

# UBS CBRE Property Securities Fund

February 2022

## Fund description

The Fund is an actively managed fund investing in a portfolio of 15 – 25 mainly Australian property and property related equity securities across a range of geographic and economic sectors.

## Target market

The Target Market Determination (TMD) for the Fund sets out the class of consumers for whom the product, including its key attributes, would likely be consistent with their likely objectives, financial situation and needs. To access to the TMD and other Fund documentation visit our [website](#).

## Investment strategy

The Fund uses a multi-step investment process for constructing the Fund's investment portfolio that combines top-down sector allocation with bottom-up individual stock selection.

Top-down sector allocation is determined through a systematic evaluation of listed and direct property market trends and conditions.

Bottom-up stock selection is driven by proprietary analytical techniques to conduct fundamental company analysis, which provides a framework for security selection through an analysis of individual securities independently and relative to each other.

## Investment return objective

The Fund aims to outperform (after management costs) the S&P/ASX 300 Property Accumulation Index over rolling three year periods.

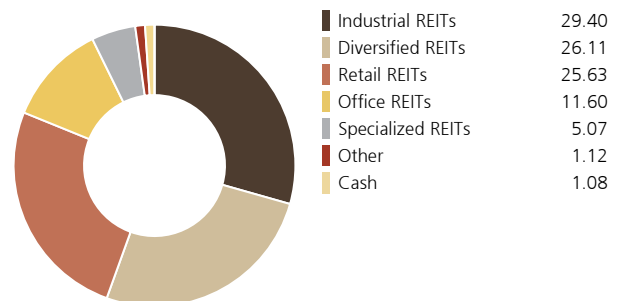
## Active security positions

Overweight	Underweight
Scentre Group	Charter Hall Long WALE REIT
Dexus	National Storage REIT
Rural Funds Group	HomeCo Daily Needs REIT
Shopping Centres Australasia Property Group	Charter Hall Retail REIT
Home Consortium	Waypoint REIT

## Fund information

Inception date	4 August 2016
Fund size	\$ 323.3 m
Management fee	1.00% pa
Minimum initial investment	\$50,000
Distributions	Quarterly
Buy/sell spread	+/- 0.20%
Currency management	Hedged
APIR code	UBS0064AU
Inception date	4 August 2016

## Investment portfolio (%)



## Investment portfolio (%)

Fund	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since inception* % pa
Total return	0.83	(4.62)	24.93	10.20	10.00	8.15
Benchmark**	1.55	(3.23)	24.86	7.53	8.24	8.53
<b>Added Value</b>	<b>(0.72)</b>	<b>(1.39)</b>	<b>0.07</b>	<b>2.67</b>	<b>1.76</b>	<b>(0.38)</b>

\*Inception date: 1 February 1993. \*\*S&P/ASX 300 Property Accumulation Index. Prior to 1 June 2012, the benchmark was 85% S&P/ASX 300 Property Accumulation Index, 15% EPRA NAREIT developed index (hedged in AUD). Performance figures are net of ongoing fees and expenses. The performance figures quoted are historical, calculated using end of month redemption prices, and do not allow for the effects of income tax or inflation. Total returns assume the reinvestment of all distributions. Performance can be volatile and future returns can vary from past returns.

### Portfolio review

The Fund delivered a +0.83% return during February, underperforming the S&P/ASX 300 AREIT Index by -0.7%. During February, the main contributors to relative performance were the Fund's overweight positions in Dexus and Scentre Group, which reported improving underlying fundamentals during their financial results. Detractors to performance included the Fund's underweight position in Vicinity Centres, which announced strong earnings growth driven by a reversal of prior year waivers and provisioning. Rural Funds Group was also a detractor to performance during the month, despite announcing a solid result, underpinned by its long duration, triple net income profile.

### Market review

The Australian REIT market (S&P/ASX 300 A-REIT Index) increased by 1.6% in February, underperforming the broader S&P/ASX 300 which returned 2.1%. Most companies reported financial results during February, whereby stocks that met expectations were rewarded, whilst growth names that failed to meet high expectations underperformed.

Retail results typically demonstrated improving leasing spreads and cash collections as restrictions eased. Conversely, CBD centres reliant on an absent workforce and tourism continued to be impacted by lower visitation levels and subsequent income provisioning. Non-discretionary retail reported positive underlying momentum and sharp earnings recoveries.

The office sector outperformed low expectations, typically demonstrating high levels of cash collection and resilient occupancy. Fundamentals within the Sydney office market are improving and quality assets with secure income streams continue to transact at sharp valuations, with evidence of new records set during the period.

The logistics sector continues to benefit from elevated levels of tenant and investment demand. In this regard, Goodman Group upgraded its earnings guidance to +20% driven by a record development contribution.

Residential trading conditions remain elevated, whereby strong price growth has offset cost and supply chain impacts. During the period, Stockland announced transformative transactions ahead of investor expectations, by divesting its retirement business and securing capital partnerships to accelerate profits across its development pipeline.

### Outlook

Reporting season during February reinforced our view that commercial real estate trading conditions are recovering and set to benefit from the easing of restrictions. Dividends are secure and growing, underpinned by stable cash flows, long leases, conservative capital structures and low interest costs.

The Fund is maintaining a balanced exposure to value and growth-orientated names. Positioning is towards companies with balance sheet capacity, quality assets and aligned management teams. The Fund is strategically positioned to take advantage of attractive long-dated structural themes such as industrial, essential services, agriculture and childcare, whilst also selectively exposed to several deeper value real estate securities which will benefit from the economic recovery. Similarly, the Team maintains a preference towards pure-play fund managers, with market fears overplaying their ability to benefit from elevated transactional activity.

Compelling valuation support has emerged and is reinforced by direct transaction evidence, with the sector trading at a 13% discount to net asset value. As market volatility persists, we anticipate the defensive nature of the Australian REIT sector's resilient cash flows will continue to be highly sought after.

## Client Services

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