

UBS CBRE Property Securities Fund

March 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.

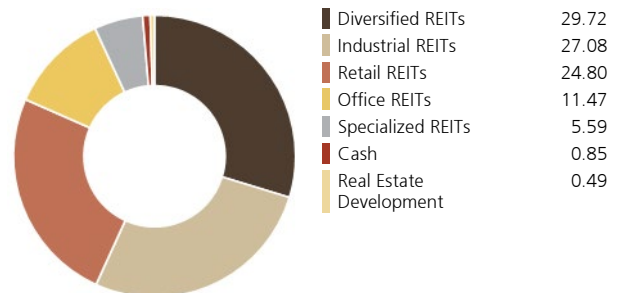
Active security positions

Overweight	Underweight
Charter Hall Group	Vicinity Centres
Scentre Group	Charter Hall Long WALE REIT
Dexus	Mirvac Group
GPT Group	National Storage REIT
Rural Funds Group	Goodman Group

Fund information

Inception date	4 August 2016
Fund size	\$ 328.9 m
Management fee	0.85% 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 performance

Fund	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since inception* % pa
Total return	1.90	(7.79)	19.00	8.64	10.30	8.19
Benchmark**	1.44	(6.72)	19.16	5.95	8.40	8.56
Added Value	0.46	(1.07)	(0.16)	2.69	1.90	(0.37)

*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 1.90% return during March, outperforming the S&P/ASX 300 AREIT Index by +0.5%. During March, the top contributor to performance was the Fund's overweight position in Rural Funds Group, which reported a solid financial result benefiting from productivity improvements in its cattle and cropping properties. The Fund also benefited from an overweight position in HomeCo, which was added to the S&P/ASX 200 Index mid-month and rebranded to HMC Capital, reflecting the Group's ambition to become Australia's leading alternative asset manager. Monthly detractors to performance included the Fund's overweight position in Scentre Group, which consolidated the prior month's strong performance, as well as an underweight position in Charter Hall Long WALE REIT, which has benefited from a high proportion of CPI-linked rent reviews in an inflationary environment.

Market review

The Australian REIT market (S&P/ASX 300 A-REIT Index) gained +1.4% in March, underperforming the broader S&P/ASX 300 which returned +6.9%. Over the rolling twelve months, the A-REIT Index returned +19.2%, outperforming the broader market which returned +15.2%.

During the month, Dexus announced its agreement to fund, develop and invest in Atlassian's new headquarters in Sydney. Total projects costs are estimated at \$1.4bn and will set a new global benchmark in sustainability across 75,000sqm. Lend Lease announced the sale of a 24.9% stake in its Australian retirement living business to Aware Super for \$490m, allowing the Group to recycle its capital into higher-returning development activities. Charter Hall entered into a Scheme Implementation Agreement to acquire Irongate Group for \$1.90 cash per unit with Dutch pension fund partner PGGM. Charter Hall will own a 12% stake in the partnership with PGGM owning the residual 88% of the \$1.6bn portfolio.

Outlook

A continuing theme facing markets is the prospect of rising rates and inflation. Unlike bonds, real estate securities act as a strong hedge in a rising inflation environment, given many lease structures have fixed or inflation-linked reviews. Our proprietary analysis suggests over the past twenty years, Australian REITs have outperformed broader Australian equities during periods of above-average inflation.

A-REITs are well-positioned with improving fundamentals and an attractive growth outlook. The Fund is maintaining a relatively balanced exposure to value and growth-orientated names. Positioning is towards companies with balance sheet capacity, quality assets and aligned management teams, whilst also selectively exposed to several deeper value real estate securities which will benefit from the economic recovery. The Fund is strategically positioned to take advantage of attractive long-dated structural themes such as industrial, essential services, agriculture, and childcare. Similarly, the Team maintains a preference towards pure-play fund managers, which continue to benefit from rising asset values and increased transactional activity.

Compelling valuation support has emerged following the recent market pull-back, with the sector trading at a 10% discount to net asset value. Balance sheets are healthy with moderate gearing levels, reinforced by supportive transactional evidence. As market volatility persists, we anticipate the Australian REIT sector's resilient cash flows will continue to be highly sought after.

Client Services

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