
Up Capture Ratio	96.67
Down Capture Ratio	99.58

Top 5 Holdings

Portfolio Date: 31/12/2020	Portfolio Weighting%	Benchmark Weighting%
Goodman Group	21.40	24.88
Scentre Group	14.97	11.29
Stockland Corp Ltd	8.64	7.81
Vicinity Centres	7.09	4.86
Mirvac Group	6.49	8.14

Market

The AREIT market rose strongly over the fourth quarter on the news of successful phase 3 COVID-19 vaccine trials in November. The news triggered a significant Value rotation as investors bought stocks that were perceived to be most heavily impacted by the virus. Beneficiaries are broadly classified as Value, Cyclical and 'Out and About' stocks such as travel, tourism, entertainment and retail.

In addition to the enormous support given to global markets by the vaccine news, Australia also received additional stimulatory boosts from the Reserve Bank of Australia which reduced the cash rate during the quarter to 0.10% and announced \$100b of quantitative easing.

News flow in the AREIT sector for the quarter was focused on equity raising activity, acquisitions and December revaluations for a number of stocks. Following on from November's re-emergence of raising activity, there were also a number of issues in December. In a very notable transaction, Charter Hall Group announced that it had acquired, together with a consortium of its managed funds, the David Jones, Sydney store. The property is leased to David Jones on a 20 year triple net lease.

Other notable AREIT news in the quarter included Unibail, which rallied after shareholders voted against the enormously dilutive cap raise. Also supporting the strong share price performance was news of the vaccine, a successful EUR2 billion bond issue that was oversubscribed, and the announcement of the departure of the CEO who will be replaced by an internal candidate.

Fund

The Fund produced a solid return in the December quarter, rising by 15.73% and comfortably outperforming the index return.

By far the largest contributor to performance was the overweights in mall stocks, as Unibail, Scentre, Vicinity and Carindale all outperformed on the vaccine news. Additionally, Unibail shareholders voted against a very dilutive equity capital raising that had been proposed by management, which saw the stock being the largest single contributor to outperformance. Other contributors included the overweight in Vital Harvest, which contributed positively as it was the recipient of a takeover offer by Macquarie Bank at a 25% premium to the then market price. The overweight in Elanor Retail was also a major contributor as it sold one of its shopping centres at a premium to book value, alleviating all concerns around gearing and thus the need to have a dilutive capital raising. The underweight in Goodman Group was a positive contributor as well as the stock underperformed due to having reached a very expensive PE multiple of circa 30x after its outperformance earlier in the year. Having been a beneficiary of COVID via the extra demand for ecommerce, it is logical that Goodman would underperform in even a partial reversal of COVID concerns. The underweights in Cromwell and Abacus were positive contributors. In the case of Cromwell, management has been in a state of upheaval since major shareholder ARA succeeded in removing Directors and the CEO. Abacus underperformed after a substantial capital raising which is initially earnings dilutive until the proceeds can be deployed. Finally, the underweight in Dexus contributed positively as sentiment towards office markets remains subdued due to increasing vacancy in the Sydney and Melbourne CBD markets and increasing leasing incentives.

Cash was the biggest detractor due to the stronger market. The underweight in Shopping Centres Australasia detracted as the stock outperformed during the second lockdown in Victoria due to its defensive characteristics, being mainly neighbourhood centres anchored by supermarkets. The underweight in Mirvac detracted as it benefited from the vaccine announcement which also helped residential stocks. Housing data (sales volumes and prices) has been improving rapidly in Australia, aided by the HomeBuilder stimulus.

The main positive contributors to performance in the quarter included the overweights to Unibail and the Australian malls (Scentre, Vicinity and Carindale), which benefited from news of the vaccine. As noted above, Unibail also benefited from shareholders voting against the dilutive cap raise.

Portfolio Positioning

During the quarter, the investment team added to:

- Unibail and Scentre as these stocks should see continued upside while shopping behaviours normalise, valuations stabilise and debt markets thaw on retail.
- Aventus (large format retail) as it is a second order beneficiary of a strong housing market.
- Aspen Property Group as it is seeing a very strong recovery in its tourism revenue and is in the early stages of ramping up its trading/development profits.
- Vital Harvest (prior to the takeover) as it had underperformed the market and the investment team had high conviction that the breaking of the drought, and a likely rent renegotiation, would lead to a significant rerate.
- National Storage, which remains an underweight, but following a period of underperformance and due to strong operating metrics and potential as a takeover candidate in the next 12-18 months.
- Stockland was increased as its shares currently represent reasonable value, plus it has a strong short term outlook from residential volumes increasing and prices starting to increase in all capital cities for house and land.
- Carindale was increased as its trading at a significant discount to net tangible assets and the Queensland economy is improving.

* 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 a Management Fee of 0.81%, an Estimated Performance Fee of 0% and Estimated Indirect Costs of 0%

Past performance is not a reliable indicator of future performance.

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